

# Trade negotiations and discussions

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## Trade negotiations and discussions in 2022

- Negotiating efforts in 2022 concluded successfully at the 12th Ministerial Conference (MC12), with outcomes on emergency responses to the food crisis and the COVID-19 pandemic and an agreement on fisheries subsidies, among other topics.
- Ensuring the benefits of trade are felt by all and that all WTO members are well integrated into the multilateral trading system were among the key messages of DG Okonjo-Iweala to negotiators.
- While advocating a pragmatic step-by-step approach on WTO reform, the DG stressed the importance of setting a meaningful agenda as key to achieving effective and responsive reforms.

### Background

Trade negotiations take place under the Trade Negotiations Committee (TNC) and its subsidiary bodies, which are councils and committees meeting in special session or other bodies especially created for negotiations. The TNC supervises the overall conduct of negotiations.

DG Okonjo-Iweala chairs a meeting of the Trade Negotiations Committee in November 2022.



**N**egotiations in 2022 focused on reaching outcomes at MC12 in critical areas, especially on emergency responses to the COVID-19 pandemic and the food crisis and on fisheries subsidies.

In the lead-up to MC12, DG Okonjo-Iweala, as Trade Negotiations Committee (TNC) Chair, urged WTO members to intensify negotiations on fisheries subsidies (see page 55), agriculture (see page 52), special and differential treatment for developing economies (see page 60) and services (see page 59) among other topics. She also drew attention to the call for the WTO to help address the food crisis (see page 88) and the pandemic (see page 12). Negotiating efforts resulted in an unprecedented success at MC12 in June 2022, with outcomes in emergency responses to the food crisis and the pandemic and in fisheries subsidies, among other areas (see page 10).

To build on the success at MC12, the DG convened retreats on fisheries subsidies and agriculture later in the year, providing opportunities for members to reflect on the way forward.

On fisheries subsidies, the retreat focused on how to approach a second wave of

negotiations on enhancing disciplines on fisheries subsidies that contribute to overcapacity and overfishing, with appropriate special and differential treatment for developing and least-developed country (LDC) members. The DG called on members to deposit with the WTO their instruments of acceptance for the Agreement on Fisheries Subsidies so that it can swiftly enter into force. To facilitate implementation, the Agreement provides for a dedicated funding mechanism to support developing economies and LDCs.

The agriculture retreat considered fresh approaches to agriculture negotiations to try to overcome entrenched differences that have prevented the WTO from making sufficient progress in delivering on its longstanding agriculture reform mandate.

Ensuring that the benefits of trade are felt by all and that all members are well integrated into the multilateral trading system were key messages from the DG in 2022. She asked members to avoid divisive debates and to focus on addressing developmental challenges and finding solutions wherever they can, including for LDCs. She also urged members to discuss how to advance in areas such as green technologies, services, digital commerce and inclusiveness.

**Emergency response – food crisis**

Faced with an international food crisis exacerbated by the war in Ukraine, members emphasized the need to address food insecurity and an increase in global hunger.

The DG worked closely with the then chair of the agriculture negotiations, Ambassador Gloria Abraham Peralta of Costa Rica, in the lead-up to MC12 to find ways to address the challenges facing the agriculture sector and to enhance productivity on a sustainable basis. This resulted in ministers adopting at MC12 the Ministerial Declaration on the Emergency Response to Food Insecurity (see page 53) and the Ministerial Decision on the World Food Programme (see page 53).

Since MC12, the DG has engaged in the follow-up to these outcomes, including in her discussions with world leaders.

**Emergency response – COVID-19 pandemic**

The DG worked closely with the chair of the Council on Trade-related Aspects of Intellectual Property Rights (TRIPS), Ambassador Lansana Gberie of Sierra Leone, and the facilitator on the WTO Response to the Pandemic, Ambassador Dacio Castillo of Honduras, in the lead-up to MC12.

Discussions resulted in ministers adopting at MC12 the Ministerial Decision on the TRIPS Agreement (see page 61) and the Ministerial Declaration on the WTO Response to the COVID-19 Pandemic and Preparedness for Future Pandemics (see page 12).

In addition, the DG regularly updated members on the WTO's efforts on trade policy monitoring, supply chain issues, working with manufacturers and other international organizations to increase vaccine production and investment, particularly in developing economies, and on issues related to intellectual property and the transfer of technology (see page 121).



MC12 Chair Timur Suleimenov gavels the successful conclusion of the conference.





Members attend a thematic session on WTO reform at MC12.

### WTO reform

WTO members continued to emphasize the importance of WTO reform, stressing the need to build on the MC12 ministerial instruction to “work towards necessary reform of the WTO”. In particular, many repeated their urgent call for a resolution of the issues surrounding the dispute settlement system (see page 132).

Throughout the year, the DG underlined the need for WTO reform and for the organization to continue to provide a framework for peaceful, competitive, economic engagement for all members. She also stressed the need to make the benefits of trade felt by people across the globe and to build further trust in the multilateral trading system. Advocating a pragmatic step-by-step approach on the reform process, she stressed the importance of setting a meaningful agenda as key to effective and responsive reforms. She also acknowledged the efforts led by the General Council chair, including the meeting on WTO reform he organized in November (see page 77).

### Updates on joint initiatives and other work

At heads of delegation meetings during the year, updates were provided by the coordinators of the joint initiatives (see page 65) on e-commerce (see page 65), domestic regulation in services (see page 69), investment facilitation for development (see page 66), and micro, small and medium-sized enterprises (see page 67). The co-convenors and coordinators stressed that their processes remained transparent and inclusive, with meetings open to all members, and proposals and reports made available to all members.

Members also received updates on three trade and environment initiatives (see page 70) and on the initiative on trade and gender (see page 72).







## Agriculture

- Negotiations intensified considerably in the first half of 2022, as the then-Committee Chair – Ambassador Gloria Abraham Peralta – and DG Okonjo-Iweala held extensive consultations aimed at securing outcomes in agriculture at the 12th Ministerial Conference (MC12) in June 2022.
- At MC12, ministers agreed a significant emergency package on food security that demonstrated members’ collective commitment to addressing this issue in a meaningful manner.
- In October 2022, an agricultural retreat was held, with the objective of building on the negotiating momentum of the food security package and extending it to other areas of agriculture negotiations.
- Ambassador Alparslan Acarsoy of Türkiye was named in January 2023 as the new Chair of the Committee on Agriculture in special session.

Supported by the direct involvement of DG Okonjo-Iweala, the special session of the Committee on Agriculture, chaired by Ambassador Gloria Abraham Peralta (Costa Rica), intensified discussions and consultations in spring 2022, with a view to achieving outcomes in agriculture at MC12.

A rice farmer at work in Lao PDR.

The outbreak of war in Ukraine in February 2022, coupled with the continuing

### Background

The broad objective of the agriculture negotiations is to reduce distortions in agricultural trade caused notably by high tariffs and domestic support measures as well as export subsidies and equivalent measures and export restrictions. The negotiations take place in the WTO Committee on Agriculture, meeting in special session. They are to take account of the needs of developing economies.

consequences of the COVID-19 pandemic, significantly impacted on the negotiations, both on process and substance. WTO members moved swiftly to discuss an emergency package to respond to the looming food security crisis exacerbated by the war.

Based on various consultations with members, Ms Abraham Peralta and the DG issued on 8 June three draft texts, including a draft ministerial declaration on trade and food security and a draft ministerial decision on exempting World Food Programme (WFP) food purchases from export prohibitions or restrictions. The third text was a new version of the Chair's draft negotiation text on agricultural reform, the first such negotiating text in over a decade.

The negotiation text covered themes central to agriculture negotiations: domestic support (subsidies), access to agricultural markets, export competition, food export restrictions and prohibitions, cotton, food bought at administered prices under public food stockholding programmes, and a proposed "special safeguard mechanism". The mechanism would allow developing economies temporarily to raise tariffs in the event of sudden import surges or price falls. The text also covered the cross-cutting issue of enhancing transparency.

The work of the Chair, the DG and WTO members led to an emergency package to address food insecurity being adopted at MC12, containing two major outcomes demonstrating members' commitment to addressing food insecurity in a meaningful manner.

The first outcome was a ministerial decision exempting WFP food purchases for humanitarian purposes from export restrictions. The exemption does not prevent members adopting measures to ensure their own domestic food security. The decision was welcomed by the WFP and is expected to bring critical relief to people in need.

The second outcome was a ministerial declaration on the emergency response to food insecurity. It reaffirms members' determination to make progress towards a

fair and market-oriented agricultural trading system, to ensure food security and improved nutrition, and to promote sustainable agriculture and food systems, in line with the UN Sustainable Development Goals, while taking into account the interests of small-scale food producers in developing economies.

The declaration also stresses that trade – along with domestic production – plays a vital role in improving global food security. It expresses members' commitment to take necessary steps to facilitate trade and improve the functioning and long-term resilience of global markets for food and agriculture, including fertilizers. It underscores the importance of ensuring that emergency measures introduced to address food security concerns minimize trade distortions.

The declaration also encourages members with available surplus stocks to release them on international markets. It acknowledges the specific needs of least-developed countries (LDCs) and net food-importing developing countries (NFIDCs), calling for a dedicated work programme in the Committee on Agriculture (see page 86).

However, no accord was reached at MC12 on the wider agriculture negotiations. Members could not agree on how to organize work post-MC12, notably due to unbridgeable differences on domestic support and how to proceed with talks on food bought at administered prices under governments' public stockholding programmes for food security purposes.

### Cotton

At a partners' conference on cotton in July, organized jointly with UNCTAD and the ITC, the DG urged donor agencies to mobilize resources in support of cotton projects in LDCs, including the Cotton-4 countries (Benin, Burkina Faso, Chad and Mali).

The heads of the three agencies initiated a "Call for Action", which commits signatories to seeking solutions aimed at enabling the Cotton-4 to improve competitiveness, achieve higher yields and greener production, and add value to fibre and cotton by-products.



## Cotton-4

Benin, Burkina Faso, Chad and Mali make up the Cotton-4 countries



Two workshops were held in 2022, the first looking into supply chain disruptions affecting cotton exports from LDCs and the second into fertilizer markets, fertilization practices and cotton production in Africa.

At the WTO's World Cotton Days on 8-9 November, the Cotton-4 reiterated the importance of cotton in their countries' economic and social development, flagging its contribution to food security, job creation, income generation and social inclusion. They urged members to increase their engagement in agriculture negotiations. They also called for an open, transparent, inclusive and balanced outcome at MC13, including on cotton, in line with the commitment made in 2005 to address cotton ambitiously, expeditiously and specifically.

#### Discussions post-MC12

In July, Ms Abraham Peralta stood down as Chair when her mandate in Geneva ended. "MC12 was a great success for the WTO. It demonstrated the ability of the WTO to deliver results for people across the world," she said. At the same time, the absence of an outcome in the agriculture negotiations

accentuates the fact that "considerable work remains to be done," she added.

Following MC12, members engaged in a period of reflection on how to take forward the negotiations and on how to build on the negotiating momentum gained on food security. This was the purpose of an agriculture retreat convened by the DG for the whole membership in October 2022.

WTO rules governing farm trade have not kept pace with the challenges to global food markets and need to be updated, DG Okonjo-Iweala told participants. The retreat included two sessions where leading experts on farm trade and food security addressed the challenges facing the agricultural sector and possible policy responses.

In late January 2023, Ambassador Alparslan Acarsoy of Türkiye was named as the new Chair of the Committee on Agriculture in special session. "MC13 is just a year from now and we are today at a crucial crossroad. Let us be clear, we were not able to deliver in the agricultural negotiations in the previous two ministerial conferences and reaching a successful outcome at MC13 is therefore more critical than ever," the Chair said.



Cotton harvesting in Maharashtra, India.



A fisherman displays his catch in Bali, Indonesia.

## Fisheries subsidies, other WTO rules

- WTO ministers adopted at the 12th Ministerial Conference (MC12) a landmark Agreement on Fisheries Subsidies to curb harmful subsidies, only the second multilateral accord reached at the WTO.
- The Negotiating Group on Rules was mandated to continue negotiations on outstanding issues, with a view to making recommendations on additional provisions to MC13, set for February 2024.
- The WTO Secretariat conducted outreach activities to help members identify challenges and opportunities and to set their priorities for the second wave of negotiations.
- In November, the WTO Fisheries Funding Mechanism was established to support technical assistance and capacity building for developing and least developed country (LDC) members' implementation of the Agreement.

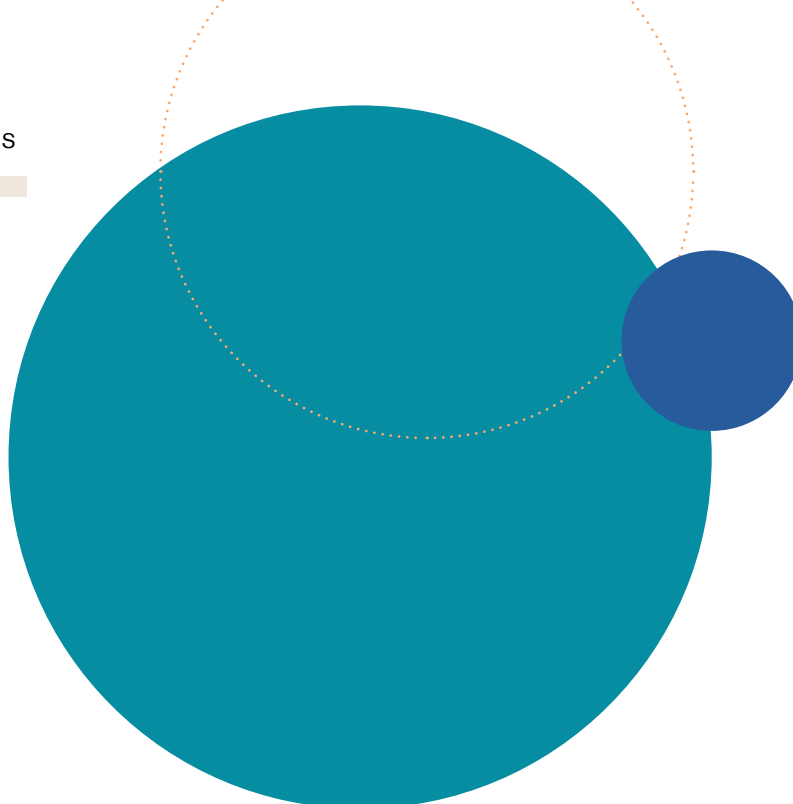
**A**t MC12 in June 2022, trade ministers adopted a binding multilateral Agreement on Fisheries Subsidies, the second multilateral agreement reached at the WTO after the Trade Facilitation Agreement in 2013.

The Agreement extends WTO rules on subsidies to discipline those that harm the sustainability of fisheries – the first WTO

### Background

The mandate of the WTO Negotiating Group on Rules covers anti-dumping, subsidies and countervailing measures, and fisheries subsidies. The UN Sustainable Development Goals call for agreement in the WTO on eliminating subsidies to illegal, unreported and unregulated fishing and to prohibit certain subsidies that contribute to overfishing and overcapacity, with special and differential treatment for developing economies.





**At MC12, trade ministers adopted a binding multilateral Agreement on Fisheries Subsidies. The Agreement will make a major contribution to global efforts to preserve oceans and reverse the devastating decline in fish stocks.**

agreement with environmental sustainability at its core. The Agreement will make a major contribution to global efforts to preserve oceans and reverse the devastating decline in fish stocks that threatens the marine environment and communities dependent on fishing for food and livelihoods.

By curbing subsidies to illegal, unreported and unregulated (IUU) fishing, the Agreement creates a powerful tool in the global fight against such fishing. Second, by prohibiting subsidies to fishing on overfished stocks, it puts important protections in place where fisheries management measures have proved ineffective. And third, by prohibiting subsidies to fishing on the unregulated high seas, the Agreement provides protection where fisheries management measures cannot be enforced.

The Agreement followed lengthy and intensive work in the Negotiating Group on Rules under the Chair – Ambassador Santiago Wills of Colombia – in line with a negotiating mandate issued at the WTO’s 11th Ministerial Conference. The mandate incorporated language of Target 14.6 of the UN Sustainable Development Goals. It instructed negotiators

to continue negotiating with a view to adopting effective disciplines to eliminate subsidies that contribute to IUU fishing and to prohibit certain forms of fisheries subsidies that contribute to overcapacity and overfishing, with special and differential treatment integral to the negotiations.

Under the ministerial decision adopting the Agreement, the Negotiating Group was also mandated to conduct a “second wave” of negotiations, with a view to making recommendations to MC13 on additional provisions for a comprehensive agreement on fisheries subsidies, including further disciplines on certain forms of fisheries subsidies that contribute to overcapacity and overfishing. Ministers also recognized that appropriate and effective special and differential treatment for developing and LDC members should be an integral part of these negotiations.

After MC12, the WTO Secretariat organized several outreach events, including at the Global Review of Aid for Trade (see page 142) and the Public Forum (see page 162). At the Global Review, the Director-General launched the WTO Secretariat report “Implementing the

# WTO Agreement on Fisheries Subsidies

A major step forward for the sustainability of global fish stocks



**14.6**  
Agreement fulfils Target 14.6 of the UN's Sustainable Development Goals



Switzerland is first WTO member to formally accept the Agreement



Japan is first donor to Fisheries Funding Mechanism aimed at helping developing economies implement the Agreement



A "second wave" of negotiations seeks to address issues such as overfishing



The deal will help to curb the estimated US\$ 22 billion per year in harmful subsidies



Agreement enters into force once two-thirds of members deposit their "instruments of acceptance"







Workers at a seafood processing plant in Luannan, China.

Agreement on Fisheries Subsidies: Challenges and Opportunities for WTO Developing and Least-Developed Members”, noting that the new Agreement creates an opportunity to redirect the US\$ 22 billion spent per year in harmful fisheries subsidies towards financing sustainable fishing.

In October, members held a retreat near Geneva to brainstorm on the second wave of negotiations. Members committed to concluding the second wave by MC13 and to focusing largely on overcapacity and overfishing and special and differential treatment. Members also requested a knowledge-building phase at the start of the second wave in the form of technical workshops. The first of two workshops was held in November to discuss the evolution of the fisheries subsidies negotiations and implementation of the Agreement. A second workshop on fish stocks and fisheries subsidies data was held in January 2023.

In November, the WTO Fisheries Funding Mechanism was established, as called for by the Agreement to provide developing economies and LDCs with targeted technical assistance and capacity building directed at implementing the Agreement. The Fund will be operated by the WTO in cooperation with other international organizations, namely the United Nations Food and Agriculture Organization, the World Bank and the International Fund for Agricultural Development.

Several members have announced pledges to the Fund totalling several million Swiss francs. In February 2023, Japan became

the first member to make a donation, contributing just under 90 million yen (approximately CHF 763,000).

From 17-19 November, the WTO Secretariat held its first regional event on fisheries subsidies, for Pacific Island WTO members. The event in Nadi, Fiji, commenced with a two-day workshop to discuss implementation of the new disciplines and the second wave of negotiations. It ended with a ministerial roundtable with the DG on “MC12 Outcomes, the Future of Multilateralism and the Priorities for the Pacific towards MC13”.

The Pacific Islands members issued a joint statement highlighting their priorities for fisheries subsidies and calling on WTO members to ratify and implement the Agreement as soon as possible. Similar regional events were held in Trinidad and Tobago for the Caribbean and Oman for the Arab region in January and February 2023 respectively.

In January 2023, Switzerland became the first WTO member to formally submit its acceptance of the Fisheries Agreement. Singapore became the second on 10 February 2023. Acceptances from two-thirds of WTO members are needed for the Agreement to come into effect.

In January 2023, Ambassador Einar Gunnarsson of Iceland was elected as Chair of the Negotiating Group on Rules. In February, he outlined a work programme for the fisheries subsidies negotiations, with a view to meeting the MC12 mandate to conclude the second wave of negotiations by MC13.



**90m**

Japan's contribution in yen to the WTO Fisheries Funding Mechanism

## Market access for non-agricultural products

- The Negotiating Group on Market Access did not receive any papers or proposals in 2022 and did not meet during the year.

### Background

Non-agricultural products are products not covered by the Agreement on Agriculture. These range from manufactured goods to fuels and fisheries. The negotiations aim to reduce or, as appropriate, eliminate tariffs as well as non-tariff barriers, particularly on goods of export interest to developing economies. The negotiations are conducted in the Negotiating Group on Market Access.



## Services

- Ahead of the 12th Ministerial Conference (MC12), discussions in the Council for Trade in Services special session focused on agreeing a text on services for inclusion in the MC12 outcome document.
- The text, which ministers accepted, underscored the vital role of trade in services in the global economy and highlighted the need to facilitate the increasing participation of developing economies in global services trade.

**I**n preparations beginning in 2021 for the Ministerial Conference, various members expressed interest in seeing work of the special session and trade in services addressed in the ministerial outcome document, with various groups putting forward text proposals.

In 2022, members continued discussions to converge on a common text. Prior to the Ministerial Conference, the Chair of the Special Session, Ambassador Zhanar Aitghanova from Kazakhstan, submitted wording for ministers' consideration.

The text, which formed part of the MC12 outcome document, underscores the vital role of trade in services in the global economy. Ministers stressed the importance of recovery for services most impacted by the COVID-19 pandemic and of strengthening such services. They also highlighted the need to facilitate the increasing participation of developing economies in global services trade, including by paying particular attention to sectors and modes of supply of export interest to them.

### Background

The General Agreement on Trade in Services mandates WTO members to progressively open up trade in services. The negotiations are overseen by the Council for Trade in Services, meeting in special session.





Preparation of vanilla pods near Sambava, Madagascar.

## Trade and development

- Reaffirming at the 12th Ministerial Conference (MC12) that special and differential treatment (S&D) for developing economies is an integral part of WTO agreements, ministers instructed WTO members to continue work on improving its application and to report on progress to the General Council before MC13.
- Ambassador Kadra Ahmed Hassan (Djibouti) convened a formal meeting of the Committee on Trade and Development special session in September for an exchange of views on the way forward.

**A**t MC12, ministers reaffirmed the provisions of special and differential treatment (S&D) for developing economies and least-developed countries (LDCs) as an integral part of the WTO and its agreements. They added that S&D in WTO agreements should be precise, effective and operational. They called for work to continue in the Committee on Trade and Development special sessions and other relevant bodies on improving the application of S&D and to report on progress to the General Council before MC13.

### Background

Special and differential treatment (S&D) refers to the special treatment, or flexibility, granted to developing economies in WTO agreements, such as longer implementation periods. Many WTO agreements contain provisions that give developing economies special rights and allow developed economies to treat them more favourably than other WTO members. Differences among WTO members include the definition of who exactly should benefit from S&D. The special session of the Committee on Trade and Development is mandated to review all S&D provisions, with a view to making them more precise, effective and operational.

The Chair of the special session, Ambassador Kadra Ahmed Hassan (Djibouti), convened a formal meeting in September to allow an exchange of views on the way forward after MC12. Ahead of the meeting, the G90 group of developing economies circulated a document which called for, among other things, a resumption of negotiating work and regular engagement. The G90 also indicated that it would submit a formal proposal on how work could be organized and structured.

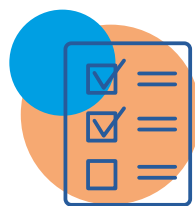
Work in the Committee has focused on ten Agreement-specific proposals put forward by the G90. The proposals aim at improving the effectiveness of S&D provisions, over 100 in all, contained in WTO agreements and decisions, including on transfer of technology, technical barriers to trade and accessions of LDCs.

A number of WTO members expressed support for the G90 document. It was also suggested that the ten Agreement-specific proposals remained a good basis for advancing discussions. However, other members indicated that a new conversation was needed and that further discussion in special session on the same ten proposals would not yield results.

The Chair observed that these positions were very similar to those expressed before MC12. Nevertheless, she said she was pleased at the readiness expressed by many members to fulfil the ministerial instruction. She expressed her hope that this readiness would provide a good starting point for work in the post-MC12 period.

“I would like to believe that success at MC12 and instructions given by ministers there will open up possibilities to advance our work,” Ambassador Hassan said. “If members collaborate the same way they did at MC12, we stand a chance to finally conclude these negotiations.”

Following the special session, the Chair held informal discussions with some members. In these discussions, she called on delegations to work together in a spirit of collaboration and with the objective of finding solutions.



10

Agreement-specific proposals have been put forward by the G90 group of developing economies

## Trade-related aspects of intellectual property rights (TRIPS) and public health

- **Ministers adopted at the 12th Ministerial Conference (MC12) a decision on a targeted TRIPS waiver, giving WTO members greater scope to diversify production of COVID-19 vaccines and to override the exclusive effect of patents.**
- **DG Okonjo-Iweala said the decision “will contribute to ongoing efforts to deconcentrate and diversify vaccine manufacturing capacity”.**
- **WTO members remained divided on whether to extend the decision to diagnostics and therapeutics.**

**A**t MC12, trade ministers adopted a Ministerial Decision on the TRIPS Agreement, which provides specific practical tools to overcome potential IP barriers for diversifying COVID-19 vaccine production and achieving the objective of equitable access. It complements the Ministerial Declaration on the WTO Response to the COVID-19 Pandemic and Preparedness for Future Pandemics (see page 12).

The TRIPS decision on COVID-19 vaccines, which is effective for five years, has its roots in two proposals by WTO members. One was submitted by India and South Africa in October 2020 and called for a waiver of certain international obligations contained in the TRIPS Agreement for the prevention, containment and treatment of COVID-19. It was subsequently co-sponsored by 63 other members.

The second proposal, from the European Union and circulated in June 2021, focused on clarifying existing options under the TRIPS Agreement for governments to override patent rights in the public interest.

The ministerial decision confirms and clarifies the right of members to override patent rights



through direct government authorization. It provides for a targeted TRIPS waiver to streamline urgent production of COVID-19 vaccines for export and to facilitate the development of more geographically diverse production chains. It also simplifies procedures in light of the pandemic and clarifies that protection of clinical trial data need not impede the government-authorized production and supply of COVID-19 vaccines.

At the closing session of MC12 on 17 June, DG Okonjo-Iweala said the decision “will contribute to ongoing efforts to deconcentrate and diversify vaccine manufacturing capacity so that a crisis in one region does not leave others cut off”.

The decision stipulates that members should decide by 17 December 2022 whether to extend coverage beyond COVID-19 vaccines to diagnostics and therapeutics. Under the leadership of the Chair, Ambassador Lansana Gberie (Sierra Leone), members have considered this question in depth in the TRIPS Council.

In July, the co-sponsors of South Africa and India’s original 2020 TRIPS waiver proposal submitted an indicative timeline for discussions and outlined evidence in support of an extension to diagnostics and therapeutics. In December, they proposed that the General Council extend the decision “mutatis mutandis” to diagnostics and therapeutics.



**“The decision will contribute to ongoing efforts to deconcentrate and diversify vaccine manufacturing capacity”**

**DG Okonjo-Iweala**

Some members supported the proposal; others preferred to continue fact-finding and evidence-based discussions on whether there are IP-related barriers to accessing these products. Switzerland, Mexico and Chinese Taipei circulated written contributions to support evidence-based discussions.

Members have expressed the goal of providing timely and secure access to high-quality, safe, efficacious and affordable medical technologies for all. However, disagreement persists on whether IP rights constitute a barrier to access and whether an extension of the decision is necessary or appropriate. Some members continue to conduct domestic consultations and to gather evidence.

Given these differences, the TRIPS Council recommended to extend the deadline for deciding on whether to extend the decision to COVID-19 diagnostics and therapeutics. On 20 December, the General Council agreed to this proposal.



## Trade-related aspects of intellectual property rights (TRIPS): geographical indications

- The Chair, Ambassador Alfredo Suescum (Panama), consulted in November with the most active members in the negotiations.

The Chair of the negotiations, Ambassador Alfredo Suescum (Panama), undertook consultations in November with the WTO members that had been most active in the negotiations on creating a multilateral register of geographical indications (GIs) for wines and spirits to facilitate the protection of GIs.

He invited WTO members to share their thoughts on how the work of the special session could proceed in fulfilling its mandate. In his subsequent report to the Trade Negotiations Committee, the Chair said no new ideas had been put forward to advance the discussions and that delegations felt that there was no urgency to restart substantive work.

Members' longstanding positions remain unchanged. They continue to disagree on the legal effects a prospective register should

### Background

Negotiations on a multilateral system for notifying and registering geographical indications (GIs) for wines and spirits are carried out in the special session of the TRIPS Council. The purpose of the register is to facilitate the protection of GIs for wines and spirits. These are indications (including place names or other terms or signs associated with a place) used to identify products whose place of origin contributes to their special qualities, reputation or other characteristics.



have, and whether it should create obligations for all WTO members or only those choosing to participate in it. They are also divided on, among other issues, product coverage and whether, as the negotiating mandate says, the register should be confined to wines and spirits or whether it could also apply to other products, such as food and agricultural products.

Members are negotiating the creation of a register of geographical indications for wines and spirits.



## Dispute Settlement Understanding

- **The Dispute Settlement Body (DSB) did not meet in special session in 2022.**

**T**he DSB last met in special session in November 2019. At that time, members expressed concern that resuming intensive work in the special sessions might not be fruitful as participants were focused on more pressing issues, including discussions in other WTO bodies on the functioning of the dispute settlement system.

In his report to the Trade Negotiations Committee in November 2021, the Chair of the special session, Ambassador Kokou Yackoley Johnson (Togo), reiterated that he continued to be guided by members and remained available to hear any views they may have about the work within the special session. In the absence of indications from delegations that the work should resume, the negotiating group did not meet in 2022.

Separately, in light of the mandate by the 12th Ministerial Conference “to conduct discussions with the view to having a fully and well-functioning dispute settlement system accessible to all Members by 2024”, members have been pursuing discussions on dispute settlement reform in various informal formats since summer 2022.

### Background

At the 2001 Doha Ministerial Conference, WTO members agreed to negotiate to improve and clarify the Dispute Settlement Understanding – the rules and procedures governing the settlement of WTO disputes. These negotiations, which take place in special sessions of the Dispute Settlement Body, have seen little activity since 2019. Separately, at the 12th Ministerial Conference in June 2022, members noted concerns and challenges regarding the dispute settlement system and committed “to conduct discussions with the view to having a fully and well-functioning dispute settlement system accessible to all Members by 2024”.

## Joint initiatives

### Background

Groups of WTO members announced at the 11th Ministerial Conference in December 2017 initiatives to advance talks on e-commerce, investment facilitation for development, micro, small and medium-sized enterprises, and domestic regulation in services trade. Groups of members have also launched three environmental initiatives – on trade and environmental sustainability, plastics pollution and environmentally sustainable plastics trade, and fossil fuel subsidies reform. An additional group of members is seeking to intensify efforts to increase women's participation in global trade. The groups are open to all WTO members.



On the margins of MC12, the co-convenors of the Joint Statement on Electronic Commerce – Australia, Japan and Singapore – issued a ministerial statement acknowledging progress made in the negotiations on possible new rules on trade-related aspects of electronic commerce and underlining the importance of developing these global regulations. Together with Switzerland, they also launched the e-commerce capacity-building framework to offer a wide range of technical assistance, training and capacity building to support developing economies' and least-developed countries' participation in the negotiations and to harness the opportunities of digital trade.

### Joint statement initiative on e-commerce

- **The three co-convenors of the Joint Statement on Electronic Commerce issued a ministerial statement on the margins of the 12th Ministerial Conference (MC12) in June 2022 acknowledging progress made in the negotiations on new rules on trade-related aspects of e-commerce.**
- **A revised and streamlined negotiating text reflecting progress was circulated in December 2022.**
- **An e-commerce capacity-building framework was launched to offer technical assistance, training and capacity building to support developing and least-developed economies' participation in the e-commerce negotiations.**

The negotiations are organized under six broad themes: enabling e-commerce; openness and e-commerce; trust and e-commerce; cross-cutting issues, such as transparency, domestic regulation and cooperation; telecommunications; and market access. Negotiations continue in plenary meetings and in small drafting groups to refine various texts proposals.

Participants have achieved convergence in the articles on e-signatures and e-authentication, e-contracts, consumer protection, paperless trading, open government data, unsolicited commercial electronic messages (spam) and transparency. In addition, in 2022, substantive progress was made in the areas of open internet access, cybersecurity and electronic transactions frameworks.

Building on this progress, negotiations continue on several other articles, such as



electronic invoicing, privacy, and information and communications technology (ICT) products that use cryptography. Participants also started discussions on horizontal issues, such as scope and general provisions, as well as on development issues, where participants have considered a submission on implementation periods for developing and least-developed countries.

A revised and streamlined negotiating text reflecting the progress made was circulated in December 2022. The revised text is the basis for further negotiations in 2023.

In January 2023, DG Okonjo-Iweala attended an informal meeting of the initiative organized by ministers from the co-convenors of e-commerce negotiations on the margins of the annual World Economic Forum (WEF) gathering in Davos. The meeting focused on how to accelerate the pace of work under the initiative to conclude negotiations by December 2023. In a statement, the co-convenors reaffirmed participants' commitment to establishing a set of high-standard rules to govern the global digital economy while making sure the initiative remains balanced, inclusive and meaningful to consumers and businesses alike.

"You can be proud of the progress made and the results you have achieved," the DG said. "Further progress in areas under negotiation promises to bring more stability and predictability to this vast area of international trade. This can be of benefit to all: women, entrepreneurs, remote countries and marginalized groups."

At MC11 in December 2017, a like-minded group of members issued a joint statement to initiate exploratory work towards future WTO negotiations on trade-related aspects of e-commerce. Currently, the number of participants stands at 87, accounting for over 90 per cent of global trade. Participation is open to all WTO members.

**The number of participants stands at 87, accounting for over 90 per cent of global trade.**



### Investment facilitation for development

- In 2022, the Joint Initiative on Investment Facilitation for Development made substantial progress, achieving the milestone of a very well advanced single negotiating text.
- In December 2022, over 110 WTO members supported the statement by the co-coordinators, which outlines the next steps for the Joint Initiative in 2023 – namely to finalize the text negotiations by mid-2023, take up work on needs assessment, and intensify outreach efforts towards other WTO members.
- DG Okonjo-Iweala called the draft “a major step towards finalizing an Agreement”.

Participants in the Joint Initiative on Investment Facilitation for Development engaged in intense negotiations throughout 2022, with the aim of achieving a single negotiating text as clean as possible by the end of the year.

The question of how to integrate a future agreement in the WTO legal structure was also discussed.

The goal of the Joint Initiative is a multilateral agreement – open to all WTO members – that will facilitate investment flows and ensure a more transparent, efficient and investment-friendly business climate.

Launched by 70 signatories to a ministerial statement in 2017, the initiative had 112 participants from developed, developing and least-developed economy members by the time the group issued a renewed joint statement in December 2021. The negotiating process is open to all WTO members, and much emphasis is put on outreach efforts.

Over ten negotiating rounds were held in 2022 in various configurations, followed by a plenary “transparency” meeting open to all WTO members while small discussion groups gathered to discuss and advance on key issues. In December 2022, participants agreed on the text of a single negotiating document, which they called the “Draft IFD Agreement”.

The draft text consolidates updates made to a so-called “Easter text” – the document used as the basis for the negotiations in 2022. Areas of substantial advances captured in the draft agreement include most-favoured nation (MFN) treatment, scope and definitions, and provisions on “home state measures”, “supplier development programmes” and “responsible business conduct”.

In December, the co-coordinators of the discussions, Ambassador Sofia Boza of Chile and Ambassador Jung Sung Park of the Republic of Korea, issued a statement, with the approval of participants, declaring their aim to finalize the text negotiations by mid-2023.

**Over 110 members participate in the Joint Initiative on Investment Facilitation for Development.**

## Micro, small and medium-sized enterprises

- **The Informal Working Group on Micro, Small and Medium-sized Enterprises (MSMEs) launched the Trade4MSMEs network, a partnership of international organizations aimed at improving MSMEs’ participation in world trade.**
- **The Group continued to implement the December 2020 package of six recommendations and declarations designed to help MSMEs trade.**
- **The achievements of the Working Group were highlighted by Group coordinator Ambassador José-Luis Cancela at the 12th Ministerial Conference (MC12). “The Group has showed that the WTO and we — the governments — care about small businesses,” he said.**

The Informal Working Group on MSMEs launched the Trade4MSMEs network in June 2022, a partnership of 17 international organizations and regional development banks. It aims at improving the capacity of MSMEs to participate in world trade and to promote collaboration among members of the network.

The network will regularly update the Trade4MSMEs website, a platform that helps small companies find trade-related information and improve their ability to trade internationally. The platform, launched in December 2021, also helps policymakers design measures tailored to the needs of small companies. The website is now available in French and Spanish. Development of its resources is ongoing, with 12 new guides released at the 2022 Public Forum (see page 162).

The Group continued to implement its package of six recommendations and declarations, endorsed in December 2020, to help MSMEs trade more internationally. One recommendation calls on WTO members to provide, on a voluntary basis, information on policies related to MSMEs during their trade policy reviews (TPRs). In 2022, two members





Traditional pottery work in Bikaner, India.

included MSME sections in their TPRs, and the WTO Secretariat updated the database of MSME references in TPRs.

A total of 42 Group members provided information to the Global Trade Helpdesk, a joint online resource of the ITC, UNCTAD and the WTO that aims to simplify market research for companies.

The achievements of the Working Group were highlighted in a report launched by the Group coordinator, Ambassador José-Luis Cancela of Uruguay, during MC12. The report outlines progress since the Group was created in 2017 and sets out a roadmap for helping more small businesses benefit from international trade. “Through these achievements, the Group has showed that the WTO and we — the governments — care about small businesses, about our economies and about our people,” Ambassador Cancela said.

The Group, together with the ITC and the International Chamber of Commerce, held its second Small Business Champions competition with the theme, “Helping small businesses transition to a sustainable

**The Trade4MSMEs network aims at improving the capacity of MSMEs to participate in world trade and promoting collaboration among network members.**

economy”. It was open to chambers of commerce, industry associations, non-governmental organizations and small businesses.

The two winners, announced in September, were the *Réseau Professionnel Accompagnements Valeurs Expertises Conseils* (Benin) and the Tanzania Chamber of Commerce, Industry and Agriculture (TCIA). The Benin project aims to help 600 MSMEs undertake industrial decarbonization practices. TCIA’s initiative aims to raise awareness of the difficulties faced by MSMEs regarding decarbonization.

On MSMEs Day on 27 June 2022, the MSME Group Secretariat issued research notes on MSMEs and trade looking into topics such as MSME participation in international trade and climate change.

Membership of the Working Group, launched at MC11 by 88 WTO members, has increased to 98, representing all levels of development and all regions of the world. Members account for nearly 90 per cent of world exports. The Group is open to all WTO members.



98

Membership of the Working Group has increased to 98, accounting for nearly 90% of world exports

## Domestic regulation of trade in services

- **Fifty-nine participants in the Joint Initiative on Services Domestic Regulation submitted their improved schedules of commitments for certification – the final step required to give these commitments legal effect.**
- **“The launch of certification procedures for such a large number of participants is a real success,” said Jaime Coghi Arias of Costa Rica, the coordinator of the initiative.**

Following the successful conclusion of negotiations in December 2021 on a set of disciplines aimed at cutting trade costs for service providers, participants in the Joint Initiative on Services Domestic Regulation submitted to the WTO on 20 December their improved schedules of commitments for certification. This is the final step required to give these commitments legal effect.

Improved schedules of services commitments under the WTO's General Agreement on Trade in Services (GATS) were submitted by 61 participants, accounting for 89 per cent of world services trade. The remaining eight participants will aim to start their respective certification procedures as soon as possible.

“The launch of certification procedures for such a large number of participants is a real success,” said Jaime Coghi Arias of Costa Rica, the coordinator of the initiative. “It moves us one step closer to giving legal effect to a set of disciplines that will increase transparency and predictability in the regulation of services trade and remove red tape for our business communities. This will in particular help micro, small and medium-sized enterprises (MSMEs) and women entrepreneurs.”

The negotiations on services domestic regulation concluded in December 2021 with a declaration by 69 WTO members noting agreement on new disciplines aimed at cutting

administrative costs for service providers. The objective is to mitigate unintended trade-restrictive effects of measures relating to licensing requirements and procedures, qualification requirements and procedures, and technical standards. By encouraging good regulatory practices, these disciplines seek to make the regulatory environment more conducive to business and lower trade costs for services suppliers seeking to access foreign markets.

The agreement, which should produce huge cost savings for businesses, is the first set of rules on services agreed at the WTO in 25 years. According to research by the WTO and the OECD, the pact will save businesses, especially small businesses, US\$ 150 billion a year globally. Work in the initiative is organized outside the WTO Working Party on Domestic Regulation, which is mandated to develop any necessary disciplines to ensure that members' domestic regulations do not constitute unnecessary barriers to trade in services.



### US\$ 150 bn

The amount the agreement is projected to save businesses a year globally.







## Trade and environment initiatives

- **Work in three WTO environmental initiatives – the Trade and Environmental Sustainability Structured Discussions (TESSD), the Dialogue on Plastics Pollution (DPP) and Fossil Fuel Subsidies Reform (FFSR) – made good progress in 2022.**
- **The initiatives – open to all members – complement work of the Committee on Trade and Environment and other relevant WTO bodies, with their participants sharing the objective of making trade part of the solution to addressing global environmental challenges.**

### Dialogue on plastics pollution and environmentally sustainable plastics trade

Talks within the DPP made significant strides in 2022 and work will intensify in 2023, co-sponsors said at a stocktaking meeting in December. The aim is to achieve concrete results in support of efforts to curb plastics pollution no later than the 13th Ministerial Conference (MC13), set for February 2024.

The dialogue, launched at WTO Trade and Environment Week in November 2020, aims to enhance existing discussions within the Committee on Trade and Environment and other fora on plastics pollution. Open to all members, it had 75 co-sponsors at the end of 2022, up from 67 the year before, accounting for some 75 per cent of global plastics trade.

Members advanced in three technical workstreams a work plan adopted in February 2022 – cross-cutting issues (e.g. transparency, technical assistance, international cooperation), promoting trade to reduce and tackle plastic pollution, and reduction and circularity for plastics.

On the sidelines of MC12 in June 2022, the coordinators of the Dialogue – Australia, Barbados, China, Ecuador, Fiji and Morocco – issued a ministerial statement on tangible next steps. They also took note of the launch by the United Nations Environment Assembly of negotiations on a global agreement by 2024 to end plastic pollution. The statement outlined steps towards strengthening cooperation and advancing technical discussions and trade-related capacity-building.

In December, the WTO organized a workshop in cooperation with UNCTAD, focusing on promotion of effective and environmentally sustainable substitutes and alternatives to plastics.



**76**

WTO members are participating in the Plastics Dialogue

### Trade and environmental sustainability

In a stocktaking event in December, members reviewed progress made in the implementation of the TESSD ministerial statement of December 2021 and signalled priorities for work ahead of MC13.

In her opening remarks, DG Okonjo-Iweala described TESSD as “a trailblazer at the WTO” as participants are “breaking down silos and cooperating across traditional structures and fields of expertise to find solutions to global problems”. She urged members “to move from ambition and discussion to action and to create a menu of options and pathways for expanding sustainable trade, investment and innovation in support of global environmental objectives.”

In a work plan adopted in February 2022, co-sponsors agreed to create four informal working groups on (i) trade-related climate measures; (ii) environmental goods and services; (iii) circular economy - circularity; and (iv) subsidies. The working groups allow for more in-depth discussions between plenary meetings, helping members to make progress towards tangible outcomes. Across all groups, members discussed challenges and opportunities for developing economies and ways in which trade can be mutually supportive of sustainable development objectives.

Ambassadors Nadia Theodore (Canada) and Ronald Saborio (Costa Rica) coordinate the discussions, which are open to all members. At the end of 2022, TESSD had 74 co-sponsors from all regions and at all levels of development, representing around 85 per cent of global trade.

### Fossil fuel subsidies reform

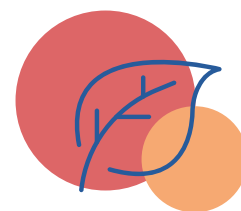
WTO members seeking to phase out inefficient fossil fuel subsidies explored ways to increase transparency and fulfil long-term sustainability objectives at a meeting in October, the first under a 2022-23 work plan.

Forty-five members signed a ministerial statement in December 2021 on fossil

fuel subsidies that recognizes that inefficient fossil fuel subsidies encourage wasteful consumption, disadvantage renewable energy and depress investment in energy efficiency.

The initiative, which builds on a 2017 WTO ministerial statement urging “ambitious and effective disciplines on inefficient fossil fuel subsidies”, emphasizes the WTO can play a central role in the reduction of trade and investment distortions caused by fossil fuel subsidies through effective disciplines. Proponents acknowledge that reform must take account of the specific needs and conditions of developing economies and minimize the possible adverse impacts on their development.

Many members expressed interest in examining how to increase the transparency of fossil fuel subsidy programmes, noting this will be a first vital step towards closing information gaps and achieving reforms. Members also noted the WTO was well placed to be a central actor in this work. The co-sponsors, whose numbers rose to 48 as of February 2023, intend to hold at least three meetings, culminating in the discussion of next steps for further work at the WTO by MC13.



## 74

WTO members are taking part in the initiative on trade and environmental sustainability.



## 48

The initiative on fossil fuel subsidies reform has 48 WTO members as co-sponsors





## Informal Working Group on Trade and Gender

- The 12th Ministerial Conference (MC12) outcome document recognizes “women’s economic empowerment”, the first declaration in support of trade and gender equality by the full WTO membership.
- The Informal Working Group on Trade and Gender accelerated work post-MC12, with a series of workshops on gender and trade issues.

**M**inisters recognized the importance of “women’s economic empowerment” in the outcome document issued at the end of MC12. This marked the first formal declaration of support for trade and gender equality by the full WTO membership.

The reference to women and trade was proposed ahead of MC12 by the Informal Working Group on Trade and Gender, which was launched in September 2020 by a group of members to intensify WTO efforts to increase women’s role in global trade.

In a statement issued at MC12, the three chairs of the Working Group declared: “Strong evidence-based data demonstrates that gender equality and women’s economic empowerment can support and contribute to economic growth ... Gender equality and women’s economic empowerment are therefore essential to support sustainable peace and development.”

At a meeting of the Group in December, the co-chairs – Ambassador Einar Gunnarsson of Iceland, Ambassador Ana Patricia Benedetti Zelaya of El Salvador and Ambassador Athaliah Molokomme of Botswana – said that the mandate of the Group was strengthened by MC12. It “means that gender issues are now considered as part of the WTO’s work as a whole,” Ambassador Gunnarsson declared.

The co-chairs said that the Group’s technical work had accelerated post-MC12. In 2023,





efforts should be dedicated to developing a long-term work programme containing concrete actions and deadlines, they added.

In October, the co-chairs organized a workshop on “Gender Equality and the Private Sector” to enhance members’ knowledge of women’s entrepreneurship and to better integrate gender issues into WTO work, members’ trade policies and trade agreements. The workshop presented new research on women’s entrepreneurship and trade, outlining policy solutions to mitigate the impact of the COVID-19 pandemic on women entrepreneurs.

The workshop highlighted the importance of including businesses run by women in supply chains and the need to improve digital trade facilitation. Women entrepreneurs said that gender-specific trade and development programmes and capacity building are key, especially in the area of public procurement. They also said that accessing trade finance, especially in sectors considered to be high-risk, is a challenge.

In November, Canada organized a workshop that highlighted new methods of gathering data on women in trade and the importance of such data for developing effective trade policies. The WTO can be a useful forum for members to identify tools to improve data collection, the workshop heard.

In October and November, the European Union organized, together with the ITC, Ecuador, Chile and the United States, a series of workshops on developing a “gender-lens” focused on government procurement, e-commerce, trade facilitation and investment facilitation.

### More than 120 members are part of the Informal Working Group on Trade and Gender.

Seamstresses at work in a textile factory in Zimbabwe.