



WORLD TRADE
ORGANIZATION

Annual Report 2011



Who we are

The World Trade Organization deals with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible.

Using this report

The 2011 Annual Report is split into two main sections. The first is a brief summary of the organization and a review of 2010. The second section provides more in-depth information.

Find out more

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SECTION ONE

Understanding the WTO

Who we are	A global membership
What we stand for	A year in review
What we do	A message from WTO Director-General Pascal Lamy
How it all comes together	WTO Open Day

SECTION TWO

Trade negotiations

Changes to the rules of trade require the agreement of all WTO members, who must reach consensus through rounds of negotiations. The most recent round began in 2001.

Implementation and monitoring

Various WTO councils and committees seek to ensure that WTO agreements are being properly implemented. All WTO members undergo periodic scrutiny of their trade policies and practices.

Dispute settlement

WTO members bring disputes to the WTO if they think their rights under trade agreements are being infringed. Settling disputes is the responsibility of the Dispute Settlement Body.

Building trade capacity

The WTO aims to help developing countries build their trade capacity and allows them a longer time to implement trade agreements. Hundreds of training courses are organized each year for officials from developing countries.

Outreach

The WTO maintains regular dialogue with non-governmental organizations, parliamentarians, other international organizations, the media and the general public to enhance cooperation and raise awareness of trade issues.

Secretariat and budget

The WTO Secretariat has over 600 regular staff and coordinates the activities of the WTO. Most of the WTO's annual budget consists of contributions by its 153 members.

Abbreviations

Further information

02

14

28

84

106

120

138

155

156

REVIEW

TRADE
NEGOTIATIONS

IMPLEMENTATION
AND MONITORING

DISPUTE
SETTLEMENT

BUILDING TRADE
CAPACITY

OUTREACH

SECRETARIAT
AND BUDGET

Understanding the WTO

Virtually all decisions in the WTO are taken by consensus among all member countries.

Who we are

There are a number of ways of looking at the World Trade Organization. It is an organization for trade opening. It is a forum for governments to negotiate trade agreements. It is a place for them to settle trade disputes. It operates a system of trade rules. Essentially, the WTO is a place where member governments try to sort out the trade problems they face with each other.

The WTO was born out of negotiations, and everything the WTO does is the result of negotiations. The bulk of the WTO's current work comes from the 1986–94 negotiations called the Uruguay Round and earlier negotiations under the General Agreement on Tariffs and Trade (GATT). The WTO is currently the host to new negotiations, under the 'Doha Development Agenda' launched in 2001.

Where countries have faced trade barriers and wanted them lowered, the negotiations have helped to open markets for trade. But the WTO is not just about opening markets, and in some circumstances its rules support maintaining trade barriers — for example, to protect consumers or prevent the spread of disease.

At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations. These documents provide the legal ground rules for international commerce. They are essentially contracts, binding governments to keep their trade policies within agreed limits. Although negotiated and signed by governments, the goal is to help producers of goods and services, exporters, and importers conduct their business, while allowing governments to meet social and environmental objectives.

The system's overriding purpose is to help trade flow as freely as possible — so long as there are no undesirable side effects — because this is important for economic development and well-being. That partly means removing obstacles. It also means ensuring that individuals, companies and governments know what the trade rules are around the world, and giving them the confidence that there will be no sudden changes of policy. In other words, the rules have to be 'transparent' and predictable.

Trade relations often involve conflicting interests. Agreements, including those painstakingly negotiated in the WTO system, often need interpreting. The most harmonious way to settle these differences is through some neutral procedure based on an agreed legal foundation. That is the purpose behind the dispute settlement process written into the WTO agreements.

A brief history

The WTO began life on 1 January 1995 but its trading system is half a century older. Since 1948, the General Agreement on Tariffs and Trade (GATT) had provided the rules for the system. Whereas GATT had mainly dealt with trade in goods, the WTO and its agreements now cover trade in services, and in traded inventions, creations and designs (intellectual property).



What we stand for

The WTO agreements are lengthy and complex because they are legal texts covering a wide range of activities. But a number of simple, fundamental principles run throughout all of these documents. These principles are the foundation of the multilateral trading system.

Non-discrimination

A country should not discriminate between its trading partners and it should not discriminate between its own and foreign products, services or nationals.

More open

Lowering trade barriers is one of the most obvious ways of encouraging trade; these barriers include customs duties (or tariffs) and measures such as import bans or quotas that restrict quantities selectively.

Predictable and transparent

Foreign companies, investors and governments should be confident that trade barriers should not be raised arbitrarily. With stability and predictability, investment is encouraged, jobs are created and consumers can fully enjoy the benefits of competition – choice and lower prices.

More competitive

Discouraging “unfair” practices, such as export subsidies and dumping products at below cost to gain market share; the issues are complex, and the rules try to establish what is fair or unfair, and how governments can respond, in particular by charging additional import duties calculated to compensate for damage caused by unfair trade.

More beneficial for less developed countries

Giving them more time to adjust, greater flexibility and special privileges; over three-quarters of WTO members are developing countries and countries in transition to market economies. The WTO agreements give them transition periods to adjust to the more unfamiliar and, perhaps, difficult WTO provisions.

Protect the environment

The WTO's agreements permit members to take measures to protect not only the environment but also public health, animal health and plant health. However these measures must be applied in the same way to both national and foreign businesses. In other words, members must not use environmental protection measures as a means of disguising protectionist policies.

Equal treatment is one of the basic principles of the multilateral trading system.



Understanding the WTO

The WTO is run by its member governments.

What we do

The WTO is run by its member governments. All major decisions are made by the membership as a whole, either by ministers (who usually meet at least once every two years) or by their ambassadors or delegates (who meet regularly in Geneva).

While the WTO is driven by its member states, it could not function without its Secretariat to coordinate the activities. The Secretariat employs over 600 staff, and its experts – lawyers, economists, statisticians and communications experts – assist WTO members on a daily basis to ensure, among other things, that negotiations progress smoothly, and that the rules of international trade are correctly applied and enforced.

Trade negotiations

The WTO agreements cover goods, services and intellectual property. They spell out the principles of liberalization, and the permitted exceptions. They include individual countries' commitments to lower customs tariffs and other trade barriers, and to open and keep open services markets. They set procedures for settling disputes. These agreements are not static; they are renegotiated from time to time and new agreements can be added to the package. Many are now being negotiated under the Doha Development Agenda, launched by WTO trade ministers in Doha, Qatar, in November 2001.

Implementation and monitoring

WTO agreements require governments to make their trade policies transparent by notifying the WTO about laws in force and measures adopted. Various WTO councils and committees seek to ensure that these requirements are being followed and that WTO agreements are being properly implemented. All WTO members must undergo periodic scrutiny of their trade policies and practices, each review containing reports by the country concerned and the WTO Secretariat.

Dispute settlement

The WTO's procedure for resolving trade quarrels under the Dispute Settlement Understanding is vital for enforcing the rules and therefore for ensuring that trade flows smoothly. Countries bring disputes to the WTO if they think their rights under the agreements are being infringed. Judgements by specially appointed independent experts are based on interpretations of the agreements and individual countries' commitments.

Building trade capacity

WTO agreements contain special provision for developing countries, including longer time periods to implement agreements and commitments, measures to increase their trading opportunities, and support to help them build their trade capacity, to handle disputes and to implement technical standards. The WTO organizes hundreds of technical cooperation missions to developing countries annually. It also holds numerous courses each year in Geneva for government officials. Aid for Trade aims to help developing countries develop the skills and infrastructure needed to expand their trade.

Outreach

The WTO maintains regular dialogue with non-governmental organizations, parliamentarians, other international organizations, the media and the general public on various aspects of the WTO and the ongoing Doha negotiations, with the aim of enhancing cooperation and increasing awareness of WTO activities.



How it all comes together

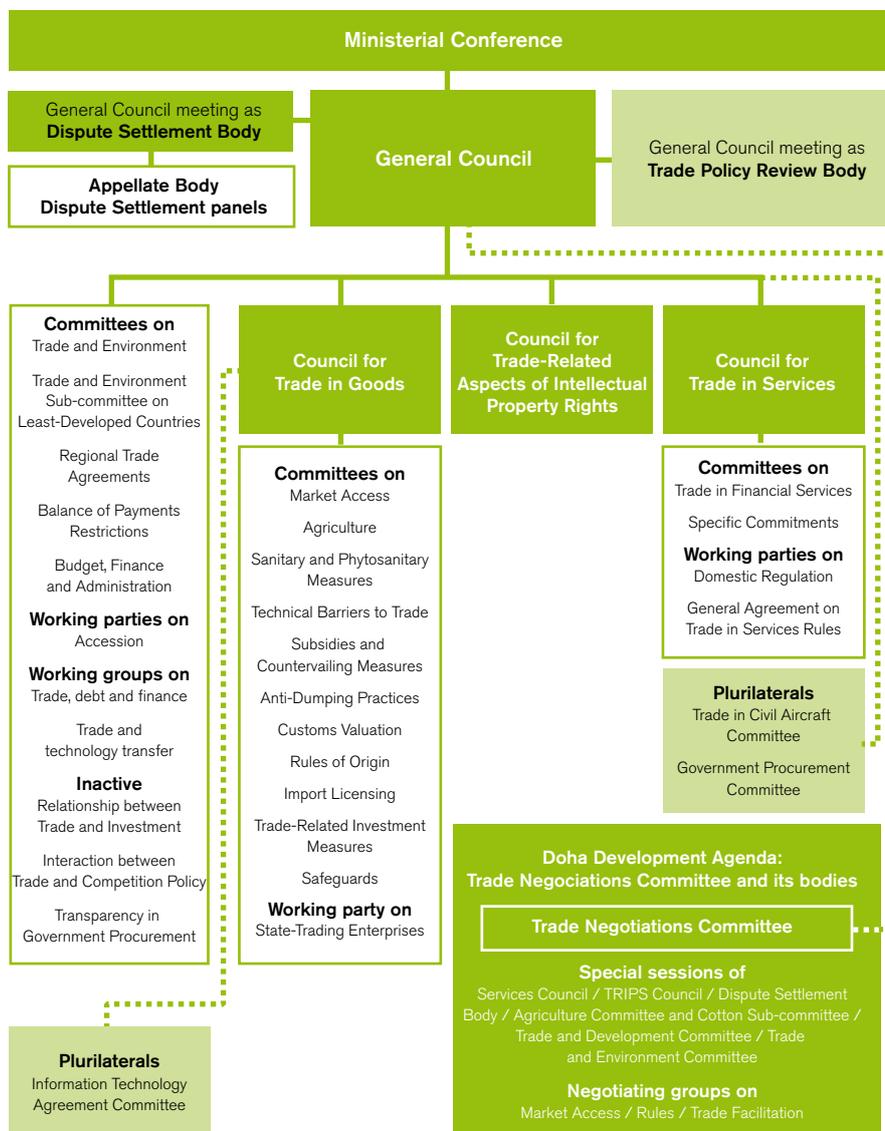
The WTO's top-level decision-making body is the Ministerial Conference which usually meets every two years.

Below this is the General Council (normally ambassadors and heads of delegation in Geneva, but sometimes officials sent from members' capitals), which meets several times a year in the Geneva headquarters. The General Council also meets as the Trade Policy Review Body and the Dispute Settlement Body.

At the next level, the Goods Council, Services Council and Intellectual Property (TRIPS) Council report to the General Council.

Numerous specialized committees, working groups and working parties deal with the individual agreements and other areas such as the environment, development, membership applications and regional trade agreements.

Decisions are taken through various councils and committees, whose membership consists of all WTO members.



* All WTO members may participate in all councils and committees, with the exceptions of the Appellate Body, Dispute Settlement panels and plurilateral committees.



Understanding the WTO

The WTO currently has 153 members accounting for almost 90 per cent of world trade.

A global membership



Membership of the WTO (as of 31 December 2010)

Member*	Year of accession	Member	Year of accession	Member	Year of accession	Member	Year of accession
Albania	2000	Chile	1995	Gabon	1995	Kuwait	1995
Angola	1996	China	2001	The Gambia	1996	Kyrgyz Republic	1998
Antigua and Barbuda	1995	Colombia	1995	Georgia	2000	Latvia	1999
Argentina	1995	Congo	1997	Germany	1995	Lesotho	1995
Armenia	2003	Costa Rica	1995	Ghana	1995	Liechtenstein	1995
Australia	1995	Côte d'Ivoire	1995	Greece	1995	Lithuania	2001
Austria	1995	Croatia	2000	Grenada	1996	Luxembourg	1995
Bahrain, Kingdom of	1995	Cuba	1995	Guatemala	1995	Macao, China	1995
Bangladesh	1995	Cyprus	1995	Guinea	1995	Madagascar	1995
Barbados	1995	Czech Republic	1995	Guinea Bissau	1995	Malawi	1995
Belgium	1995	Democratic Republic of the Congo	1997	Guyana	1995	Malaysia	1995
Belize	1995	Denmark	1995	Haiti	1996	Maldives	1995
Benin	1996	Djibouti	1995	Honduras	1995	Mali	1995
Bolivia, Plurinational State of	1995	Dominica	1995	Hong Kong, China	1995	Malta	1995
Botswana	1995	Dominican Republic	1995	Hungary	1995	Mauritania	1995
Brazil	1995	Ecuador	1996	Iceland	1995	Mauritius	1995
Brunei Darussalam	1995	Egypt	1995	India	1995	Mexico	1995
Bulgaria	1996	El Salvador	1995	Indonesia	1995	Moldova	2001
Burkina Faso	1995	Estonia	1999	Ireland	1995	Mongolia	1997
Burundi	1995	European Union	1995	Israel	1995	Morocco	1995
Cambodia	2004	Fiji	1996	Italy	1995	Mozambique	1995
Cameroon	1995	Finland	1995	Jamaica	1995	Myanmar	1995
Canada	1995	Former Yugoslav Republic of Macedonia	2003	Japan	1995	Namibia	1995
Cape Verde	2008	France	1995	Jordan	2000	Nepal	2004
Central African Republic	1995			Kenya	1995	Netherlands	1995
Chad	1996			Korea, Republic of	1995	New Zealand	1995

* Members are mostly governments but can also be customs territories.



Joining the WTO

The WTO is open to states or customs territories with full autonomy over their foreign economic relations. To join the WTO, a government has to bring its economic and trade policies in line with WTO rules and principles, and negotiate with individual trading partners on specific concessions and commitments that it will apply to its trade in goods and services. It can take many years to become a WTO member, which requires the full support of the existing membership. However, the accession process is designed to ensure that new members are able to participate fully in the multilateral trading system from the outset.

Although no new members joined the WTO in 2010, progress was made in many of the accession negotiations under way. The Working Party on the Accession of the Syrian Arab Republic was established, bringing to 30 the total number of governments seeking WTO entry. Steps were taken to enhance the transparency of the accession process, including more frequent meetings of the Informal Group on Accessions and the introduction of a newsletter service for acceding governments to provide information, request feedback and assist in the planning and preparations for accession meetings and negotiations.

In his second Annual Report on WTO Accessions issued in December 2010, the Director-General noted the strong post-accession trade performance of the 25 recently-acceded members (RAMs). In the period 1995-2009, the value of their merchandise and services trade grew at average annual rates of 13 per cent and 11 per cent respectively, much faster than the respective global growth rates of 7 per cent and 8 per cent. In addition, the RAMs' share of world merchandise trade doubled from 6 per cent to 12 per cent (from US\$ 695 billion to US\$ 3,374 billion) during that period.

Several accession negotiations are poised for conclusion in 2011. Accessions of least-developed countries (LDCs) would be an important contribution by the WTO to the Fourth United Nations Conference on the Least-Developed Countries (LDC-IV) in Istanbul, Turkey in May 2011. Technical assistance and outreach activities, including visits to acceding governments by the Working Party Chairs, will help build capacity on substance, process and procedures, and raise awareness of the benefits of accession. The WTO is also working to establish an Accessions Commitments Database to assist members and acceding governments in retrieving information related to commitments across all completed accessions.

The value of merchandise and services trade of recently-acceded members grew faster than the world average from 1995 to 2009.

Member	Year of accession	Member	Year of accession
Nicaragua	1995	Solomon Islands	1996
Niger	1996	South Africa	1995
Nigeria	1995	Spain	1995
Norway	1995	Sri Lanka	1995
Oman	2000	Suriname	1995
Pakistan	1995	Swaziland	1995
Panama	1997	Sweden	1995
Papua New Guinea	1996	Switzerland	1995
Paraguay	1995	Chinese Taipei	2002
Peru	1995	Tanzania	1995
Philippines	1995	Thailand	1995
Poland	1995	Togo	1995
Portugal	1995	Tonga	2007
Qatar	1996	Trinidad and Tobago	1995
Romania	1995	Tunisia	1995
Rwanda	1996	Turkey	1995
Saint Kitts and Nevis	1996	Uganda	1995
Saint Lucia	1995	Ukraine	2008
Saint Vincent and the Grenadines	1995	United Arab Emirates	1996
Saudi Arabia, Kingdom of	2005	United Kingdom	1995
Senegal	1995	United States of America	1995
Sierra Leone	1995	Uruguay	1995
Singapore	1995	Venezuela, Bolivarian Republic of	1995
Slovak Republic	1995	Viet Nam	2007
Slovenia	1995	Zambia	1995
		Zimbabwe	1995

Governments seeking to join the WTO (as of 31 December 2010)

Afghanistan*	Lebanese Republic
Algeria	Liberia, Republic of*
Andorra	Libya
Azerbaijan	Montenegro
Bahamas	Russian Federation
Belarus	Samoa*
Bhutan*	São Tomé and Príncipe*
Bosnia and Herzegovina	Serbia
Comoros*	Seychelles
Equatorial Guinea*	Sudan*
Ethiopia*	Syrian Arab Republic
Iran	Tajikistan
Iraq	Uzbekistan
Kazakhstan	Vanuatu*
Lao People's Democratic Republic*	Yemen*

* Least-developed country

A year in review

The WTO's reports on global trade developments in 2010 showed that, despite the depth of the global crisis and rising unemployment, WTO members and observers had by and large continued to resist domestic protectionist pressures and kept markets open.

Trade negotiations

Detailed talks in Geneva in 2010 failed to bridge the relatively few, but important, outstanding issues to conclude the Doha Development Agenda negotiations. Nevertheless, at the stocktaking meeting in March 2010 every member expressed strong commitment to the mandate of the Doha Round and its conclusion.

At this meeting, the Chairs of all the negotiating bodies provided factual reports, identifying areas of progress as well as gaps which remained. Members agreed that, where the gaps were clear, political decisions would be needed as part of the final package. Where the extent of the gaps was less clear, further technical work would be required before political decisions could be taken.

In November, at their respective summits, leaders of the Group of 20 countries and of the Asia-Pacific Economic Cooperation forum, as well as African trade ministers, identified 2011 as a critically important 'window of opportunity' and signalled strong political resolve to engage in comprehensive negotiations. Accordingly, an intensified work programme from early January 2011 was proposed by the Chair of the Trade Negotiations Committee (TNC), Pascal Lamy, and by Chairs of negotiating bodies, and was endorsed by WTO members at the November TNC meeting.

See page 14

Implementation and monitoring

In 2010 the General Council continued to oversee the progress of the Doha Round, reviewed WTO accession negotiations and conducted a review of WTO activities on the basis of annual reports from its subsidiary bodies, which are responsible for monitoring members' implementation of WTO agreements. WTO members agreed that the next session of the Ministerial Conference should be held in Geneva in December 2011.

Regional Trade Agreements (RTAs) notified to the WTO continued to be monitored by the Committee on RTAs. In 2010, the WTO received 26 new notifications involving 18 RTAs. A key feature noted by the Committee is that RTAs are becoming more comprehensive, with provisions on market opening in services and in other areas in addition to provisions for reducing barriers to trade in goods. All WTO members except Mongolia are members of one or more RTA (some belonging to as many as 20).

During 2010 the Trade Policy Review Body reviewed the trade policies and practices of 19 WTO members. Five comprehensive reports on global trade developments in 2010 were prepared by the WTO Secretariat. These showed that, despite the depth of the global crisis and rising unemployment, WTO members and observers had by and large continued to resist domestic protectionist pressures and kept markets open.

See page 28

Dispute settlement

WTO members filed a total of 17 new disputes in 2010, compared with 14 in 2009. However, the number of new disputes in recent years is well down from the early years of the last decade, with a peak of 37 disputes filed in 2002. By the end of 2010, 419 disputes had been filed since the WTO's creation in 1995, the most active users of the system being the United States (97), the European Union (82), Canada (33), Brazil (25), Mexico (21) and India (19).

The WTO's Dispute Settlement Body (DSB) met 13 times in 2010, establishing six panels to adjudicate seven new cases. (Where two or more complaints relate to the same matter, they are normally adjudicated by a single panel.) The DSB also adopted five dispute panel reports and two Appellate Body reports. One mutually agreed solution was notified to the WTO in 2010.

Three appeals of panel reports were filed with the Appellate Body in 2010. One Appellate Body report was circulated during 2010. This concerned a dispute about measures imposed by Australia regarding the importing of apples from New Zealand. The report brought to 101 the number of reports circulated by the Appellate Body since the creation of the WTO in 1995.

See page 84



Understanding the WTO

Building trade capacity

In 2010 the WTO and the Organisation for Economic Co-operation and Development (OECD) began a monitoring and evaluation exercise of the Aid for Trade initiative, which aims to help developing countries develop the trade-related skills and infrastructure needed to implement and benefit from WTO agreements and to expand their trade.

As part of the evaluation exercise, developing countries have been asked to complete self-assessment questionnaires and to help in the preparation of case stories describing what is working and where improvements are needed. The evaluation exercise underpins the Third Global Review of Aid for Trade, which is to be held at the WTO on 18-19 July 2011.

The WTO continued in 2010 to put in place measures designed to further improve the content and delivery of WTO technical assistance and training programmes. The aim of these programmes is to help WTO members gain a better understanding of their rights and obligations within the multilateral trading system, and to strengthen their capacity to deal with the challenges emerging from it. During the year, the WTO undertook 337 technical assistance activities in Geneva and in WTO member countries and regions. The programme continued to place particular emphasis on providing assistance to Africa and to least-developed countries.

See page 106

Outreach

In May 2010 the Director-General formally launched the WTO Chairs Programme, which provides dedicated support to teaching, research and outreach activities by 14 universities and research institutions in developing countries. Launching ceremonies also took place during the year at 10 of the 14 institutions hosting WTO Chairs. The programme aims to assist academic institutions in providing students with a deeper understanding of trade policy issues, and to enhance the contribution of these institutions to the analysis and formulation of national trade policies.

The WTO's annual Public Forum took place at the WTO in September, attracting over 1,500 participants from a wide variety of backgrounds. The forum, whose theme was 'The Forces Shaping World Trade', focused on how developments in the international economic landscape are affecting the multilateral trading system and the WTO. In November 2010, two regional outreach workshops were held for civil society in Cape Town, South Africa, and in Lima, Peru. The WTO also held two regional workshops for parliamentarians in 2010, in Singapore and in Mexico City.

The WTO opened its doors to the public for the second time on Sunday 19 September 2010. More than 3,000 people from the local Geneva community came to discover what goes on behind the scenes at the WTO and to meet its staff and member representatives.

See page 120

Did you know?

1,500

participants from a wide variety of backgrounds attended the 2010 Public Forum at the WTO

18

new regional trade agreements were notified to the WTO in 2010

3,000

people attended the WTO's second Open Day

17

trade disputes were brought to the WTO's dispute settlement mechanism in 2010

337

trade-related technical assistance activities were provided by the WTO in 2010

14

academic institutions in developing countries were inaugurated in the WTO Chairs Programme in 2010



Trade helped
the world escape
recession in 2010
but the hangover
from the financial
crisis is still with us.

PASCAL LAMY, DIRECTOR-GENERAL

A message from the WTO Director-General Pascal Lamy

As I travel the world, I am often asked the question 'When are we going to conclude the Doha Round?' It is a very reasonable question of course but it's not one that elicits a very simple answer. In fact, what I always like to remind the person asking the question is that the World Trade Organization is about much more than just the Doha Round.

The WTO has in place a comprehensive set of trade rules that are the result of eight rounds of negotiations concluded since 1948 when the General Agreement on Tariffs and Trade was first signed. These rounds have gradually reduced trade barriers and constructed a set of rules to address the evolving needs of international trade. Until the Kennedy Round of 1967, the major focus was on reducing tariffs.

Since then there have been a number of new agreements in areas ranging from technical barriers to trade to customs valuation. The number of subject areas covered by the agreements has also increased, with the inclusion in more recent years of services, intellectual property and agriculture. In 1997, WTO members negotiated three individual agreements on financial services, telecommunications and trade in information technology products. A plurilateral agreement on government procurement is also in place.

All of these agreements need to be monitored to ensure that WTO members are properly implementing the rules they have signed up to. And this is the work that the WTO undertakes throughout the year in committees and other groupings, providing members with an opportunity to openly discuss their trade practices and their areas of concern in a transparent and predictable manner. The WTO also performs an important role of global trade monitoring. As well as reviewing the trade policies and practices of individual members on a regular basis, the WTO produces comprehensive reports on global trade developments.

In 2010, we produced five such reports. Three of these, covering trade and investment measures taken by the G-20 countries, were prepared jointly with two of our fellow international organizations, the Organisation for Economic Co-operation and Development in Paris and the United Nations Conference on Trade and Development here in Geneva. The other two reports covered measures by all WTO members and observers taken in response to the financial crisis of 2009.

These reports confirmed that WTO members and observers had largely resisted the temptation to introduce protectionist measures and had kept markets open despite the intense pressure of the economic crisis and rising unemployment. Although warning of potential dangers still to come as unemployment remains high and tensions mount over global economic imbalances, the reports noted a significant increase in the number of new measures to facilitate trade, especially by reducing or temporarily exempting import tariffs and by streamlining customs procedures.

Governments appear to have learned the lessons from the past, with a clear rejection of the 'beggars-neighbor' protectionism that had such a disastrous effect in the Great Depression of the 1930s. The reaction to the global crisis this time is a clear validation of the rules-based multilateral trading system and its ability to keep protectionist tendencies in check.

As we have recently reported, world trade bounced back in 2010 with a record-breaking 14.5 per cent surge in the volume of exports for the year, enabling global trade to recover to its pre-crisis levels. The figures reveal how trade helped the world escape recession in 2010 but the hangover from the financial crisis is still with us and we must continue to remain vigilant in resisting protectionist pressures and in keeping markets open.

For this year, we are forecasting a more modest increase, of 6.5 per cent, as the world comes to terms with the effects of recent events such as the earthquake and tsunami in Japan which have had such tragic consequences. Such an increase in trade would be perfectly in line with the 6 per cent average yearly increase in trade recorded between 1990 and 2008.



The WTO also saw in 2010 a slight increase in the number of disputes brought by WTO members to our dispute settlement system. This system gives members the opportunity to seek a judicial review of cases where they believe another member is violating an agreement or a commitment it has made in the WTO. Disputes are considered by the Dispute Settlement Body, which consists of all WTO members. If a measure implemented by a WTO member is found to fall outside the rules, it must swiftly follow the recommendations of the ruling. Failure to do so may even result in the party bringing the case being given the green light to impose trade sanctions. This robust settlement system gives the WTO the necessary clout to enforce the trade rules to which members signed up and is a central pillar of the multilateral trading system.

Another on-going activity of the WTO is our active support for developing countries. In 2010 we undertook over 300 training activities in Geneva and in our member countries aimed at improving understanding of WTO rules and helping developing countries build the expertise needed to benefit from WTO agreements and expand their trade. A particular effort was made to assess the impact of the Aid for Trade initiative, which brings together a number of international organizations in an attempt to boost productive capacities in developing countries. This exercise will culminate in the Third Global Review of Aid for Trade to be held at the WTO in July.

In 2010 we made a significant extension to our outreach activities by launching a WTO Chairs Programme aimed at enhancing the analysis of trade policy issues by academic institutions in developing countries. So far, 14 institutions have been inaugurated into the Programme. We also continued to hold workshops tailored to the needs of non-governmental organizations, parliamentarians and other communities.

Which brings us once again to the Doha Round. Here the news over the last year has been less good. Although an intensified work programme got under way in late 2010, and although chairs of the negotiating groups produced documents in April 2011 outlining the latest state of play in each of their negotiating areas, by Easter it was clear that the Doha Round had come to an impasse.

For the first time since the launch of the Doha Development Round in 2001, WTO members had the opportunity to consider the entire Doha package, including all market access areas as well as the regulatory agenda. The Easter package showed the areas on which gaps remain in members' positions, but it is my view that in one particular area of the negotiations – tariff reductions on industrial goods – the gaps are so wide that for the moment they are unbridgeable. The differences are not technical or procedural, but profoundly political, rendering compromise impossible without a shift in position.

So what do we do next? There is general agreement among our membership that we cannot let the Doha Round just drift away. Nor is stopping and starting again from scratch the answer as the current stumbling block will only reappear at a later date. And nor can we carry on regardless, pretending that it's 'business as usual'.

That is why over the coming months I will be consulting with the membership to see how we can build upon the product of ten years' work and keep alive the ambition that lies at the heart of the Doha negotiations. I see it as our duty to keep faith in a Round that aims to create opportunities and to promote growth and jobs across the whole WTO membership, especially among the poorest developing countries. Together, we have the responsibility to preserve not only the essence of the Doha Round but the sustainable future of the multilateral trading system as a whole.



Pascal Lamy
Director-General

Events of 2010

January

Director-General attends World Economic Forum in Davos, Switzerland.

WTO establishes chairs at 14 developing country universities.

March

WTO launches annual Essay Award for Young Economists.

Doha Round stocktaking week for senior officials takes place.

May

Workshop on Aid for Trade and Development Finance takes place in Geneva.

Syria becomes the latest country to seek WTO membership.

June

Director-General participates in G-20 summit in Toronto, Canada.

July

The WHO, WIPO and WTO hold joint symposium on access to medicines.

"WTO Honour Day" held at Shanghai Expo.

September

WTO holds second Open Day, welcoming some 3,000 visitors.

WTO Public Forum takes place in Geneva, hosting about 1,500 participants.

Director-General participates at Millennium Development Goals Summit in New York.

Director-General participates in Global Services Summit in Washington.

October

WTO marks World Statistics Day (20.10.2010) with release of latest trade data.

November

Director-General participates in G-20 in Seoul, Republic of Korea.

WTO Open Day

WTO opens its doors to the public

The WTO opened its doors to the public for the second time on Sunday, 19 September 2010. Throughout the day, a variety of entertainment and educational and cultural activities were on offer at this family-oriented event.

Under a late summer sun, more than 3,000 people from the local Geneva community came to discover what goes on behind the scenes at the WTO, to meet its staff and member representatives, and to sample cuisine from around the world.

The WTO opened its doors to the public at 10 am and welcoming remarks were made by WTO Director-General Pascal Lamy, Cantonal Councillor Isabel Rochat, Geneva Mayor Sandrine Salerno, and the Chair of the WTO General Council, Ambassador John Gero.

A short film about the WTO and how it affects the lives of people around the world was shown at regular intervals in the Council Room, the main meeting place for the WTO's 153 members. Two public debates were held, one on 'International Geneva' and the other on 'The first fifteen years of the WTO, what has been accomplished and what comes next?'.
[View the film](#)

Guided tours of the WTO's historic lakeside headquarters revealed the many works of art donated by countries over the years, including gifts to the International Labour Organization, which occupied the Centre William Rappard from its inauguration in 1926 until 1975. The tour included exhibits on the WTO's role in the protection of the environment, on the role trade plays in agriculture and on the role of trade for least-developed countries. The public were able to learn more about how international trade works (and where their favourite jeans really come from) and discover the human face of the WTO through video profiles of staff. Visitors were able to see the Director-General's office and the library, while staff of the Human Resources Division described the WTO recruitment process and the career possibilities available.
[View the tour](#)

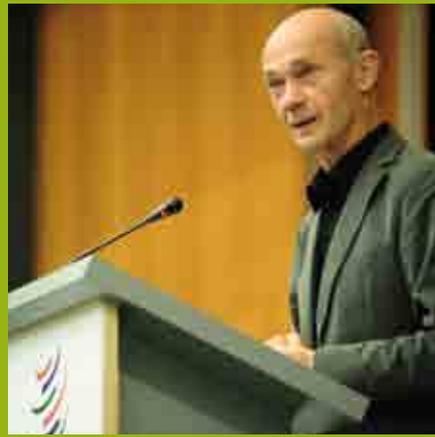
WTO interpreters offered an insight into their profession, and during a live debate on the theme, 'Do you speak Globish? The art of international communication', members of the public had the chance to try their own interpreting skills. Meanwhile, the WTO health service focused on travel health, including vaccinations, prevention of mosquito-transmitted diseases, jet lag and the biological clock, and the various 'tricks' for dealing with travel sickness.
[View the health service](#)

Visitors were entertained by the Swing Solicitors, musicians from the local and international community, while artist Alex Flemming presented one of his works entitled 'Uniplanetarisches System in Memoriam Galileo Galilei', an installation representing a set of rotating globes. There was plenty on offer for children too, with a storyteller, a bouncy castle, and fun activities with an environmental theme organized by the charity 'J'aime ma planète'.
[View the activities](#)

An international buffet on the terrace overlooking the lake gave a flavour of the worldwide membership of the WTO, offering specialities from 19 member countries. With 2010 declared the International Year of Biodiversity by the United Nations, all proceeds from the buffet and sale of lottery tickets – CHF 19,723 – were donated to the association 'J'aime ma planète', whose mission is to raise awareness, educate and act to protect the planet and promote sustainable development.
[View the buffet](#)

In the run-up to the Open Day the WTO launched a poetry competition on international trade, which attracted 70 entries from aspiring poets of all ages from 27 countries. The three winners, one for each of the WTO's official languages, announced at the Open Day were from Côte d'Ivoire (French), Saint Lucia (English) and Guatemala (Spanish).
[View the poetry competition](#)





We would like to thank everyone who visited us and made this day a great success.



Trade negotiations

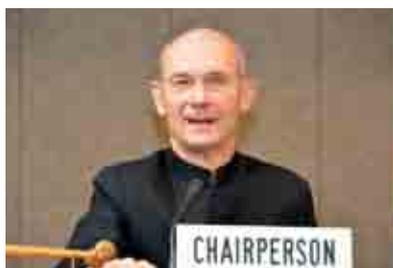
Detailed talks in Geneva in 2010 failed to bridge the relatively few, but important, outstanding issues to conclude the Doha Round. Nevertheless, useful technical work continued in all negotiating groups.

Doha Development Agenda

Trade negotiations in 2010	16
Agriculture	17
Market access for non-agricultural products	18
Services	19
Trade-related aspects of intellectual property rights (TRIPS)	21
Trade and development	23
Trade and transfer of technology	23
Trade and environment	24
Trade facilitation	25
WTO rules	26
Dispute Settlement Understanding	27

Doha Development Agenda

At the Fourth Ministerial Conference in Doha, Qatar, in November 2001, WTO member governments agreed to launch new trade negotiations. They also agreed to work on other issues, in particular the implementation of the current WTO agreements. The entire package is called the Doha Development Agenda (DDA). The negotiations take place in the Trade Negotiations Committee (TNC) and its subsidiaries, which are usually regular councils and committees meeting in 'special session' or specially created negotiating groups. The Chairs of the nine negotiating bodies report to the TNC, chaired by the WTO Director-General, which coordinates their work.



Pascal Lamy at a meeting of the Trade Negotiations Committee in 2010.

Trade negotiations in 2010

The collective desire of the WTO membership to conclude the Doha Development Agenda negotiations in 2010 did not become a reality. Detailed talks in Geneva failed to bridge the relatively few, but important, outstanding issues. Nevertheless, at the stocktaking exercise in March 2010, every member expressed strong commitment to the mandate of the Doha Round and its conclusion. Useful technical work continued in all negotiating groups. With clear and strong signals from political leaders and ministers to move to the end game in 2011, members agreed on an intensive work programme from January 2011.

At the Seventh WTO Ministerial Conference at the end of 2009, which reviewed the state of play in the negotiations, ministers underlined their commitment to conclude the Doha Round and called for an interim stocktaking exercise in the first quarter of 2010.

At this stocktaking meeting, which took place on 22-26 March 2010, the Chairs of all the negotiating bodies provided factual reports, identifying areas of progress as well as gaps which remained. Members engaged honestly, constructively and intensively in a variety of formats during the week to try and bridge differences. Although no substantive breakthroughs were achieved, every member expressed strong commitment to the mandate of the Doha Round and its conclusion.

Members agreed that, where the gaps were clear, political decisions would be needed as part of the final package. Where the extent of the gaps was less clear, further technical work would be required before political decisions could be taken. Three core principles would guide members' future work:

- maintaining and strengthening the multilateral dimension of the negotiations without discouraging other avenues for making progress
- building on what was already on the table in the shape of the Chairs' texts
- ensuring the development dimension remained central to the outcome of the round.

The Trade Negotiations Committee (TNC) held four informal meetings in 2010 to keep developments in the Doha negotiations under surveillance. At the July TNC meeting, delegations welcomed signs of a new dynamic, that is, small-group brainstorming discussions amongst ambassadors on a selection of topics. In light of the useful nature of these small groups in facilitating informal dialogue, identifying problems and understanding positions, there was unanimous agreement to intensify this engagement and expand small-group discussions to all areas of the negotiations.

However, members reiterated the centrality of the multilateral negotiating process and reaffirmed that the role of small groups and other activities 'in variable geometry' was to energize, not supplant, the multilateral process.



Trade negotiations

In November, at their respective summits, leaders of the Group of 20 countries (G-20) and of the Asia-Pacific Economic Cooperation (APEC) forum, as well as African trade ministers, identified 2011 as a critically important, 'window of opportunity' and signalled strong political resolve to engage in comprehensive negotiations. Accordingly, an intensified work programme from early January 2011 was proposed by the TNC Chair and by Chairs of negotiating bodies, and was endorsed by members at the November TNC meeting. In mapping out the work programme for early 2011, members generally acknowledged that negotiations had entered the end game.

Agriculture

In 2010, agriculture negotiators pursued their technical work programme, aimed at achieving a shared understanding of the draft 'modalities' (blueprint) for further agricultural trade reform and a common vision of how their Doha Round commitments would be presented in future legally binding schedules. Established in 2009, the work programme has two tracks: the organization and presentation of necessary data, and consultations on issues that were not yet agreed or were annotated in the agricultural draft modalities.

The work of the agricultural negotiating group in 2010 continued to be centred on the draft 'modalities' issued by the Chair in December 2008, which set out the broad outlines for final commitments on cutting tariffs and subsidies for farm goods and indicated a number of flexibilities for developing countries and specific situations.

In meetings of the full WTO membership, trade negotiators exchanged ideas about how to prepare and present future commitments once modalities are agreed. The Chair of the negotiating group, Ambassador David Walker of New Zealand, also continued his consultations with smaller groups of WTO members on issues that are bracketed (i.e. not yet agreed) or otherwise annotated in the agricultural draft modalities and associated documentation.

In the technical discussions, members continued to exchange views on how data could be presented to make the future calculation of Doha Round commitments transparent and verifiable. These presentations covered the three aspects of the agriculture draft modalities – domestic support, export competition and market access. Through this exchange, members considered the data requirements defined in the draft modalities, identifying existing data sources and highlighting the information that would be necessary to fill gaps. Members worked to clarify how data requirements could differ for developed and developing countries, for example, in the area of domestic support.

To address the remaining information gaps, members also submitted national data essential for determining base commitments. They participated in data verification meetings and an electronic forum was established to enable them to discuss questions and points of clarification on the details of these submissions. On the basis of these data, the WTO Secretariat issued papers in a number of areas to support the verification exercise. One paper reported revised data on the total value of agricultural production. Two others reported new data submissions in the area of product-specific support for which the modalities foresee future limits.

The Chair consulted with members in small groups to develop and strengthen a common understanding of ways forward on those issues where agreement had not yet been reached, including the draft modalities on cotton. Members continued technical discussions, led by the Chair, on the special safeguard mechanism, which would enable developing countries to raise tariffs temporarily to deal with import surges or falling prices. The Chair also consulted with members on remaining ambiguities that had been identified in the draft modalities text.



Background

The agriculture negotiations began in 2000 under a commitment members made in the 1986–94 Uruguay Round to continue reform in farm trade. They were brought into the Doha Round when it was launched in 2001. Broadly, the objective is to reduce distortions in agricultural trade caused by high tariffs and other barriers, export subsidies, and some kinds of domestic support. The negotiations, conducted by the WTO Committee on Agriculture meeting in special session, also take into account social and political sensitivities in the sector and the needs of developing countries.



David Walker, Chair of the Negotiating Group on Agriculture in 2010.

Trade negotiations



Background

Non-agricultural products include all products which are not covered by the Agreement on Agriculture. These include manufactured goods (e.g. electronics, footwear, jewelry, textiles, etc.), fuels and mining products, forestry products, fish and fisheries, and chemicals. Collectively, they represent more than 90 per cent of world merchandise trade. The aim of the negotiations is to reduce or, as appropriate, eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries. The negotiations are conducted in the Negotiating Group on Market Access for Non-Agricultural Products.



Luzius Wasescha, Chair of the Negotiating Group on Non-Agricultural Market Access in 2010.

Market access for non-agricultural products

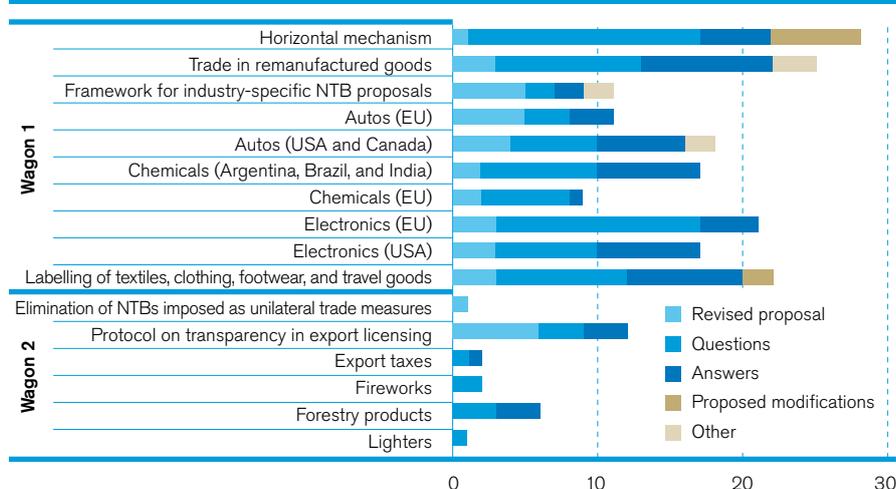
In 2010, the Negotiating Group on Market Access for Non-Agricultural Products (NAMA) continued to focus on making progress on proposals to reduce or eliminate non-tariff barriers (NTBs) to trade. These talks involved the discussion of a large number of questions, answers, proposals and modifications that were circulated by members.

The 'Fourth Revision of Draft Modalities for Non-Agricultural Market Access' was circulated on 6 December 2008 and it remains the latest negotiating text. At the start of 2009, NTBs were identified as an area where useful work could be undertaken. A large number of informal dedicated sessions took place in 2009 and 2010, which provided an opportunity for an exchange of questions and answers on the various NTB proposals.

The focus of the NTB sessions was mainly on the seven proposals that were identified in the draft modalities as 'meriting special attention', as well as on two proposals that were developed subsequently. One of them is a counter-proposal on chemicals (i.e. it is an alternative proposal to an existing one) and two are cross-cutting proposals for a so-called 'Framework' which seeks to address a number of horizontal issues relevant to the Technical Barriers to Trade Agreement. The Chairman of the Negotiating Group refers to these seven proposals as 'Wagon 1', whereas the remaining ones – which are still on the table – are referred to as 'Wagon 2'. During the last part of 2010, the Negotiating Group entered a more intensive phase which aims at concluding the NTB-related work during the first part of 2011.

In a report to the Trade Negotiations Committee of March 2010, the Chairman of the Negotiating Group observed that, besides the technical work with respect to the NTBs, the two main outstanding issues of the negotiations were: 1) the level of ambition to be achieved on the tariff front, including the role of sectoral initiatives, and 2) the situation of certain case-specific flexibilities.

Figure 1: Number of NTB-related written contributions by members, by wagon and proposal (2009 and 2010)



Source: WTO Secretariat

Note: Because certain documents contained written contributions to more than one proposal, the numbers reflected above do not represent the total number of documents circulated.



In 2010 the services negotiations continued on market access, although they were still overshadowed by the lack of movement in other areas of the Doha Round. Further progress was made on a draft text for a waiver that would provide legal cover for preferences given to services and service suppliers of least-developed countries (LDCs).

Market access

The negotiations on market access in services during the year continued to be burdened by the absence of real progress in other areas of the Doha Round. Nonetheless, six ‘clusters’ of negotiations were held in 2010, during which some progress was made on technical issues concerning various sectors and modes of supply. In addition, some members advanced proposals for different approaches to negotiations, notably through the grouping together or ‘clustering’ of related service sectors for use in plurilateral requests and offers. A new plurilateral request, in accounting services, was also introduced.

Although the market access negotiations for services are based on the traditional bilateral request-offer approach, a number of areas are now subject to plurilateral negotiations. In these negotiations, a group of members with a common interest make a joint request to individual members to improve specific commitments in a particular sector or mode of supply. Subsequently, they meet collectively with the countries that have received this request. It is up to each member to respond individually to the collective request.

Treatment of least-developed countries

During the year, the LDC Group presented for the first time its text proposal for a waiver to the special session of the Council on Trade in Services, which is chaired by Fernando de Mateo of Mexico. The text would provide legal justification for preferences granted to LDC members, reflecting the ‘special priority’ to be accorded to them under Article IV:3 of the General Agreement on Trade in Services (GATS). Discussions in the special session resulted in the narrowing of differences between members over the draft text, although issues such as origin rules and the scope of preferences covered by the waiver remained outstanding.

Financial services

The year 2010 saw intense activity in the Committee on Trade in Financial Services, which held five formal meetings. Apart from monitoring progress on the acceptance of the Fifth Protocol to the GATS, containing the results of the 1997 negotiations on financial services (which have yet to be accepted by Brazil, Jamaica and the Philippines), the committee discussed a background note on financial services produced by the WTO Secretariat. The note, which also forms part of the sectoral discussions in the Council for Trade in Services, explained the GATS provisions particularly relevant to financial services and addressed the most significant developments in the sector, including the recent financial crisis.

In addition, the committee organized the first dedicated discussion on the financial crisis and trade in financial services, with the participation of speakers from the Bank for International Settlements (BIS), the Financial Stability Board (FSB), the International Monetary Fund (IMF), and the Organization for Economic Cooperation and Development (OECD). Another dedicated discussion was held on the impact of technological developments on the regulation of banking and other financial services. The committee also organized a seminar on trade in non-life insurance services, with the participation of speakers from governments, the private sector and the International Association of Insurance Supervisors (IAIS).

Finally, the committee decided to discuss in 2011 the relationship between trade in financial services and economic development. A note by the WTO Secretariat will provide background information.

Domestic regulation

The Working Party on Domestic Regulation held six formal meetings and several informal meetings in 2010. Its mandate is to develop disciplines to ensure that licensing requirements and procedures, qualification requirements and procedures, and technical standards do not constitute unnecessary barriers to trade in services.



Background

Services are the most important economic activity in many countries when measured as a share of overall production, and they are the single largest source of employment. The General Agreement on Trade in Services (GATS) mandates WTO members to progressively liberalize trade in services through successive rounds of negotiations. At the Doha Ministerial Conference in November 2001, the services negotiations became part of the ‘single undertaking’ under the Doha Development Agenda. They are overseen by the Council for Trade in Services, meeting in special session, and its subsidiary bodies.



Fernando de Mateo, Chair of the Special Session of the Council for Trade in Services in 2010.



Work during the year continued to focus on the development of generally applicable disciplines. Discussions in this regard are based primarily on an informal note by the Chair, which contains draft provisions of possible disciplines. In March 2010, the Chair circulated an annotated text, which reflected past discussions and alternative text-based proposals, as well as suggestions on the possible way forward on unresolved issues. Members discussed the Chair's annotations with a view to paving the way for future progress.

While these discussions were useful, at the meeting in September 2010, the Chair expressed concern about the wide divergence among delegations regarding the ambition of domestic regulation disciplines. Given the intensification of the Doha Development Agenda negotiations at the end of 2010, the domestic regulation disciplines will be moving towards more focused text-based discussions in 2011.

Specific commitments

The Committee on Specific Commitments oversees the implementation of services commitments and the application of the procedures for modifying schedules of commitments. The underlying objective is to improve the technical accuracy and coherence of schedules and lists of most-favoured nation (MFN) exemptions. The latter list services where WTO members have claimed exemption from the principle of non-discrimination between trading partners. All MFN exemptions are being reviewed in the Doha negotiations.

During 2010, the committee held five formal meetings. The relationship between existing commitments and the new commitments that would result from the current negotiations remained the focus of discussion. Members continued to have divergent views on whether particular language was needed in the protocol implementing the results of the Doha Round to ensure that the new commitments would accord no less favourable treatment than that provided under the existing schedules. Meanwhile, the committee started to examine procedural issues concerning the verification of services schedules, which would take place at the end of the negotiations. The discussion on this verification exercise was based on an informal note prepared by the Secretariat.

With respect to classification issues in services, the committee agreed to hold informal discussions, sector by sector. In this context, experts were invited to provide information on the latest developments in the United Nations Central Product Classification (CPC).

GATS rules

The Working Party on GATS (General Agreement on Trade in Services) Rules is tasked with carrying out the negotiating mandates contained in the GATS on emergency safeguard measures, government procurement in services, and subsidies to services or their suppliers. In 2010, the working party held five formal and several informal meetings, which saw more focused discussions on all three subjects. However, for each topic, members continued to hold different views on what would constitute an acceptable outcome, so text-based negotiations could not be envisaged for the time being.

Emergency safeguard measures, based on the principle of non-discrimination, would permit a member to suspend commitments temporarily in the event of an unforeseen surge in imports of services that caused, or threatened to cause, injury to a domestic services industry. In 2010, several rounds of technical discussions were conducted on the definition of 'domestic industry'. Further work was envisaged on the availability and adequacy of services statistics relevant in the context of emergency safeguards.

On government procurement, the working party examined in greater detail a proposal from the European Union for an annex on government procurement in services. The working party also agreed to hold a series of dedicated discussions on the economic and developmental importance of government procurement in services, including the sharing of national experiences by members with reforms in procurement practices.

In the area of subsidies, considerable effort has gone into reviving a work programme to gather information on members' existing subsidy programmes. The submissions currently on the table cover a significantly larger number of members and programmes than previous contributions. The question now is how future discussions should proceed in pursuit of the GATS mandate.



Trade-related aspects of intellectual property rights (TRIPS)

The Council for Trade-Related Aspects of Intellectual Property Rights, meeting in special session, continued its efforts to find common ground in negotiations on notifying and registering geographical indications (GIs) for wines and spirits. The TRIPS Council in regular session undertook its eighth annual review of incentives for technology transfer to least-developed countries. The Director-General pursued his consultations on the scope of protection of GIs other than for wines and spirits, and the linkage between TRIPS and the Convention on Biological Diversity.

Negotiations on a GI register

The GI register for wines and spirits is intended to facilitate the protection of geographical indications. These are place names (or sometimes other terms or signs associated with a place) used to identify products as originating from a location which gives them particular qualities, reputation or other characteristics. Champagne and Tequila are well-known examples. The TRIPS Agreement mandates negotiations on establishing a register, and work has continued since 1996. In 2005 the Hong Kong Ministerial Declaration called for the talks to be 'intensified'.

There are currently three proposals under consideration by the TRIPS Special Session:

- a 2003 proposal by Hong Kong, China
- the so-called 'Joint Proposal' of 2005, revised in 2008, from a group of countries that want the register to be essentially a source of information about national protection of registered GIs
- the 'W/52' proposal, put forward in 2008 by a group of over 100 countries as part of a package also covering other TRIPS issues. This proposal is considered to create a stronger expectation of protection of GIs once entered on the register.

During 2010, continuing the intensification of technical work in 2009, the Chair of the TRIPS Special Session, Darlington Mwape of Zambia, further developed a list of questions to focus discussion on practical examples and technical aspects of the different proposals on the table, and to try and identify common ground. Proponents of the W/52 proposal continued to respond to questions from other members, in particular regarding its legal implications. Proponents of the Joint Proposal explained the effect that implementation would have on their domestic systems of intellectual property protection.

While the technical discussions were detailed and useful, members remained divided on the two key issues: the legal consequences of registration; and whether or not a member could elect not to be bound by those consequences.

After the decision of the Trade Negotiations Committee in November 2010 to develop text in all negotiating areas, the TRIPS Special Session agreed on a list of six elements of the register around which it would structure its work on text during the following year.

Incentives for technology transfer

In October 2010 the TRIPS Council, in regular session, undertook its eighth annual review of the incentives given to companies by developed countries to transfer technology to least-developed countries (LDCs). For this review, developed countries provided detailed information on the incentives they make available.

The TRIPS Agreement requires incentives for technology transfer to LDCs, and ministers agreed at Doha in 2001 that the TRIPS Council would 'put in place a mechanism for ensuring the monitoring and full implementation of the obligations'. This mechanism was set up by a council decision in 2003, detailing the information to be supplied by developed countries on how their domestic technology transfer incentives are functioning in practice.

The WTO Secretariat organized a third workshop to discuss transfer of technology under the TRIPS Agreement. A number of developed countries explained their reports in more detail. Experts from developed countries and LDCs discussed the operation of the system and how it could be improved. The objective was to achieve a broad understanding of the operation of the incentives and to establish an effective dialogue between developed countries and LDCs.

Trade negotiations



Background

The Doha Development Agenda mandates negotiations on a multilateral system for notifying and registering geographical indications for wines and spirits. These negotiations are carried out by the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS), meeting in special session. The TRIPS Council, meeting in regular session, implements other relevant ministerial decisions, notably those relating to technology transfer and dispute settlement. Consultations on certain TRIPS-related implementation issues are conducted by the Director-General.



Darlington Mwape, Chair of the TRIPS Special Session in 2010.

Disputes over intellectual property protection

In general, disputes can be brought under the WTO Dispute Settlement Mechanism not only if an agreement or commitment has been violated, but also if an expected benefit under an agreement has been nullified without violating the letter of the agreement. For disputes over intellectual property protection, the TRIPS Agreement prescribed a five-year moratorium on initiating such 'non-violation and situation complaints' and this moratorium has been extended by a series of Ministerial Conferences.

In 2010 the TRIPS Council continued to consider the scope and modalities for such complaints. Members disagree on whether these complaints should be allowed at all, or whether this could be the legitimate basis for a dispute. In the absence of consensus, the 2009 Seventh Ministerial Conference further extended the moratorium, in line with a recommendation of the TRIPS Council. Ministers directed the council to continue examining the scope and modalities for these disputes, and to make recommendations to the next Ministerial Conference to be held in 2011.

Consultations on outstanding implementation issues

The Director-General continued to consult on GI extension and the relationship between TRIPS and the Convention on Biological Diversity (CBD), as called for by the 2005 Hong Kong Ministerial Declaration, which deals with these questions as 'outstanding implementation issues'.

The first issue concerns the possible extension to other products of the 'higher' or 'enhanced' level of protection that is currently only required for geographical indications for wines and spirits. Members differ on whether such an extension would help their trade in such products, or whether increasing the level of protection would create an unnecessary legal and commercial burden.

The other issue concerns the relationship between the TRIPS Agreement and the CBD: whether – and, if so, how – TRIPS should do more to promote the CBD objective of equitably sharing the benefits that arise when genetic resources are used in research and industry. The main focus has been on proposals to amend the TRIPS Agreement to require patent applicants to disclose the source or the country providing genetic resources and associated traditional knowledge. A range of alternative proposals have also been submitted.

From March 2009, the Director-General undertook these consultations personally, with interested delegations and through open-ended information sessions. Further consultations were foreseen for early in 2011. The consultations have concentrated on technical questions, with a view to assisting members to understand more fully each other's interests and concerns and shedding light on the technical aspects of the two issues. The consultations have not addressed the question of whether, and if so how, these matters should be linked to the broader negotiating agenda. The W/52 proposal referred to above advocates formally including them in the Doha Round negotiations but other WTO members are strongly opposed.



Trade and development

In 2010, work in the special session of the Committee on Trade and Development (CTD) focused on the remaining proposals relating to specific WTO agreements as well as on refining the elements of a monitoring mechanism for the implementation and utilization of special and differential provisions for developing countries. The CTD Special Session held four formal meetings and a large number of informal consultations in small groups.

Agreement-specific proposals

The CTD Special Session, which is chaired by Thawatchai Sophastienphong of Thailand, has focused its efforts on reviewing six of the remaining 16 agreement-specific proposals, three relating to the Agreement on Sanitary and Phytosanitary Measures, and three relating to the Agreement on Import Licensing. While WTO members were able to clarify certain elements in some of the proposals, in the absence of new ideas or any new textual amendments, and given the persistent divergence of views, there was little progress on these proposals during 2010.

On those agreement-specific proposals referred to other relevant WTO bodies, generally known as 'Category II' proposals, limited progress was reported. This was largely because issues raised in some of these proposals form an integral part of the Doha Round of negotiations and progress on those proposals is thus linked to the conclusion of the round.

Monitoring mechanism

In 2010, work in the CTD Special Session aimed to further refine the elements of the monitoring mechanism on the implementation and utilization of provisions on special and differential treatment. In April 2010 the Chair circulated a third revision of his 'non-paper' (an unofficial document) that captured the progress made and highlighted the areas of convergence and divergence at that stage. This revised non-paper formed the basis of continued work on the monitoring mechanism over the course of the year.

After the summer break, the work in the CTD Special Session benefited from some useful input, in the form of 'Guiding Principles', by an informal group of ambassadors. This helped in providing direction and re-energizing the discussion. Subsequently, in December 2010, the Chair came up with a fourth revision of his non paper, which mainly drew from the Guiding Principles and will form the basis of further work on the monitoring mechanism.

Trade and transfer of technology

In 2010 the Working Group on Trade and Transfer of Technology held four formal sessions, during which it heard presentations on the use of technology in agriculture from the United Nations Food and Agriculture Organization (FAO) and the United Nations Conference on Trade and Development (UNCTAD), and discussed a submission by India, Pakistan and the Philippines on increasing the flow of technology to developing countries.

Relationship between trade and transfer of technology

Work on the relationship between trade and transfer of technology in 2010 was largely based on two presentations, one by the United Nations Food and Agriculture Organization (FAO) on the linkage between technology transfer and productivity gains in agriculture, and the second by the United Nations Conference on Trade and Development (UNCTAD) on its report, *Technology and Innovation Report 2010: Enhancing food security in Africa through science, technology and innovation*. In addition, Switzerland provided briefings and regular updates on the so-called Lausanne Group Initiative – a private initiative by the École Polytechnique Fédéral de Lausanne (EPFL), in collaboration with small and medium-sized enterprises (SMEs) and other actors in the field of innovation and technology generation, with a view to filling the gap between Swiss SME technology holders and firms in least-developed and other developing countries.

Trade negotiations



Background

WTO rules have always been sensitive to the issues and interests of developing countries. Many WTO agreements contain provisions which give developing countries special rights and allow developed countries to treat them more favourably than other WTO members. As part of the Doha Round of negotiations, the Special Session of the Committee on Trade and Development has been reviewing these 'special and differential treatment' provisions with a view to making them more precise, effective and operational.



Thawatchai Sophastienphong, Chair of the Committee on Trade and Development Special Session in 2010.



Background

The Working Group on Trade and Transfer of Technology was established by the Doha Ministerial Conference in 2001 to examine the relationship between trade and transfer of technology and to make recommendations on steps that might be taken, within the WTO's mandate, to increase flows of technology to developing countries.

Trade negotiations



Background

Negotiations on trade and the environment in the Doha Development Agenda have the overarching objective of enhancing the mutual supportiveness of trade and environmental policies. The negotiations focus on two main themes: the relationship between WTO and multilateral environmental agreements (MEAs); and the elimination of barriers to trade in environmental goods and services. The negotiations are conducted in special sessions of the Committee on Trade and Environment.



Manuel Teehankee, Chair of the Committee on Trade and Environment Special Session in 2010.

The FAO presentation highlighted the important role played by technology in increasing yields of a number of selected crops in developing countries, including wheat, maize, rice (paddy), sorghum and cassava during the period 1965-2000. It also underlined the need for a substantial further boost to crop yields through better technology in view of the future growth in food demand, which was expected to increase by 70 per cent by 2050.

The UNCTAD presentation focused on the challenges of improving agricultural performance in Africa and the role that technology transfer and innovation had played in raising agricultural production and incomes, including those of small-scale farms.

Increasing the flow of technology to developing countries

WTO members focused their discussion on an earlier submission by India, Pakistan and the Philippines entitled 'Facilitating access to information on appropriate technology sourcing – A step to increase flows of technology to developing countries'. In this context, members continued to emphasize the importance of access and dissemination of information on appropriate technologies as the cornerstone of the transfer of technology process and its adaptation to suit national needs. It was also felt that the promise of development through sharing and transferring the fruits of technology could only be realized through sustained international cooperation and the participation of the public and private sectors in technology generation, transfer and adaptation.

Trade and environment

In 2010, the Committee on Trade and Environment, meeting in special session, continued to make progress in negotiations to reduce or eliminate barriers to trade in environmental goods and services and in narrowing the gap between members' positions on the relationship between the WTO and multilateral environmental agreements (MEAs).

Multilateral environmental agreements

In 2010, the Committee on Trade and Environment Special Session continued to discuss proposals on the relationship between the WTO and MEAs with a view to clarifying the ideas put forward by WTO members and identifying some areas of common ground.

In September and November, the Chair, Manuel Teehankee of the Philippines, held dedicated discussions based on four main clusters of issues drawn from members' proposals:

- the importance of national coordination to enhance the mutual supportiveness of trade and environment, and the value of sharing experience in this regard
- how the Special Session discussions on specific trade obligations set out in MEAs could be reflected in an outcome
- dispute settlement and contextual principles
- technical assistance to developing country members.

In these discussions, members that had made a proposal for an outcome reintroduced their original submissions. Moreover, a new proposal for avoiding conflict between WTO rules and specific trade obligations laid out in MEAs was introduced. However, the discussions did not give rise to any change in members' positions.

Environmental goods and services

Further progress was made in 2010 in negotiations to reduce or eliminate tariff and non-tariff barriers (NTBs) to environmental goods and services, in particular in identifying environmental goods of interest. A number of new submissions on this subject were circulated, some of which focused on 'climate-friendly' goods. This created some momentum for members to engage in further discussion of specific issues under the mandate, including technical matters arising in the identification of goods.

In February, to deepen members' understanding of the sector, the Secretariat organized a workshop on environmental goods and services. The workshop provided an opportunity for members to share their experiences in developing a national position on this aspect of the Doha negotiating mandate. Furthermore, a Secretariat paper on environmental



services, initially submitted to the Council for Trade in Services, was presented to the Committee on Trade and Environment Special Session in November. This paper triggered a lot of interest from many members given the important linkages between environmental goods and services.

On cross-cutting issues, a new proposal in 2010 suggested some guidelines to address the issue of special and differential treatment for developing countries. On ways to move forward, some members stressed the need to address cross-cutting issues in more depth, including non-tariff barriers to trade, special and differential treatment for developing countries and technology transfer. Members agreed that more intensive work was needed in the next phase on both cross-cutting issues and submissions related to identifying environmental goods of interest.

Trade facilitation

Negotiations on trade facilitation continued to make headway in 2010. Working on the basis of a draft negotiating text first issued in December 2009, members sought to narrow their differences and produce consensus text. The negotiating group addressed all elements of the mandate and paid particular attention to the issue of special and differential treatment for developing countries as a crucial element of its work.

Negotiations took place in a variety of configurations, combining formal negotiating group meetings with informal sessions led by the Chair, Eduardo Sperisen-Yurt of Guatemala. These were complemented by a series of member-driven activities in the form of seminars, workshops and bilateral/plurilateral consultations. In response to the call by the Trade Negotiations Committee in November 2010 for 'revised texts' to be developed in all areas of the negotiation, the Chair proposed an intensified work programme for 2011.

To allow all countries to fully engage in and benefit from the negotiations, several donor governments provided funding for the participation of officials based in developing and least-developed country capitals. A total of 134 officials from African and least-developed countries participated in three meetings of the negotiating group in 2010, and donor governments have indicated their willingness to continue this programme in 2011.

A WTO technical assistance programme to help countries assess their needs and priorities in the WTO trade facilitation negotiations was extended until the end of 2010 in order to accommodate additional requests. A total of 94 needs assessments were conducted over three years, including six in 2010. These assessments were undertaken by the WTO Secretariat with the cooperation of experts from donors and other regional and international organizations, including the United Nations Conference on Trade and Development (UNCTAD), the World Customs Organization (WCO) and the World Bank.

To help countries build on the results of their needs assessments, a series of 'study-tour' type regional workshops were held in France, Turkey, Mexico and the United States. In each of these workshops experts from the host country explained how they implemented the measures being negotiated. A tour of a port allowed participants to see trade facilitation measures in action.

Trade negotiations



Background

Negotiations on a new Trade Facilitation Agreement, formally launched in July 2004 as part of the Doha Development Agenda, are conducted in the Negotiating Group on Trade Facilitation. They aim at expediting the movement, release and clearance of goods, including goods in transit, as well as to ensure effective cooperation between customs and other appropriate authorities. Special attention is paid to developing and least-developed countries, which stand to benefit from far-reaching flexibilities and considerable technical assistance and support for capacity-building.



Eduardo Sperisen-Yurt, Chair of the Negotiating Group on Trade Facilitation in 2010.

Trade negotiations



Background

WTO members agreed at the Doha Ministerial Conference to launch negotiations to clarify and improve WTO rules on anti-dumping, subsidies and countervailing measures, and regional trade agreements. In the context of the subsidies negotiations, there was specific mention of disciplines on fisheries subsidies, and at the Hong Kong Ministerial Conference in 2005 there was broad agreement on strengthening those disciplines, including through a prohibition of certain forms of fisheries subsidy that contribute to overcapacity and overfishing.



Dennis Francis, Chair of the Negotiating Group on Rules in 2010.

WTO rules

During 2010, the Negotiating Group on Rules continued efforts to find convergence on the range of issues within its mandate – anti-dumping, subsidies and countervailing measures, fisheries subsidies and regional trade agreements. As 2010 drew to a close, the group entered a new and intensive phase of its work, in a bid to achieve convergence texts that could form the basis for completion of the Doha Round by the end of 2011.

In December 2008, the Chair issued new draft texts of the Agreement on Anti-Dumping (see page 40) and the Agreement on Subsidies and Countervailing Measures (see page 39), as well as a 'road map' for further discussion of fisheries subsidies. These texts reflected a 'bottom-up' approach, providing draft legal language only in areas where some degree of convergence appeared to exist. In other areas, the texts contained brackets, indicating issues where no convergence of views had emerged and summarizing in general terms the range of views regarding those issues.

On anti-dumping and subsidies and countervailing measures, the group completed its line-by-line review of the 2008 Chair's text in early 2010, and shifted its activities towards an intensive programme of plurilateral consultations. These consultations centred on the issues identified in the Chair's text, although work continued on issues not addressed in that text. In order to assure transparency for all members, the new Chair, Dennis Francis of Trinidad and Tobago, provided a detailed account of developments in the consultations to the membership at large through transparency statements made at the end of each meeting cluster. Towards the end of the year, and given the direction from members to seek to develop convergence texts by April 2011, the group decided to supplement its work in plurilateral format through the use of facilitators who will examine specific issues and report back to the negotiating group.

On fisheries subsidies, the group completed its examination of the issues identified in the 'road map' in early 2010, and began a process of intensive plurilateral consultations in the search for a way forward. Once again, detailed transparency statements by the Chair ensured that all members were kept fully informed of developments in the consultations. The group also opened the process for the receipt of new proposals and new ideas from members, and numerous proposals were received and considered. While these proposals were useful and constructive, they revealed widely divergent views on the nature and extent of the disciplines to be developed in this area. As of the end of 2010, further proposals were expected and new urgency has been injected into the process by the goal of achieving convergence texts by April 2011.

On regional trade agreements (RTAs), the negotiations have already resulted in the 2006 General Council decision on a transparency mechanism for RTAs (see page 54). The mechanism, which has been applied provisionally since 2007, must be reviewed and if necessary modified as part of the overall results of the current round of trade negotiations before it is made permanent. In December 2010, the Negotiating Group on Rules agreed to begin the review. Members will also review the legal relationship between the mechanism and relevant WTO provisions on RTAs. Discussions are also ongoing on systemic issues relating to RTAs.



Dispute Settlement Understanding

In 2010 the Dispute Settlement Body (DSB), meeting in special session under the Chairmanship of Ambassador Ronald Saborío Soto of Costa Rica, continued its negotiations to improve and clarify the Dispute Settlement Understanding (DSU), based on the Chair's text of July 2008.

From May 2010, the work of the DSB Special Session moved into a new phase involving a series of consultations and meetings in various formats. At meetings held in this new format in May, June, September and November, members discussed the issues of sequencing, effective compliance, time savings and post-retaliation. Useful progress was made in clarifying the relevant draft legal texts.

The procedural issue of sequencing arises because of a lack of clarity in the DSU text about the order in which members should request certain actions if they believe a WTO ruling is not being complied with. Effective compliance relates to ways of ensuring that members found to be breaking WTO rules promptly bring their measures into compliance, including by strengthening the remedies available in case of non-compliance.

The post-retaliation issue arises from the fact that the DSU does not provide any specific procedure for the removal of an authorization to retaliate, once the member concerned has complied, or claims to have complied, with the rulings. With regard to time savings, some participants have proposed ways of streamlining the procedures by accelerating them where possible, while preserving the ability of members, including developing countries, to effectively defend their rights.

Work will continue in the new format in the early months of 2011, focusing in addition on the other issues addressed in the July 2008 text of the Special Session Chair (third party rights; panel composition; remand; mutually agreed solutions; strictly confidential information; transparency and amicus curiae briefs; developing country interests, including special and differential treatment; flexibility and member control).

Trade negotiations



Background

In November 2001, at the Doha Ministerial Conference, members agreed to negotiate to improve and clarify the Dispute Settlement Understanding (DSU) – the rules and procedures governing the settlement of WTO disputes. These negotiations, which take place in special sessions of the Dispute Settlement Body (DSB), are part of the Doha Development Agenda but are not formally part of the 'single undertaking'. This means they are not legally tied to the success or failure of the other Doha negotiations.



Ronald Saborío Soto, Chair of the Special Session of the Dispute Settlement Body in 2010.

Implementation and monitoring

In 2010, WTO councils and committees continued to monitor the implementation of WTO agreements. The WTO's regular monitoring of global trade developments included five global reports and individual reviews of 19 WTO members in 2010.

General Council	30
Trade in goods	33
Market access	33
Agriculture	34
Sanitary and phytosanitary measures	36
Technical barriers to trade	38
Subsidies and countervailing measures	39
Anti-dumping practices	40
Customs valuation	40
Rules of origin	42
Import licensing	43
Safeguards	44
Trade-related investment measures	45
Information technology	45
State trading enterprises	46
Trade in civil aircraft	46
Trade in services	47
Trade-related aspects of intellectual property rights (TRIPS)	49
Trade and environment	52
Regional trade agreements	54
Trade policy reviews	57
Trade monitoring reports	78
Trade, debt and finance	81
Agreement on Government Procurement	82

Implementation and monitoring



Background

The General Council is entrusted with carrying out the functions of the WTO and taking actions necessary to this effect between meetings of the Ministerial Conference, in addition to carrying out the specific tasks assigned to it by the Agreement establishing the WTO. The Seventh Ministerial Conference was held in Geneva at the end of 2009 and the Eighth Ministerial Conference will take place, also in Geneva, in December 2011.



In 2010 the General Council continued to oversee the progress of the Doha Round negotiations.

General Council

In 2010 the General Council continued to oversee the progress of the Doha Round negotiations on the basis of reports from the Director-General in his capacity as Chair of the Trade Negotiations Committee. The General Council also reviewed the various accession negotiations, and heard a report by the Director-General on the development assistance aspects of cotton and a review of progress by Deputy Director-General Harsha Singh on the work programme on electronic commerce. In addition, regular reports were received from the Committee on Trade and Development on small economies. Some of the other matters considered by the General Council in 2010 are listed below.

Next session of the Ministerial Conference

At the General Council's October meeting, members agreed that the next session of the Ministerial Conference should be held in Geneva, and that the most suitable dates were 15-17 December 2011. Other aspects of the conference, such as format and programme, would be discussed in due time.

Transparency for regional and preferential trade agreements

In May the General Council considered a joint communication from India and China calling for the Chair of the Negotiating Group on Rules to begin consultations aimed at reviewing, and if necessary modifying, the Transparency Mechanism on Regional Trade Agreements with a view to making it permanent.

At its meetings in July and October the General Council heard reports from the Chair of the Committee on Trade and Development on progress in that body's consideration of a transparency mechanism for preferential trade agreements. In December, the General Council adopted a decision establishing such a mechanism, which will apply on a provisional basis until members approve its permanent application. The mechanism will be reviewed after three years and will, if necessary, be modified in light of experience from its provisional operation.

TRIPS-related matters

In December the General Council received a report from the Council on Trade-Related Aspects of Intellectual Property Rights (TRIPS) on its review of the implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health (see page 50). This relates to special provisions, currently contained in a waiver to the TRIPS Agreement, permitting generic versions of patented medicines to be exported to developing countries with no manufacturing capacity of their own, which cannot otherwise use TRIPS flexibilities to issue compulsory licences on public health grounds. In 2009 the General Council had agreed to extend, until December 2011, the period for members to accept the amendment to the TRIPS Agreement that is supposed to replace the waiver.

Aid for Trade

In October the General Council had a substantive discussion on whether Aid for Trade (see page 115) was working. The question had been asked of all delegations in a letter sent as part of the joint WTO-OECD monitoring and evaluation exercise that will underpin the upcoming Third Global Review of Aid for Trade in July 2011. The focus of this review will be to assess the impact and outcome of Aid for Trade on the ground.



Waivers under Article IX of the WTO Agreement

In 2010 the General Council considered and granted several requests for waivers from obligations under the WTO Agreement, as set out in Table 1. It also reviewed the following multi-year waivers:

- Least-developed countries – Extension of the transition period for implementing the TRIPS Agreement with respect to patents on pharmaceutical products, granted on 8 July 2002 until 1 January 2016.
- Preferential treatment for least-developed countries, granted on 27 May 2009 until 30 June 2019.
- European Union – Trade preferences for Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro, and the Former Yugoslav Republic of Macedonia, granted on 28 July 2006 until 31 December 2011.
- European Union – Application of autonomous preferential treatment to Moldova, granted on 7 May 2008 until 31 December 2013.
- Mongolia – Export duties on raw cashmere, granted on 27 July 2007 until 29 January 2012.
- United States – Duty-free access for products of the former Trust Territory of the Pacific Islands (the Republic of the Marshall Islands, the Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, and the Republic of Palau), granted on 27 July 2007 until 31 December 2016.
- United States – Caribbean Basin Economic Recovery Act, granted 27 May 2009 until 31 December 2014.
- United States – African Growth and Opportunity Act, granted on 27 May 2009 until 31 December 2014.
- United States – Andean Trade Preference Act, granted on 27 May 2009 until 31 December 2014.
- Kimberley Process Certification Scheme for rough diamonds, granted on 15 December 2006, from 1 January 2007 until 31 December 2012.
- Canada – CARIBCAN (Caribbean-Canada trade agreement), granted on 15 December 2006 until 31 December 2011.
- Cuba – Waiver from a General Agreement on Tariffs and Trade (GATT) provision requiring a member which ceases to be a member of the International Monetary Fund to enter into a special exchange agreement with the WTO, granted on 15 December 2006 until 31 December 2011.

Other issues

The General Council continued consideration of a proposal by Argentina, Ecuador and India that calls on the WTO Secretariat to conduct a comprehensive analysis of the effects of fiscal and stimulus packages taken in response to the economic crisis. After the General Council's discussions, and consultations by the Chair on the best way forward, there was a consensus on referring this matter to the Trade Policy Review Body with a view to that body organizing a symposium.

Also brought to the General Council for consideration were the graduation of the Maldives from its United Nations status as a least-developed country, information provided by the European Union on its 'Schedule CXL' (a revised agricultural goods schedule reflecting EU enlargement in 1995 that had not yet been certified), a proposal for accelerating the harmonization work programme under the Agreement on Rules of Origin, and a report by the Chair on his consultations in February with members on their priorities for 2010.

As part of its overall oversight function, the General Council also conducted a year-end review of WTO activities on the basis of annual reports from all its subsidiary bodies, with the exception of the Committee on Trade and Development and the Committee on Regional Trade Agreements whose reports members had not been able to finalize. In addition, it reviewed matters relating to the WTO budget, the building renovation project for the Centre William Rappard and the WTO pension plan, and considered a report from the Joint Advisory Group of the International Trade Centre (ITC). The Joint Advisory Group is the policy-making body of the ITC, the trade promotion agency for developing countries jointly sponsored by the WTO and the United Nations Conference on Trade and Development.

Implementation and monitoring



John Gero, Chair of the General Council in 2010.

Table 1: Waivers under Article IX (Decision-Making) of the WTO Agreement

In 2010 the General Council granted the following waivers from obligations under the WTO Agreements.

Member	Type	Decision of	Expiry	Decision
Argentina; Australia; Brazil; Canada; China; Costa Rica; Croatia; El Salvador; European Union; Guatemala; Honduras; Hong Kong, China; India; Israel; Korea; Macao, China; Malaysia; Mexico; New Zealand; Nicaragua; Norway; Pakistan; Singapore; Switzerland; Thailand; United States; Uruguay	Introduction of Harmonized System 2007 Changes into WTO Schedules of Tariff Concessions	14 December 2010	31 December 2011	WT/L/809
Argentina; Australia; Brazil; China; Costa Rica; Croatia; El Salvador; European Union; Iceland; India; Republic of Korea; Mexico; New Zealand; Norway; Thailand; United States; Uruguay	Introduction of Harmonized System 2002 Changes into WTO Schedules of Tariff Concessions	14 December 2010	31 December 2011	WT/L/808
Argentina	Introduction of Harmonized System 1996 Changes into WTO Schedules of Tariff Concessions	29 July 2010	30 April 2011	WT/L/801



Trade in goods

During its four formal sessions in 2010, the Council for Trade in Goods considered various waiver requests from WTO members and trade concerns raised by members on measures implemented by other WTO members, and dealt with other routine tasks.

The Goods Council approved three waiver requests and recommended them for adoption by the General Council. These related to a request from Argentina and two collective requests for extension to introduce certain changes in tariff schedules of concessions under the Harmonized System (the global classification system for traded goods). It also considered a request from the European Union for a waiver on additional trade preferences to Pakistan, an issue to which it will revert in 2011.

The Council agreed to extend, for a further six months, the time allowed for trading partners to rebalance their trade commitments with the European Union following the addition of 10 new EU member states in 2004 and two in 2007. WTO members are entitled to withdraw 'substantially equivalent trade concessions' to take account of trade losses stemming from adoption of the common external tariff by acceding EU countries. Ten such extensions have now been agreed by the Goods Council for the 2004 EU enlargement and eight for the 2007 enlargement.

Trade measures discussed by the Council in 2010 at the request of some members included Canada's tariff regime and a renewable energy programme in the Canadian province of Ontario; changes in Ecuador's tariff system; and import licensing measures and measures affecting imports of food products in Argentina. The Council also took note of 12 notifications of regional trade agreements; the status of notifications under the various multilateral agreements on trade in goods; the reports of the Committee on Market Access; and, the annual reports of its subsidiary bodies. The Goods Council further approved the recommendation of the Working Party on State Trading Enterprises to extend until mid-2012 the practice of notifying state trading enterprises every two years.

Market access

In 2010 the Committee on Market Access took a number of actions aimed at keeping members' schedules of commitments up to date and to reflect the changes resulting from the Harmonized System (HS) nomenclature amendments. This work continued to be the main focus of the committee's activities in 2010, and included the approval of waivers and the modification of the procedures. The committee also reviewed the timeliness and completeness of notifications.

The committee is undertaking three concurrent exercises to update WTO members' schedules of concessions resulting from the implementation of three amendments to the HS: HS1996, HS2002, and HS2007. In respect of the HS 1996 exercise, and as result of a modification of new procedures, the committee multilaterally reviewed the schedules of 64 members. The schedules of 61 members were certified in 2010 and only a handful of schedules now remains outstanding.

The committee held a number of multilateral reviews to examine the HS 2002 transposition of members' schedules. In addition, it considered and recommended to the General Council changes to the existing procedure intended to speed up the certification process. The amended procedures gave WTO members an additional 30 days to comment on their files, following which the schedules would be considered approved and circulated for certification. The General Council approved the recommendation in December 2010, which is expected to lead to certification of a large number of files. The current implementation status of HS 1996 and HS 2002 is summarized in Figure 1.

Concerning the introduction of HS 2007 changes to schedules of concessions, the committee agreed to maintain the existing suspension in place and to review the situation at a subsequent meeting. The committee took note of the presentation by a representative from the World Customs Organization on future HS 2012 changes.

Implementation and monitoring



Background

The Council for Trade in Goods is responsible for the workings of all WTO agreements on trade in goods. It consists of the full WTO membership and reports to the WTO General Council. The Goods Council has 11 committees dealing with specific subjects, such as agriculture, market access, subsidies, technical barriers to trade, sanitary and phytosanitary, import licensing and so on. All these committees also comprise all WTO members. Also reporting to the Goods Council are a working party on state trading enterprises, and the Information Technology Agreement (ITA) Committee.



Background

The Committee on Market Access provides a forum for consultation and supervises the implementation of tariff and non-tariff concessions that are not covered by any other WTO body. It also seeks to ensure that schedules are kept up-to-date, including changes required by amendments to the Harmonized System (HS), which enables countries to classify goods in the same way for tariff purposes.

Implementation and monitoring

At its meeting in April, the committee agreed to forward to the Council for Trade in Goods for approval a request from Argentina in connection with the introduction of HS 1996 changes to its schedule. In October, the committee similarly agreed extensions of the 'collective' HS 2002 and HS 2007 waivers. All three waivers were ultimately approved by the General Council.

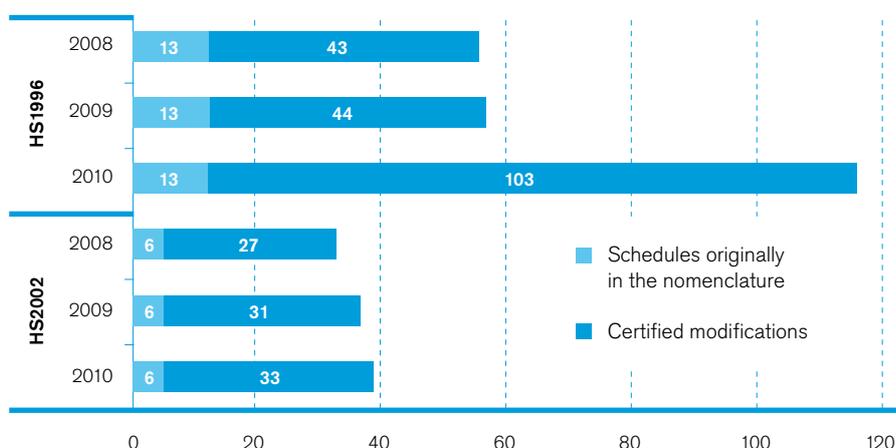
The committee also considered at its April meeting the timeliness and completeness of notifications, focusing on the notification procedures relating to quantitative restrictions and reverse notifications. A number of consultations were held in relation to the committee's review of notification procedures for quantitative restrictions.

Databases

In October the committee adopted a new format for the Consolidated Tariff Schedule (CTS) database in HS 2002 nomenclature. It also took note of a report by the Secretariat on the dissemination of the Integrated Database (IDB) and the CTS database, including the creation of a 'Tariff Analysis Online' facility, which aims to make information in the databases more accessible to the public. The committee also approved a request from the European Bank for Reconstruction and Development for access to these databases.

The IDB compiles information notified by members on applied tariffs and imports, while the CTS consolidates information relating to members' schedules of concessions. Both databases have been used extensively for several purposes, including the calculation of ad valorem equivalents (duties expressed as a percentage of the value of an item) of tariffs based on quantity or weight, responding to requests arising out of the Doha negotiations, and the preparation of WTO publications, such as the World Tariff Profiles, which is produced in cooperation with the International Trade Centre and the United Nations Conference on Trade and Development (see page 127).

Figure 1: Number of schedules having completed the procedures for implementation of the Harmonized System



Background

The Agreement on Agriculture aims to reform trade and make WTO members' policies more market-oriented. The rules and commitments apply to the areas of market access, domestic support and export competition, as well as export restrictions and prohibitions. The Committee on Agriculture meeting in regular session oversees the implementation of the Agreement.

Agriculture

In addition to its core activity of reviewing members' compliance with their reform commitments, the Committee on Agriculture devoted considerable energy in 2010 to the issue of timeliness and completeness of notifications, which are the principal source of information for monitoring compliance. Consultations were launched on the possible revision of the list of 'significant exporters' in the framework of disciplines on export subsidies. The Inter-American Institute for Agriculture (IICA) was granted ad hoc observer status in the committee.

At each of the three meetings held in 2010, the committee reviewed progress in the implementation of WTO members' reform commitments, on the basis of their notifications and matters specifically raised under Article 18.6 of the Agreement on Agriculture (which allows members to raise any matter relevant to implementation).



Among the issues raised in the committee were:

- the rise in the number of cases of breaches of domestic support commitments
- 'underfill' of certain tariff quotas (set import quantities allowed in at lower duty rates)
 - if part of a tariff quota is unused, this may be due to supply and demand conditions or to problems in the administration of the tariff quota
- recourse to special safeguard provisions (permitting a temporary increase in tariffs to deal with import surges or price falls) on certain products
- concerns over recent export restrictions
- delays in issuing import permits.

Throughout 2010 the committee maintained a focus on three implementation-related issues for which it has responsibility under the Doha Development Agenda. These are: developing disciplines on export credits and other export financing measures; improving the effectiveness of the decision taken at the 1994 Marrakesh Ministerial Conference regarding net food-importing developing countries; and ensuring transparency in the administration of tariff quotas. A *Compendium of Documents on Implementation-Related Issues*, consolidating relevant information pertaining to these three areas, was updated in advance of each regular meeting of the committee.

Timeliness and completeness of notifications

Since 1995, the committee has reviewed 2,810 notifications submitted by members. Of these, almost 200 were submitted in 2010, but many notifications remain outstanding and individual members continued to raise specific related concerns.

WTO members nevertheless continued their efforts to 'catch up' with their outstanding notification obligations, in particular by forwarding submissions that often covered multiple implementation years. The most notable improvement has been for the implementation period 1995-2004; at the end of 2010, 51 members (41 per cent of all WTO members) were in full compliance with their notification obligations, compared with 41 (33 per cent) at the end of 2009. When regular annual notification obligations are considered, as opposed to ad hoc submissions, a total of 343 requirements were met in 2010.

A heightened awareness of transparency matters helped to bridge the gap relating to the earlier years (1995-2004) of the implementation period, aided by a number of actions implemented by the committee and the Secretariat during 2010. These included:

- issuing (as restricted documents) compilations of questions and answers arising from the implementation review process
- the launch of the new *Handbook on Notification Requirements* and a self-learning module on the public WTO website in the three WTO languages
- two Geneva-based workshops on agriculture notifications, in English and Spanish, on the sidelines of the regular sessions of the committee
- continued informal consultations on 'best practices' in preparing and reviewing notifications
- informal consultations on updating the list of 'significant exporters' established in 1995 in the context of monitoring members' export subsidy commitments. No decision was reached but discussions will continue in 2011.

The committee will give priority in 2011 to the continuing cycle of workshops on agriculture notifications, and the elaboration of a database to document the implementation review process since 1995.

Implementation and monitoring



The Agreement on Agriculture aims to reform agricultural trade and make WTO members' policies more market-oriented.

Implementation and monitoring



Background

The Agreement on Sanitary and Phytosanitary (SPS) Measures establishes the rights and obligations of WTO members regarding measures taken to ensure food safety, protect human health from plant- or animal-spread diseases, protect plant and animal health from pests and diseases, or prevent other damage from pests. Governments must ensure that their SPS measures are based on scientific principles.



The SPS Committee considered a wide range of trade concerns in 2010, including trade restrictions related to plant health protection.

Sanitary and phytosanitary measures

In 2010 the Committee on Sanitary and Phytosanitary (SPS) Measures adopted the report of the third review of the operation and implementation of the SPS Agreement. A workshop in October 2010 focused on enhancing the implementation and benefits of the transparency provisions of the Agreement. Five new organizations were granted observer status in the SPS Committee. Members used the three meetings of the committee to seek to resolve a number of specific trade concerns, some concerning notifications of proposed new measures.

In adopting the report of the third review in 2010, the SPS Committee agreed on future work to:

- continue exploring means to enhance the implementation and benefits of the transparency provisions, particularly for least-developed and developing countries
- review the procedure for monitoring the use of international standards
- continue considering actions to address the problems faced by developing and least-developed countries in implementing and benefiting from the SPS Agreement
- follow up on previous recommendations to strengthen the relationship between the SPS Committee and the relevant international standard-setting bodies – the Codex Alimentarius Commission of the United Nations Food and Agriculture Organization (FAO) and the World Health Organization (WHO), the FAO International Plant Protection Convention (IPPC) and the World Organization for Animal Health (OIE)
- consider the most effective way of facilitating proper implementation of control, inspection and approval procedures under the SPS Agreement.

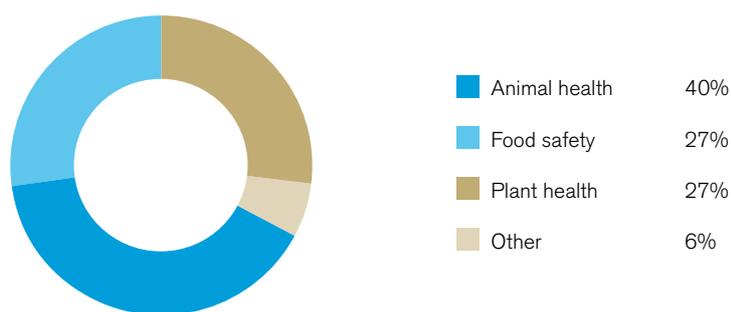
At a workshop in October, aimed at enhancing the implementation and benefits of the transparency provisions of the SPS Agreement, the WTO Secretariat presented a prototype of the new online notification submission system due to be launched in 2011. This will be the first WTO online facility for receiving notifications.

In the context of the Participation of African Nations in Sanitary and Phytosanitary Standard Setting Organizations Programme (PAN-SPSO) – a technical assistance project to enhance the participation of African countries in the SPS Committee, including through the active engagement of regional secretariats – observer status to the SPS Committee was granted to the Community of Sahel Saharan States (CEN-SAD), the Economic Community for West African States (ECOWAS) and the Southern African Development Community (SADC). The Agency for International Trade Information and Cooperation (AITIC) and the West African Economic and Monetary Union (WAEMU) were also granted observer status.

The SPS Committee considered a wide range of specific trade concerns, including trade measures relating to avian influenza and 'mad cow' disease (bovine spongiform encephalopathy or BSE), artificial colour warning labels, maximum levels of pesticide residues in various products, and restrictions related to plant health protection. In 2010, 19 new specific trade concerns were raised, 20 previously raised concerns were again discussed, and three were reported to have been resolved. A total of 309 specific trade concerns were raised between 1995 and the end of 2010 (see Figure 2).



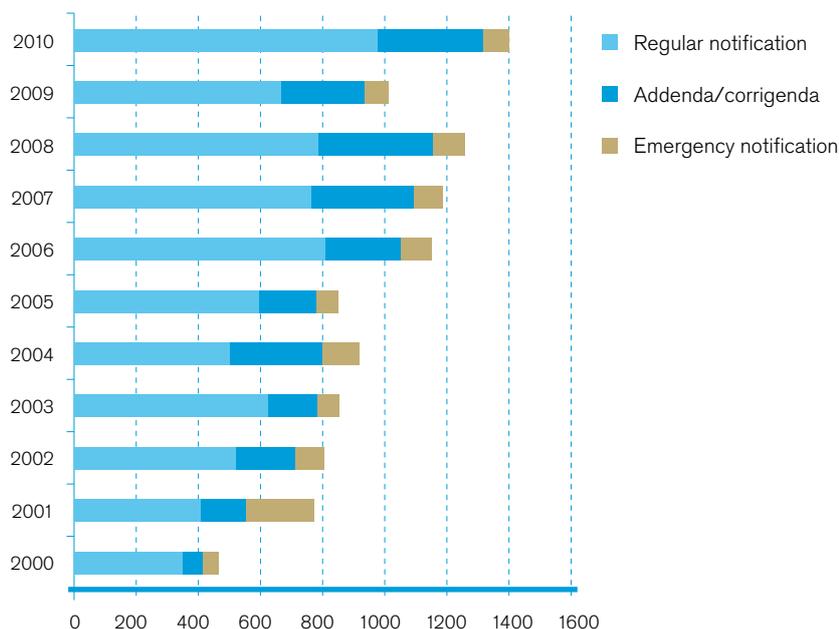
Figure 2: SPS trade concerns by subject, 1995 to end 2010



The SPS Committee continued to discuss the effects of commercial and private SPS-related standards on trade and the appropriate role of the SPS Committee. The working group on SPS-related private standards continued to meet during 2010 and focused on identifying possible actions for consideration by the SPS Committee in 2011.

In accordance with the transparency provisions of the SPS Agreement, 1,406 notifications (including corrections and revisions) were submitted during 2010 (see Figure 3), bringing the total number of SPS notifications submitted since the entry into force of the Agreement in 1995 to 12,250.

Figure 3: Notifications submitted per year



Implementation and monitoring



Background

In recent years, the number of technical regulations and standards adopted by countries has grown significantly in response to consumers' demand for safe, high-quality products and the need to curb pollution and environmental degradation. The Agreement on Technical Barriers to Trade (TBT) tries to ensure that regulations, standards, testing and certification procedures followed by WTO members do not create unnecessary obstacles to trade.



The Technical Barriers to Trade Committee is the major forum for members to discuss concerns about trade regulations and their implementation.

Technical barriers to trade

The Committee on Technical Barriers to Trade (TBT) held three meetings in 2010, at which members described measures they have taken to ensure the implementation and administration of the Agreement. Experts on standards and regulations also discussed ways of refining implementation in the light of the growing number of notifications provided by WTO members concerning draft TBT measures and the lengthening discussions of trade concerns in the committee.

In 2010 the committee initiated an exchange of experiences on good regulatory practice, in particular on conformity assessment procedures, transparency and technical assistance. Good regulatory practice was one of the future work items agreed by the TBT Committee at the fifth triennial review of the operation and implementation of the TBT Agreement concluded in November 2009. Preparations have begun for a workshop on regulatory cooperation between members to be held in 2011.

The TBT Committee held its sixth special meeting on procedures for information exchange in 2010. Over 200 delegates attended, including 96 capital-based officials from developing countries. Delegations discussed good practices in notification, the use of electronic databases, the operation of enquiry points and ways to improve transparency in standard-setting.

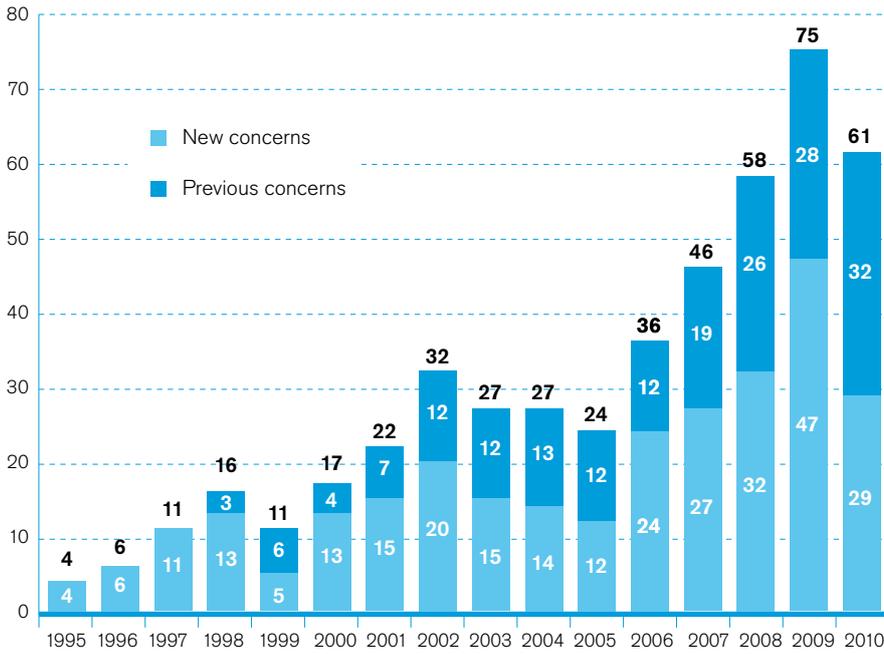
Representatives of various observer organizations – Codex, the International Electrotechnical Commission (IEC), the International Organization for Standardization (ISO), the International Trade Centre (ITC), the Organization for Economic Co-operation and Development (OECD), the International Organization for Legal Metrology (OIML), the United Nations Economic Commission for Europe (UNECE), the United Nations Industrial Development Organization (UNIDO) and the International Telecommunication Union (ITU) – updated the TBT Committee on activities relevant to its work, including on technical assistance. The committee granted ad hoc observer status to the ITU and the Southern African Development Community (SADC).

Trade concerns

The TBT Committee considered a wide range of specific trade concerns in 2010, in particular regarding their potential adverse trade effects or inconsistency with the Agreement. Committee meetings afford members an opportunity to review trade concerns formally or informally in a bilateral or multilateral setting, and to seek further clarification. Between 1995 and the end of 2010, a total of 271 specific trade concerns were raised under the TBT Agreement, and the number has increased significantly in the past few years (see Figure 4). For example, 47 specific concerns were raised at the committee's November 2010 meeting, including 16 new ones, which included draft measures affecting tobacco, alcohol, herbal medicines, 'made-in' labelling, lithium batteries and organic agricultural products.



Figure 4: Specific trade concerns raised in the TBT Committee



Subsidies and countervailing measures

In 2010 the SCM Committee reviewed WTO members' notifications of specific subsidies, notifications of countervailing duty legislation, semi-annual reports of countervailing actions, and ad hoc notifications of preliminary and final countervailing measures taken. The committee also reviewed action plans to wind down subsidy programmes by developing countries granted an extended transition period.

Nineteen developing countries have been given more time to phase out certain export subsidy programmes they maintain. In October the committee conducted a mid-period assessment of the extensions, as well as its annual review of compliance by these countries with the transparency and standstill requirements stipulated by the General Council in 2007 in its decision on the procedures for extending the transition period. The 2007 decision enables the SCM Committee to continue to grant extensions until the end of 2013, with a final phase-out period of two years, ending no later than 31 December 2015.

On the basis of the review, the committee agreed to renew the transition period for a further year to the end of 2011. The 19 countries are Antigua and Barbuda, Barbados, Belize, Costa Rica, Dominica, Dominican Republic, El Salvador, Fiji, Grenada, Guatemala, Jamaica, Jordan, Mauritius, Panama, Papua New Guinea, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Uruguay. The programmes involved are mainly related to free trade zones or to tax incentives for exporters. Three export subsidy programmes – one each from Belize, Fiji and Mauritius – have already been phased out.

In addition, certain developing countries are listed in the SCM Agreement as exempt from the general requirement to eliminate export subsidies as long as they remain low-income countries. To qualify for exemption, a listed member must have a per capita gross national product (GNP) of less than US\$ 1,000, as reported by the World Bank. Countries do not cross this threshold until GNP per capita reaches US\$ 1,000 in constant 1990 dollars for three consecutive years. Listed countries remaining below the threshold in 2010 were the Plurinational State of Bolivia, Cameroon, Congo, Côte d'Ivoire, Egypt, Ghana, Guyana, Honduras, India, Indonesia, Kenya, Nicaragua, Nigeria, Pakistan, the Philippines, Senegal, Sri Lanka and Zimbabwe. Least-developed countries are also exempt from the prohibition on export subsidies.

Implementation and monitoring



Background

The Subsidies and Countervailing Measures (SCM) Agreement regulates the use of subsidies by WTO members, as well as the use of countervailing measures (usually in the form of increased duties) by members where subsidized imports of a product are causing or threatening to cause injury to the domestic industry. The SCM Committee provides WTO members with the opportunity to discuss any matters relating to the operation of the SCM Agreement.



Implementation and monitoring



Background

WTO members are allowed to apply 'anti-dumping' measures on imports of a product where the exporting company exports the product at a price lower than the price it normally charges in its own home market and the dumped imports cause or threaten to cause injury to the domestic industry. The Committee on Anti-Dumping Practices provides WTO members with the opportunity to discuss any matters relating to the Anti-Dumping Agreement.



Background

Customs valuation plays a fundamental role in the import of goods. It is the methodology that countries use to value imported goods in order to collect duty. The WTO Agreement on Customs Valuation aims to develop a fair, uniform and neutral system for the valuation of goods for customs purposes. Work on this issue in the WTO is carried out by the Committee on Customs Valuation.

The SCM Agreement requires WTO members to notify their specific subsidies each year. Members are asked to give priority to submitting new and full notifications every two years while the committee gives less emphasis to reviewing updated notifications. In 2010 the committee continued its consideration of 2007 and 2009 new and full subsidy notifications, as well as notifications related to countervailing duty legislation. At both its April and October meetings, the committee discussed ways to improve the timeliness and completeness of notifications and other information flows on trade measures under the SCM Agreement.

In the 12 months to 30 June 2010, six WTO members notified 24 new subsidy investigations, including 10 initiated by the United States and eight by the European Union. At the end of June, there were 66 notified countervailing measures in force (definitive duties and price undertakings), of which 43 were maintained by the United States, nine by Canada and eight by the European Union.

At its April meeting the committee elected one new member to the permanent group of experts established by the SCM Agreement. The function of the group, composed of five independent persons who are highly qualified in the fields of subsidies and trade relations, is to provide expert assistance to dispute panels considering whether a challenged subsidy is prohibited, and to give advisory opinions at the request of the SCM Committee or a WTO member.

Anti-dumping practices

The Committee on Anti-Dumping Practices held two meetings in 2010, in the spring and autumn, at which a number of new anti-dumping legislative notifications as well as one previously reviewed legislative notification were considered. The committee also reviewed the semi-annual reports and ad hoc notifications of preliminary and final anti-dumping actions taken by members.

In 2010, many members that had never taken any anti-dumping actions, and had not established investigating authorities, took advantage of the new one-time notification format adopted by the committee in autumn 2009. This notification, once submitted, will remain valid until further notice, relieving the countries concerned of their obligation to submit semi-annual reports. Meanwhile, members taking anti-dumping actions have been using the new semi-annual report format adopted in autumn 2008. In an effort to move to a paperless environment and fully implement the committee's 2009 decision to submit all anti-dumping notifications electronically, a more specific automated reply to electronic notifications has been developed.

In the year to 30 June 2010, 25 WTO members notified 181 new anti-dumping investigations, of which India initiated 34, the European Union 21, Argentina 19 and the United States 16. At the end of June, there were 1,379 anti-dumping measures in force (definitive duties and price undertakings), with 257 maintained by the United States, 205 by India, 149 by the European Union, 121 by Turkey and 119 by China.

Customs valuation

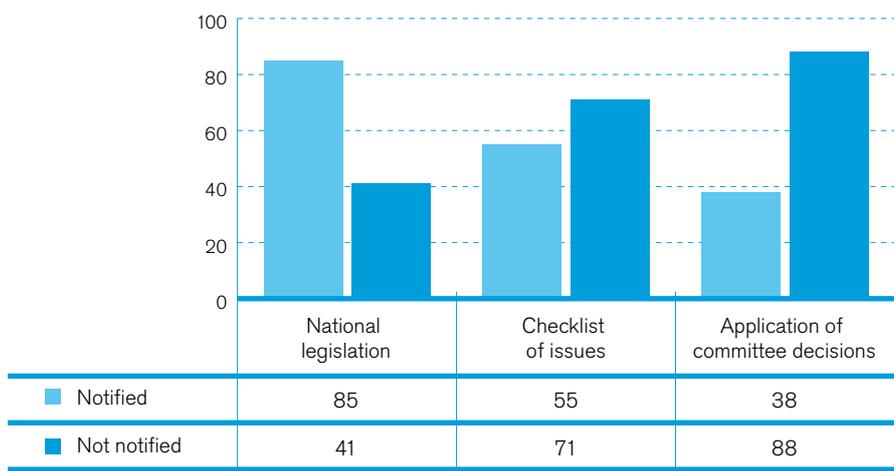
In 2010 the Committee on Customs Valuation continued to review national legislation implementing the Customs Valuation Agreement notified by the Kingdom of Bahrain, Belize, Cambodia, China, Egypt, Nigeria, Norway, Saint Vincent and the Grenadines, Thailand, Tunisia and Ukraine. It concluded examination of the legislation of Egypt and Norway, which satisfied the committee.

By the end of 2010, 85 members (the 27 European Union member states counting as one) had notified their national implementing legislation on customs valuation to the committee. However, notifications by 41 members remained outstanding. The Customs Valuation Agreement stipulates that members must ensure that their laws, regulations and administrative procedures comply with its provisions, and must notify the committee of any changes.



Moreover, 55 members had not yet notified their responses to a 'checklist of issues' concerning administration of the Agreement and working procedures of the committee, even though this is a requirement under the Agreement. Only 38 members had notified the date from which they were applying two committee decisions, one on how interest charges should be treated in customs value and the other on the valuation of 'carrier media-bearing software', such as CD-ROMs, which can be based on the cost of the carrier medium (the CD-ROM) itself rather than on the value of the data or instructions contained in it. The Chair of the committee urged members who had not yet notified to do so as early as possible. The status of notifications is summarized in Figure 5.

Figure 5: Notifications to the Customs Valuation Committee



Note: The 27 European Union member states are counted as one.

The committee made little progress in its discussions on preventing customs fraud by strengthening cooperation between members' customs administrations, as mandated by ministers at the Doha Ministerial Conference in 2001. One reason for this lack of progress was that the issue is also being addressed in the Negotiating Group on Trade Facilitation.

The committee adopted its 2010 report to the Council for Trade in Goods and also the 2010 review of the implementation and operation of the Customs Valuation Agreement. The WTO Technical Committee – established under the auspices of the World Customs Organization to promote, on a technical level, uniformity of interpretation and application of the Customs Valuation Agreement – presented reports on its sessions during 2010.

The year also saw publication, with Cambridge University Press, of *A Handbook on the WTO Customs Valuation Agreement* by Sheri Rosenow and Brian O'Shea, which provides a plain-language and comprehensive explanation of the Agreement. Written as a learning tool, the book covers the methods of valuation and the provisions on enforcement, implementation and dispute settlement, using practical examples, interpretive decisions of national and international customs bodies, as well as the negotiating history of the Agreement.

Implementation and monitoring



The Customs Valuation Agreement aims for a fair, uniform and neutral system for the valuation of goods for customs purposes.

Implementation and monitoring



Background

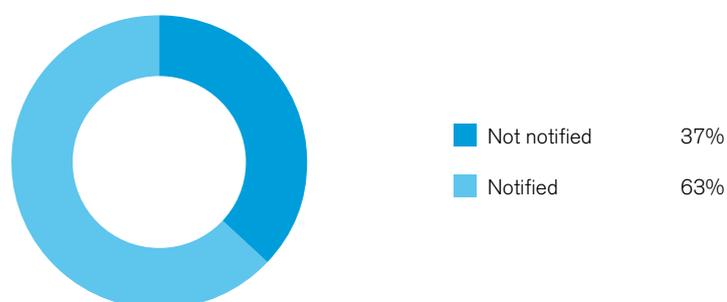
Rules of origin are the criteria used to determine the country in which a product was made. They are used for many trade purposes, including customs duties, origin labelling, anti-dumping and anti-subsidy measures, trade statistics, and bilateral and regional trade agreements. The main objective of the Agreement on Rules of Origin is to harmonize the rules so that all WTO members are using the same criteria in all circumstances (the one important exception being origin rules used in preferential trade agreements). This work is conducted by a Committee on Rules of Origin in the WTO and a Technical Committee under the auspices of the World Customs Organization in Brussels.

Rules of origin

The Committee on Rules of Origin met twice in 2010 with the aim of resolving all technical issues relating to harmonization as soon as possible. The harmonization programme was due to end in 1998 but has missed several deadlines since then because of the complexity of the issues involved. A major stumbling block has been the implications for other WTO agreements of implementing the harmonized rules of origin. Work on the 'implications for other WTO agreements' and on the machinery sector remained suspended in 2010 pending guidance from the General Council.

Determination of the origin of a good can be difficult in a globalized trading system, where goods are often made up of components and materials from a number of different countries, and may also be processed in more than one country. The iPod, for example, is assembled in China but incorporates Japanese microchips, US design and Korean flat-screens. In this case, most members would consider that the origin should be conferred upon the country of assembly, i.e. China, whilst other members believe that origin should be conferred to the country in which the major portion of components was produced.

Figure 6: Members having notified their non-preferential rules of origin to the Committee on Rules of Origin



The main focus of the committee's work in 2010 continued to be the drafting of a general procedural rule according to which a primary rule first applies in the last country of production of a good. Subsequently, if the primary rule is not satisfied in that country, the primary rule or a residual rule applies in countries other than the last country in order to determine the origin of the good. In this way, sequential rules apply in a consistent manner to products that, in a globalized trading system, are often made up of components and materials from a number of different countries. While WTO members agree on these basic concepts, some members continue to have lingering doubts about the meaning of specific proposed text. In addition, the committee fine-tuned a number of product-specific rules, leading to a new revision of the document, which compiles progress to date on the harmonization of non-preferential rules of origin.

The committee also reviewed notifications by members. To date, 80 members have made notifications of non-preferential rules of origin – governing the rules they apply to goods from WTO members that are not covered by bilateral or regional preferential trade arrangements – and 125 members have made notifications of preferential rules of origin. Members that had not yet notified their non-preferential rules of origin were urged to do so as early as possible – see Figure 6.

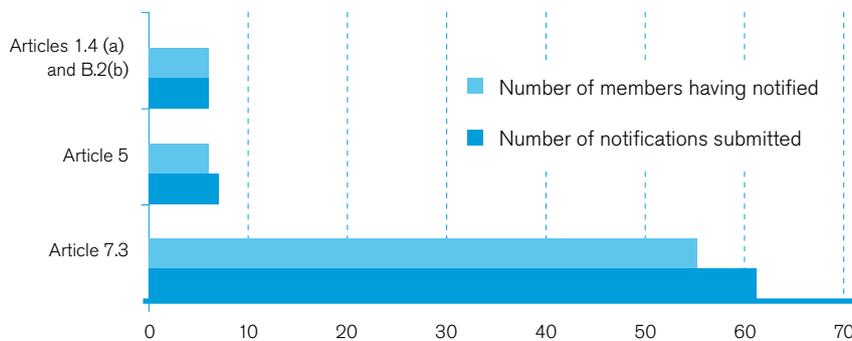


Import licensing

In 2010 the Committee on Import Licensing reviewed 75 notifications submitted by WTO members and dealt with an increased number of members' trade concerns on various aspects of import licensing. These included the fair and equitable application and administration of licensing regimes, the time limits for processing licence applications, the publication of information concerning licensing procedures and notification to the committee, as well as products subject to import licensing procedures.

Of the 75 notifications reviewed by the committee at the two formal meetings held during 2010, seven related to the publication of import licensing procedures (Articles 1.4(a) and 8.2(b)), seven were on the institution of licensing procedures or changes in these procedures (Article 5), and 61 related to responses to the annual questionnaire on import licensing procedures (Article 7.3). Figure 7 shows members' compliance with the transparency obligations. Compliance has increased since last year, but the lack of notifications in some areas remains a source of concern for the committee.

Figure 7: Number of members having notified and number of notifications submitted in 2010



Note: Articles 1.4(a) and 8.2(b) relate to the publication of import licensing procedures. Article 5 concerns the institution of licensing procedures or changes in these procedures. Article 7.3 concerns responses to the annual questionnaire on import licensing procedures.

The committee considered seven written comments and questions from nine members on the notifications submitted and/or on import licensing procedures maintained by four members, and seven responses to these queries and to queries submitted in the previous year by five members (see Figure 8). It also considered specific concerns and comments expressed orally regarding certain import licensing procedures applied by some members.

Figure 8: Written questions and replies submitted in 2010



In 2010, the committee carried out both its annual and its eighth biennial review of the implementation and operation of the Import Licensing Agreement.

Implementation and monitoring



Background

The Agreement on Import Licensing Procedures establishes disciplines on members' import licensing systems, with the principal objective of ensuring that the procedures applied for granting import licences do not in themselves restrict trade. The Agreement says import licensing should be simple, transparent and predictable, and administered in a neutral and non-discriminatory manner.

Implementation and monitoring



Background

WTO members may take 'safeguard' actions (temporarily restrict imports of a product) to protect a specific domestic industry from an increase in imports of any product which is causing, or threatening to cause, serious injury to the industry. In these circumstances, they have the right to restrict imports of the product from all sources (but not from a specific member or group of members). The Agreement on Safeguards provides detailed rules concerning the investigation that must be conducted and the application of safeguard measures.

One technical assistance activity took place in 2010, with the aim of improving understanding of the objectives, purposes and particularities of the Import Licensing Agreement. Training was also provided to help the relevant authorities distinguish between import licences and other trade barriers whose legitimate objectives might be better served through less trade-restrictive or trade-distorting measures, such as technical regulations or sanitary and phytosanitary measures. This activity was attended by representatives of the various ministries and governmental institutions that deal with import licensing regimes, and enabled them to submit updated notifications to the committee.

Safeguards

The Safeguards Committee held two meetings in 2010, at which it reviewed notifications by WTO members of their safeguards rules and actions. The committee also discussed a possible further revision of one notification format which relates to a provision concerning special and differential treatment for developing countries.

The revised notification formats agreed in October 2009 have succeeded in improving the quality of notifications. In particular, members can now submit, in addition to the official notification, the original documents publicized domestically, even in non-WTO languages. This has allowed interested members to access detailed information while avoiding the delays involved in translating long notifications.

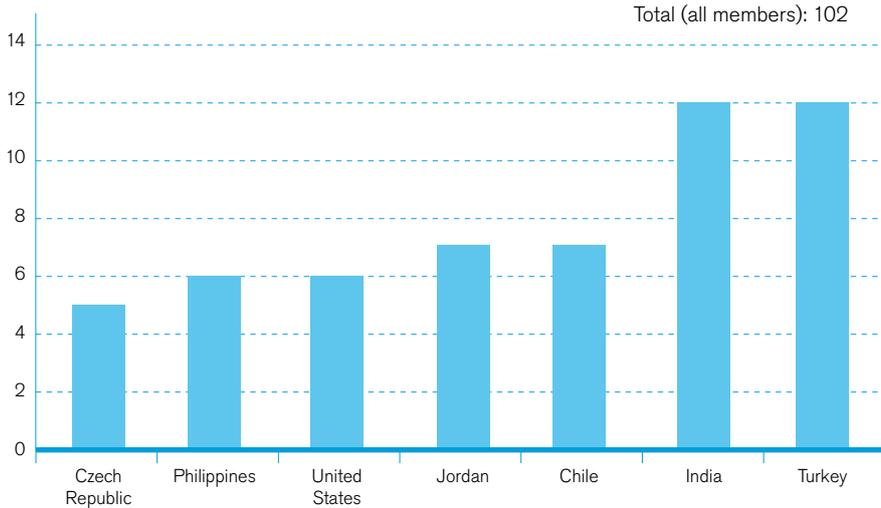
By the end of December 2010, the committee had received and discussed notifications from six members regarding their new or revised domestic legislation and/or regulations pertaining to safeguards. During 2010, there were 20 notifications of new investigations and three notifications concerning the application of final measures, down from the 2009 totals of 25 initiations and 10 final measures.

Table 2: Summary of safeguard investigations by year (for all members) for the period 1995 to 2010

Year	Initiation	Final Measures
1995	2	0
1996	5	1
1997	3	3
1998	10	5
1999	15	5
2000	25	7
2001	12	9
2002	34	14
2003	15	15
2004	14	6
2005	7	6
2006	13	7
2007	8	5
2008	10	6
2009	25	10
2010	20	3
Totals	218	102



Figure 9: Safeguard measures by imposing WTO member 1995 to year-end 2010



Trade-related investment measures

The Committee on Trade-Related Investment Measures (TRIMs) held one meeting in autumn 2010, when it reviewed the current status of compliance with the notification obligation under Article 6.2 of the Agreement. This requires members to notify the committee of all publications in which TRIMs may be found, including those applied by regional and local governments and authorities within their territories. At the request of three members, the committee also discussed certain aspects of the investment regime in Indonesia.

In 2010, following a joint request from the European Union and Japan, the committee continued its discussion of local content requirements and further proposed measures by Indonesia relating to investment in the telecommunications sector. At the request of the United States, the committee also resumed its discussion of certain Indonesian laws and draft implementing regulations on mineral and local mining.

At the committee's request, the Secretariat again circulated detailed explanatory semi-annual reminders to members asking them to submit the required notifications under Article 6.2 of the TRIMs Agreement without delay and to provide updated information where warranted. Members have an obligation to report all publications relating to TRIMs under this Article. This notification would be without prejudice to the legal consistency of any TRIMs which may be found in the publications notified.

Information technology

By the end of 2010, the number of ITA participants had risen to 73 (the European Union counting as 27 member states), representing 97 per cent of world trade in information technology products. Kuwait became the 73rd participant with the approval of its ITA schedule in September. The Committee of Participants on the Expansion of Trade in Information Technology Products held two formal meetings during the year, when it reviewed implementation of the ITA, pursued its work on non-tariff measures and discussed a European Union proposal for review of the Agreement.

The committee continued its deliberations on the non-tariff measures (NTMs) work programme, in particular a pilot project relating to conformity assessment procedures for electromagnetic compatibility (EMC) and electromagnetic interference (EMI). The committee noted that 24 of the 46 participants in the EMC/EMI project had provided details of their conformity assessment procedures and encouraged those who had not provided the information to do so without further delay. In considering ways to advance and expand its work on other NTMs, the committee heard reports and updates by participants on their contributions to the work programme, including in other bodies of the WTO such as the Negotiating Group on Market Access.

Implementation and monitoring



Background

The Agreement on Trade-Related Investment Measures (TRIMs) recognizes that certain investment measures can restrict and distort trade. It states that WTO members may not apply any measure that discriminates against foreign products or that leads to quantitative restrictions, both of which violate basic WTO principles. A list of prohibited TRIMs, such as local content requirements, is part of the Agreement. The TRIMs Committee monitors the operation and implementation of the Agreement and allows members the opportunity to consult on any relevant matters.



Background

The aim of the Information Technology Agreement (ITA) is to eliminate tariffs on computers, telecommunication equipment, semiconductor manufacturing equipment, software and scientific instruments. On 1 January 2000 and 1 January 2005, most developed and developing participating members reduced tariffs for most of these products to zero, while certain tariff lines for some participants were granted longer implementation periods. The ITA Committee oversees issues concerning the Agreement.

Implementation and monitoring



Background

State trading enterprises are defined as governmental or non-governmental enterprises, such as marketing boards, that are granted exclusive or special rights to deal with goods for export and/or import. They are required to act in a manner consistent with the WTO principle of non-discriminatory treatment. The Working Party on State Trading Enterprises reviews notifications by WTO members on their state trading activities.



Background

The Trade in Civil Aircraft Agreement aims to achieve maximum freedom of world trade in civil aircraft, parts and related equipment by eliminating tariffs, promoting fair and equal competitive opportunities for civil aircraft manufacturers, and regulating government support for civil aircraft development, production and marketing. The Committee on Trade in Civil Aircraft provides signatories with an opportunity to consult on any matters relating to the operation of the Agreement.

At its November 2010 meeting, the committee considered how to advance work on classification divergences. It also had an informal discussion of the proposal tabled by the European Union in September 2008 for a review of the ITA, which would cover negotiations on non-tariff barriers, expansion of product coverage, enlargement of membership, and in keeping the Agreement up to date with technological development and convergence. The Chair subsequently reported to the committee that participants were open to continuing discussions on the review process, to which they would revert at the next meeting in 2011.

State trading enterprises

The Working Party on State Trading Enterprises held informal consultations early in 2010, followed by a formal meeting during which WTO members agreed to recommend to the Goods Council an extension to mid-2012 of the practice of notifying state trading enterprises every two years.

As part of the regular meeting in October, the Chair organized a workshop to assist members in completing notifications. Technical assistance on a bilateral basis was also offered. During 2010 the working party reviewed 22 updating notifications and 49 new and full notifications from 21 members.

Trade in civil aircraft

In 2010 the Trade in Civil Aircraft Committee held one meeting, where signatories reviewed and commented on a revised technical note prepared by the Secretariat relating to the annex to the Agreement on product coverage. The note covered the revisions that may be necessary to bring the annex into conformity with the 2007 update of the Harmonized System, used for classifying goods for tariff purposes.

Currently, the Agreement has 31 signatories, 20 of which are member states of the European Union. Albania acceded to the Agreement in 2008, the most recent WTO member to do so.



Trade in services

In 2010 the Council for Trade in Services continued its discussions of specific services sectors and modes of supply, on the basis of background notes produced by the WTO Secretariat. Thirteen such notes were discussed in 2010 and a final two will be addressed in 2011. The council also embarked on its third review of most-favoured-nation (MFN) exemptions. These exemptions from the WTO's fundamental principle of non-discrimination between trading partners are permitted under the GATS, subject to certain conditions, but are supposed to be phased out over time.

The background notes circulated in 2010 covered the following areas: accountancy services, legal services, postal and courier services, audiovisual services, distribution services, education services, energy services, environmental services, financial services, logistics services, maritime transport services, road freight transport services, and commercial presence (mode 3). The two notes for discussion in 2011 deal with engineering services and statistics on trade flows in services.

The services sectors and modes of supply to be examined were selected based on the interests and priorities expressed by WTO members. The background notes are intended to stimulate deliberations in the council, without being their sole focus. Based on research efforts by the Secretariat, they provide updated information and analysis of the main trade-related economic and regulatory developments in key areas over the past decade. Given that the notes are produced for the Council for Trade in Services in its regular sessions, they do not seek to address issues related to the Doha Development Agenda negotiations.

In accordance with the GATS' transparency provisions, the council received a total of 82 notifications during 2010. Of these, 57 related to new or revised measures that were deemed by the members concerned to significantly affect trade in services, 23 dealt with economic integration agreements and two involved recognition arrangements.

The council also considered how to improve compliance with notification requirements. As a background to these discussions, the Secretariat produced an updated statistical account of the notifications made under relevant GATS provisions (see Figure 10).

Finally, in 2010 the council embarked on its third review of the exemptions that many members took from the most-favoured-nation (MFN) obligation upon acquiring WTO membership. The review process is meant to examine if the conditions at the origin of the MFN exemptions still subsist.

The first substantive discussion was conducted, through a question-and-answer process, in a dedicated meeting held in November. The council considered the exemptions listed for all sectors, as well as those inscribed specifically for business services, communication services, construction and related engineering services and distribution services.

Implementation and monitoring



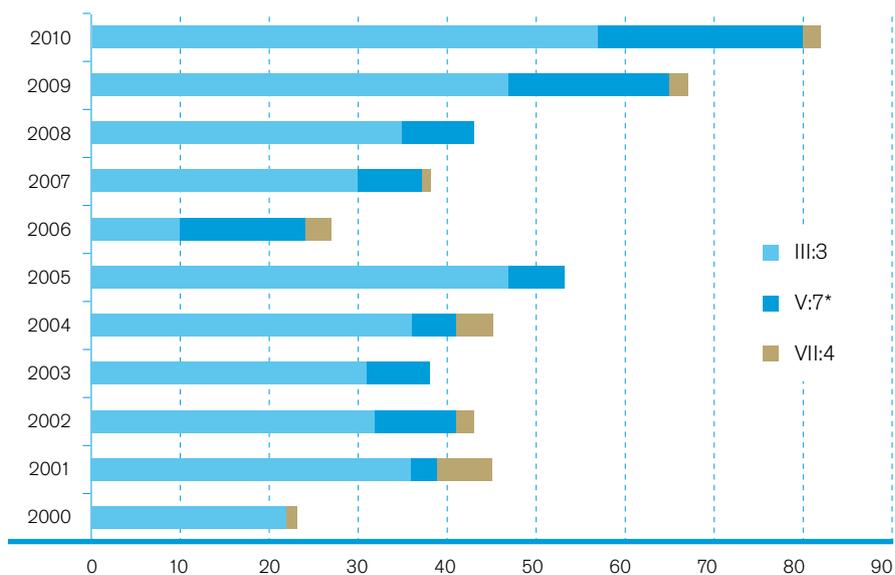
Background

The General Agreement on Trade in Services (GATS) defines trade in services as consisting of four types of transactions: mode 1 – cross-border supply (a supplier in one WTO member provides services to a consumer in another member's territory); mode 2 – consumption abroad (a consumer from one member consumes services in another member's territory); mode 3 – commercial presence (a foreign company establishes an operation in another member's territory); and mode 4 – presence of natural persons (individuals move to supply services in another member's territory). The function of the Council for Trade in Services, in its regular sessions, is to facilitate the operation of the GATS and to further its objectives. The council is open to all WTO members and reports to the WTO's General Council.



Road freight transport services were the subject of one of the background notes discussed by the Council for Trade in Services in 2010.

Figure 10: Notifications submitted each year, 2000-2010



* Number of notified economic integration agreements.

Article III: 3 – new or revised measures deemed by the member concerned to significantly affect trade in services;
 Article V: 7 – measures related to economic integration agreements;
 Article VII: 4 – recognition agreements or arrangements.

Trade-related aspects of intellectual property rights (TRIPS)

During 2010 the TRIPS Council reviewed intellectual property legislation in individual countries and discussed the relationship between the TRIPS Agreement and the Convention on Biological Diversity, TRIPS and public health, technical cooperation and capacity building and a number of other matters, in addition to the issues reported in the section on negotiations (see page 21).

Promoting transparency

Transparency of national intellectual property systems is a key principle of TRIPS. This is important for reducing trade tensions and building productive trading relationships in knowledge products and technology.

The TRIPS Council has developed a unique body of information about diverse approaches to protecting intellectual property, based on the notifications of WTO members. This material is also emerging as an important resource for policymakers, as many seek a broader base of factual information about how intellectual property systems are designed and implemented so as to promote their important public policy goals.

In 2010 the council gave further consideration to ways of improving the timeliness and completeness of notifications under the TRIPS Agreement and other relevant information flows. The Secretariat informed the council on enhancements to its services, including:

- launch of the TRIPS transparency toolkit webpage, which provides a single access point to various notifications and other reports from members, as well as to related formats, guidelines and background materials
- clarification of preferred formats for submission of notifications and other texts
- creation of a Common Portal with the World Intellectual Property Organization (WIPO) as an alternative electronic means of submitting texts of intellectual property laws and regulations to the two organizations. Further improvements will focus on the transformation of the paper-based system to an online information system, and making this information more readily accessible to policymakers and the general public. Given the important role of cooperation with WIPO in the administration of notifications, the WIPO Secretariat briefed the council on its related activities. An increasing number of members updated their earlier notifications, both through the traditional channels and by using the WIPO-WTO Common Portal.

The council also completed its reviews of the legislation of Grenada and Suriname, and took note of the material still required to complete the pending reviews of three other members.

Plants, animals, biodiversity and traditional knowledge

In parallel with the Director-General's consultations on outstanding implementation issues (see page 22), the TRIPS Council continued to address a cluster of subjects related to biotechnology, biodiversity, genetic resources and traditional knowledge, as instructed by the 2005 Hong Kong Ministerial Declaration. These cover:

- the review of the TRIPS provisions dealing with the patentability of plant and animal inventions and the protection of plant varieties
- the relationship between the TRIPS Agreement and the Convention on Biological Diversity (CBD)
- the protection of traditional knowledge and folklore.

The discussion was based on members' papers, which concentrated on the relationship between the TRIPS Agreement and the CBD, as well as on the review of the TRIPS provisions dealing with patentability of plant and animal inventions.

Implementation and monitoring



Background

Intellectual property rights have become an important element in international trade in recent years and there is increasing concern as to how to ensure that the protection of intellectual property advances shared economic and social goals. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is the most comprehensive international treaty governing the protection and enforcement of intellectual property rights. The Council for TRIPS, a body open to all WTO members, administers the TRIPS Agreement and reviews the intellectual property legislation of individual members.



The 'Paragraph 6' system gives poor countries additional flexibility under the TRIPS Agreement to gain access to affordable medicines.

TRIPS and public health

In 2003, members agreed on the so-called 'Paragraph 6' system, which gives poor countries additional flexibility under the TRIPS Agreement to gain access to affordable medicines. The system allows generic versions of patented medicines to be made under compulsory licence (that is, without the consent of the patent holder) for export to countries that cannot manufacture the medicines themselves. The TRIPS Agreement originally only permitted compulsory licensing predominantly to serve the domestic market, not to be directed at such exports. The new system changed this, first through a set of waivers and then through an amendment to the TRIPS Agreement agreed in 2005, creating a new kind of compulsory licence for the export of medicines. The amendment will come into force when two-thirds of members have accepted it.

The functioning of the Paragraph 6 system is subject to annual reviews by the TRIPS Council. So far one exporting country, Canada, has used the system, for export of medicines to Rwanda in 2008 and 2009. In 2010, the council set aside a full day – the second day of its October meeting – for the annual review, which provided an opportunity for a robust and comprehensive debate on the system's functioning. Members shared their experiences on the use of the system and its domestic implementation. They also discussed the process of acceptance of the amendment, capacity building on the system and related TRIPS flexibilities, as well as alternatives to the use of the system to achieve the objective of access to medicines, procurement policies, and other related aspects affecting access to medicines. A number of intergovernmental organizations contributed to the discussion. The Chair was requested to consult on appropriate follow-up to the review.

The deadline for members to accept the conversion of the 'Paragraph 6' waiver into a permanent amendment currently runs until the end of 2011. The number of members notifying acceptance of the amendment continued to grow in 2010, but still remained far from the required two-thirds of the membership. By the end of 2010, those accepting the amendment were, in chronological order: the United States; Switzerland; El Salvador; Republic of Korea; Norway; India; the Philippines; Israel; Japan; Australia; Singapore; Hong Kong, China; the European Union (EU); Mauritius; Egypt; Mexico; Jordan; Brazil; Morocco; Albania; Macao, China; Canada; the Kingdom of Bahrain; Colombia; Zambia; Nicaragua; Pakistan, the Former Yugoslav Republic of Macedonia; Uganda; Mongolia; and Croatia.

Outside the 'Paragraph 6' annual review, the TRIPS Council considered other issues relating to the public health dimension of the TRIPS Agreement, including detentions of generic drug consignments transiting EU ports and experience in using flexibilities under the Agreement.



Technical cooperation and capacity building

At its October 2010 meeting, developed countries updated the TRIPS Council on their technical and financial cooperation under the TRIPS Agreement. Updated information was also received from the WTO Secretariat and a number of intergovernmental organizations that are observers to the council.

In its discussions, the council paid particular attention to the priority needs of least-developed countries (LDCs) for technical and financial cooperation to help them implement the TRIPS Agreement. The 2005 decision that extended to 2013 the transition period for LDCs to apply their TRIPS obligations also requested them to identify their priority assistance needs so that these could be effectively addressed. By the end of 2010, Uganda, Sierra Leone, Bangladesh, Rwanda and Tanzania had reported in detail on their priority needs. As part of this continuing process, the Secretariat organized, at the request of the LDC Group, an informal meeting that brought together officials from LDCs, donor countries and concerned intergovernmental organizations to promote practical dialogue and coordination on assessing priority needs.

Inter-agency cooperation

The TRIPS Council Secretariat continued to work closely with other relevant international agencies, such as the World Intellectual Property Organization (WIPO), the World Health Organization (WHO), the Joint United Nations Programme on HIV/AIDS (UNAIDS), the United Nations Development Programme (UNDP), the United Nations Conference on Trade and Development (UNCTAD) and the International Telecommunication Union (ITU). Under their well-established trilateral cooperation on matters pertaining to intellectual property and public health, the WTO, WHO and WIPO Secretariats held a joint technical symposium in July 2010 on 'Access to Medicines: Pricing and Procurement Policies'.

Other issues

The TRIPS Council also had on its agenda the reviews, mandated under the TRIPS Agreement, of the Agreement as a whole (the '71.1 review') and of the application of the provisions on geographical indications (the '24.2 review'). However, no new proposals emerged. The council also considered trends relating to the enforcement of intellectual property rights. Its work on the incentives for technology transfer to least-developed countries and on 'non-violation and situation complaints' is described on pages 21 and 22.

Implementation and monitoring

Implementation and monitoring



Background

Sustainable development and protection and preservation of the environment are fundamental goals of the WTO. They are enshrined in the Marrakesh Agreement, which established the WTO. The Committee on Trade and Environment is responsible for studying the relationship between trade and the environment and for making recommendations on changes that might be needed in WTO trade agreements.



The Committee on Trade and Environment discussed the importance of identifying and eliminating barriers to the dissemination of environmental technologies.

Trade and environment

In 2010, the Committee on Trade and Environment (CTE), meeting in regular session, focused on the impact of environmental measures on market access, especially for developing countries. The committee paid particular attention to win-win-win situations where the elimination or reduction of trade restrictions and distortions would benefit trade, the environment and development. Alongside committee meetings, the WTO Secretariat organized three information events, on the 2009 joint WTO-United Nations Environment Programme (UNEP) report, *Trade and Climate Change, on carbon footprint schemes and labelling, and on linkages between trade, transport and the environment*.

Carbon footprint labelling

In 2010, the committee held extensive discussions on the topic of carbon footprint and labelling schemes. These discussions covered issues such as:

- the competitiveness implications for domestic industry
- the cost and market access impact for developing countries and small and medium-sized enterprises (SMEs), especially in the context of multiple overlapping schemes and standards
- the potential non-neutrality of carbon footprint methodologies
- the lack of a uniform methodology for calculating carbon footprints
- the risk of discrimination on the basis of non-product related processes and production methods (PPMs) – treating products differently because of the way they have been produced, even if the production method does not leave a trace in the final product
- the role of carbon footprints in identifying emissions 'hotspots' in the production process
- the relevance of the Agreement on Technical Barriers to Trade (TBT).

In February 2010, the Secretariat organized an information session on product carbon footprint and labelling schemes, which provided a general overview of these schemes and the challenges involved in their development and implementation. Participants shared national experiences and lessons learnt, and presented updates on the development of international standardized carbon footprint methodologies. Subsequently, at the September meetings, several members shared their national experiences on the development of new carbon footprint and labelling schemes.

Eco-labelling

The Committee on Trade and Environment also discussed eco-labelling schemes in 2010. A number of members shared their experiences on environment-related labelling schemes in various products and sectors (both private voluntary initiatives and government administered), and the experience of their producers in meeting the requirements of these schemes in export markets. Members considered a number of related issues, including the lack of harmonization across schemes, their scientific basis, the contribution of such schemes in practice to environmental objectives, and the relevance of the TBT Agreement.

To facilitate discussion, the Secretariat presented two documents, one reviewing specific trade concerns and notifications to the TBT Committee regarding environment-related labelling schemes, and the other assessing work on eco-labelling underway in other international bodies. The United Nations Environment Programme (UNEP) briefed the committee on an implementation project it was undertaking to improve understanding and knowledge of eco-labels, and opportunities and barriers to their diffusion.



As part of the committee's work on promoting transparency of trade measures for environmental purposes, the Secretariat prepared two Environmental Database documents in 2010, reviewing environment-related provisions or measures notified under WTO agreements in 2007 and 2008.

Trade, transport and the environment

In November, the Secretariat organized a workshop on the linkages between trade, transport and the environment, featuring presentations that offered perspectives from both the maritime and aviation transportation industries. Issues raised in the discussion included the contribution of different forms of transport to global greenhouse gas (GHG) emissions, the relationship between trade flows and transport costs, and the initiatives taken by the maritime and aviation industries to mitigate their GHG emissions.

Development in MEAs

The committee continued to receive information on current developments in multilateral environmental agreements (MEAs). The United Nations Framework Convention for Climate Change (UNFCCC) outlined the state of play of climate change negotiations leading up to the 16th Conference of the Parties in Cancún, Mexico, while the Convention on Biological Diversity (CBD) gave an update on negotiations within the CBD, in particular relating to the International Regime on Access and Benefit-Sharing.

The UNEP representative described several initiatives, including the preparation of a joint high-level report with the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Department for Economic and Social Affairs (UNDESA) to the Rio+20 process on the outcome of an ad hoc expert meeting on the green economy.

Technical assistance

A number of developing country members underscored the importance of national coordination and the need for technical assistance to developing countries on trade and environment matters. In 2010, the WTO Secretariat organized two regional workshops on trade and environment, in Singapore for the Asia-Pacific region and in Senegal for French-speaking African countries. Participants were introduced to the relevant WTO rules on trade and the environment and were informed about the work of the committee and the status of the trade and environment negotiations in the Doha Round. The workshops provided WTO members with an opportunity to share experiences on trade and environment matters, and promoted greater dialogue between trade and environment officials.

Other issues

The Committee on Trade and Environment also held an initial discussion on a proposal highlighting the importance of identifying and eliminating barriers to the dissemination of environmental technologies, in particular carbon capture and storage, so as to improve their cost competitiveness and facilitate uptake by all stakeholders, including the private sector. Following a suggestion by some members, the WTO Secretariat prepared an informal note summarizing discussions on energy in the committee since its inception.

Implementation and monitoring



Background

The Committee on Regional Trade Agreements (CRTA) is responsible for monitoring all regional trade agreements (RTAs) notified to the WTO, except those notified under special provisions for developing countries which are considered by the Committee on Trade and Development (CTD). The CRTA's two principal duties are to examine individual RTAs and to consider their systemic implications for the multilateral trading system and the relationship between them. The overall number of RTAs in force has been increasing steadily; all WTO members except Mongolia are members of one or more (some belonging to as many as 20), creating what has been described as a tangled 'spaghetti bowl' of overlapping trade regulations.

Regional trade agreements

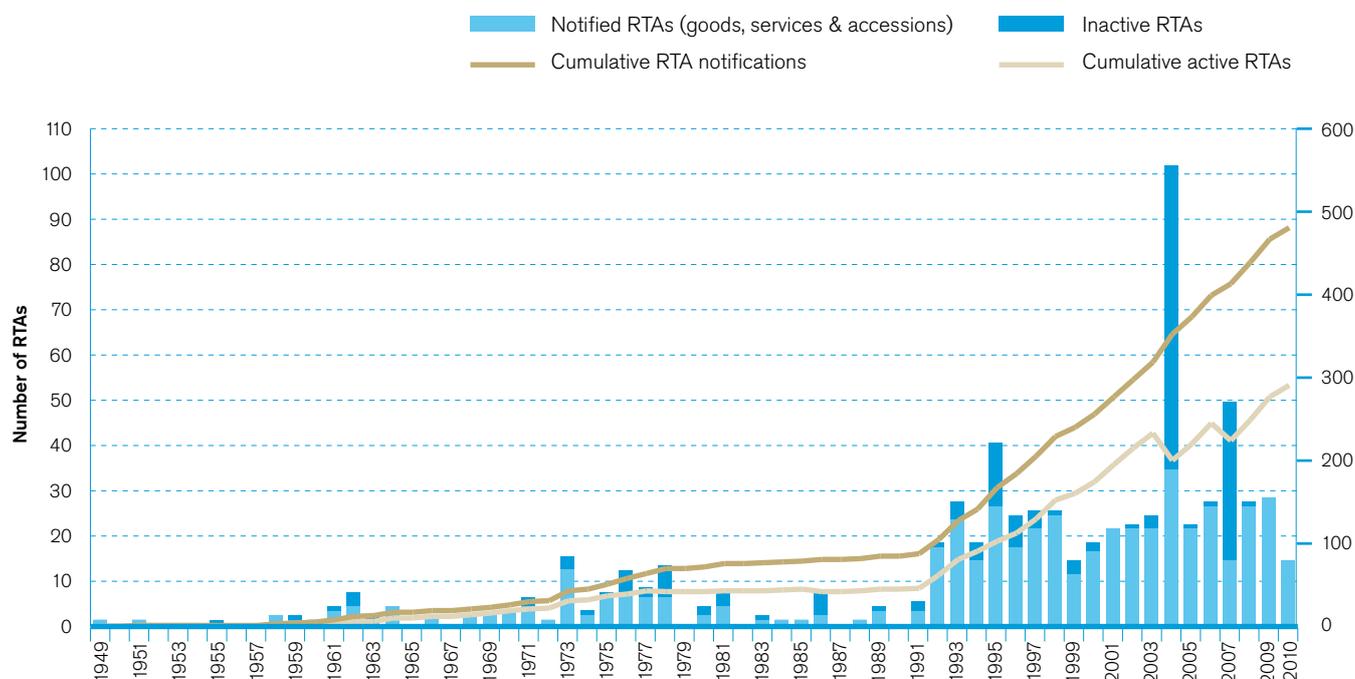
In 2010, 26 new notifications involving 18 regional trade agreements (RTAs) were received by the WTO. Of the 484 RTAs notified to the WTO as of 31 December 2010, 293 were in force (see Figure 11). RTAs include bilateral and inter-regional free trade agreements.

Under WTO rules, the goods and services aspects of RTAs have to be notified separately, so they are counted separately. However, putting the two together, the 484 notifications to end-December 2010 involved 376 individual RTAs, of which 198 are currently in force.

A key feature of modern RTAs is that they are broadening and, in many cases, deepening their coverage. While some agreements are limited to reducing barriers to trade in goods, increasingly agreements are becoming more comprehensive, with provisions on market opening in services and in other areas such as investment, competition policy, trade facilitation, government procurement, intellectual property, electronic commerce and, in some cases, labour and the environment. Most agreements are also bilateral, giving rise to an increasingly complex regime of different trade regulations. Critics argue that these overlapping regional trade regimes make international trade more complex and undermine WTO non-discrimination principles. However, proponents of RTAs say they can lay the groundwork for future multilateral trade rules. The consolidation of existing RTAs, for instance, through accession by non-parties to existing RTAs can also reduce the degree of discrimination they cause.

Of the 18 individual RTAs notified to the WTO in 2010 (counting goods and services components as one), nine included both components. (Of these nine RTAs, the goods aspects of three – Chile-China, European Union-Montenegro and Pakistan-China – were notified in previous years.) There has also been a discernable trend towards agreements between developing and developed trading partners. Countries from the Asia-Pacific region were involved in over half of these RTAs, and the rest involved countries in Europe and the Americas.

Figure 11: All RTAs notified to the GATT/WTO (1949 to 2010) by year of entry into force



Monitoring RTAs

All RTAs, regardless of whether they are notified under Article XXIV of the General Agreement on Tariffs and Trade (GATT) 1994, the Enabling Clause between developing countries (for trade in goods), or the General Agreement on Trade in Services (GATS) Article V (for trade in services), are subject to the provisions and procedures of the Transparency Mechanism for Regional Trade Agreements. Established by a decision of the General Council in December 2006, and applied provisionally from 2007, the mechanism provides specific guidelines on when a new RTA should be notified to the WTO Secretariat and the related information and data to be provided.

Agreements notified under Article XXIV of the GATT 1994 and Article V of the GATS are considered by the Committee on Regional Trade Agreements (CRTA), while agreements notified under the Enabling Clause are considered by a dedicated session of the Committee on Trade and Development (CTD). The General Council decision requires WTO members to inform the Secretariat in the event of any subsequent changes to a notified agreement. In the interests of transparency, WTO members are also encouraged to inform the Secretariat of any agreements currently being negotiated or that have been signed but are not yet in force.

Notified agreements already in force are considered by the CRTA, normally within a year of the date of notification. The consideration is based on a 'factual presentation' prepared by the WTO Secretariat, on the basis of information and data provided by the parties to the agreement. The factual presentation describes the main provisions of the agreement and the degree of trade liberalization to be achieved between the parties during its implementation period.

In 2010 the CRTA held four meetings and considered 28 notifications of RTAs, counting goods and services separately (or 17 RTAs counting goods and services notifications together), compared with 27 in 2009 and 21 in 2008 (see Table 3). One RTA (India-Chile, goods) notified under the Enabling Clause was considered by the CTD.

Table 3: Regional trade agreements considered in 2010

Enlargement of the EU to 27 member states (goods and services)	Nicaragua-Chinese Taipei (goods and services)
Ukraine-Former Yugoslav Republic of Macedonia (goods)	Peru-Singapore (goods and services)
Ukraine-Moldova (goods)	Peru-Canada (goods and services)
EFTA-SACU (goods)	Canada-EFTA (goods)
Turkey-Georgia (goods)	Mexico-Nicaragua (goods)
Japan-Philippines (goods and services)	Panama-Chinese Taipei (goods and services)
Australia-Chile (goods and services)	Chile-Colombia (goods and services)
US-Peru (goods and services)	New Zealand-China (goods and services)
Costa Rica-Mexico (goods and services)	India-Chile (goods)

Note: The table refers to 18 individual agreements, 11 of which covered both goods and services, and the others only goods.

EU – European Union;
EFTA – European Free Trade Association;
SACU – Southern African Customs Union.

Implementation and monitoring



The overall number of RTAs in force has been increasing steadily in recent years.

The Transparency Mechanism also requires the Secretariat to prepare 'factual abstracts' on RTAs examined by the CRTA prior to the 2006 General Council decision. By the end of 2010, 74 factual abstracts of RTAs had been prepared, in consultation with the relevant RTA parties, and posted on the RTA database.

In addition, a total of 10 'early announcements' were received from members in 2010, three for RTAs under negotiation and seven for newly signed RTAs not yet in force. As of December 2010, the WTO had received 61 'early announcements', 22 involving RTAs that had been signed but were not yet in force and 39 involving RTAs under negotiation. Twenty of these 'early announcements' have subsequently been notified following entry into force of the agreements.

As called for by the General Council decision on transparency, all the information on RTAs notified to the WTO is contained in a publicly accessible RTA database, which can be consulted at <http://rtais.wto.org>. The database, which became available to the public in January 2009, contains textual information on all RTAs notified to the WTO, including links to the official texts and annexes of each agreement, as well as information on the examination or consideration process in the WTO. For those RTAs that have already been the subject of a factual presentation, the database also contains the relevant trade and tariff data.

In order for the Transparency Mechanism to be adopted on a permanent basis, WTO members need to review, and if necessary modify, it as part of the overall results of the Doha Round. Members are also required to review the legal relationship between the mechanism and relevant WTO provisions on RTAs. In December 2010, members decided to commence the review (see section on Negotiating Group on Rules on page 26).



Trade policy reviews

During 2010 the Trade Policy Review Body (TPRB) reviewed 19 WTO members: Malaysia, El Salvador, Croatia, Armenia, Albania, the People's Republic of China, Malawi, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), The Gambia, Honduras, the United States, Benin, Burkina Faso, Mali, Sri Lanka, Belize, Papua New Guinea, the Democratic Republic of Congo and Hong Kong, China. The Chair's concluding remarks for these reviews are reproduced below.

Under the Trade Policy Review Mechanism (TPRM), the four largest trading entities (at present, the European Union, the United States, China and Japan) are reviewed every two years. The next 16 largest trading partners undergo reviews every four years and the remaining WTO members every six years, with a longer interval envisaged for least-developed countries (LDCs). These intervals can be extended by up to six months. Reviews take place against the background of members' wider economic and developmental needs, policies and objectives, as well as the external trading environment. They are not intended to serve as a basis for the enforcement of obligations, for dispute settlement procedures, or to impose new policy commitments.

By the end of 2010, 324 Trade Policy Reviews had been conducted, covering 140 of the 153 WTO members. The United States had been reviewed ten times; Japan and the European Union nine times; Canada eight times; Hong Kong, China six times; nine members (Australia, Brazil, Indonesia, Republic of Korea, Malaysia, Norway, Singapore, Switzerland and Thailand) five times; seven members (Chile, India, Mexico, Morocco, New Zealand, South Africa and Turkey) four times; 34 members three times; and 38 members twice.

The programme for 2011 includes 18 review meetings of 19 members, including four LDCs, and the European Union and Japan for the tenth time. Over the past few years, greater focus has been placed on reviews of LDCs. By the end of 2010, reviews had covered 28 of the 32 LDCs that are WTO members.

Transparency

Documents distributed for reviews are made available in electronic format to all WTO members. The summary observations of the Secretariat report, the WTO press release, the concluding remarks by the Chair, and the full reports by the member under review and the Secretariat are available immediately on the WTO website. TPR reports are published on behalf of the WTO by Bernan Associates, a commercial arrangement that aims to ensure a wide and efficient distribution. Press briefings are occasionally held by the Chair, senior Secretariat staff and/or the member under review.

The TPRB reviewed the trade policies and practices of 19 members in 2010. The concluding remarks by the Chair are provided below.

Implementation and monitoring



Background

The objective of the Trade Policy Review Mechanism (TPRM) is to encourage all WTO members to adhere to the WTO's rules, disciplines and commitments, and thus to contribute to the smoother functioning of the multilateral trading system. Through its regular Trade Policy Reviews (TPRs), the mechanism enables WTO members to examine collectively the trade policies and practices of individual members in all areas covered by the WTO agreements. Reviews are carried out by the Trade Policy Review Body (TPRB), a full-membership body of equal ranking to the General Council and the Dispute Settlement Body.

Implementation and monitoring



Members recognized Malaysia's generally liberal trade regime in agriculture.

Malaysia

'The fifth Trade Policy Review of Malaysia has enabled us to improve our understanding of recent developments in its trade and related policies, and of the challenges it now faces. Our discussion has clearly benefited from the active participation of the Malaysian delegation, led by Mr. Abdul Rahman Mamat, Secretary General, Ministry of International Trade and Industry, as well as from the thought-provoking and insightful contribution of our discussant, Ambassador Sun Zhenyu of China, and the numerous interventions by members. Malaysia's response to the large number of questions is also very much appreciated.

Members praised Malaysia's steady economic growth between 2005 and 2008. Although the economy contracted in 2009 due to the global financial crisis, members were pleased about the positive economic growth projected for 2010. Members recognized Malaysia's generally liberal trade regime, and noted that Malaysia has continued to liberalize its trade and related policies since its previous review. Members were encouraged that Malaysia has resisted protectionism since the onset of the financial crisis in September 2008.

Members were interested to know how Malaysia will ensure stable growth of domestic demand, in order to reduce reliance on export-led growth, and how the authorities intend to promote the development of services and high-tech manufacturing, which they see as future growth engines of the economy. Members welcomed Malaysia's relaxation of equity and other restrictions on foreign investment in services, and encouraged the authorities to consider further liberalization in its foreign investment regime.

Members commended Malaysia on its active participation in the multilateral trading system, including its support for the early conclusion of the Doha Development Agenda. Noting the importance Malaysia attaches to bilateral/regional trade agreements, some members enquired about how Malaysia intends to ensure that these agreements will be complementary to the multilateral trading system.

Members applauded Malaysia's unilateral reduction of its applied MFN [most-favoured nation] tariff rates. However, they expressed concern that a large number of tariff lines are unbound, and a considerable portion of the tariff lines is subject to import licensing, most of which is non-automatic. Some members also expressed concern about Malaysia's export regulations, noting that its export tax revenues are higher than import tax revenues.

Members acknowledged Malaysia's efforts to align its national standards with international ones, and encouraged Malaysia to expedite the alignment. Clarification was sought with respect to the array of incentive programmes accorded to some industries, as well as to the status of draft competition legislation. Some members were interested to know whether Malaysia has plans to review its policies on government procurement, with a view to providing more predictability and transparency.

Members appreciated Malaysia's commitment to enforce intellectual property rights, for example, by the establishment of IP courts.

Recognizing a generally liberal trade regime in agriculture, members expressed concern about some non-ad valorem tariffs, which could conceal relatively high rates, and tariff rate quotas introduced in 2008 for some agricultural products. Members noted that Malaysia's manufacturing sector is relatively open to both trade and investment, with the automobile sector a notable exception.

Members were interested to know whether Malaysia has plans to open its automotive sector to competition. Members noted Malaysia's aim of increasing the share of services in GDP to 60 per cent by 2020, in an effort to establish a knowledge-based economy less reliant on manufactured exports. Some members consider that further liberalization of services and, thus, promotion of competition are needed to achieve this target.

This successfully concludes our fifth review of Malaysia. The large number of advance questions and the many interventions indicate the important role Malaysia plays at the WTO. I would once again like to thank the Malaysian delegation for their efforts, the discussant for his comments, and members for contributing to what has been a very enlightening two days of discussions.'



El Salvador

'This third Trade Policy Review of El Salvador has given way to an excellent exchange of views among members, contributing to a better understanding of its trade and investment policies and practices. This has been made possible by the clear and comprehensive presentations by the Salvadoran delegation, led by Vice Minister Hernández, the comments by our discussant, Mr. Lin, and by the active participation of many members.'

El Salvador was commended for the continued liberalization of its trade regime. Members praised El Salvador's participation in the WTO, in particular its active involvement in the DDA. Members took note of El Salvador's engagement in preferential trade agreements and of the priority it attaches to Central American integration. They noted the important role played by multilateral, regional, and bilateral commitments in El Salvador's process of structural reform.

Members commended El Salvador for its steady economic growth during the period under review, but noted that the effects of the global crisis on El Salvador have been severe. The continuation of liberalization and structural reform, including through increased export market diversification, reduced dependence on remittances, and higher levels of savings and investment were seen as important to re-establish growth. Members also noted that, although progress has been made, poverty alleviation remains a challenge.

Members noted that El Salvador's average applied MFN [most-favoured nation] tariff rate remained largely stable during the period under review, while encouraging El Salvador to increase the certainty of its import regime by reducing bound tariff rates. In response to concerns by some members about the possibly discriminatory application of taxes on imported alcoholic beverages, El Salvador stated that these taxes are applied irrespective of the origin of the goods. Members commended El Salvador's efforts to facilitate trade through customs modernization, but urged El Salvador to continue reducing and simplifying import licensing requirements. El Salvador replied to numerous questions posed by members concerning specific aspects of its TBT [technical barriers to trade] and SPS [sanitary and phytosanitary] regimes.

Members commended El Salvador for strengthening its legal and institutional framework, including in the areas of competition policy, intellectual property rights, and government procurement. Some Members noted that El Salvador would benefit from joining the GPA [Government Procurement Agreement]. Several members noted that El Salvador's export incentive programmes had not had the desired outcome and urged El Salvador to align them with its international commitments. In response, El Salvador stated that its refund programme for exporters is under review as part of the implementation of a comprehensive production and investment strategy compatible with multilateral trade rules, and that export subsidies under free trade zones will be eliminated in accordance with El Salvador's international commitments.

Some members considered that the administration of agricultural tariff quotas lacks transparency, and that agricultural marketing arrangements hinder competition. In this regard, El Salvador stated that it is reviewing marketing arrangements. Members commended El Salvador for the liberalization and opening of its services sector, particularly in the areas of financial services and telecommunications. They also invited El Salvador to strengthen this process and expand its GATS [General Agreement on Trade in Services] commitments to reflect current practice in order to increase the predictability of its trade and investment regime. El Salvador replied to numerous questions posed by members concerning specific aspects of its services regime.

In conclusion, members welcomed El Salvador's commitment to the WTO, and unanimously commended El Salvador on the overall direction of its trade liberalization strategy during the period under review. I would thus encourage El Salvador to continue using trade as an effective catalyst to sustain economic and social development.

I would like to close this review by thanking once again Dr. Hernández and the rest of El Salvador's delegation, the discussant, and the members that participated in this review. I would also like to express my appreciation to the delegation of El Salvador for the responses provided, and look forward to receiving responses and clarification to outstanding issues within one month. Finally, I thank the interpreters for their hard work.'

Implementation and monitoring



Members commended El Salvador for the liberalization and opening of its services sector, particularly in the areas of financial services and telecommunications.

Implementation and monitoring



Members commended Croatia for its positive economic performance over the last few years and its ambitious reform programme centred on structural reforms and trade liberalization.

Croatia

'This first Trade Policy Review of Croatia has allowed us to improve our understanding of its trade and related policies, and the developments since its accession to the WTO in 2000. Our discussions have greatly benefited from the participation of H.E. Mr. Đuro Popijač, Minister of the Economy, Labour and Entrepreneurship, Mrs. Nataša Vujec, State Secretary, and their delegation from Zagreb and Geneva. We are also grateful for the valuable contribution of the discussant, Ambassador Himanen, and for the engagement of several members in this exercise.

Members commended Croatia for the positive economic performance over the last few years. High real GDP growth, relatively low inflation, and a declining fiscal deficit are some of the fruits of an ambitious reform programme centred on structural reforms and trade liberalization. It also succeeded in establishing a modern, stable, outward-oriented economy, well integrated with its neighbours and worldwide. Members, nonetheless, noted the big contraction in Croatia's GDP growth rate in 2009 due to the global economic downturn, and encouraged Croatia to move ahead with its structural reforms, improve its business environment and licensing procedures, and further liberalize its trade and investment regimes to strengthen its resilience to shocks and improve productivity.

Members welcomed Croatia's commitment to the multilateral trading system including the current round of trade negotiations. Members appreciated that Croatia has reviewed and updated almost all its trade-related legislation in line with its main policy objective to seek early accession to the European Union. Members also welcomed that Croatia reduced its simple average MFN [most-favoured nation] tariff from 12.1 per cent in 2000 to 7.1 per cent in 2009. Members also noted that Croatia's tariff structure remains somewhat complicated and they encouraged Croatia to further simplify it.

It was also noted that a number of concerns were also raised, including issues regarding the new Croatia SPS [sanitary and phytosanitary] and TBT [technical barriers to trade] regimes, as well as agriculture, intellectual property rights, contingency trade remedies and subsidies. It was noted that Croatia has neither imposed nor initiated any anti-dumping or countervailing measure, while one safeguard measure has been introduced so far. Some members invited Croatia to accede to the plurilateral Agreement on Government Procurement. Other questions asked referred to customs; export promotion and support, including free zones; incentives; state aid; competition policy; state-owned enterprises and privatization; manufacturing, particularly shipbuilding; and services.

Members expressed their appreciation for the responses provided by the Croatian delegation to questions posed during the review exercise, and looked forward to receiving written answers to any outstanding questions within one month.

In conclusion, I believe that through this review we have gained a first-hand appreciation of Croatia's achievements since its independence in 1991, and of the challenges that lie ahead. Croatia's exemplary participation in this review bodes well for its capacity to meet those challenges, to the benefit of its people and its trading partners. I encourage Croatia to pursue its reforms and improve its multilateral commitment on goods and services with a view to enhancing the transparency and predictability of its trade regime, and adherence to WTO principles. Members could help by keeping their markets open for products and services of interest to Croatia.'

Armenia

'This is the first Trade Policy Review of Armenia since it acceded to the WTO in 2003 and I would like to thank the Government of Armenia and the Secretariat for their reports, and Mr. Pasi Heikki Vaaranmaa of Finland for his remarks as discussant, all of which gave us a good basis for the Review. In addition, the participation of H.E. Mr. Mushegh Tumasyan, the Deputy Minister of Economy from Yerevan, along with his delegation, helped the examination of the trade policies of Armenia.

From the different reports, and the statements and questions from members on Tuesday, it is clear that the progress made by Armenia since independence in 1991 and since it acceded to the WTO in 2003, is widely appreciated. Above all, many of us noted that Armenia's open attitude to trade and investment, helped by the remittances from Armenians living abroad, were critical factors in the rapid economic growth and poverty reduction seen in the years before and after accession.



But, as delegations have noted, the global economic downturn that started in 2008 has hurt Armenia. The financial system has weathered the storm and has been shown to be sound. I did note that some other factors showed signs of weaknesses. In particular, the narrow export base, the dependence on remittances to cover the balance-of-payments deficit, and the rapid and unsustainable growth of the construction sector exacerbated the downturn in 2009. The challenge for the Government now is to encourage diversification in order to reduce exposure to external shocks, like the financial crisis, as well as internal shocks like the end of the construction boom.

The second point which was implied in the questions and statements we heard on Tuesday was that reform needs to continue, although the focus for that reform might need to shift from legal and institutional issues to improving implementation of government policy.

In the first decade after independence, Armenia's trade and investment policies were focused on getting the basic legal framework into place. This was driven by many factors, among which was accession to the WTO. After accession, the focus switched to strengthening the institutions essential to implement the laws. In this regard, the Secretariat report highlights the changes to customs administration, the judiciary, and intellectual property which have taken place. It would now appear that much of the necessary legislation is in place and most of the institutions to overlook or enforce those laws have been set up. Now might be the time to focus on getting the institutions to work as efficiently as possible so that they can effectively implement government policy.

Of course, these are not three neat, sequential steps. To a large extent institutional and implementation reform go hand-in-hand, and Armenia has already taken great strides to move forward in all three areas. After reading the reports and listening to the discussion I feel that the focus now shifted to implementation of the laws and policies through the institutions which have been created over the past 20 years.

I have no intention of trying to list every area touched by the questions from members but I have noted their willingness to continue working with Armenia and I would note that there were some common issues, such as:

- support for Armenia's early accession to the Government Procurement Agreement;
- how border procedures, rules of origin, and customs valuation can limit market access for its trading partners;
- concerns about the development, transparency, and application of SPS [sanitary and phytosanitary] and TBT [technical barriers to trade] measures;
- compliance of laws on intellectual property and geographical indications with the TRIPS [Trade-Related Aspects of Intellectual Property Rights] Agreement; and
- possible discrimination against imports in the application of VAT and excise duties on tobacco.

Finally, as I am from the part of the world next to the Southern Caucasus, I would not refer to it as a 'rough neighbourhood' as Pasi-Heikki, the discussant, suggested. I would prefer to think of it as a beautiful part of the world blessed by a long yet complicated history. In the TPR we are dealing with trade issues and trade can only play its role in moving from that difficult past to a better future. As the Chairman of the TPR, I can only comment on trade policy and note that Armenia has taken great strides, despite recent difficult economic times, it has maintained its liberal trading policies. From its answers to the questions put by the members and its report, Armenia has shown that trade reform is continuing and in this manner. I am confident that the members can join me in wishing it every success in the future.'

Albania

'This first Trade Policy Review of Albania has allowed us to understand better the impressive reform process, with respect to trade policy, that Albania has undertaken since its accession to the WTO in 2000. Our discussions have benefited from the participation of Mr. Enno Bozdo, Deputy Minister of Economy, Trade and Energy, Ambassador Sejdi Qerimaj, Permanent Representative to the WTO, Mrs. Pranvera Kastrati, Head of the Trade Policy Department, and their delegation from Tirana and Geneva. We thank Ambassador Major for his valuable contribution as a discussant, and for the constructive engagement of members in this first yet positive review.

Implementation and monitoring



Members commended Albania's intentions to develop its services and manufacturing sectors and modernize agriculture.

Albania was praised by WTO members for its solid economic performance over the period under review, its key achievements in substantially reducing unemployment and trimming down fiscal deficit, while keeping inflation in check. The Albanian economy has successfully managed to weather the effects of the global financial crisis, at the same time maintaining sound growth. Some members noted, however, that challenges remain, in particular in the areas of reduction of the public debt and integration of the unregistered economic activities into the mainstream. Members praised Albania for the substantial reform of its tax system and its positive effect on government revenues, members noted that balancing public finances might require further measures, including on the expenditure side. The reforms Albania has successfully performed defined the path for an ongoing process of transformation from a centrally planned economy to a liberal one, driven by the private sector. Albania is invited to continue with its reform process so as to further foster foreign direct investment.

Members noted Albania's openness to trade and investment, as well as the dynamism of its services sector. In this regard members showed interest regarding Albania's intentions to develop its services and manufacturing sectors, and modernize agriculture. Albania's success in privatizing state-owned enterprises was highlighted, and members encouraged the continuation of efforts in this regard. Noting the occasional use of minimum values to calculate tariffs on imports, members encouraged Albania to eliminate this practice. Albania was also encouraged to review the method to assess tariffs applied to shipments of goods with different tariff classifications, and the issue of transparency in tax policy formulation.

Members also praised Albania for the initiatives it has undertaken to improve its business environment particularly in the areas of trade facilitation, taxation and business registration. They noted that the perceived gap between legal provisions with respect to intellectual property rights and their implementations could be ameliorated. Albania informed the TPRB that it was changing its legal and institutional framework for intellectual property rights, as well as with respect to food safety. Albania's effort to reform its judicial system was also highlighted by the members. Albania was asked about future initiatives to assist small and medium-sized enterprises, to further attract investment and to improve the business environment.

It was observed that Albania's negotiations to accede to the WTO's Government Procurement Agreement had been dormant for some time, and Albania was encouraged to revitalize this process. Members noted Albania's increasing implementation of government procurement through electronic means, and raised a number of questions with respect to procurement procedures, including thresholds, security requirements, tender time limits and the review process.

Members acknowledged that, as a newly acceded country, Albania has undertaken significant and wide-ranging commitments in the WTO. Members took note of Albania's exemplary record of submitting notifications to the WTO in a timely fashion.

I would conclude that this review has been a major accomplishment for Albania. We have witnessed an interesting saga of Albania starting with WTO accession in 2000 and moving closer to European integration. The tremendous changes Albania has carried out are a clear demonstration of how well-sequenced reforms focused on opening markets to trade, investment and private enterprise can contribute to economic growth and higher living standards. So much has been achieved over a relatively short period of time: certainly the Albania of today bears little resemblance to the Albania of one decade ago. So, I would wish to highlight Albania's determination in pursuing economic, institutional and political reform and its remarkable achievements to date.'

People's Republic of China

'This third TPR of China has provided an excellent opportunity to examine, from a multilateral perspective, China's trade policies and practices and their impact on the trading system. I thank Vice Minister Yi Xiaozhun and his delegation, together with the discussant, Ambassador Swärd-Capra of Sweden, and members of the Trade Policy Review Body for contributing to our exchange of views. China's response to a large number of questions is also much appreciated.



At a time of heightened trade tensions around the world as governments manage the economic consequences of last year's global recession and 12 per cent drop in world trade flows, this Trade Policy Review (TPR) of China has highlighted the valuable role that the WTO's TPR Mechanism plays by increasing transparency, encouraging consultation and cooperation among WTO members, and helping to avoid misunderstandings.

Members commended China's constructive role in the WTO and noted that a well-functioning multilateral trading system has helped China to sustain its economic growth and development. Its dependence for many years on export-led growth, particularly in manufactured goods, left it vulnerable to the effects of global recession. The Government's response of expansionary fiscal and monetary policies, including a Y 4 trillion stimulus package, helped China's economic growth to rebound in 2009 and made an important contribution to global recovery elsewhere, particularly in the Asia region. Members welcomed China's constructive role in resisting protectionist pressures and instead boosting global demand during the recent economic downturn.

The global economic crisis has reinforced China's determination to correct imbalances in its economy, including through structural diversification, improving the functioning of the domestic capital market, and strengthening social safety nets for the population. Looking ahead, as the Government pursues policies to increase the role of domestic demand in underwriting China's growth and to encourage the expansion of the services sector, further liberalization of the trade and investment regimes is called for to foster competition and achieve more efficient allocation of resources in the economy.

Members appreciated China's efforts to enhance domestic transparency, and welcomed China's ongoing efforts to review, revise, and amend its trade and related laws. Nevertheless, certain aspects of China's legislation and the regulatory process remain complex and unclear. Examples include some provisions in the recent Anti-Monopoly Law, concerning "national security reviews", mergers and acquisitions, and the balance between IPR [intellectual property rights] protection and competition.

Members noted that China has continued the gradual liberalization of its international trade and investment regime. It was mentioned that progress towards market liberalization has shown signs of slowing down, and China was urged to give a new impetus to its reform programme. Members urged China to continue its trade and investment liberalization, particularly in the areas of government procurement, export restrictions, standards and technical regulations, and services.

Members remarked on the fact that all China's tariff lines are bound and that the relatively low applied MFN [most-favoured nation] rates are close to bound MFN rates, thereby providing a high degree of predictability to its tariff. However, the applied MFN tariff contains 60 different ad valorem rates, and China was urged to simplify its tariff.

Members remain concerned about regulatory and other barriers to trade and investment, especially customs procedures, import prohibitions, and licensing. Concerns were raised about China's trade remedy activities, which are assuming increasing importance.

China was asked to clarify the procedure it follows to make its voluntary standards mandatory; it was noted that less than half of China's national standards correspond to international standards. Concerns were also raised about China's technical regulations, including its use of a Compulsory Certification Scheme. China was urged to follow more closely recommendations from international organizations on SPS [sanitary and phytosanitary] measures.

Members were also concerned about China's indigenous innovation initiative and 'Buy China' policies in the government procurement framework. Many expressed their willingness to work with China to facilitate its accession to the WTO Agreement on Government Procurement.

Members remained concerned over certain aspects of China's export regime, notably restrictions, licensing, quotas, export taxes, and partial VAT rebates. Its export barriers have not been falling at the same pace as its import barriers and could potentially distort markets. Members welcomed China's consideration of suitable internal measures, rather

Implementation and monitoring



Members noted that a well-functioning multilateral trading system had helped China to sustain its economic growth and development.

than trade measures, to conserve natural resources, save energy and protect the environment. In this regard, members asked China to provide details of plans to levy a tax on its natural resources. Some were particularly concerned with the export-related subsidy programmes run by local governments; they also urged China to ensure that officially supported export credits do not distort trade. In addition, members urged China to submit new notifications regarding its subsidies.

Concerns were raised about China's industrial policies that entail government intervention in certain sectors, particularly manufacturing, and that have been used to guide resource allocation with resulting overcapacity in several industries.

Members considered that, despite China's continued efforts, the enforcement of intellectual property rights remains insufficient, and some aspects of IPR [intellectual property rights] protection remain complex.

Concerns were raised about border measures and production subsidy programmes affecting imports of agricultural products. Members were also concerned about entry barriers to the energy sector and called for more market-oriented energy pricing.

With regard to services, Members complimented China on its unilateral relaxation of restrictions on FDI [foreign direct investment]. Members encouraged China to further liberalize its services, especially banking, insurance, electronic payment systems, telecommunications, express delivery and legal services. Moreover, the central Government has been delegating licensing authority to local governments for the establishment and modification of operations of some foreign-invested enterprises (FIEs). Members noted that there were still areas to be improved, such as limits on foreign investment in some sectors and private-sector activities.

Members expressed their appreciation to China for offering special preferential tariffs for imports from 41 LDCs [least-developed countries] and for China's involvement in South-South cooperation more generally. They encouraged China to offer duty-free quota-free access to all 49 LDCs identified by the United Nations.

China considers regional/bilateral trading agreements (RTAs) as a necessary supplement to multilateral trade liberalization; members expressed the hope that RTAs would not diminish China's commitment to the multilateral trading system.

This third review has been very useful in providing us with a better understanding and an update of China's trade policies and practices. I would once again like to thank the Chinese delegation for its constructive efforts in preparing for and participating in this meeting. I appreciate the participation of a large delegation representing different ministries and agencies across broad areas of responsibilities.

I wish to congratulate China for its impressive economic performance, to become the world's largest exporter and the second-largest importer. I would also like to thank the discussant for her insightful and thoughtful comments, and members for contributing to what has been a very extensive and informative two days of discussions. We look forward to receiving within the next month China's responses to the remaining questions, including those outstanding from its second review.'

Malawi

'This second TPR of Malawi has allowed us to take stock of Malawi's trade policies and economic reforms since 2002 and its priorities for the future. I would like to thank Permanent Secretary Kumwembe and his delegation for the hard work that went into the preparation of this review and the timely response to the questions that were raised by members. I am also grateful to our discussant, Dr. Zhang of China, for his thoughtful observations on Malawi's trade policy and development.

Members commended Malawi for its impressive economic performance in recent years. GDP growth has averaged nearly 6 per cent during 2003-08 and reached 7.7 per cent in 2009, the impact of the global financial crisis notwithstanding. Other achievements include a significant reduction of Malawi's external debt; inflation has been curbed to single-digit levels; the proportion of the population living on less than a dollar a day



declined from nearly 54 per cent in 1998 to 40 per cent in 2007; and there was a steady increase of FDI [foreign direct investment] until 2008. Great efforts have been made to diversify production, for example through mining projects, to help broaden Malawi's narrow export base. It was noted that Malawi's economic performance remains vulnerable to exogenous factors, notably the weather and terms of trade shocks.

Members appreciated that Malawi has remained on the path of reform and has not retreated from its open policy stance despite the global financial crisis. Since its last review, it has undertaken a range of reforms, including on customs procedures, competition policy, government procurement and privatization of some state-owned enterprises. Members noted the administrative difficulties foreign investors occasionally had in Malawi and encouraged Malawi to further reduce the cost of doing business in the country. It was also noted that Malawi needs to continue modernizing its trade-related legislation to align it with WTO obligations, as well as international best practices. For my part, it is encouraging to hear that a comprehensive review of commercial and trade-related laws is under way and that a number of reform bills are in the pipeline.

Two general trade policy issues stood out in the review. First, the tariff regime. Members noted that Malawi's tariff is encumbered with numerous exemptions, which makes it complex. They encouraged Malawi to simplify its tariff regime to reduce administrative costs and promote economic efficiency. Members appreciated that the Malawi Government is committed to that goal. Second, the vital role of trade facilitation was highlighted to reduce the cost of trading across borders.

Members sought further clarification from Malawi regarding customs procedures; SPS [sanitary and phytosanitary] requirements; a preference scheme in government procurement; the incentives regime; the competition framework; intellectual property rights; and privatization of state-owned enterprises. Concerns were raised regarding Malawi's record of fulfilling its WTO notification obligations, which are important to ensure the transparency of its trading regime.

On agriculture, it was recognized that Malawi has made significant progress towards achieving food security, while difficult policy decisions and development challenges remain, such as striking the right balance between expenditures for fertilizer subsidies and longer-term investments in agriculture. As cotton is one of Malawi's major export products and appears to have growth potential, members called for a solution to the trade and development aspects of cotton within the DDA. Questions were also raised regarding the tobacco industry and the agricultural marketing system.

On energy, members sought clarification from Malawi regarding measures to address the chronic shortfall in electricity, and plans to link up its transmission network with the regional power grid.

On services, members commended Malawi for the broad scope of specific commitments it has undertaken under the GATS [General Agreement on Trade in Services]. Further clarification was sought regarding financial services; telecom services; the regulation of professional services; and transport services. Malawi informed members about projects to improve the transport infrastructure, including a large waterway project to the Indian Ocean.

This review was the first time a comprehensive chapter on Aid for Trade has been included in a Trade Policy Review. Development assistance is an essential source of financing for the Malawian economy, and in particular for the Government's budget. Key is further mainstreaming of trade into Malawi's next national development strategy and donor alignment around these objectives, both processes with which the Enhanced Integrated Framework can assist. Members' statements on ongoing and future support were encouraging in this regard. I hope that by the time of the next review we will be able to report that domestic and foreign investment has overtaken donor assistance as the main source of development finance for the country. To repeat the insightful reflection of our discussant, Dr. Zhang: "the main aim of Aid for Trade must be to support Malawi achieve self sustained economic growth".

Implementation and monitoring



Members recognized that Malawi has made significant progress towards achieving food security.



Members congratulated Chinese Taipei on its successful outward-oriented development strategy which had brought about economic growth and prosperity.

In conclusion, I believe that the second review has been very useful in providing us with a better understanding of Malawi's trade policies and practices, and of the challenges that lie ahead. I thank the Malawi delegation for having taken this review very seriously and for its submission on the "nine key priority areas" of Malawi's future development policy. I hope that Malawi will reflect on the policy recommendations arising from this review exercise and pursue its reforms with a view to enhancing the transparency and predictability of its trade regime. Members could help by keeping their markets open for products and services of interest to Malawi.'

Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu

'This second Trade Policy Review of Chinese Taipei has enabled us to improve our understanding of recent developments in its trade and related policies, and the challenges it now faces. Our discussion has clearly benefited from the active participation of the Chinese Taipei delegation, led by Mr. Sheng-Chung Lin, Deputy Minister of Economic Affairs, as well as from the contribution of our discussant, Mr. John Clarke, Chargé d'Affaires of the EU [European Union], and the numerous interventions by members. Chinese Taipei's prompt response to the large number of questions was very much appreciated.

Members congratulated Chinese Taipei on its successful outward-oriented development strategy, which had brought about economic growth and thus prosperity. They praised Chinese Taipei for avoiding protectionist measures in response to the recent economic downturn caused by the global financial crisis. Members commended Chinese Taipei for responding appropriately by implementing fiscal and monetary stimulus. They welcomed the economy's strong recovery already under way in 2010. Members also acknowledged Chinese Taipei's generally open trade and investment regime, and welcomed its pursuit of further trade liberalization during the review period, particularly in the services sector, as well as its achievements in the areas of regulatory reform and transparency.

Members noted that Chinese Taipei remains heavily dependent on a few manufactured exports and that this left it vulnerable to sharp contractions in global demand, such as had occurred in 2008-09. They were interested in knowing how Chinese Taipei intends to diversify its economy and promote the development of the services sector and high-tech manufacturing as the new engines of economic growth. Members were also interested to hear from Chinese Taipei of any plans it might have for further structural reforms aimed, for example, at focusing more on domestic demand, stepping up privatization and improving the investment climate, so as to ensure sustained growth.

Members commended Chinese Taipei for, and sought more information on, the recently concluded Economic Cooperation Framework Agreement (ECFA) with China. They applauded Chinese Taipei's active participation in WTO work and in furthering the ongoing multilateral trade negotiations agenda in many areas. Members were also pleased with Chinese Taipei's continuous efforts to align its trade policies to WTO commitments, particularly its recent accession to the Government Procurement Agreement. Members encouraged Chinese Taipei to make commitments commensurate with its current level of development in line with its WTO accession undertakings. Members expressed their appreciation of Chinese Taipei's work and support in the areas of aid for trade, trade facilitation and trade-related technical assistance.

While acknowledging Chinese Taipei's open trade regime, members noted the lack of tariff reductions during the review period as well as the complex tariff structure and high rates on certain agricultural products. They encouraged improvements in this area. Members expressed concern over, inter alia, the low and falling share of domestic standards aligned to international standards. Members raised questions on Chinese Taipei's SPS [sanitary and phytosanitary] regime. They commended improved protection of intellectual property rights; nevertheless, some urged Chinese Taipei to step up its enforcement efforts in certain areas such as internet piracy, illegal text copying, and counterfeit pharmaceuticals.

Members noted that, against the background of continuing liberalization in other sectors, and despite its minor role in Chinese Taipei's economy, agriculture continues to receive significant protection in the form of high tariffs, mostly non-ad valorem, which tend to conceal relatively high rates of protection, tariff-rate quotas, special safeguard measures



and several domestic support measures. In this respect, members urged Chinese Taipei to step up efforts to further liberalize its agriculture sector by, inter alia, simplifying the tariff and making it more transparent by using ad valorem rates, and reducing trade-distorting support measures. Members also encouraged Chinese Taipei to introduce stronger disciplines in the area of fisheries subsidies, including the elimination of those subsidies that contribute to over-fishing. As regards the manufacturing sector, members enquired about the specific nature of the incentives provided under the recently enacted Statute for Industrial Innovation.

Members acknowledged Chinese Taipei's continued steps during the review period to liberalize trade in services and improve the sector's regulatory framework. Nonetheless, they noted that several informal barriers and investment restrictions were still in place in certain subsectors, while in others government intervention remained substantial. Hence, members encouraged Chinese Taipei to undertake further liberalization in areas such as financial services, telecommunications, and transport services, and to incorporate unilateral liberalization measures already undertaken into future offers in the services negotiations. Members also enquired about Chinese Taipei's strategy to increase the competitiveness of its services, and about concrete plans to develop healthcare as well as cultural services. Members invited Chinese Taipei to review remaining restrictions in areas such as qualification and licensing requirements.

This successfully concludes our second review of Chinese Taipei. The large number of advance questions and the many interventions indicate the important role Chinese Taipei plays at the WTO. I would once again like to thank the Chinese Taipei delegation for their efforts, the discussant for his comments, and members for contributing to what has been a very enlightening two days of discussions.'

The Gambia

'This second review of The Gambia has allowed the TPRB to assess developments in the country's trade and related policies since 2004 and its future priorities. I would like to thank Minister Kah and all his delegation for their hard work in preparing for the review and their excellent cooperation with the WTO team. I am also grateful to our discussant, Ambassador Servansing of Mauritius, for his perceptive observations.

The Gambia has experienced rapid economic growth in recent years, with GDP increasing by an average of over 6 per cent during 2004-08. The impact of the global financial crisis was felt in 2009, but data indicate recovery in 2010. Nevertheless, The Gambia still has an extremely narrow undiversified production and export base. Foreign debt remains high and sectoral performance, particularly in tourism, remains vulnerable to external developments. Members posed questions about The Gambia's overall economic policy, economic transformation objectives, and poverty reduction strategy; its trade policy action programme; progress in tax reforms; regional relationships; and access to markets under provisions related to least-developed countries.

Members commended The Gambia on structural reforms introduced since the last review. These include full adoption of the ECOWAS [Economic Community of West African States] common tariff; adoption of a new Customs and Excise Act incorporating WTO provisions; a new investment law; competition, fisheries, food standards and intellectual property laws. As noted by the discussant, The Gambia had also undertaken significant fiscal reforms. Members asked questions relating to the completion of the ECOWAS CET [common external tariff] with a fifth band at 35 per cent, the principles underlying the new Customs and Excise Act, provisions of the Gambia Investment and Export Promotion Agency (GIEPA) Act, and on specific areas such as differential application of excise duties, application of sales and environmental taxes, anti-dumping and countervailing provisions, import restrictions, food standards policy, application of sanitary and phytosanitary certification, export duties and intellectual property issues.

Members noted that agriculture and fisheries are underperforming, with serious quality assurance and SPS [sanitary and phytosanitary] problems. Manufacturing is marginal and limited to the domestic market. Members asked questions relating to the groundnut and fisheries sectors, policy towards micro, small and medium-sized industries, mineral exploitation, extension of tourism policy towards new markets, tendering procedures for road infrastructure developments, and possible revitalization of river transport.

Human and infrastructural capacity building remains one key aspect in the development of The Gambia's trade and related policies. The Gambia was a beneficiary of the Integrated Framework from its launch in 1997, and accessed funding under the Enhanced Integrated Framework (EIF) Trust Fund in 2009. It has also benefited from a wide range of WTO trade related technical assistance activities. I understand that the delegation is using this visit to Geneva to discuss EIF and Aid for Trade issues with the Secretariat and members, and I hope these efforts will bear fruit.

In conclusion, I believe that this review has given us a constructive update on the changes in The Gambia's legislation and trade practices and the challenges that lie ahead. I should like once again to thank the Government of The Gambia, through Minister Kah, for its full-hearted participation in the review and comprehensive replies to the written questions. I hope that The Gambia and other members of the WTO will continue to work closely together to mainstream trade policy into the country's development strategy, and that appropriate steps can be taken via the EIF and other WTO related facilities to do so.'

Honduras

'The Chairperson said that the second TPR of Honduras had given members a better understanding of Honduras's trade policies and practices, of their evolution since its first TPR in 2003, and of their outlook. The reports by Honduras and the Secretariat, and the responses of the delegation of Honduras to the questions by members, had served as a valuable resource and had made a significant contribution to transparency. The high quality of the review was attributable to the participation of the Honduran delegation, led by H.E. Ambassador Melvin Redondo.

Honduras had been praised by WTO members for its positive economic performance over the period under review, with strong economic growth and key achievements in substantially reducing its inflation rate, fiscal deficit and external debt burden. Members had encouraged Honduras towards further market liberalization. They had noted that Honduras's economic performance remained highly vulnerable to shocks, as experienced in 2009 by the contraction in its GDP growth rate, and urged Honduras to continue its structural and trade reforms so as to strengthen its resilience to shocks, reduce widespread poverty and achieve social progress. The reforms initiated by the Honduran Government, together with increased investment in infrastructure and in human capital, would help to further diversify the economy and increase its competitiveness. Members had enquired about future initiatives to eliminate remaining restrictions to foreign investment and improve its business environment.

Members had appreciated Honduras's strong commitment to the multilateral trading system, including the DDA [Doha Development Agenda]. Nonetheless, they had indicated that Honduras' key goal was to consolidate the CACM [Central American Common Market], and that other regional and bilateral initiatives were an increasingly important element of Honduras's trade policy; Members expected that they would complement Honduras's commitments in the multilateral trading system. Members had expressed appreciation for the steps taken by Honduras recently to further streamline its trade regime in areas such as SPS [sanitary and phytosanitary] and TBT [technical barriers to trade], competition policy and government procurement. Members had raised questions regarding the procedures to develop technical regulations and sanitary requirements, while others had also noted that, for a handful of products, applied tariffs exceeded bound levels. Honduras had indicated that that was due to a transposition of tariff nomenclature and that the necessary corrections would be made as soon as possible. Honduras was encouraged to lower its bindings in the context of the DDA, as well as to complete its WTO notification commitments.

On sectoral issues, members had noted that the agricultural sector remained supported, including through relatively high tariffs and a price band system. They had also asked Honduras about the steps to be taken to address inefficiencies in the manufacturing sector, which continued to benefit from incentives provided under the different export promotion regimes. Members had indicated that further liberalization of services might improve the efficiency of Honduras's economy and the competitiveness of its exports, especially by reducing costs related to financial services, telecommunications and transport. Members had also encouraged Honduras to increase its GATS [General Agreement on Trade in Services] commitments to reflect the applied regime, which was considerably more liberal.



Members had sought clarification on a number of issues, notably: customs procedures and valuation; rules of origin; internal taxation; import licensing, permits and prohibitions; contingency trade remedies; free zones; and protection of intellectual property rights.

The delegation of Honduras had provided written and oral answers to the questions posed during the review and had undertaken to supply replies in writing to any outstanding issues. The replies provided had made a considerable contribution to the review and members had clearly appreciated them.

In conclusion, members valued Honduras's efforts to improve its economic environment. As a small economy that was highly dependent on foreign trade, Honduras had a lot to gain from a free and open trade environment. He encouraged Honduras to continue improving its multilateral commitments, both on goods and services, with a view to further improving its transparency and predictability, and to integrate trade policy into its overall poverty reduction strategy. He also urged members to support Honduras's reforms by providing greater market access to its goods and services, as well as Aid for Trade and other assistance.'

United States

'This is the tenth Trade Policy Review of the United States and I would like to thank Deputy USTR [United States Trade Representative] Ambassador Michael Punke and his delegation for their constructive engagement in this meeting. I would also like to thank Ambassador Hiswani Harun of Malaysia for her excellent intervention as the discussant. The review was based on reports by the WTO Secretariat and the United States Government, both of which were appreciated by the delegates.

The period since the last Trade Policy Review of the United States in June 2008 has been dominated by financial crisis and, in 2009, economic recession on a global scale and a sharp and deep contraction of international trade. Prompt actions by the United States, through financial and macroeconomic policies to restore liquidity to its financial system and to boost domestic demand, have made an important contribution to global economic recovery. Delegations welcomed this, and remarked on the enormous importance of their trade and investment with the United States for their own economic growth and development prospects. Those prospects depend on the United States continuing to play its historical leadership role in fostering a strong, multilateral trading system, inter alia by maintaining and, if necessary, reinforcing its resistance to protectionist pressures that could derail global economic recovery, and by helping to bring the Doha Round to a successful conclusion, particularly its development dimension. Delegations were encouraged by President Obama's confirmation of the importance that the United States attaches to trade – both imports and exports – as vital avenues for economic growth and recovery and to completing negotiations under the DDA [Doha Development Agenda].

Delegations welcomed the fact that the United States remains one of the most transparent and open economies in the world. Import tariffs are low, and a significant proportion of imports enter the United States duty-free under zero-level MFN [most-favoured nation] tariffs or preference programmes. Nonetheless, it was also noted that significant tariff peaks remain in certain sectors, such as footwear, leather, textiles and clothing, and in agriculture where there is also a considerable number of non-ad valorem duties.

Some concerns were expressed about the restrictive effects of non-tariff measures applied by the United States on imports. Among those widely mentioned were certain TBT [technical barriers to trade] and SPS [sanitary and phytosanitary] measures that some delegations felt are unduly trade-restrictive. Several delegations encouraged the United States to make greater use of international standards in this regard.

A number of delegations commented on the importance for trade of policymakers maintaining a balance between, on the one hand, the understandable need to ensure physical security at national borders and, on the other hand, the implementation of measures to facilitate cross-border trade in goods and services. In that context, concerns were voiced about the significant increase in trade transaction costs that could result from more intensive border checks as well as measures such as the 10+2 advance

Implementation and monitoring



Delegations remarked on the enormous importance of their trade and investment with the United States for their own economic growth and development prospects.

information requirement and 100 per cent container scanning requirement. It was felt that more extensive reliance on risk-based strategies as well as closer cooperation between customs authorities have important roles to play in creating the necessary balance.

Several delegations drew attention to the trade-restrictive impact on their exports of anti-dumping and countervailing measures imposed by the United States. It was noted that the imposition of new trade remedy measures increased in the period under review, although the number of measures in force is not above the levels experienced in recent years. Nonetheless, concerns were expressed about procedural aspects of these measures, such as the continued use of the “zeroing” methodology, as well as the length of time some individual measures have been kept in place – over thirty years in certain cases – which some felt made them appear punitive rather than remedial in nature. We heard this morning a carefully crafted response on this point by Ambassador Punke, which I found very encouraging.

Several delegations expressed their continued concerns about trade-restrictive and distorting measures applied to support agricultural production in the United States, even though it was noted that this support is relatively low compared with some other OECD [Organization for Economic Cooperation and Development] countries. In addition to tariff rate quotas and tariff peaks on certain imported products, the 2008 Farm Bill continues to provide domestic support that is related to prices and, in many cases, to production as well, which will lead to subsidies rising again automatically as world prices fall from their current high levels.

On services, delegations repeated concerns they had raised in previous Trade Policy Reviews of the United States concerning maritime transport restrictions under the Jones Act, foreign ownership restrictions in air transport, and visa restrictions affecting the supply of Mode 4 services. Some delegations expressed concerns about the potential impact of the extensive support provided by the US to its financial services sector on competitiveness conditions for the sector globally.

Delegations welcomed the strong and prompt response by the United States to boost domestic demand following the financial crisis. While the extraordinary nature of this response was fully recognized, a number of delegations commented on the extent to which certain of its components favour domestic suppliers of goods and services, such as the “Buy American” requirements attached to government procurement programmes, and similar measures at the sub-federal level. Several expressed the hope that these measures will be only temporary and that they will not signal a change in direction of US trade policy beyond the period needed to implement crisis measures.

Delegations voiced concerns about the potential impact on trade flows of some aspects of the draft Foreign Manufacturers Legal Accountability Act. It was noted by the US delegation that this act is currently pending before Congress and that the Administration believes that the goal of consumer safety can be achieved without imposing undue burdens on foreign manufacturers.

It was noted that the WTO dispute settlement system is vital to maintaining the integrity and strength of the rules-based trading system, and that the United States has participated actively and extensively in dispute settlement proceedings as both complainant and respondent. Many delegations expressed concerns that, in some of these cases, full implementation of panel or Appellate Body rulings by the United States remains pending.

Delegations welcomed the United States' continuation of its preference programmes to support export growth and diversification in developing and least-developed countries, such as the GSP [Generalized System of Preferences], the African Growth and Opportunity Act and the Caribbean Basin Initiative. Nonetheless, it was noted that product exclusions and difficulties in meeting rules of origin in these programmes limited, for some, their potential beneficial impact on exports to the US market. Many welcomed the United States' contributions of trade-related development assistance and capacity building, including through the WTO Global Trust Fund and the Enhanced Integrated Framework.



The large number of questions tabled during this review indicates clearly the importance of the United States as a trading partner for most WTO Members. The US delegation is to be commended for giving comprehensive replies to so many questions with such short notice and members look forward to receiving the final responses before the end of October.

In closing, I would like to thank all delegations for this successful review of the trade policies of the United States.'

Benin, Burkina Faso and Mali

'This second joint review of Benin, Burkina Faso and Mali has allowed the TPRB to assess developments since 2004 in their trade and related policies, and to enquire about future priorities. I would like to thank Minister Diallo and the three delegations for their hard work in preparing for the review, their written replies to the questions, and their full and open participation in this meeting. I am also grateful to our discussant, Ambassador Wasescha of Switzerland, for his farsighted observations.

Benin, Burkina Faso and Mali have experienced positive economic growth since 2004, but at a moderate rate due to unstable weather conditions, rising world prices of oil and food, and the relatively modest foreign direct investment flows that are needed for their economic diversification. Noting that the three economies remain primarily dependent on agriculture, especially cotton, most members called for cuts in cotton subsidies that distort world markets. Questions were asked about initiatives to increase domestic food production so as to alleviate poverty, and about the low utilization of tariff preferences. Benin, Burkina Faso and Mali were urged to pursue their structural reforms, to adopt appropriate solutions to their energy crisis, and to further improve their business environments, with a view to attracting foreign investment. Further improvement of their GATS [General Agreement on Trade in Services] commitments, including on telecommunication services, would help.

Members commended Benin, Burkina Faso and Mali on their active participation in the WTO, despite their limited resources. The three countries are beneficiaries of the Enhanced Integrated Framework, and have benefited from a wide range of WTO trade-related technical assistance activities.

They are also members of the West African Economic and Monetary Union (WAEMU) and of the Economic Community of West African States (ECOWAS). Many rates of the WAEMU common external tariff exceed the WTO bound levels. The proposed introduction of an additional 35 per cent tariff band under ECOWAS would further aggravate the situation. Members therefore encouraged the three countries to take steps to meet their WTO tariff binding commitments.

Members expressed concern about slow and cumbersome border procedures, with transit, inspection, valuation and clearance subject to multiple charges and irregularities, and encouraged the three countries to implement a comprehensive trade facilitation programme, at both national and regional levels. Such efforts, particularly by Benin, would greatly assist its landlocked neighbours. Participants also noted inefficiencies and overlap in SPS [sanitary and phytosanitary] and other technical controls at borders, and considered that such controls could be made more efficient through increased regional coordination and harmonization. Questions were asked regarding the IPR [intellectual property rights] regimes and their enforcement.

In conclusion, I believe that this review has given us a comprehensive update on the changes that are taking place in Benin, Burkina Faso and Mali, and on the challenges that lie ahead. I understand that the WTO Secretariat is planning to undertake the next TPR of these three countries in conjunction with the other WAEMU members. I encourage Benin, Burkina Faso and Mali to continue working closely with other members of the WTO to integrate their trade policies into their development strategies, and ask members to take appropriate steps, including through Aid for Trade, to assist them.'

Implementation and monitoring



Members noted that Benin, Burkina Faso and Mali remain primarily dependent on agriculture, especially cotton.

Implementation and monitoring



Sri Lanka was praised by WTO members for its solid economic performance and for almost doubling its per capita GDP.

Sri Lanka

'This third Trade Policy Review has allowed us to understand better the efforts undertaken by Sri Lanka to continue its economic reform process, keeping overall an open approach to trade and investment, notwithstanding important domestic and external challenges. Our discussions have benefited from the participation of Mr. Tilak Collure, Secretary in the Ministry of Industry and Commerce, Mr. Gomi Senadhira, Director General of Commerce, Ambassador Silva, Permanent Representative to the WTO, and their delegation from Colombo and Geneva. We thank Ambassador Tan for her valuable contribution as a discussant, and members for their constructive engagement in this review.

Sri Lanka was praised by WTO members for its solid economic performance over the period under review, despite the internal strife, the global economic crisis, and a major natural disaster. In particular, members commended Sri Lanka for almost doubling its per capita GDP during the review period. Members encouraged Sri Lanka to build on the return to peace and stability in order to deepen the reform process so as to achieve sustainable economic growth and development and further improve the living standards of its population.

While noting that Sri Lanka had weathered the effects of the global financial crisis relatively well, members highlighted the importance of addressing some remaining challenges, including public finance consolidation, a comprehensive tax reform, the restructuring of state-owned enterprises, deepening regulatory reform, including competition policy, and improving the business environment. Members welcomed the fact that Sri Lanka had mainstreamed trade policy in its development strategy and encouraged it to step up efforts to diversify export products and markets. In this connection, it was noted that export diversification was one of the areas identified by Sri Lanka for aid-for-trade assistance.

Members noted that Sri Lanka's trade and investment regime is generally open. It was also noted that Sri Lanka's trade policy relies mainly on the use of price-based measures, while resort to non-tariff measures is relatively limited. Members commended Sri Lanka for lowering tariffs and eliminating a 15 per cent tariff surcharge in June 2010. However, they noted that the current average MFN [most-favoured nation] tariff was higher than in the previous review. Members also expressed concern regarding the large number of charges and taxes on imports still in place, which resulted in high border protection and added complexity to the trade regime. Members were concerned about some 103 tariff lines that exceeded their bound rates; Sri Lanka was also invited to increase the scope of its tariff bindings in the WTO.

While acknowledging that Sri Lanka had started implementation of the WTO Customs Valuation Agreement during the review period, some members were worried that national legislation allowed for the discretionary use of minimum values. Members sought further clarification on Sri Lanka's regulatory framework for sanitary and phytosanitary measures as well as on technical regulations that apply to about 100 tariff lines including some agricultural products.

Members questioned the rationale for granting tax concessions contingent upon export targets, and encouraged Sri Lanka to streamline its investment incentive regime. Members noted Sri Lanka's use of domestic preferences in government procurement practices and encouraged Sri Lanka to consider the benefits of joining the WTO Government Procurement Agreement. They also encouraged Sri Lanka to step up enforcement of intellectual property rights and to adopt competition policy legislation.

Acknowledging the importance of agriculture for Sri Lanka's economy, members recommended further efforts to reduce import protection, rationalize domestic support, and implement a more consistent trade policy so as to improve resource allocation and enhance productivity in agriculture.

Members recognized Sri Lanka's liberalization efforts in a number of services activities, in particular in financial services and telecommunications, which had led to market expansion and increased competition. However they noted that the state retained a strong presence in some areas, including transport, infrastructure and banking. Members thus encouraged Sri Lanka to renew efforts to advance regulatory reform, increase private sector participation and establish a level playing field for new entrants.



Let me conclude this review by congratulating Sri Lanka for its accomplishments during the last few years, including high economic growth and improvements in living standards, and keeping a generally open trade regime amidst difficult circumstances. The Trade Policy Review Body encourages Sri Lanka to continue on this path and address the remaining challenges identified in this review. The interesting questions raised and the many interventions indicate members' interest in Sri Lanka's trade policy and, by the same token, the comprehensive answers provided by Sri Lanka are a reflection of the importance it attaches to the multilateral trading system, as expressed by Mr. Collure in his opening statement yesterday. I would once again like to thank the Sri Lankan delegation for their efforts, the discussant for her comments, and members for contributing to what has been a very enlightening two days of discussions.'

Belize

'This is the second Trade Policy Review of Belize and I would like to thank the Government of Belize and the Secretariat for their reports and Deputy Permanent Representative Counsellor Declan Morrin of Ireland for his remarks as discussant, all of which gave us a good basis for the review. In addition, the active participation of the delegation from Belize, headed by Mrs. Orla Kantum Coleman, was much appreciated, particularly given the difficult circumstances caused by Hurricane Richard that prevented Minister Elrington from attending this meeting.

From the Government and Secretariat reports, and the statements and questions from members, it is clear that Belize faces a large number of challenges and, with a small open economy, is at risk from external shocks – both economic and environmental. Members were particularly interested in the remarks made by Mrs. Coleman in her intervention when she listed the hurricanes, storms and tropical depressions that have affected Belize over the past few years, and the cost of these events in human and financial terms. The global financial crisis that started in 2008 also had a severe impact on Belize, where it affected foreign investment, tourism and foreign remittances – all of which are important for the balance of payments and help overcome the large deficit in trade in goods.

Other external factors have also had an impact on Belize and its trade. The wide fluctuations in commodity prices over the past few years, particularly in food and fuel, have contributed to the increase in the trade deficit. Belize has taken considerable strides to improve productivity in agriculture production, where the erosion of preferences for traditional exports has reduced the value of trade. As Mrs. Coleman stated, as one challenge is dealt with another arrives. The positive effect on the citrus fruit industry of the eradication of Mediterranean fruit fly followed by problems associated with the arrival of citrus greening is another example. Other countries face similar problems but, with a small economy and limited resources, these problems are particularly severe for Belize.

Domestic factors also have important effects on the economy of Belize and limit the policy options available to the authorities to address unemployment and poverty. High levels of foreign debt and dependence on concessional borrowing from international organizations do not leave much room for fiscal policy flexibility. At the same time, the fixed link between the Belize dollar and the US dollar has many benefits. It does however limit the scope for monetary policy.

Despite the constraints on domestic policymaking, Belize has made real progress towards reducing its exposure to external shocks by diversifying the economy away from dependence on exports of a narrow range of agriculture products that rely on preferential access to a small number of export markets. The diversification strategy has been helped by the discovery of oil. It was also noted that, although oil represents 40 per cent of foreign exchange earnings, its impact on the rest of the economy and on employment has been limited compared to what the export statistics imply.

The importance of the services sector to the overall economy and to most people in Belize has been increasing as both tourism and financial services have noticeably grown since the last Trade Policy Review. The emphasis given by the authorities to the regulation of the international financial services industry has been noted as an important feature of the sustainable development of the industry. Diversification has not been limited to the expansion of the services sector, as agriculture exports have diversified to include papaya, maize, rice and other products.

The Government and the Secretariat reports, as well as discussant and delegations, were in total convergence on the potential for growth in Belize. Without wishing to downplay the size and importance of the constraints facing the country, there is considerable potential for growth in agriculture, where only a small proportion of suitable land is being used for farming, and in tourism where Belize has the second biggest coral reef in the world, ancient ruins and unspoilt tropical forests, all within a short flight from some major markets. Belize is also in the unique position of being the only CARICOM [Caribbean Community] country in Central America with many people fluent in both English and Spanish, and it could play a leading role in improving inter-regional integration – including through the CARICOM-SICA [Central American Integration System] trade negotiations.

From the statements by the discussant and delegations, it appears that there is scope for Belize to improve the climate for foreign investment and trade through domestic reforms. Delegations noted the use of non-automatic import licenses and the complex, and sometimes contradictory, set of policies affecting the trade regime. The current programme to streamline import procedures is a significant step forward but further progress in other areas would also help to improve efficiency and predictability. In addition, delegations noted that some taxes are applied to imports but not to domestic production and suggested that this should be amended so imported and domestic products are treated equally. On the other hand, the progress being made in some areas, such as in removing stamp duty, was commended.

In addition to policies that directly influence trade, it was pointed out that reform in areas like competition policy could also help to bring down the cost of doing business as they could lead to lower costs for telecommunications and port charges.

Delegations referred to the absence of notifications by Belize, notably in the area of technical barriers to trade, and urged Belize to make greater efforts towards improving its record for notifications. Improving notifications is essential for the work of the WTO committees and the monitoring of compliance with commitments.

Finally, delegations stressed the importance of trade facilitation and Aid for Trade, and pointed out that they have provided funding for activities in these areas. The mainstreaming of trade into development policies and the development by Belize of a trade strategy indicate the importance the authorities attach to trade as part of the development of the country. From the report by the Government of Belize and its answers to questions by delegations, Belize has demonstrated the importance of trade policy to its development.'

Papua New Guinea

'This second Trade Policy Review of Papua New Guinea has helped us improve our understanding of PNG's recent achievements, particularly as regards its trade and trade-related policies, and the challenges faced. Our discussion has clearly benefited from the active participation of the PNG delegation, led by Ambassador Peter Maginde, as well as from the contribution of our discussant, Mr. Atsuyuki Oike, Minister and Deputy Permanent Representative of Japan, and members' interventions. PNG's prompt response to the questions was very much appreciated.

Members complimented PNG on its prudent macroeconomic policies and structural reforms, which helped it to achieve reasonably strong rates of economic growth, notwithstanding the global financial crisis. They recognized that the economy has become more outward-oriented owing to structural reforms, including trade liberalization, and that PNG's foreign investment regime generally remains open. Members commended PNG on major structural reforms, including the Tariff Reduction Programme, which resulted in the simple average applied MFN [most-favoured nation] tariff rate falling from 20.5 per cent in 1999 to 5.1 per cent in 2006, and recent liberalization of telecommunications. However, members noted that, in some important areas, reforms appear to have either waned or been slow.

Accordingly, members welcomed Government plans to formulate and implement a comprehensive trade policy with a view to reducing PNG's heavy reliance on mineral resources and diversifying its economy. At the same time, they enquired how such a policy might address the major economic challenge posed by the so-called 'Dutch disease', which could have far-reaching implications for such a trade policy. More specifically, the kina's appreciation, owing to large inward foreign direct investment (FDI)



in LNG [liquefied natural gas] and other projects associated with the expected mining boom, would tend to reduce the competitiveness of import-competing activities and traditional exports, thus possibly jeopardizing efforts to diversify the economy.

Members also raised concerns or sought clarification in a number of areas, notably: the lack of notifications, which undermines the transparency of trade policy; remaining tariff barriers as regards food processing, for example, despite the Tariff Reduction Programme, and the fact that some applied MFN tariffs exceeded bound rates; the sanitary and phytosanitary (SPS) regime; measures to encourage FDI; improved protection of intellectual property rights (IPRs); and policies aimed at improving essential infrastructure, especially electricity, telecommunications and transport, much of which is operated by state-owned, including monopoly, enterprises.

Clearly, PNG faces a number of challenges in formulating and implementing the trade and trade-related policies necessary to achieve its developmental goals. Members can help PNG to meet these challenges by providing technical assistance to help PNG formulate and implement key reforms. In this regard, PNG requested assistance in a number of areas, such as institutional capacity building, trade facilitation, small and medium-sized enterprises, technical barriers to trade, IPRs, fishing and tourism. Members can also help by opening their markets further to exports from PNG (as well as from other small vulnerable economies) by successfully concluding the DDA [Doha Development Agenda] negotiations.

This concludes our second review of Papua New Guinea. Once again, I thank the PNG delegation for its participation, the discussant for his insightful comments, and members for contributing to what has been a very enlightening two days of discussions.'

Democratic Republic of the Congo

'This first review of the Democratic Republic of the Congo (DRC) has enabled a better understanding of its economic environment, its trade policies and practices, and the challenges it faces. Our dialogue has been stimulated by the full and open engagement of the delegation of the DRC, led by Mr. Albert Kwete Minga Bope, Secretary General of Trade, and the perceptive contribution of our discussant, H.E. Mr. Jean Feyder.

Members commended the DRC on its macroeconomic and structural, including trade, reform efforts that have contributed to the overall positive performance of its economy; its ongoing recovery from its socio-political crises; and reductions of its debt under the Heavily Indebted Poor Countries (HIPC) initiative. However, poor infrastructure, inaccessible and expensive financial services, inefficient state-owned enterprises, a large number of duties and disproportionate fees charged by several non-coordinated institutions, and poor governance, characterized by, inter alia, burdensome administrative mechanisms and corruption as witnessed by both Transparency International and World Bank Doing Business indicators, undermine the competitiveness of the economy and its growth prospects. The DRC was encouraged to pursue its reforms with a view to strengthening the fundamentals of its economy, and making its business environment conducive to the foreign direct investment needed to exploit its large potential, diversify its economy and alleviate poverty.

Members appreciated the commitment of the DRC to the multilateral trading system, but expressed concerns about the possibility of conflicting commitments due to its participation in almost all regional trade agreements in Central, Eastern, and Southern Africa. They noted that supply-side constraints are a main impediment to utilization of trade preferences by the DRC.

The DRC applies a tariff with a relatively simple structure, but has bound it at ceiling rates. In addition, despite their binding at zero, various other duties and charges apply to international trade and aggravate the costs of doing business. The pre-shipment inspection requirement for imports and lengthy import procedures, including licensing, further complicate the trade regime. The DRC has been encouraged to fully meet its notification obligation and implement the customs valuation agreement of the WTO, to dismantle its other duties and charges on both imports and exports, and to reduce its bound tariff rates, with a view to meeting its multilateral commitments, and improving the predictability of its tariff regime and the competitiveness of its products.

Implementation and monitoring



The Democratic Republic of the Congo was encouraged to pursue its reforms, with a view to making its business environment conducive to the foreign direct investment needed to exploit its potential, diversify its economy and alleviate poverty.



Hong Kong, China has developed the economy's potential through open trade.

Further clarification was sought about a number of issues, notably technical barriers to trade, SPS [sanitary and phytosanitary] measures, government procurement, shortcomings in the protection of intellectual property rights, and financial services.

Members expressed their appreciation for the replies to their questions as provided by the delegation of the DRC.

In conclusion, members encouraged the DRC to improve its economic environment and to enhance the predictability and credibility of its trade regime by expanding the scope and improving its WTO commitments on goods and services. Such initiatives, together with further structural reforms, would contribute to attracting the foreign direct investment needed for the development of the economy and poverty alleviation. Trading partners could support these efforts by keeping their markets open to goods and services of interest to the DRC, and by providing appropriate technical assistance.'

Hong Kong, China

'This is the sixth TPR of Hong Kong, China, which has given us a much better understanding of recent trade policy developments in Hong Kong, China. Our discussions have benefited from the participation of Mr. Martin Glass and his delegation. I would also like to thank our discussant Ambassador Eduardo Muñoz Gómez for his insightful analysis and reflections.

Members praised Hong Kong, China for remaining one of the most open and liberal economies in the world, and for its strong commitment to the multilateral trading system and its continuous readiness to explore new market opportunities around the world. Some considered it exemplary how Hong Kong, China has developed the economy's potential through open trade. Some members commended Hong Kong, China for its speedy and efficient customs procedures.

Members congratulated Hong Kong, China for its relatively quick economic recovery from the global economic crisis, based on sound economic fundamentals, as well as prudent regulation of its financial markets. Hong Kong, China noted that it has introduced a statutory minimum wage to protect low-income workers and is preparing legislative proposals to introduce a corporate rescue regime. While members recognized the economic challenges arising from the global financial crisis and increasing regional competition, which have prompted the Government of Hong Kong, China to promote the development of six new industries, it was reassuring to hear that the Government does not intend to pick winners.

Members welcomed the steps that Hong Kong, China has taken towards establishing a legal framework of competition rules that apply across all sectors of the economy, to promote a level playing field among all economic operators. Member sought further clarification regarding the scope of the pending competition bill and some concern was raised regarding potential exemptions of certain economic operators.

All of Hong Kong, China's applied MFN [most-favoured nation] tariffs are zero and its constitutional document, the Basic Law, guarantees Hong Kong, China's status as a free port. Members noted, however, the relatively low share of tariff bindings in some sectors and encouraged Hong Kong, China to increase the coverage of its bindings in the context of the DDA [Doha Development Agenda] negotiations, to give greater certainty to exporting members. Members expressed the view that there might be room for further liberalization of the government procurement regime and improving the transparency of the tendering procedures.

Members noted the economic success of the elimination of excise duties for wine, which has turned Hong Kong, China into a major regional wine trading and distribution hub. They recommended extending such exemption to other spirits. Concern was raised about the costs and negative trade impact of the new requirements for nutritional labelling and Hong Kong, China was encouraged to undertake a review of this measure. Hong Kong, China noted that it has introduced a Small Volume Exemption Scheme under which many niche food products imported in small volumes would be exempted from the labelling requirements. Members recognized Hong Kong, China's efforts to further strengthen the protection and enforcement of intellectual property rights, and to address the problem of 'copy-name' companies that abuse trademarks or trade names.



Members sought clarification on several specific issues including the foreign investment regime, regional trade agreements, labour issues, customs procedures, excise duties, import licensing procedures, government procurement, SPS [sanitary and phytosanitary] and TBT [technical barriers to trade] measures, export controls on textiles, tax incentives, industrial estates, and intellectual property rights. Members also raised a number of questions on specific sectors of the economy, including agriculture, energy, financial services, telecommunications, transport, and tourism.

Members expressed their appreciation for the written responses and explanations provided by the Hong Kong, China delegation. We look forward to receiving written answers on outstanding questions within the next month.

This brings us to the conclusion of our review of Hong Kong, China. The large number of questions and the numerous interventions reflect the increasing importance that Members attach to Hong Kong, China as a trading partner. I would like to join other members by expressing my appreciation for the active role that Hong Kong, China, and Mr. Glass and his delegation have played in the WTO and in the DDA negotiations.¹



Background

In 2009 the WTO began regular monitoring of global trade developments, covering all trade and trade-related measures implemented by WTO members and observers. Initially launched in the context of the global financial and economic crisis, the monitoring exercise has become a regular function that further strengthens the transparency aims of the Trade Policy Review Mechanism by providing comprehensive information on recent trade policy changes. It is overseen by the Trade Policy Review Body (TPRB), which also conducts detailed reviews of members individually (see page 57).

Trade monitoring reports

Five comprehensive reports on global trade developments in 2010 were prepared by the WTO Secretariat on behalf of the Director-General. Three of these reports, covering trade and investment measures taken by the Group of 20 (G-20) economies, were prepared jointly with the Secretariats of the Organization for Economic Cooperation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD). The other two covered relevant measures taken by all WTO members and observers, and were discussed at TPRB meetings. The Director-General stressed at these meetings that the global crisis and the WTO's trade-monitoring exercise underlined the importance of increased transparency for the smooth functioning of the multilateral trading system.

The reports prepared during 2010 showed that, despite the depth of the global crisis and rising unemployment, WTO members and observers had by and large continued to resist domestic protectionist pressures and kept markets open. But the reports also warned of potential dangers in the near future because of persistently high levels of unemployment and tensions over foreign exchange rates. Although some governments imposed new trade-restricting or distorting measures during the year, in aggregate there was a slight decline in the number of these measures and in their trade coverage relative to the levels registered earlier in the year. There was also a marked increase in the number of new measures introduced to facilitate trade, especially by reducing or temporarily exempting import tariffs and by streamlining customs procedures.

A consolidated report covering the period November 2009 to mid-October 2010 was presented in the Director-General's Annual Report on the Overview of Developments in the International Trading Environment, published in November and discussed at the TPRB meeting in December. In that report, the Director-General called for increased vigilance to three potential dangers. The first concerned an increase in protectionist pressures generated by global imbalances, at a time when the political consensus in favour of open trade and investment was already under strain from stubbornly high levels of unemployment in many countries. He also cited the danger of a steady accumulation over time of measures that restrict or distort trade and investment, and the challenge of managing the trade and investment impacts of stimulus and bail-out measures taken in response to the crisis.

Transparency and surveillance

Transparency and surveillance of national trade policies are one of the pillars of the multilateral trading system, in addition to trade negotiations and dispute settlement. The strengthened surveillance provided by the regular monitoring of trade and trade-related measures during the crisis has not only enhanced transparency but helped governments, faced with scrutiny by their peers, to resist domestic protectionist pressures. It has thereby increased trust in the multilateral trading system.

According to the 2010 monitoring exercise, no WTO member retreated into widespread trade restriction, nor was there any significant instance of trade retaliation. Governments appeared to have learnt lessons from the past, with political leaders firmly rejecting a return to 'beggar-thy-neighbour' protectionism that had such disastrous consequences in the 1930s. Their response this time was a clear demonstration of the value and resilience of the rules-based multilateral trading system.



The role played by the WTO in helping to mitigate the impact of the crisis and providing increased transparency on trade policy developments was recognized by WTO members and observer governments, and welcomed by world leaders at their various summit meetings that addressed the crisis. In November 2010 the Director-General and the respective heads of the OECD and UNCTAD submitted a joint report on trade and investment developments to the Seoul Summit of the Group of 20, which brings together leading industrialized and developing countries.

Monitoring summary

World trade in 2010 recovered more strongly than output from its worst decline in many decades. The volume of trade grew annually by nearly 6 per cent on average between 2000 and 2007, before slowing to 2 per cent in 2008 and then falling by a record 12 per cent in 2009 in the wake of the global financial crisis. By July 2010, world trade volume had recovered roughly to its level of July 2008 and was close to its pre-crisis peak in April of that year. Notwithstanding signs of weaker growth in the second half of the year, the WTO forecast world trade volume growth of 13.5 per cent for 2010 as a whole. The economic recovery in 2010 was not strong enough to have a significant impact on persistently high levels of unemployment in many countries.

The monitoring exercise and individual Trade Policy Reviews during 2010 confirmed that governments continued to resist protectionist pressures and exercise restraint over the imposition of new trade restrictions. New trade-restrictive measures were indeed imposed during this year but at a somewhat slower rate than in 2009, and there was an encouraging increase in the number of new measures introduced to facilitate trade, especially by reducing or temporarily exempting import tariffs and by streamlining customs procedures. In the area of trade in services, some governments introduced significant changes to their foreign investment regimes in order to allow broader presence of foreign suppliers in various service sectors. Nonetheless, new restrictive measures introduced in the period between November 2009 and mid-October 2010 covered around 1.2 per cent of world imports, an increase over the level of 1 per cent recorded in the previous 12-month period. The sectors most affected by new trade restrictive measures in 2010 were base metals and products, machinery and mechanical appliances, and transport equipment. These sectors, along with agriculture, were already relatively heavily protected before the global financial crisis. Continuing to target them with trade-restrictive measures engenders chronic protection of these sectors, hampering structural adjustment at home and denying export opportunities abroad.

The monitoring exercise called for increased vigilance by WTO members to three potential dangers. First, the last few months saw an increase in protectionist pressures generated by global imbalances, at a time when the political consensus in favour of open trade and investment was already under strain from stubbornly high levels of unemployment in many countries. The causes of large trade imbalances, as well as high unemployment and disorderly movements in currencies, were macroeconomic in nature. Restricting trade would not correct those problems, but could easily provoke retaliation which would seriously threaten jobs and growth worldwide. The second danger was a steady accumulation over time of measures that restrict or distort trade and investment. Since the end of 2008, new trade restrictions had built up to cover 1.9 per cent of total imports. Only around 15 per cent of the measures introduced since the outbreak of the crisis had been removed so far. The third danger was the challenge of managing the trade and investment impacts of stimulus and bail-out measures taken in response to the crisis. Exit strategies to unwind them should be transparent and accountable and should not be used as a pretext to discriminate, directly or indirectly, against foreign traders or investors.

Implementation and monitoring

Despite the global crisis, WTO members continued to resist domestic protectionist pressures and kept markets open.

Implementation and monitoring

In Seoul, G-20 leaders expressed an unwavering commitment to resist protectionism in all its forms. They reaffirmed the extension of their standstill commitments until the end of 2013, as agreed in Toronto in June 2010, committed to roll back any new protectionist measures that might have arisen, including export restrictions and WTO-inconsistent measures to stimulate exports, and asked the WTO, OECD and UNCTAD to continue monitoring the situation and to report on a semi-annual basis.

The Director-General's Annual Report, and the reports that preceded it, aimed to contribute to improving the multilateral transparency of trade policies. Other important steps were taken in 2010 by all WTO councils and committees to improve the implementation of WTO notification requirements and stimulate a more up-to-date and comprehensive flow of information among members about recent trade-related developments. The record of compliance with notification requirements has improved considerably in the past two years, but more needs to be done. The global financial and economic crisis and the WTO's trade-monitoring exercise have shown the importance of increased transparency for the smooth functioning of the multilateral trading system. Progress in this area depends on active participation by all members.



Trade, debt and finance

In 2010 the Working Group on Trade, Debt and Finance continued to focus on shortages of trade finance resulting from the recent financial crisis. The Working Group improved members' understanding of the causes and location of the shortfalls, discussed national plans aimed at boosting the availability of trade credit and guarantees, and acted as a forum for discussion of – and providing support to – WTO Secretariat initiatives. In particular, it provided a forum for interaction between WTO members and the Expert Group on Trade Finance convened by the Director-General.

Expert Group on Trade Finance

Some 80-90 per cent of world trade relies on trade finance (trade credit and insurance/guarantees). During the worst of the financial and economic crisis, many companies, especially smaller enterprises in both developed and developing countries, found it impossible or prohibitively expensive to obtain the credit they needed to trade.

Against this backdrop, the Expert Group on Trade Finance continued to meet in 2010, once before the Group of 20 Summit in Toronto in June and again before the G-20 Summit in Seoul in November. Established in the wake of the Asian financial crisis in the late 1990s, the Expert Group brings together representatives of the main players in trade finance, including the World Bank's International Finance Corporation (IFC), regional development banks, export credit agencies and big commercial banks, as well as the International Chamber of Commerce (ICC), commercial banks and other international organizations.

At the London Summit in 2009, G-20 leaders endorsed measures aimed at supporting finance for some US\$ 250 billion of trade in two years, largely aimed at developing countries and backed by the IFC and regional development banks. The WTO and other institutions have been following up the implementation of this commitment. By the G-20 meeting in Toronto, almost 70 per cent of the promised finance had been mobilized by G-20 members and multilateral financial institutions. Although the availability of trade finance improved continuously throughout 2010, the WTO Expert Group noted that the poorest countries were still experiencing difficulties. Trade finance remained expensive, and rules governing short-term credit under the new Basle III framework threatened to pose constraints on new lending to these poor countries despite the secure character of trade finance. The Basle frameworks set out widely followed recommendations on banking laws and regulations issued by the Bank of International Settlements in Basle.

Working Group on Trade, Debt and Finance

In tandem with the Expert Group meetings, the WTO Working Group on Trade, Debt and Finance also met twice in 2010. In June WTO members discussed the findings of surveys conducted by the ICC on the supply of trade finance globally, especially for developing countries. They also continued to look at regulatory obstacles under Basle II, and considered the potential impact of proposals under the new framework, Basle III. They looked at the state of implementation of the G-20 London Trade Finance Initiative. Members were briefed on the outcome of the earlier Expert Group meeting.

At its second meeting in November, the Working Group discussed the trade finance market situation, based on information provided by members and the Secretariat. The Working Group was again briefed on the initiatives of the Director-General and the Expert Group on Trade Finance, in particular in relation to the continuing difficulties experienced by poor countries.

Implementation and monitoring



Background

WTO ministers decided in Doha in 2001 to establish a Working Group on Trade, Debt and Finance to look at how trade-related measures could contribute to finding a durable solution to the external debt problems faced by many developing countries. Since then the Working Group has turned its attention to a range of financial issues with an impact on trade, including the provision of trade finance.





Background

The WTO Agreement on Government Procurement (GPA) is designed to ensure that signatories do not discriminate against the products, services or suppliers of other Parties to the Agreement with respect to the procurement agencies, goods and services they have agreed to open to foreign competition. The Agreement also requires transparent and competitive purchasing practices in the covered markets. The GPA is a plurilateral agreement, which means it applies only to those WTO members that have agreed to be bound by it. It is administered by the Committee on Government Procurement.

Agreement on Government Procurement

In 2010 the Committee on Government Procurement concluded negotiations with Armenia and invited it to join the Agreement. Substantial progress was also made regarding China's accession to the Agreement. At the end of the year, China committed itself to provide a further improved coverage offer to join the Agreement, including coverage of sub-central (i.e. provincial) government entities, in 2011. In addition to these and other accession negotiations, the Committee's four formal meetings and numerous informal sessions during the year dealt with negotiations to improve the text and coverage of the Agreement, on which progress was also achieved.

At the end of 2010, the Agreement on Government Procurement (GPA) had 14 Parties representing 41 WTO members. They were: Canada; the European Union (including its 27 member states); Hong Kong, China; Iceland; Israel; Japan; Republic of Korea; Liechtenstein; the Netherlands with respect to Aruba; Norway; Singapore; Switzerland; Chinese Taipei; and the United States. The membership of the Agreement is gradually expanding, possibly reflecting growing awareness of the importance of government procurement as an element of world trade and economic activity. Overall, public procurement is estimated to account for 15-20 per cent of world GDP, though only a portion of this is covered by the GPA.

In December 2010, the Committee on Government Procurement invited the Republic of Armenia to accede to the Agreement, on the basis of terms that have been agreed and new procurement legislation to be adopted by the Armenian Parliament. This represents the first accession to the Agreement by a Commonwealth of Independent States (CIS) country.

Regarding the accession of China, discussions were held on both China's procurement-related legislation and the future coverage of its procuring entities under the Agreement. China undertook to expand the set of agencies that will eventually be covered, to include coverage of sub-central government bodies. The Parties to the Agreement expressed their satisfaction with China's evident commitment to accede to the Agreement while continuing to press China for further expansion of its proposed coverage, and expressing hope for timely completion of the process. Work also continued on the GPA accession of Jordan, which is at an advanced stage.

Six other WTO members are in the process of acceding to the GPA: Albania, Georgia, the Kyrgyz Republic, Moldova, Oman and Panama. A further five WTO members have provisions on accession to the GPA in their Protocols of Accession: Croatia, the Former Yugoslav Republic of Macedonia, Mongolia, the Kingdom of Saudi Arabia and Ukraine. Early in February 2010, India became an observer to the Agreement.

In 2010 the GPA Committee also considered modifications to the appendices to the Agreement, statistical reports, notifications of changes in domestic legislation and notifications of the thresholds in national currencies of procurements covered by the Agreement. An effort has been initiated to improve methodologies for the preparation of statistical reports and address related issues.



Negotiations

Parties to the Agreement are in the process of renegotiating both the text and coverage of the GPA. The formal objectives of the negotiations are: to improve and update the Agreement in the light of developments in information technology and in procurement methods; to extend the coverage of the Agreement (by expanding market access commitments); and to eliminate remaining discriminatory measures. A key related objective is to facilitate accession by other WTO members, in particular developing countries. In 2010 significant progress was made towards completion of the negotiations on both coverage and text-related issues, based in part on a roadmap developed by the committee's Chair, Nicholas Niggli of Switzerland, and on numerous substantive contributions by GPA participants.

Technical cooperation and training

Demand has been increasing from members for technical cooperation and capacity building, including in the context of the GPA accession process, reflecting growing interest in this area of trade policy. In 2010 the WTO Secretariat organized a GPA symposium in Geneva, regional workshops for French-speaking African countries and for Latin America, and national seminars for four countries (China, Colombia, India and Moldova).

Cooperation with other international organizations

In 2010 the WTO cooperated in the area of government procurement with the United Nations Commission on International Law (UNCITRAL), for the purpose of ensuring compatibility between their respective instruments.

Implementation and monitoring



Armenia is the latest WTO member to become a Party to the Agreement on Government Procurement.

Dispute settlement

WTO members filed a total of 17 new disputes in 2010. By the end of 2010, 419 disputes had been filed since the WTO's creation in 1995, the most active users of the system being the United States and the European Union.

Dispute settlement activity in 2010	86
Chile - Measures affecting the Transit and Importing of Swordfish	88
United States - Continued Dumping and Subsidy Offset Act of 2000	88
United States – Subsidies on Upland Cotton	89
European Communities - Measures Affecting the Approval and Marketing of Biotech Products	89
United States - Laws, Regulations and Methodology for Calculating Dumping Margins (Zeroing)	90
European Communities - Measures Affecting Trade in Large Civil Aircraft	90
United States - Measures Relating to Zeroing and Sunset Reviews	91
Japan - Countervailing Duties on Dynamic Random Access Memories from Korea	91
United States - Final Anti-Dumping Measures on Stainless Steel from Mexico	91
United States - Continued Existence and Application of Zeroing Methodology	91
United States - Measures Affecting Trade in Large Civil Aircraft - Second Complaint	91
China - Measures Affecting the Protection and Enforcement of Intellectual Property Rights	92
China - Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products	92
Colombia - Indicative Prices and Restrictions on Ports of Entry	92
Australia - Measures Affecting the Importation of Apples from New Zealand	93
Thailand - Customs and Fiscal Measures on Cigarettes from the Philippines	94
European Communities and its member States - Tariff Treatment of Certain Information Technology Products	95
United States - Definitive Anti-Dumping and Countervailing Duties on Certain Products from China	95
United States - Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products	96
United States - Anti-Dumping Administrative Reviews and Other Measures Related to Imports of Certain Orange Juice from Brazil	96
United States - Anti-Dumping Measures on Polyethylene Retail Carrier Bags from Thailand	97
United States - Certain Country of Origin Labelling (COOL) Requirements	97
Korea - Measures Affecting the Importation of Bovine Meat and Meat Products from Canada	97
United States - Certain Measures Affecting Imports of Poultry from China	98
China - Measures Related to the Exportation of Various Raw Materials	98
Philippines - Taxes on Distilled Spirits	99
European Communities - Definitive Anti-Dumping Measures on Certain Iron or Steel Fasteners from China	99
United States - Measures Affecting Imports of Certain Passenger Vehicle and Light Truck Tyres from China	100
European Communities - Measures Prohibiting the Importation and Marketing of Seal Products	100
European Communities - Measures Prohibiting the Importation and Marketing of Seal Products	101
United States - Use of Zeroing in Anti-Dumping Measures involving Products from Korea	101
United States - Anti-Dumping on Certain Shrimp from Viet Nam	102
European Union - Anti-Dumping Measures on Certain Footwear from China	102
United States - Measures Affecting the Production and Sale of Clove Cigarettes	103
Appellate Body	104

Dispute settlement



Background

The General Council convenes as the Dispute Settlement Body (DSB) to deal with disputes arising from any agreement covered by the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU). The DSB has sole authority to establish dispute settlement panels, adopt panel and Appellate Body reports, oversee the implementation of their recommendations and rulings, and authorize suspension of concessions (trade sanctions) in the event of non-compliance.

Dispute settlement activity in 2010

In 2010 the Dispute Settlement Body (DSB) received 17 notifications from members of formal requests for consultations under the Dispute Settlement Understanding (DSU), the first stage in the dispute process. It met 13 times during the year, establishing six panels to adjudicate seven new cases. (Where two or more complaints relate to the same matter, they are normally adjudicated by a single panel.) The DSB also adopted five panel and two Appellate Body reports concerning five distinct matters. One mutually agreed solution was notified in 2010.

The number of new disputes in 2010, at 17, was slightly higher than the 14 requests for consultations notified in 2009. However, as Figure 1 shows, the number of new disputes in recent years is well down from the early years of the decade. By the end of 2010, 419 disputes had been filed since the WTO's creation in 1995, the most active users of the system being the United States (97), the European Union (82), Canada (33), Brazil (25), Mexico (21) and India (19).

Table 1: WTO members involved in disputes, 1995 to 2010

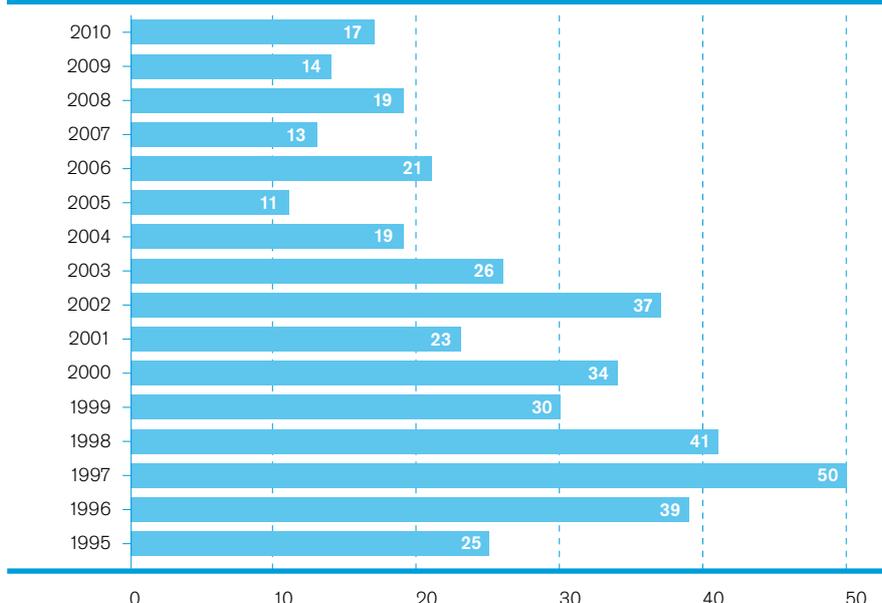
Member	Complainant	Respondent
Antigua and Barbuda	1	0
Argentina	15	17
Armenia	0	1
Australia	7	10
Bangladesh	1	0
Belgium	0	3
Brazil	25	14
Canada	33	16
Chile	10	13
China	7	21
Colombia	5	3
Costa Rica	5	0
Croatia	0	1
Czech Republic	1	2
Denmark	0	1
Dominican Republic	0	7
Ecuador	3	3
Egypt	0	4
El Salvador	1	0
European Union (formerly EC) *	82	70
France	0	4
Germany	0	2
Greece	0	2
Guatemala	8	2

* Before 30 November 2009, the European Union was known in the WTO as the European Communities.



Table 1: WTO members involved in disputes, 1995 to 2010 (continued)		
Member	Complainant	Respondent
Honduras	7	0
Hong Kong, China	1	0
Hungary	5	2
India	19	20
Indonesia	5	4
Ireland	0	3
Japan	14	15
Korea, Republic of	14	14
Malaysia	1	1
Mexico	21	14
Netherlands	0	3
New Zealand	7	0
Nicaragua	1	2
Norway	4	0
Pakistan	3	2
Panama	5	1
Peru	3	4
Philippines	5	6
Poland	3	1
Portugal	0	1
Romania	0	2
Singapore	0	1
Slovak Republic	0	3
South Africa	0	3
Spain	0	2
Sri Lanka	1	0
Sweden	0	1
Switzerland	4	0
Chinese Taipei	3	0
Thailand	13	3
Trinidad and Tobago	0	2
Turkey	2	8
Ukraine	1	0
United Kingdom	0	3
United States of America	97	110
Uruguay	1	1
Venezuela, Bolivarian Republic of	1	2
Viet Nam	1	0

Figure 1: Number of disputes filed per year



The following provides an update on developments in 2010 in cases which are currently active within the dispute settlement system. The cases are listed in order of their dispute settlement (DS) number, which is created when the case is opened. Cases opened in 2010 and still at the consultation stage are listed at the end of this section. Before 30 November 2009 the European Union was known in the WTO as the European Communities.

Trade dispute:

WT/DS193

Chile – Measures affecting the Transit and Importing of Swordfish

Complainant: European Communities
Respondent: Chile

On 28 May 2010, the European Union and Chile informed the DSB that their case before the International Tribunal for the Law of the Sea had been discontinued, by agreement of the parties. Pursuant to Article 3.6 (General Provisions) of the DSU, they intended to notify any mutually agreed solution to the dispute once it was ratified under their respective domestic laws. In addition, Chile and the European Union said that they had unconditionally agreed that neither party would exercise any procedural right accruing to it under the DSU.

Trade dispute:

WT/DS217

United States – Continued Dumping and Subsidy Offset Act of 2000

Complainants: Australia, Brazil, Chile, European Communities, India, Indonesia, Japan, Korea and Thailand
Respondent: United States

On 22 April 2010, the European Union notified the DSB of the new list of products on which additional import duty would apply, prior to its entry into force. On 25 August 2010, Japan made a similar notification to the DSB.



United States – Subsidies on Upland Cotton

Complainant: **Brazil**
Respondent: **United States**

On 8 March 2010, Brazil notified the DSB that, as of 7 April 2010, it would suspend the application to the United States of concessions or other obligations under the General Agreement on Tariffs and Trade (GATT) 1994 in the form of increased duties on certain imports. Brazil supplied the list of products that would be subject to the increased duties, together with the total rate of ad valorem duty that would be applied as a result of the increase.

Brazil also informed the DSB that it would suspend the application to the United States of certain concessions or obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and/or the General Agreement on Trade in Services (GATS), and that it would notify the specific concessions or obligations under the TRIPS Agreement and/or GATS before any such suspension came into force.

On 30 April 2010, Brazil informed the DSB that it had decided to postpone the imposition of the countermeasures notified on 8 March 2010, and that Brazil and the United States were engaged in a dialogue with a view to reaching a mutually satisfactory solution. On 25 August 2010, Brazil and the United States informed the DSB that they had concluded a Framework for a Mutually Agreed Solution to the Cotton Dispute in the World Trade Organization. The Framework sets out parameters for discussion on a solution with respect to domestic support programmes for upland cotton in the United States, as well as a process of joint operation reviews for export credit guarantees. Brazil and the United States also agreed to hold consultations at least four times a year, unless they agree otherwise, to try and obtain a solution to this dispute. The Framework also provides that, upon enactment of successor legislation to the US Food, Conservation and Energy Act of 2008, Brazil and the United States will consult with a view to determining whether a mutually agreed solution has been reached. As long as the Framework is in effect, Brazil will not impose the countermeasures authorized by the DSB.

European Communities – Measures Affecting the Approval and Marketing of Biotech Products

Complainants: **United States (DS291), Argentina (DS293)**
Respondent: **European Communities**

On 19 March 2010, Argentina and the European Union notified the DSB of a mutually agreed solution under Article 3.6 (General Provisions) of the DSU. The parties have agreed to establish a bilateral dialogue on issues related to the application of biotechnology to agriculture. On 7 December 2010, the European Union informed the DSB that it was ready to continue its discussions with the United States with the goal of resolving the dispute and related issues.

Further trade disputes involving these countries can be seen on the following pages:

Australia

93

Brazil

96

European Communities

90, 91, 92, 95, 98, 99, 100, 101, 102

Japan

91

Korea

91, 97, 101

Thailand

94, 97

United States

90, 91, 92, 95, 96, 97, 98, 99, 100, 101, 102, 103

Trade dispute:

WT/DS294

United States – Laws, Regulations and Methodology for Calculating Dumping Margins (Zeroing)

Complainant: **European Communities**

Respondent: **United States**

On 29 January 2010, the European Union asked the DSB for authorization to suspend the application of concessions or other obligations in accordance with Article 22.2 (Compensation and the Suspension of Concessions) of the DSU. On 12 February 2010, the United States informed the DSB that, pursuant to Article 22.6 of the DSU, it objected to the level of suspension of concessions or other obligations proposed by the European Union. The United States also claimed that the European Union's proposal did not follow the principles and procedures set forth in Article 22.3 of the DSU. At the DSB meeting on 18 February 2010, the matter raised by the United States was referred to arbitration.

On 7 September 2010, the European Union and the United States jointly requested that the Arbitrator suspend its work, in the context of informal discussions with respect to implementation. If no 'contrary written communication' or written request for resumption from either party is received by the Arbitrator by 7 September 2011, it will circulate its decision on 15 September 2011.

Trade dispute:

WT/DS316

European Communities – Measures Affecting Trade in Large Civil Aircraft

Complainant: **United States**

Respondent: **European Communities**

On 30 June 2010, the panel report was circulated to members. The panel upheld most of the United States' allegations that the challenged measures were subsidies. However, it found that loans from the European Investment Bank and certain research and technological development measures were not specific subsidies, and therefore could not be considered in connection with US claims of 'adverse effects'. The panel held that the specific subsidies that were found to exist adversely affected US interests through displacement of imports of US large civil aircraft into the European Communities market, displacement or threat of displacement of exports of US large civil aircraft from certain third-country markets, and significant lost sales. The panel rejected the remaining US claims of adverse effects alleging injury to the US domestic industry and significant price undercutting, price suppression and price depression. The panel also held that the provision of launch aid or financing for the Airbus A380 by the German, Spanish and United Kingdom governments constituted prohibited export subsidies, but that the provision of launch aid or financing for the Airbus A380 by the French Government, for the Airbus A340-500/600 by the French and Spanish Governments, and for the Airbus A330-200 by the French Government, did not constitute prohibited export subsidies.

The panel recommended that the WTO member granting each subsidy found to have resulted in adverse effects take appropriate steps to remove the adverse effects or withdraw the subsidy. In addition, and consistent with Article 4.7 (Remedies) of the Subsidies and Countervailing Measures Agreement and the approach adopted in previous panel reports dealing with prohibited export subsidies, the panel recommended that the member granting each prohibited subsidy withdraw it without delay, specifying that this be done within 90 days.

On 21 July 2010, the European Union appealed to the Appellate Body on certain issues of law covered in the panel report and certain legal interpretations developed by the panel. On 19 August 2010, the United States filed its own appeal. On 17 September 2010, the Chair of the Appellate Body notified the DSB that it would not be able to issue its report within 60 days due to the considerable size of the record and the complexity of the appeal. The Appellate Body held oral hearings in the appeal in November and December 2010.



Trade dispute: WT/DS322**United States – Measures Relating to Zeroing and Sunset Reviews**

Complainant: **Japan**
Respondent: **United States**

On 23 April 2010, Japan requested the Arbitrator to resume the arbitration proceedings. On 15 December 2010, Japan and the United States jointly requested the Arbitrator to suspend its work, in the context of informal discussions with respect to implementation. The suspension will be automatically terminated and the work of the Arbitrator will resume on 8 September 2011, unless Japan submits a written communication to the contrary to the Arbitrator by 7 September 2011.

Trade dispute: WT/DS336**Japan – Countervailing Duties on Dynamic Random Access Memories from Korea**

Complainant: **Korea**
Respondent: **Japan**

As the panel has not been requested to resume its work, pursuant to Article 12.12 (Panel Procedures) of the DSU, the authority for the establishment of the panel lapsed as of 5 March 2010.

Trade dispute: WT/DS344**United States – Final Anti-dumping Measures on Stainless Steel from Mexico**

Complainant: **Mexico**
Respondent: **United States**

On 7 September 2010, Mexico requested the establishment of a compliance panel. At its meeting on 21 September 2010, the DSB agreed to refer Mexico's non-compliance complaint to the original panel, if possible. Brazil, China, the European Union, Japan and Korea reserved their third-party rights.

Trade dispute: WT/DS350**United States – Continued Existence and Application of Zeroing Methodology**

Complainant: **European Communities**
Respondent: **United States**

On 4 January 2010, the European Union and the United States notified the DSB of Agreed Procedures under Articles 21 (Surveillance of Implementation of Recommendations and Rulings) and 22 (Compensation and the Suspension of Concessions) of the DSU, relating to the sequencing of panel and arbitration proceedings where there is disagreement over compliance with a WTO ruling.

Trade dispute: WT/DS353**United States – Measures Affecting Trade in Large Civil Aircraft – Second Complaint**

Complainant: **European Communities**
Respondent: **United States**

On 7 July 2010, the Chair of the panel informed the DSB that the interim report would be issued to the parties by mid-September 2010, and that the panel expected to complete its work in the first half of 2011.

Further trade disputes involving these countries can be seen on the following pages:

European Communities
88, 89, 92, 95, 98, 99, 100, 101, 102

Japan
88

Korea
88, 97, 101

Mexico
96, 97, 98

United States
88, 89, 92, 95, 96, 97, 98, 99, 100, 101, 102, 103

Trade dispute:

WT/DS362

China – Measures Affecting the Protection and Enforcement of Intellectual Property Rights

Complainant: [European Communities](#)
Respondent: [China](#)

On 19 March 2010, China reported that, on 26 February 2010, the Standing Committee of the 11th National People's Congress had approved the amendments of the Chinese Copyright Law and that, on 17 March 2010, the State Council had adopted the decision to revise the Regulations for Customs Protection of Intellectual Property Rights. Thus, it had completed all necessary domestic legislative procedures for implementing the DSB recommendations and rulings. The United States commented that it was not yet able to share China's claim that it had implemented the DSB recommendations and rulings.

On 8 April 2010, China and the United States notified the DSB of Agreed Procedures under Articles 21 (Surveillance of Implementation of Recommendations and Rulings) and 22 (Compensation and the Suspension of Concessions) of the DSU, relating to the sequencing of panel and arbitration procedures where there is disagreement over compliance with a WTO ruling.

Trade dispute:

WT/DS363

China – Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products

Complainant: [United States](#)
Respondent: [China](#)

At its meeting on 19 January 2010, the DSB adopted the Appellate Body report and the panel report, as modified by the Appellate Body report. At the DSB meeting on 18 February 2010, China informed the DSB of its intention to implement the DSB recommendations and rulings. On 12 July 2010, China and the United States informed the DSB that they had agreed that the reasonable period of time for China to implement the recommendations and rulings would be 14 months from the date of adoption of the Appellate Body and panel reports. Accordingly, the reasonable period of time is due to expire on 19 March 2011.

Trade dispute:

WT/DS366

Colombia – Indicative Prices and Restrictions on Ports of Entry

Complainant: [Panama](#)
Respondent: [Colombia](#)

At the DSB meeting on 18 February 2010, Colombia said that it had undertaken measures to comply with the DSB recommendations and rulings well in advance of the expiration of the reasonable period of time. On 23 February 2010, Panama and Colombia notified the DSB of Agreed Procedures under Articles 21 (Surveillance of Implementation of Recommendations and Rulings) and 22 (Compensation and the Suspension of Concessions) of the DSU, relating to the sequencing of panel and arbitration procedures where there is disagreement over compliance with a WTO ruling.



Australia – Measures Affecting the Importation of Apples from New ZealandComplainant: **New Zealand**Respondent: **Australia**

On 9 August 2010, the panel report was circulated to WTO members. The report concerned 16 measures adopted by Australia for the importation of New Zealand apples, including eight measures against the risk of fire blight, four against European canker, one against apple leaf-curling midge and three measures applying generally to all three pests. The panel found that the measures were not based on a proper risk assessment and, accordingly, were inconsistent with Articles 5.1 and 5.2 (Assessment of Risk and Determination of the Appropriate Level of Sanitary or Phytosanitary Protection) of the Agreement on Sanitary and Phytosanitary (SPS) Measures. The panel also concluded that, by implication, these 16 measures were inconsistent with Article 2.2 (Basic Rights and Obligations) of the SPS Agreement, which requires that SPS measures be based on scientific principles and not be maintained without sufficient scientific evidence.

The panel additionally found that 13 of the 16 measures, namely the pest-specific ones, were more trade-restrictive than was necessary to achieve Australia's appropriate level of phytosanitary protection and were therefore also inconsistent with Article 5.6 (Assessment of Risk and Determination of the Appropriate Level of Sanitary or Phytosanitary Protection) of the SPS Agreement. The panel considered that the importation of mature symptomless apples, suggested by New Zealand, was an appropriate alternative under Article 5.6 for Australia's eight fire blight and four European canker measures, and that the inspection of a 600-unit sample from each import lot, suggested by New Zealand, was an appropriate alternative for Australia's apple leaf-curling midge measure.

On 31 August 2010, Australia notified its decision to appeal to the Appellate Body on certain issues of law covered in the panel report and certain legal interpretations developed by the panel. On 13 September 2010, New Zealand notified its own decision to appeal.

On 29 November 2010, the Appellate Body report was circulated to members. The Appellate Body upheld the panel's finding that the 16 measures at issue, both as a whole and individually, were SPS measures. Australia appealed the panel's findings under Articles 2.2 (Basic Rights and Obligations), 5.1, 5.2 and 5.6 (Assessment of Risk and Determination of the Appropriate Level of Sanitary or Phytosanitary Protection) of the SPS Agreement with respect to the measures relating to fire blight and apple leaf-curling midge, as well as the general measures, but not with respect to the measures relating to European canker. The Appellate Body upheld the panel's findings that those Australian SPS measures were inconsistent with Articles 5.1 and 5.2, and, by implication, Article 2.2 of the SPS Agreement. In particular, the Appellate Body found that the panel did not err in expressing the view that the import risk analysis undertaken by Biosecurity Australia did not sufficiently document its use of expert judgment and that the panel did not err in requiring that the import risk analysis base its conclusions on the available scientific evidence. The Appellate Body found that the panel correctly assessed whether the reasoning in the import risk analysis revealed the existence of an objective and rational link between the conclusions reached and the scientific evidence.

The Appellate Body reversed the panel's finding that Australia's measures regarding fire blight and apple leaf-curling midge were more trade restrictive than required and, therefore, inconsistent with Article 5.6. The Appellate Body found that the panel unduly relied on findings that it had made in reviewing the import risk analysis under Article 5.1 and failed to find affirmatively that the alternative measures proposed by New Zealand would achieve Australia's appropriate level of protection. The Appellate Body was, however, unable to complete the analysis and determine whether the level of protection offered by New Zealand's alternative measures for fire blight and apple leaf-curling midge would achieve Australia's appropriate level of protection.

Further trade disputes involving these countries can be seen on the following pages:

Australia

88

China

95, 98, 99, 100, 102

European Communities

88, 89, 90, 91, 95, 98, 99, 100, 101, 102

United States

88, 89, 90, 91, 95, 96, 97, 98, 99, 100, 101, 102, 103

The Appellate Body also found that the panel erred in finding that New Zealand's claim under Article 8 (Control, Inspection and Approval Procedures) and Annex C(1)(a) (Control, Inspection And Approval Procedures) of the SPS Agreement was outside its terms of reference. The Appellate Body completed the analysis with respect to this claim and found that New Zealand had not challenged the development of the 16 measures at issue, and that the import risk analysis process, which had taken nearly eight years to complete, was not a measure at issue in this dispute. Therefore, the Appellate Body concluded that New Zealand had not established that the 16 measures at issue were inconsistent with Australia's obligations under Article 8 and Annex C(1)(a) to the SPS Agreement, that is, to complete relevant procedures 'without undue delay'.

At its meeting on 17 December 2010, the DSB adopted the Appellate Body report and the panel report, as modified by the Appellate Body report.

Trade dispute:

WT/DS371

Thailand – Customs and Fiscal Measures on Cigarettes from the Philippines

Complainant: Philippines

Respondent: Thailand

On 15 November 2010, the panel report was circulated to members. The panel found that valuation determinations by Thai Customs were inconsistent with both substantive and procedural obligations under the Customs Valuation Agreement. The Agreement states that the primary basis for valuation of imported goods is the transaction value declared by the importer. The panel found that Thai Customs failed to 'examine' the circumstances of sale in accordance with the obligations under Article 1.2(a) of the Customs Valuation Agreement before rejecting Philip Morris Thailand's declared transaction value. The panel also found that Thai Customs' explanation of the decision to reject Philip Morris Thailand's declared transaction value – that the importer (Philip Morris Thailand) had failed to provide Thai Customs with sufficient information to prove that its relationship with the exporter (Philip Morris Philippines) did not influence the price – was inconsistent with Article 16 of the Customs Valuation Agreement. Thai Customs then ascribed a different customs value to the transaction by using an alternative valuation method – the deductive valuation method. The panel further found that Thailand had failed to apply the deductive valuation method in accordance with the principles set forth in Article 7 of the Customs Valuation Agreement.

The panel also found that aspects of the Thai value-added tax (VAT) regime, whereby resellers of domestic cigarettes, but not of imported cigarettes, are exempted from a VAT liability and the related administrative requirements, violated Thailand's obligations under Articles III:2 and III:4 (National Treatment on Internal Taxation and Regulation) of the GATT 1994.

The panel also considered claims under Article X (Publication and Administration of Trade Regulations) of the GATT 1994 and inter alia concluded that Thailand had failed to publish relevant fiscal laws and regulations in accordance with Article X:1 of the GATT 1994. The panel also found that Thailand acted inconsistently with Article X:3(b) by failing to maintain judicial tribunals or procedures for the prompt review of administrative action relating to customs matters. However, the panel concluded that the Philippines had failed to establish that appointing government officials to serve concurrently on the board of TTM – a state-owned domestic cigarette manufacturer – was an unreasonable and partial administration of Thai customs and tax laws within the meaning of Article X:3(a).

On 16 December 2010, Thailand and the Philippines concluded a procedural agreement to extend the 60-day period for adoption of the panel report until 24 February 2011.



European Communities and its member States – Tariff Treatment of Certain Information Technology ProductsComplainant: **United States**Respondent: **European Communities and its member States**

On 16 August 2010, the panel reports were circulated to members. The panel concluded that the European Communities (EC) measures at issue were inconsistent with its commitments to grant duty-free treatment contained in its WTO schedule relating to certain flat-panel display devices, set-top boxes with a communication function, and digital machines that have the ability to perform all or several of the functions of printing, scanning, copying and faxing. The panel also found that some of the EC measures provided for dutiable tariff treatment for the aforementioned products in excess of that provided for in the EC schedule (duty-free) and were therefore inconsistent with Article II:1(b) (Schedules of Concessions) of the GATT. The panel found that such tariff treatment amounted to less favourable treatment and was thus inconsistent with Article II:1(a) of the GATT as well. Finally, the panel concluded that the European Communities had failed to publish promptly explanatory notes relating to the customs classification of set-top boxes, and that it had enforced those notes prior to their publication inconsistently with Articles X:1 and X:2 (Publication and Administration of Trade Regulations) of the GATT 1994.

At its meeting on 21 September 2010, the DSB adopted the panel reports. On 20 December 2010, the United States and the European Union informed the DSB that they had agreed that the reasonable period of time for the European Union to implement the recommendations and rulings of the DSB would be nine months and nine days from the date of the adoption of the recommendations and rulings of the DSB. Accordingly, the reasonable period of time will expire on 30 June 2011.

United States – Definitive Anti-Dumping and Countervailing Duties on Certain Products from ChinaComplainant: **China**Respondent: **United States**

On 22 October 2010, the panel report was circulated to WTO members. The panel rejected China's claims challenging the US Department of Commerce (USDOC) determinations that state-owned enterprises supplying inputs and state-owned commercial banks providing loans to investigated producers were 'public bodies' under Article 1.1 (Definition of a Subsidy) of the Subsidies and Countervailing Measures (SCM) Agreement.

China also challenged USDOC specificity determinations under Article 2 (Specificity) of the SCM Agreement. The panel rejected China's claim against the USDOC finding that lending by some state-owned commercial banks to the off-the-road tyres industry was de jure specific. The panel upheld China's claim against the USDOC finding that government provision of certain land-use rights to a laminated woven sacks producer was regionally specific.

The panel also considered, and rejected, China's claims concerning the use by US authorities of a benchmark other than prevailing terms and conditions in China for the purpose of determining the existence and amount of any alleged subsidy benefit. In addition, the panel rejected China's claims concerning the benchmark used by the US Department of Commerce to calculate the amount of benefit conferred by the provision of land-use rights and of renminbi-denominated loans. The panel upheld China's claim challenging the USDOC's use of yearly, as opposed to daily, LIBOR rates as the relevant benchmark for dollar-denominated loans, to determine the existence and amount of benefit conferred. The panel also upheld certain aspects of China's claim against the USDOC's determination, in the off-the-road tyres industry investigation, of benefit from rubber inputs purchased through private trading companies. The panel found that the US

Further trade disputes involving these countries can be seen on the following pages:

China
92, 98, 99, 100, 102

European Communities
88, 89, 90, 91, 92, 98, 99, 100, 101, 102

Philippines
99

Thailand
88, 97

United States
88, 89, 90, 91, 92, 96, 97, 98, 99, 100, 101, 102, 103

Department of Commerce had failed to ensure that the methodology it used to establish the existence and amount of benefit from the investigated producers' purchases of state-owned enterprise-produced inputs from private trading companies did not calculate a benefit amount in excess of that conferred. Finally, the panel rejected China's claim that, in the off-the-road tyres industry investigation, the US Department of Commerce acted inconsistently with Article 14(d) of the SCM Agreement by not 'offsetting' positive and 'negative' benefit amounts from the government provision of certain inputs.

China also made claims with respect to 'double remedies'. These arise from the concurrent imposition by the United States, in the anti-dumping and countervailing duty investigations at issue, of countervailing duties in addition to anti-dumping duties calculated pursuant to the USDOC's non-market economy methodology on products from China. In its report, the panel found that, although there was potential for a double remedy to result from the simultaneous imposition of countervailing and anti-dumping duties calculated under a non-market economy methodology, there was no prohibition of such a double remedy in any of the provisions of the covered agreements cited by China. The panel also rejected China's related claim under Article I:1 (General Most-Favoured-Nation Treatment) of the GATT 1994 (most-favoured nation principle). China had argued that the United States maintained a policy and/or practice of avoiding the imposition of double remedies in investigations involving market-economy countries. The panel considered that China had not established that allegation.

Finally, China also made claims with respect to certain procedural obligations for the conduct of investigations under the Anti-Dumping Agreement. The panel rejected China's claim that the US Department of Commerce should have provided the Government of China and investigated producers at least 30 days to respond to supplemental questionnaires and questionnaires concerning new subsidy allegations. The panel upheld a claim of China with respect to the USDOC's use of 'facts available' in two of the investigations at issue.

On 1 December 2010, China notified to the DSB its decision to appeal to the Appellate Body on certain issues of law and legal interpretations covered in the panel report.

Trade dispute:

WT/DS381

United States – Measures Concerning the Importation, Marketing and Sale of Tuna and Tuna Products

Complainant: **Mexico**
Respondent: **United States**

On 15 June 2010, the Chair of the panel informed the DSB that it would not be able to complete its work within six months from the date of composition, due to the schedule adopted by the panel in consultation with the parties. The panel expects to issue its final report to the parties in February 2011. On 12 August 2010, the parties agreed on a new panel member following the death of one of the original panel members.

Trade dispute:

WT/DS382

United States – Anti-Dumping Administrative Reviews and Other Measures Related to Imports of Certain Orange Juice from Brazil

Complainant: **Brazil**
Respondent: **United States**

On 29 April 2010, Brazil requested the Director-General to compose the panel, which he did on 10 May 2010. On 19 July 2010, the Chair of the panel informed the DSB that it would not be possible to complete its work in six months in light of scheduling conflicts. The panel expects to complete its work in February 2011.



Trade dispute: WT/DS383**United States – Anti-Dumping Measures on Polyethylene Retail Carrier Bags from Thailand**

Complainant: Thailand
Respondent: United States

On 22 January 2010, the panel report was circulated to members. The panel found that the United States acted inconsistently with Article 2.4.2 (Determination of Dumping), first sentence, of the Anti-Dumping Agreement by using 'zeroing' in the Final Determination, as amended, and the Order to determine the dumping margins for individually investigated Thai exporters whose margins of dumping were not based on total facts available. On 18 February 2010, the DSB adopted the panel report.

At its meeting on 19 March 2010, the United States informed the DSB that it intended to implement the DSB recommendations and rulings in this case and that it would need a reasonable period of time to do so. On 31 March 2010, Thailand and the United States informed the DSB that they had agreed that the reasonable period of time would be six months, expiring on 18 August 2010. At the DSB meeting on 31 August 2010, the United States informed the DSB that it had implemented the DSB's recommendations and rulings. Thailand said it would continue to monitor the implementation to ensure that traders benefited fully from the recommendations and rulings.

Trade dispute: WT/DS384, WT/DS386**United States – Certain Country of Origin Labelling (COOL) Requirements**

Complainants: Canada (DS386) Mexico (DS384)
Respondent: United States

On 30 April 2010, Canada requested the Director-General to compose the panel, which he did on 10 May 2010. On 21 December 2010, the Chair of the panel informed the DSB that it would not be able to issue its report within six months. The timetable adopted by the panel after consultations with the parties envisaged that the final report would be issued to the parties by the middle of 2011.

Trade dispute: WT/DS391**Korea – Measures Affecting the Importation of Bovine Meat and Meat Products from Canada**

Complainant: Canada
Respondent: Korea

On 25 June 2010, the Chair of the panel informed the DSB that it would not be possible to complete its work within six months due to the request by one party for a preliminary ruling and because expert consultation procedures were involved. The panel expects to issue its final report to the parties by April 2011.

Further trade disputes involving these countries can be seen on the following pages:

Brazil
88, 89

Canada
100

Korea
88, 91, 101

Mexico
91, 98

Thailand
88, 94

United States
88, 89, 90, 91, 92, 95, 98, 99, 100,
101, 102, 103

Trade dispute:

WT/DS392

United States – Certain Measures Affecting Imports of Poultry from China

Complainant: **China**
Respondent: **United States**

On 29 September 2010, the panel report was circulated to members. The measure at issue was Section 727 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, which prohibited the US Food Safety and Inspection Service from using appropriated funds to establish or implement a rule allowing poultry products from China to be imported into the United States. The panel found that Section 727 satisfied the two conditions in Article 1 (General Provisions) of the Agreement on Sanitary and Phytosanitary (SPS) Measures for a measure to be within the scope of the SPS Agreement. First, Section 727 was enacted for the purpose of protecting human and animal life and health from the risk posed by the prospect of the importation of contaminated poultry products from China. Second, the panel concluded that Section 727 directly or indirectly affected international trade in poultry products.

The panel then examined China's SPS claims and concluded *inter alia* that Section 727 was inconsistent with the following provisions of the SPS Agreement: Articles 5.1 and 5.2 (Assessment of Risk and Determination of the Appropriate Level of Sanitary or Phytosanitary Protection) of the SPS Agreement, because it was not based on a risk assessment which took into account the factors set out in Article 5.2; Article 2.2 (Basic Rights and Obligations), because it was maintained without sufficient scientific evidence; Article 5.5, because the distinction in the appropriate level of protection for poultry products from China and for poultry products from other WTO members resulted in discrimination against China. The panel also held that Section 727 was inconsistent with Article I:1 (General Most-Favoured-Nation Treatment) of the GATT 1994 because the United States had not extended to like products originating from China an advantage that it had extended to all other WTO members. Finally, the panel found that Section 727 was inconsistent with Article XI:1 (General Elimination of Quantitative Restrictions) of the GATT 1994, because during the time it was in operation it imposed a prohibition on the importation of poultry products from China.

The DSB adopted the panel report at its meeting on 25 October 2010.

Trade dispute:

WT/DS394, WT/DS395, WT/DS398

China – Measures Related to the Exportation of Various Raw Materials

Complainants: **United States (DS394), European Union (DS395), and Mexico (DS398)**
Respondent: **China**

On 19 March 2010, the United States, the European Union and Mexico requested the Director-General to determine the composition of the panel, which he did on 29 March 2010. On 19 October 2010, the Chair of the panel informed the DSB that it would not be able to issue its report within six months and that the timetable agreed after consultations with the parties envisaged that the proceedings would be finalized by April 2011. The panel expected to conclude its work within that timeframe.



Philippines – Taxes on Distilled Spirits

Complainants: **European Communities (DS396) and United States (DS403)**
 Respondent: **Philippines**

On 14 January 2010, the United States requested consultations with the Philippines with respect to its taxation of imported distilled spirits. The United States considers that the Philippines discriminates against imported distilled spirits by taxing them at a substantially higher rate than domestic spirits, citing a number of specific measures. The United States considers that these measures are inconsistent with Article III:2 (National Treatment on Internal Taxation and Regulation) of the GATT 1994 (requirement that internal taxes do not discriminate against imported products).

On 27 January 2010, the European Union requested to join the consultations, to which the Philippines agreed. Previously, on 19 January 2010, the DSB had established a panel to examine the European Union's claim that the taxation of imported distilled spirits by the Philippines was inconsistent with Article III:2 of the GATT 1994.

At its meeting on 20 April 2010, the DSB established a panel to examine the United States' complaint. The DSB also agreed that, as provided in Article 9.1 (Procedures for Multiple Complainants) of the DSU in respect of multiple complainants, the panel established on 19 January 2010 to examine the European Union's complaint (DS396) would also examine the United States' complaint (DS403). Australia, China, Colombia (only with respect to the United States' complaint, DS403), the European Union (with respect to the United States' complaint, DS403), India, Mexico, Chinese Taipei and the United States (only with respect to the European Union's complaint, DS396) reserved their third-party rights.

On 25 June 2010, the European Union and the United States requested the Director General to compose the panel, which he did on 5 July 2010. On 16 December 2010, the Chair of the panel notified the DSB that it would not be able to issue its report within six months and that the timetable adopted by the panel after consultations with the parties envisages that the final report shall be issued to the parties by June 2011. The panel expects to conclude its work within that timeframe.

European Communities – Definitive Anti-Dumping Measures on Certain Iron or Steel Fasteners from China

Complainant: **China**
 Respondent: **European Communities**

On 3 December 2010, the panel report was circulated to members. The panel found that Article 9(5) of the European Communities' Basic Anti-Dumping Regulation (Termination without measures; imposition of definitive duties) was inconsistent with certain provisions of the Anti-Dumping Agreement, Article I:1 (General Most-Favoured-Nation Treatment) of the GATT 1994 and Article XVI:4 (Miscellaneous Provisions) of the WTO Agreement because, with respect to producers from non-market economy countries, the individual treatment test embodied in this regulation conditioned the calculation of individual dumping margins and the imposition of individual duties on the fulfilment of certain criteria. The panel also found that the investigating authorities of the European Union acted inconsistently with the Anti-Dumping Agreement in a number of other respects.

On 10 January 2011, the European Union and China requested the DSB to adopt a draft decision extending the 60-day time period for adoption of the panel report to 25 March 2011. At its meeting on 25 January 2011, the DSB agreed that, upon a request by the European Union and China, the DSB shall adopt the panel report no later than 25 March 2011, unless the DSB decides by consensus not to do so or the European Union or China notifies the DSB of its decision to appeal.

Further trade disputes involving these countries can be seen on the following pages:

China

92, 95, 100, 102

European Communities

88, 89, 90, 91, 92, 95, 100, 101, 102

Mexico

91, 96, 97

Philippines

94

United States

88, 89, 90, 91, 92, 95, 96, 97, 100, 101, 102, 103

United States – Measures Affecting Imports of Certain Passenger Vehicle and Light Truck Tyres from China

Complainant: **China**
Respondent: **United States**

At its meeting on 19 January 2010, the DSB established a panel. The European Union, Japan, Chinese Taipei, Turkey and Viet Nam reserved their third-party rights. On 2 March 2010, China requested the Director-General to determine the composition of the panel, which he did on 12 March 2010. On 13 December 2010, the panel report was circulated to members.

China argued that, despite the absolute increases in subject imports, a decline in the rate of increase in the final year of the period of investigation (2008) meant that subject imports were not 'increasing rapidly' in accordance with Paragraph 16.4 of the China's Protocol of Accession. The panel disagreed and found that subject imports were increasing rapidly, both absolutely and relatively. The panel rejected China's 'as such' argument that the United States definition of 'contributes significantly' in its statute was at odds with the ordinary meaning of the 'significant cause' standard in Paragraph 16.4 of the Protocol. The panel rejected all China's arguments that the United States International Trade Commission (USITC) failed to properly demonstrate that subject imports were a 'significant cause' of market disruption.

China made two claims concerning the remedy applied: (i) that the remedy was inconsistent with Paragraph 16.3 of the Accession Protocol as it was not limited to the market disruption caused by rapidly increasing imports; and (ii) contrary to Paragraph 16.6 of China's Accession Protocol, the three-year duration exceeded the period of time necessary to prevent or remedy the market disruption. The panel found that China had failed to establish a prima facie case in relation to both these remedy claims. Finally, the panel found that China's claims under the GATT 1994 were dependent on its claims under Paragraph 16 of the Protocol. They were, therefore, similarly unsuccessful. Consequently, the panel concluded that in imposing the transitional safeguards measure in September 2009 in respect of imports of the subject tyres from China, the United States did not fail to comply with its obligations under Paragraph 16 of the Protocol and Articles I:1 (General Most-Favoured-Nation Treatment) and II:1 (Schedules of Concessions) of the GATT 1994.

On 27 January 2011, China and the United States requested the DSB to adopt a draft decision extending to 24 May 2011 the 60-day time period for adoption of the report. At its meeting on 25 January 2011, the DSB agreed that, upon a request by China and the United States, the DSB shall adopt the panel report no later than 25 March 2011, unless the DSB decides by consensus not to do so or China or the United States notifies the DSB of its decision to appeal.

European Communities – Measures Prohibiting the Importation and Marketing of Seal Products

Complainant: **Canada (See also DS401)**
Respondent: **European Communities**

On 18 October 2010, Canada requested supplementary consultations with the European Union to take into account that, on 17 August 2010, the European Commission had published Commission Regulation (EU) No. 737/2010, which lays down detailed rules for the implementation of Regulation (EC) No. 1007/2009 of the European Parliament and of the Council on trade in seal products ('implementing measure'). In addition, Canada further stated that it may also wish to consult further on matters pertaining to Regulation EC No. 1007/2009 that were previously raised at the consultations held on 15 December 2009 or that have since arisen as a result of the implementing measure or otherwise.



Dispute settlement

Canada claims that the 'implementing measure', either in itself or in combination with Regulation EC No. 1007/2009, is inconsistent with various provisions of the Technical Barriers to Trade Agreement, Articles I:1 (General Most-Favoured-Nation Treatment), III:4 (National Treatment on Internal Taxation and Regulation) and XI:1 (General Elimination of Quantitative Restrictions) of the GATT 1994, and Article 4.2 (Market Access) of the Agriculture Agreement. On 29 October 2010, Norway requested to join the supplementary consultations.

Trade dispute:

WT/DS401

European Communities – Measures Prohibiting the Importation and Marketing of Seal Products

Complainant: **Norway (See also DS400)**

Respondent: **European Communities**

On 19 October 2010, Norway renewed its consultation request with respect to the European Union (EU) seal regime, which, in addition to Regulation (EC) No. 1007/2009, also includes: Commission Regulation (EU) No. 737/2010 (laying down rules for the implementation of Regulation (EC) No. 1007/2009); failure to adopt adequate procedures for establishing that seal products conforming to the relevant conditions in the EU seal regime may be placed on the EU market; and any other related implementing measures.

Norway claims that the EU seal regime imposes a prohibition on the importation and sale of seal products and establishes certain exceptions that discriminate in favour of seal products originating in the EU and certain third countries. Norway further claims that the EU seal regime also includes elements of a system for certifying that seal products are in conformity with the relevant conditions for being placed on the EU market that is discriminatory and trade restrictive in a number of respects. Moreover, Regulation (EC) No. 1007/2009, and requested supplementary consultations concerning Commission Regulation (EU) No. 737/2010, do not establish adequate procedures for the assessment of conformity of imported seal products with the relevant conditions for being placed on the EU market.

Norway claims that the EU seal regime is inconsistent, inter alia, with various articles of the Technical Barriers to Trade Agreement; Articles I:1 (General Most-Favoured-Nation Treatment), III:4 (National Treatment on Internal Taxation and Regulation) and XI:1 (General Elimination of Quantitative Restrictions) of the GATT 1994; and Article 4.2 (Market Access) of the Agriculture Agreement. On 28 October 2010, Canada requested to join the supplementary consultations.

Trade dispute:

WT/DS402

United States – Use of Zeroing in Anti-Dumping Measures involving Products from Korea

Complainant: **Korea**

Respondent: **United States**

At its meeting on 18 May 2010, the DSB established a panel. China, the European Union, Japan, Mexico, Thailand and Viet Nam reserved their third-party rights. On 8 July 2010, the panel was composed.

Further trade disputes involving these countries can be seen on the following pages:

Canada

97

China

92, 95, 98, 99, 102

European Communities

88, 89, 90, 91, 92, 95, 98, 99, 102

Korea

88, 91, 97

United States

88, 89, 90, 91, 92, 95, 96, 97, 98, 99, 102, 103



Trade dispute:

WT/DS404

United States – Anti-Dumping Measures on Certain Shrimp from Viet Nam

Complainant: Viet Nam
Respondent: United States

On 1 February 2010, Viet Nam requested consultations with the United States concerning a number of anti-dumping measures on certain frozen warm-water shrimp from Viet Nam. In addition to several administrative and new shipper reviews, the request for consultations concerns several US laws, regulations, administrative proceedings and practices, including 'zeroing'. Viet Nam considers that these measures are inconsistent with the United States' obligations under: (i) Articles I (General Most-Favoured-Nation Treatment), II (Schedules of Concessions), VI:1 and VI:2 (Anti-dumping and Countervailing Duties) of the GATT 1994; (ii) several provisions of the Anti-Dumping Agreement; (iii) Article XVI:4 (Miscellaneous Provisions) of the WTO Agreement; and (v) Viet Nam's Protocol of Accession. On 12 February 2010, the European Union and Japan requested to join the consultations. On 15 February 2010, Thailand requested to join the consultations.

At its meeting on 18 May 2010, the DSB established a panel. China, the European Union, India, Japan, Korea, Mexico and Thailand reserved their third-party rights. On 14 July 2010, Viet Nam requested that the Director-General determine the composition of the panel, which he did on 26 July 2010.

Trade dispute:

WT/DS405

European Union – Anti-Dumping Measures on Certain Footwear from China

Complainant: China
Respondent: European Union

On 4 February 2010, China requested consultations with the European Union concerning EU anti-dumping measures on certain leather footwear from China. In particular, China is challenging as WTO-inconsistent, inter alia, Article 9(5) (Termination without measures; imposition of definitive duties) of the European Union's Basic Anti-Dumping Regulation, which provides that, in case of imports from non-market economy countries, the anti-dumping duty shall be specified for the supplying country concerned and not for each individual supplier. According to China, applicable WTO rules require that an individual margin and duty be determined and specified for each known exporter and producer and not for the supplying country as a whole. China states that the Basic Anti-Dumping Regulation provides that an individual duty will only be specified for exporters that demonstrate that they fulfil the criteria set forth in its market economy treatment and individual treatment rules. For China, the criteria to obtain an individual duty are unreasonable, not objective and a violation of the most-favoured nation principle. China also challenges two anti-dumping measures, one imposing anti-dumping duties on imports of certain leather footwear, and one extending those duties following an expiry review.

China considers that the measures in question are inconsistent with the European Union's obligations under Article XVI:4 (Miscellaneous Provisions) of the WTO Agreement, China's Protocol of Accession, Articles I:1 (General Most-Favoured-Nation Treatment), VI:1 (Anti-dumping and Countervailing Duties) and X:3(a) (Publication and Administration of Trade Regulations) of the GATT 1994, and various provisions of the Anti-Dumping Agreement.

At its meeting on 18 May 2010, the DSB established a panel. Australia, Brazil, Colombia, Japan, Turkey, the United States and Viet Nam reserved their third-party rights. On 23 June 2010, China requested that the Director-General compose the panel, which he did on 5 July 2010.



United States – Measures Affecting the Production and Sale of Clove Cigarettes

Complainant: **Indonesia**
Respondent: **United States**

On 7 April 2010, Indonesia requested consultations with the United States with respect to a measure applied by the United States regarding the ban of clove cigarettes. Indonesia alleged that Section 907 of the legislation in question, which was signed into law on 22 June 2009, prohibits, among other things, the production or sale in the United States of cigarettes containing certain additives, including clove, but would continue to permit the production and sale of other cigarettes, including cigarettes containing menthol. Indonesia alleged that Section 907 is inconsistent, inter alia, with Article III:4 (National Treatment on Internal Taxation and Regulation) of the GATT 1994, Article 2 (Preparation, Adoption and Application of Technical Regulations by Central Government Bodies) of the Technical Barriers to Trade Agreement, and various provisions of the Agreement on Sanitary and Phytosanitary Measures.

At its meeting on 20 July 2010, the DSB established a panel. Brazil, Colombia, the Dominican Republic, the European Union, Guatemala, Mexico, Norway and Turkey reserved their third-party rights. On 9 September 2010, the parties agreed on the composition of the panel.

Table 2: Requests for consultations

Dispute	Complainant	Date of request
China - Anti-Dumping Duties on Fasteners (WT/DS407)	European Union	7 May 2010
European Union - Generic Drugs (WT/DS408)	India	11 May 2010
(WT/DS409)	Brazil	12 May 2010
Argentina - Anti-Dumping Duties on Fasteners (WT/DS410)	Peru	19 May 2010
Armenia - Cigarettes and Alcoholic Beverages (WT/DS411)	Ukraine	20 July 2010
Canada - Renewable Energy (WT/DS412)	Japan	12 September 2010
China - Electronic Payment Services (WT/DS413)	United States	13 September 2010
China – Grain Oriented Flat-Rolled Electrical Steel (WT/DS414)	United States	15 September 2010
Dominican Republic - Bags and Fabric (WT/DS415)	Costa Rica	15 October 2010
(WT/DS416)	Guatemala	15 October 2010
(WT/DS417)	Honduras	18 October 2010
(WT/DS418)	El Salvador	19 October 2010
China - Wind Power Equipment (WT/DS419)	United States	22 December 2010

Further trade disputes involving these countries can be seen on the following pages:

China
92, 95, 98, 99, 100

European Communities
88, 89, 90, 91, 92, 95, 98, 99, 100, 101

United States
88, 89, 90, 91, 92, 95, 96, 97, 98, 99, 100, 101



Background

The Appellate Body consists of seven members appointed by the Dispute Settlement Body (DSB). Each member is appointed for a term of four years, with the possibility of being reappointed for one further four-year term. An appeal of a panel's ruling is heard by three members of the Appellate Body. Any party to a dispute may appeal the panel report to the Appellate Body. The appeal is limited to issues of law covered in the panel report and legal interpretations developed by the panel.

Appellate Body

Three appeals of panel reports were filed with the Appellate Body in 2010, out of a total of six panel reports for which the 60-day deadline for adoption or appeal expired during the year. All three appeals related to original panel proceedings. There were no appeals relating to compliance with earlier rulings and recommendations.

One Appellate Body report was circulated during 2010: Australia – Apples (WT/DS367) (see page 93). This dispute arose from a complaint challenging phytosanitary measures imposed by Australia with respect to the importation of apples from New Zealand. The report brought to 101 the number of reports circulated by the Appellate Body since creation of the WTO in 1995. There were two appeals still in progress at the end of 2010.

A full list of appeals filed in 2010 is provided in Table 3.

Panel reports appealed	Date of appeal	Appellant ^a	Document number	Other appellant ^b	Document number
Australia – Apples	31 Aug 2010	Australia	WT/DS367/13 and Corr.1	New Zealand	WT/DS367/14
EC and Certain Member States – Large Civil Aircraft	21 July 2010	European Union	WT/DS316/12	United States	WT/DS316/13
US – Anti-Dumping and Countervailing Duties	1 Dec 2010	China	WT/DS379/6	---	---

a Pursuant to Rule 20 of the Working Procedures.

b Pursuant to Rule 23(1) of the Working Procedures.

Amendments to the Working Procedures for Appellate Review

Amendments to the Working Procedures for Appellate Review came into effect on 15 September 2010 and are applicable to appeals initiated on or after that date. A consolidated version of the Working Procedures incorporating these amendments was circulated on 16 August 2010. The amendments modify the deadlines for written submissions during an appeal and provide for the filing and service of written submissions in electronic form.



Appellate Body members

Throughout 2010, the seven Appellate Body members were:

- Lilia Bautista (Philippines)
- Jennifer Hillman (United States)
- Shotaro Oshima (Japan)
- Ricardo Ramírez-Hernández (Mexico)
- David Unterhalter (South Africa)
- Peter Van den Bossche (Belgium)
- Yuejiao Zhang (China)

David Unterhalter served a second term as Chair of the Appellate Body from 11 December 2009 to 16 December 2010. Appellate Body members elected Lilia Bautista to serve as Chair from 17 December 2010 to 10 December 2011.

Dispute settlement



The seven members of the Appellate Body in 2010. From left to right: Ricardo Ramírez-Hernández, Yuejiao Zhang, Peter Van den Bossche, Jennifer Hillman, David Unterhalter, Lilia Bautista and Shotaro Oshima.

Building trade capacity

In 2010, the WTO undertook a total of 337 technical assistance activities aimed at improving understanding of WTO principles. Particular emphasis was placed on providing assistance to least-developed countries. Training events were also held in preparation for the Third Global Review of Aid for Trade in 2011.

Trade and development	108
Small economies	109
Least-developed countries	109
Enhanced Integrated Framework	111
Standards and Trade Development Facility	113
Aid for Trade	115
Technical cooperation and training	117

Building trade capacity



Background

The Committee on Trade and Development (CTD) serves as the focal point for the coordination of all work on trade and development issues in the WTO. The committee deals with a variety of development-related issues such as technical cooperation and training and notifications under the Enabling Clause, which allows developed members to give more favourable treatment to developing countries.



More than two-thirds of WTO members are developing countries.

Trade and development

In 2010 the Committee on Trade and Development (CTD) concluded negotiations on a transparency mechanism for preferential trade agreements, which was subsequently adopted by the General Council. Other issues discussed by the CTD and its Sub-Committee on Least-Developed Countries (LDCs) included capacity-building initiatives, market access for LDCs, the Aid for Trade initiative and the WTO's technical assistance activities.

The CTD held three formal regular sessions in 2010, as well as one dedicated session on regional trade agreements (RTAs) under the Enabling Clause. The committee continued its consideration of the developmental aspects of the Doha Round of negotiations, under the mandate given to it in the Doha Ministerial Declaration. It also heard the report of the 43rd session of the Joint Advisory Group on the International Trade Centre (ITC), which is the policymaking body of the ITC, the trade promotion agency for developing countries jointly sponsored by the WTO and the United Nations Conference on Trade and Development. The ITC's work focuses on small and medium-sized enterprises in developing countries and, in the context of the Aid for Trade initiative, on the private sector.

Notifications under the Enabling Clause

In 2010, the committee received notifications under the Enabling Clause concerning regional trade agreements (RTAs) between India and MERCOSUR (Southern Cone Common Market), India and Afghanistan, India and Nepal, India and the Republic of Korea, India and the Association of South-East Asian Nations (ASEAN), and ASEAN and the Republic of Korea. In its dedicated session, the committee considered the RTA between Chile and India.

Preferential trade arrangements

The committee concluded its negotiations on a transparency mechanism for preferential trade arrangements (PTAs) in October 2010, when it approved a revised draft proposal by Brazil, China, India and the United States. This text was adopted by the General Council in December 2010. The mechanism covers non-reciprocal preferential schemes, which are schemes in which the beneficiaries of trade concessions do not have to provide concessions in return. Upon notification to the WTO, each PTA will be considered in the CTD under the procedures that have been agreed to.

Duty-free and quota-free market access for LDCs

Duty-free and quota-free market access for LDCs remains a standing item on the committee's agenda. Brazil confirmed its intention to implement a duty-free quota-free scheme for LDCs, the coverage of which would be expanded in successive instalments until 100 per cent of tariff lines were covered. China indicated that, as of 1 July 2010, it was granting zero-tariff treatment on 4,762 tariff lines for products imported from the 33 LDCs that had completed the exchange of letters for that purpose. India provided updates on the implementation of its Duty Free Tariff Preference Scheme for LDCs. The European Union, which provides duty-free quota-free market access to LDC products under its Everything but Arms scheme, outlined the approach it is initiating with regard to rules of origin in its preferential arrangements.

Technical cooperation and training

The WTO's technical assistance and training activities (see page 117) were discussed by the committee. It took note of the 2009 Annual Report on Technical Assistance and Training, providing an overview of activities in the previous year, and the Technical Cooperation Audit Report for 2009, which evaluated those activities. The audit report, compiled by the Technical Cooperation Audit Unit, said progress was being made but more needed to be done to ensure that technical assistance met the needs of beneficiaries and had the desired impact. There had been a visible increase in the participation of beneficiaries in the Doha negotiations and an improvement in governments' ability to deal with WTO issues. However, the evidence was less clear on whether there was better compliance with WTO obligations.



Small economies

In 2010 the Committee on Trade and Development (CTD) held one formal dedicated session to look at the wide range of proposals by small vulnerable economies (SVEs) in the WTO aimed at their fuller integration into the multilateral trading system.

The WTO Secretariat updated a compilation paper to assist the CTD in monitoring the progress of proposals by small vulnerable economies (SVEs) in the relevant WTO bodies and Doha Round negotiating groups. These proposals range across the Doha negotiations, covering agriculture, non-agricultural market access, services, rules (including fisheries subsidies) and trade facilitation, as well as the Aid for Trade initiative. The committee will continue to hold dedicated sessions on SVEs to monitor the situation in the Doha negotiations and, where possible, to make recommendations to the General Council.

Least-developed countries

In 2010 the Sub-Committee on Least-Developed Countries considered trends in the trade performance of LDCs over the past decade, in connection with preparations for the Fourth United Nations Conference on the Least-Developed Countries (LDC-IV) to be held in 2011. It also discussed trade-related technical assistance and capacity building, and accession of LDCs to the WTO.

Of the 49 LDCs designated by the United Nations (48 from 1 January 2011 onwards, after Maldives' graduation from LDC status on that date), 32 are WTO members and 12 are in various stages of their accession process.

Market access for LDCs

Market access for LDCs was discussed in two of the three meetings of the sub-committee. As background for the sub-committee's annual review of market access for products and services originating from LDCs, the WTO Secretariat provided a note on the trade performance of LDCs for the entire decade 2001–10, which will also serve as one of the WTO's substantive contributions to the Fourth United Nations Conference on Least-Developed Countries (LDC-IV) to be held in Istanbul in May 2011. The note documents the latest trends in LDC trade and market access conditions, and includes a section on the evolution of trade balances.

The decade covered by the note relates to the time span of the Brussels Programme of Action for LDCs adopted at the Third United Nations Conference on the Least-Developed Countries (LDC-III) in 2001. The programme provided a framework for partnership 'to accelerate sustained economic growth and sustainable development in LDCs, to end marginalization by eradicating poverty, inequality and deprivation in these countries, and to enable them to integrate beneficially into the global economy'. One of its stated objectives was to enhance the role of trade in development.

The sub-committee received comprehensive information from Turkey as the host of LDC-IV and considered the two substantive documents prepared by the WTO Secretariat as its input into LDC-IV, namely, the report by the Director-General on the Brussels Programme of Action for the LDCs for the decade 2001–10, and the Annual Market Access Report for LDCs, which on this occasion covered the full decade. The sub-committee also heard the inputs submitted by the LDC Group in Geneva to the LDC-IV process, in particular for inclusion in the action programme to be developed by United Nations member states. The sub-committee considered a statement by the United Nations Industrial Development Organization (UNIDO) on its LDC Ministerial Conference held in December 2009, culminating in a Ministerial Declaration and a Plan of Action, in preparation for LDC-IV.

Building trade capacity



Background

The Committee on Trade and Development – in dedicated session – oversees the work programme on small economies and monitors the progress of proposals from small vulnerable economies (SVEs) in the various WTO bodies and Doha Round negotiating groups. SVEs, mostly but not exclusively small island states, do not constitute a defined group in the WTO but associate on specific issues.



Background

The Sub-Committee on Least-Developed Countries (LDCs) addresses issues of specific concern and interest to LDCs in the WTO. The work programme on LDCs, adopted following the Doha Ministerial Conference in 2001, covers market access, trade-related technical assistance and capacity building, accession of LDCs to the WTO, and LDC participation in the multilateral trading system. The sub-committee also monitors the work of the Enhanced Integrated Framework for LDCs in the WTO.

Technical assistance and capacity building

The sub-committee regularly monitors the progress of the WTO's trade-related technical assistance and other capacity-building initiatives for LDCs that concern the WTO, such as the Enhanced Integrated Framework (EIF) (see page 111) and the Standards and Trade Development Facility (STDF) (see page 113). An overview of the WTO's technical assistance and training activities for LDCs, provided by the Secretariat, showed that these activities represented nearly 50 per cent of all the WTO's technical assistance to developing countries in 2010, reflecting the continuing priority given to LDCs. The sub-committee will continue its efforts to assess the specific needs of LDCs for trade capacity building.

The sub-committee also heard presentations from the Secretariat of the STDF and from the Executive Director of the EIF Secretariat, who reported on implementation since the EIF became operational in July 2009. In 2010, the EIF's global governance structure formally began its work. The year saw steady progress in EIF implementation, spread over the 47 beneficiaries which are at different stages of the process. (Information on the EIF is available on its new website, www.enhancedif.org). Under the STDF, five project preparation grants and two project grants were approved for LDCs in 2010, bringing total LDC approvals since 2003 to 29 project preparation grants and 16 project grants.

Accession of LDCs to the WTO

As of December 2010, 12 LDCs (Afghanistan, Bhutan, Comoros, Equatorial Guinea, Ethiopia, Lao People's Democratic Republic, Liberia, Samoa, São Tomé and Príncipe, Sudan, Vanuatu and Yemen), representing more than a third of those negotiating to join the WTO, were at various stages of their accession process. Progress is being made in a number of them.

The accession of LDCs continues to receive priority on the sub-committee's agenda. In 2010, the sub-committee organised an informal dialogue on accession of LDCs, deepening the engagement of WTO members with acceding LDCs as well as building a mutual understanding on issues arising in LDC accessions. There were also presentations from the EIF Executive Secretariat as well as from some of the EIF core agencies on their technical assistance in support of acceding LDCs.



Enhanced Integrated Framework

The Enhanced Integrated Framework (EIF) for trade-related assistance to least-developed countries (LDCs), which became effectively operational in 2009, made significant progress in 2010 in relation to project delivery, outreach and institution building. By the end of the year the EIF was working with 46 LDCs and one 'graduated' country, and the 22 current donors to the multi-donor trust fund had contributed US\$ 120 million.

The EIF process aims to strengthen donors' support to a country's trade agenda through a genuine partnership among all EIF stakeholders. The objectives are to mainstream trade into national development strategies, establish structures needed to coordinate the delivery of trade-related technical assistance, and build capacity to trade, which also includes addressing critical supply-side constraints. The EIF is an enhanced version of the Integrated Framework, which was established in 1997.

The EIF's governance institutions were up and running in 2010: the EIF global Steering Committee and the full EIF Board were appointed and held their first meetings. The EIF is now working with 46 LDCs and Cape Verde, which has recently 'graduated' from the United Nations list of LDCs. Meanwhile, at the end of 2010, the EIF Trust Fund was supported by 22 bilateral donors and total available funding for the EIF stood at approximately US\$ 120 million, with total pledges of over US\$ 180 million, to be disbursed over a five-year period.

EIF financing has two separate 'windows', Tier 1 and Tier 2. Tier 1 projects, comprising institutional capacity building and diagnostic trade integration studies (DTIS), are intended to help countries identify and prioritize bottlenecks and other constraints to trade expansion, economic growth and sustainable development. In recommending areas where policy changes and trade-related assistance, including productive capacity building and trade-related infrastructure, can help the country overcome identified barriers, the DTIS provide a common basis for action by governments, civil society, and private sector and development partner stakeholders. Tier 2 projects, designed to build supply-side capacity to trade, provide start-up finance for activities identified as priorities in the first phase.

By the end of 2010, 29 Tier 1 projects had been approved. This number included 19 projects providing multi-year support to 'national implementation arrangements', seven pre-DTIS projects and three DTIS validations. To date, 42 DTIS and three DTIS updates have been validated, with another three DTIS and several updates in the pipeline. Tier 2 project guidelines were also finalized in 2010, and about 20 projects are in various stages of development for submission in 2011.

Progress was made on the EIF Monitoring and Evaluation Framework. Eleven EIF countries have undergone capacity building on monitoring and evaluation, and additional expertise is being recruited to the EIF Executive Secretariat to further support these efforts.

As part of the EIF capacity-building programme, three regional workshops were held in 2010 for Pacific, Asian, and West and Central African countries. At these workshops, EIF stakeholders shared experiences and lessons learned with a view to developing new project proposals.

Building trade capacity



Background

The Enhanced Integrated Framework (EIF) for trade-related assistance to least-developed countries (LDCs) is a multi-donor programme that supports LDCs to become more active players in the multilateral trading system. The EIF combines the efforts of LDCs with those of six core international agencies (the International Monetary Fund, the International Trade Centre, the United Nations Conference on Trade and Development, the United Nations Development Programme, the World Bank and the WTO), donors and other development partners who act as observers (such as the United Nations Industrial Development Organization).



The Enhanced Integrated Framework worked in 2010 to boost the visibility of the programme through press, publicity and outreach activities.

Building trade capacity

The EIF worked in 2010 to boost the visibility of the programme through press, publicity and outreach activities. A new EIF website, www.enhancedif.org, was launched in English and French. Additional EIF online discussion forums are planned for 2011 together with recruitment of a new communications team in the Executive Secretariat. The EIF also reinforced collaboration with strategic partners, collaborating in 2010 with, among others, the Common Market for Eastern and Southern Africa (COMESA), the African Development Bank, the Trade Facilitation Facility of the World Bank, the Standards and Trade Development Facility (see page 113) and TradeMark Southern Africa.

Work envisaged for 2011 includes completing the EIF Five-Year Strategic Plan, including a new communication strategy; operationalizing the Monitoring and Evaluation Framework; finalizing a compendium of working documents, designed to be a user's guide to the EIF; further strengthening the EIF's capacity-building programme; and organizing high-level EIF events at the Fourth United Nations Conference on Least-Developed Countries in Istanbul in May and at the Third Global Aid for Trade Review in Geneva in July.



Standards and Trade Development Facility

Contributions to the STDF reached US\$ 4.3 million in 2010, from US\$ 300,000 of seed finance from the World Bank and the WTO in 2003. There are now 19 donors to the trust fund and, in addition to the core partners, other organizations participating in the STDF include the International Trade Centre (ITC), the United Nations Industrial Development Organization (UNIDO) and the United Nations Conference on Trade and Development (UNCTAD), as well as donors and developing countries.

The STDF develops high-quality tools and information resources to support SPS capacity building for use by beneficiaries, donors and other organizations involved in the provision and delivery of SPS-related technical cooperation. In this context, the STDF organized two events in 2010:

- A technical working meeting held in Geneva in July on the development and application of SPS indicators to track and measure performance of national SPS systems, in collaboration with the Organization for Economic Cooperation and Development (OECD). This work will be carried forward in 2011 through pilot testing activities on SPS indicators in selected developing countries.
- A workshop on the potential role and value of public-private partnerships in support of SPS capacity. Presentations and plenary discussions fostered an extensive dialogue across the public and private sector on policy and implementation issues related to such partnerships.

At the request of the African Union Commission, the STDF prepared a scoping study on regional SPS frameworks and strategies in Africa. It also began a complementary study on the existence and functioning of national SPS coordination mechanisms in Africa, including a set of practical guidelines to enhance national-level SPS coordination.

Support was given to the development and implementation of SPS strategies and action plans at regional, national and/or thematic level, with an emphasis on evaluating and prioritizing SPS capacity needs. The STDF film, *Trading Safely: Protecting Health, Promoting Development*, was translated into Arabic, Chinese and Russian.

The STDF actively disseminated experiences and good practices in SPS capacity building at international, regional and national levels during conferences, training workshops and other information sessions and meetings, including the WTO SPS Committee. It also participated in and contributed to several SPS-specific and broader trade-related capacity-building initiatives and programmes, implemented by STDF partners, donors, observers and other organizations. The STDF's continuing efforts to ensure that SPS issues and priorities are properly addressed included close collaboration with, among others, the Aid for Trade Initiative, the Enhanced Integrated Framework (EIF), the Trade Facilitation Facility (TFF) implemented by the World Bank, and several regional development banks.

A new STDF website, www.standardsfacility.org, was launched with enhanced content and functionality, new features and a more contemporary look. The STDF continued to issue briefing notes on specific thematic topics as well as its tri-annual newsletter.

Building trade capacity



Background

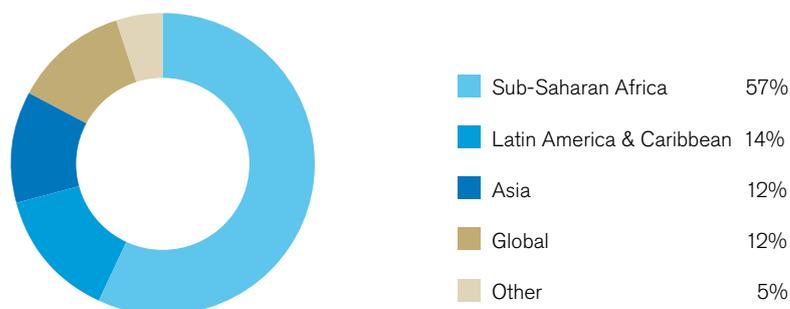
The Standards and Trade Development Facility (STDF) is a joint initiative in capacity building and technical cooperation aimed at raising awareness on the importance of sanitary and phytosanitary (SPS) issues, increasing coordination in the provision of SPS-related assistance, and mobilizing resources to assist developing countries enhance their capacity to meet SPS standards. Established in 2002 by the United Nations Food and Agriculture Organization (FAO), the World Organization for Animal Health (OIE), the World Bank, the World Health Organization (WHO) and the WTO, the STDF is a partnership financed by voluntary contributions to a trust fund. The WTO provides the secretariat.



The Standards and Trade Development Facility undertook capacity building in 2010 at conferences, training workshops and other meetings.

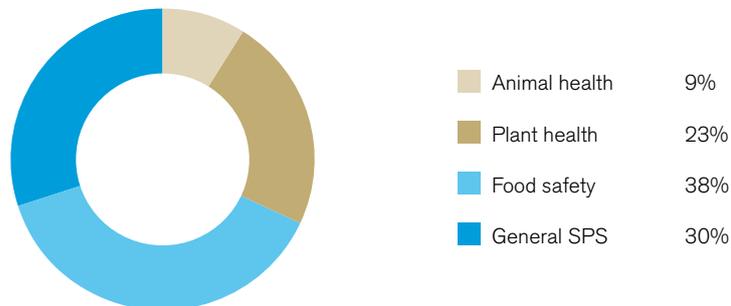
Seven project preparation grants (PPGs) and seven project grants were awarded grants in 2010, bringing the total number of PPGs and projects funded through the STDF by the end of 2010 to 45 and 47 respectively. Of the total number of grants, 57 per cent have been awarded to sub-Saharan Africa, 14 per cent to Latin America and the Caribbean, and 12 per cent to Asia. In addition, 12 per cent of projects and PPGs can be classified as global (see Figure 1).

Figure 1: STDF projects and project preparation grants (PPGs) (number)



On a thematic basis, 38 per cent of projects and PPGs were dedicated to food safety issues, 23 per cent to plant health and 9 per cent to animal health, while 30 per cent of could be classified as global (see Figure 2).

Figure 2: STDF projects and PPGs (number)



Overall, the STDF has devoted 51 per cent of project resources to least-developed countries and other low-income countries.



Aid for Trade

In 2010 the work on Aid for Trade in the Committee on Trade and Development (CTD) focused on implementation of the 2010-11 Aid for Trade work programme, which embraces a wide range of partners and organizations. The WTO and the Organization for Economic Cooperation and Development (OECD) also began preparations for the Third Global Review of Aid for Trade, planned for July 2011.

In 2010 the Committee on Trade and Development (CTD) held five formal sessions on Aid for Trade, at which it heard from various partners and organizations and discussed each of the five objectives of the 2010-11 Aid for Trade work programme.

The OECD noted that the international community had continued to mobilize new Aid for Trade resources. Commitments in 2008 totalled US\$ 41.7 billion, a 35 per cent increase in real terms from 2007, and an increase of 62 per cent from the 2002-05 baseline. The scale of the rise was such that Aid for Trade in 2008 represented 37 per cent of Official Development Assistance that could be allocated to specific sectors, up from 32 per cent in 2007. The European Union's Aid for Trade Monitoring Report 2010, also based on 2008 flows, showed that the EU and its member states had already met the pledge made at the Hong Kong Ministerial Conference in 2005 to allocate €2 billion a year in Aid for Trade annually by 2010.

The World Bank reported on its Trade Facilitation Facility, its Group-wide trade strategy and the sixteenth replenishment of its International Development Association. The Trade Facilitation Facility, launched in 2009, aims to support a variety of Aid for Trade projects related to trade facilitation, focusing initially on low-income and sub-Saharan African countries. The International Development Association makes concessional loans to the world's 79 poorest countries for, among other things, the promotion of trade and regional economic integration.

The CTD also received information on the Islamic Development Bank's activities on agricultural development; the Enhanced Integrated Framework's Tier 1 and Tier 2 projects, regional workshops, and work with respect to mainstreaming (see page 111); the International Trade Centre's activities in support of the private sector and its export development strategies; the African Development Bank's capital resources increase; Nigeria's trade and capacity development reform programme; the United Nations Conference on Trade and Development's publication on South-South cooperation in Africa; the Commonwealth Secretariat's Aid for Trade research activities; the United Nations Development Programme's Aid for Trade activities in the Commonwealth of Independent States; and Canada's new strategy for sustainable economic growth.

The CTD received a large number of reports on Aid for Trade events held outside Geneva during 2010. These included several events organized by and for countries in Africa; a consultative meeting for the United Nations Economic and Social Commission for Western Asia region; a workshop and later a ministerial review meeting for countries in the United Nations Special Programme for the Economies of Central Asia (SPECAs); a meeting of the Asian Development Bank's Regional Technical Group (RTG); and national seminars in India and Viet Nam. An OECD expert meeting on 'Indicators: Measuring Aid for Trade Results at the Country Level', held at OECD headquarters in Paris in October, reviewed the use of indicators for Aid for Trade monitoring and evaluation. This meeting ended with agreement to develop a menu of indicators for programmes and projects through a number of pilot studies coordinated by the OECD Secretariat.

Building trade capacity



Background

Aid for Trade aims to help developing countries, particularly least-developed countries, develop the trade-related skills and infrastructure needed to implement and benefit from WTO agreements and expand their trade. The Aid for Trade work programme for 2010-11, issued in November 2009 and overseen by the Committee on Trade and Development (CTD), focuses on generating continued impetus for resource mobilization, mainstreaming trade into development plans, strengthening regional cooperation, improving monitoring and evaluation, and promoting greater dialogue with the private sector.



The amount of Aid for Trade funding provided by the international community totalled over US\$ 41 billion in 2009.

Aid for Trade was also discussed at the General Council in October 2010. The Director-General introduced the joint WTO-OECD monitoring and evaluation exercise which underpins the Third Global Review of Aid for Trade to be held on 18-19 July 2011. Subsequent letters to members and observers, jointly signed by the Director-General and the OECD Secretary General, outlined the focus of the review: assessment of the impact and outcome of Aid for Trade on the ground; and the monitoring and evaluation exercise, to be based on three main elements – an analysis of trade flows by the OECD, self-assessment questionnaires, and case stories describing what is working and where improvements are needed.

Four dedicated thematic workshops – aimed at encouraging the sharing of information and best practices between members and international organizations – were also held in 2010 under the auspices of the CTD. These covered Aid for Trade and Agriculture (March), Aid for Trade and Development Finance (May), Monitoring and Evaluation of Aid for Trade (July), and Aid for Trade and Mainstreaming (October). A joint International Trade Centre (ITC)/WTO seminar on 'Connecting West African Farmers to the Market' and an expert roundtable on 'The Gender Dimension of Aid for Trade', organized jointly by the ITC and WTO with the support of the Rwandan and United Kingdom Governments, were held in October.

To support members in the process leading up to the Third Global Review of Aid for Trade, the WTO and the OECD, in collaboration with regional partners, conducted a number of regional training events to assist developing country members in completing the self-assessment questionnaires and facilitate the preparation of case stories. These took place in Libreville, Gabon (October) for Francophone Africa; in Hanoi, Viet Nam (November) for the Asian region; in Johannesburg, South Africa (November) for Anglophone Africa, organized in collaboration with the United Nations Economic Commission for Africa; in Quito, Ecuador (November/December) for Latin America, organized in collaboration with the Inter-American Development Bank; and in Nadi, Fiji (December) for Pacific Island states, organized in collaboration with the Pacific Island Forum Secretariat.



Technical cooperation and training

In 2010 the Institute for Training and Technical Cooperation (ITTC) continued to put in place measures designed to improve further both content and delivery of WTO technical assistance and training programmes, reinforce its capacity to interact with beneficiaries in all regions and bolster its coordinating role for trade capacity building activities in its field of competence and responsibility. The ITTC's role is to help WTO members gain a better understanding of their rights and obligations within the multilateral trading system, and to strengthen countries' institutional capacities to deal with the challenges emerging from it.

The work of the ITTC in 2010 was guided by the WTO's second biennial Technical Assistance Plan 2010-11, which builds on lessons learned from the implementation of the first biennial Plan (2008-09). The ITTC continued to institute measures to improve its own institutional and delivery capacity and to enhance the efficiency and impact of its trade-related technical assistance.

The ITTC's new approach to trade-related technical assistance, consolidated in 2010, is based on the notion of gradual and progressive learning and uses eTraining (online training) as a means of delivery of technical assistance across all products. This approach is contributing to more sustainable human and institutional capacity-building, strengthened linkages between programmes, greater synergies, and more coherence and cost-effectiveness in the delivery of technical assistance. It includes a more rigorous selection of candidates that has allowed a gradual move to higher levels of learning.

The 2010-11 Technical Assistance Plan formalized the cooperation with regional partner institutions, and this continued to be a priority for the Secretariat in 2010. The regional approach to addressing capacity constraints is consistent with the overall approach on Aid for Trade, complementing the work and initiatives undertaken by bilateral donors as well as other agencies active in trade-related technical assistance. The coordination of technical assistance programmes has also become a priority, and a coordination mechanism has been established within the WTO Secretariat as well as with partner agencies. In November, the Global Trade-Related Technical Assistance Database (GTAD) was launched by the Director-General, in the presence of nearly a dozen international agencies. The GTAD will feature upcoming activities organized by the various agencies, thus enhancing coordination mechanisms between them.

The Secretariat continued to pursue its outreach programmes in 2010, including its work with parliamentarians, the private sector, academics and universities. The Academic Chairs programme was consolidated in 2010, culminating in a launching conference organized at the WTO in May (see page 129). Individual launch ceremonies were also held at most of the 14 universities holding WTO Chairs. The WTO Chairs programme has greatly improved coordination and promoted more efficient academic cooperation, by concentrating WTO support to academic courses, research activities, academic networking and public outreach through the Chairs Programme.

A major initiative in 2010 was the decision to introduce results-based management (RBM) in the design, management and delivery of WTO's trade capacity building programmes. This requires the use of appropriate indicators to measure trade performance. A work plan has been proposed by the Secretariat gradually to introduce RBM in the design and programming of all trade-related capacity building initiatives. The conceptual framework will be finalized early in 2011, with a view to incorporating the RBM approach in the next biennial Technical Assistance Plan for 2012-13.

Building trade capacity



Background

The WTO's trade-related technical assistance programme contributes to multilateral efforts to enhance the delivery of Aid for Trade to developing countries and to improve the impact of this initiative (see page 115). Within the WTO Secretariat, trade-related technical assistance is coordinated by the Institute for Training and Technical Cooperation (ITTC). Its activities ('products') include eTraining, global and regional training courses, academic programmes, and seminars and workshops at regional and national levels.



In 2010, the WTO undertook 337 technical assistance activities in Geneva and in WTO member countries and regions.



Overview of activities

In 2010, the WTO, including the ITTC, undertook a total of 337 technical assistance activities, in Geneva and in WTO member countries and regions. In addition, WTO officials were invited to provide input and expertise for 97 conferences and meetings. The majority were organized in partnership with other international organizations.

At national level, the activities most in demand were multi-topic briefing sessions and briefings on the specific issues of accessions, non-agricultural market access, rules, trade in services, and the Agreements on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and Sanitary and Phytosanitary (SPS) Measures. The immediate objective of these briefings was to enable participants to have a better understanding of fundamental WTO principles and the topics covered. However, on some specific Doha Round negotiating issues, an objective was to give participants the skills and expertise necessary to negotiate a position that would lead to a positive outcome for their country at the conclusion of the round. Finally, nine national WTO reference centres were established in line with the strategy adopted at the end of 2009 to better tailor programme activities to the specific needs of beneficiaries.

The 90 planned regional seminars (which are subject-specific) were spread across all regions, with Africa being the most visited. Market access for non-agricultural goods and other market access related subjects had the most activities, with at least one regional workshop a month. These were undertaken within the framework of a strengthened role for ITTC regional desks, reinforcing the Secretariat's interaction with beneficiaries and regional partners, and enhancing the WTO's coordinating role in the field of trade capacity building.

Eight eTraining sessions were undertaken in 2010. Over 2,300 participants from all regions, including 500 from least-developed countries, completed courses on subjects such as agriculture, technical barriers to trade, sanitary and phytosanitary measures, trade-related intellectual property rights, and the multilateral trade agreements. A three-month regular trade policy course for government officials was held in Geneva in 2010 in English. The first advanced trade policy course, positioned at 'level 3' in the progressive learning strategy introduced in 2010, was organized at the end of the year. In addition, three-month regional trade policy courses were held in Colombia for Latin American countries, in Singapore for the Asia-Pacific region, in Benin for French-speaking Africa, and in Swaziland for English-speaking Africa.

Seven Geneva-based topic-specific symposia took place at the WTO, in addition to the regular twice-yearly 'Geneva Week'. The purpose of Geneva Week is to inform non-resident WTO members about recent developments in the WTO's work programme and the ongoing Doha negotiations.

Activities by region

In 2010 the trade-related technical assistance programme continued to place particular emphasis on providing assistance to Africa and to least-developed countries (LDCs), whose integration into the multilateral trading system remains a priority for the WTO. Activities held in Africa during 2010 represented 30 per cent of all activities, with 19 per cent in Asia and the Pacific (a decrease of 21 per cent since 2009), 12 per cent in Latin America, 8 per cent in Central and Eastern Europe, Central Asia and the Caucasus, 6 per cent in Arab and Middle Eastern countries, and 5 per cent in the Caribbean. Global events represented 23 per cent of trade-related technical assistance in 2010. For a full breakdown of activities by region, see Table 1.

LDCs benefited from over 43 per cent of all technical assistance activities, including not only national activities held in LDCs but also regional and global activities in which LDCs were invited to participate. Several products have been specifically created for LDCs, or have LDCs as a priority, such as the three-week introduction courses for LDCs. Other programmes give LDCs priority in determining beneficiaries. For example, the Reference Centres Programme specifically focuses on the installation/upgrade of reference centres for LDC members. The Netherlands Trainee Programme and the Mission Internship Programme both focus on applicants from African and LDC countries. In 2010, nine of the 16 candidates admitted to the Mission Internship Programme were from Africa (of which six were from LDCs in Africa). Of the other seven non-African



countries, three were LDCs. In the Netherlands Trainee Programme, nine of the 11 participants were from Africa, and only two were not from an LDC. One of the two non-African participants was from an LDC. In addition, the Enhanced Integrated Framework (see page 111) focused its programmes on LDCs.

The high proportion of activities at national level (close to 40 per cent) reflects continued demand, and allows the Secretariat to tailor training to the particularities of each country. Most activities held at national level are meant to address those aspects of the WTO agreements that pose challenges for the country in question.

Financing the trade-related technical assistance programme

One of the priorities for the trade-related technical assistance programme during 2010 continued to be ensuring timely and adequate levels of funding. The programme is financed mainly from the Doha Development Agenda Global Trust Fund, which is a voluntary funding window provided by WTO members. However, donor countries continued their support for the trust fund, as a result of which funding levels for 2010 were more than sufficient to meet needs.

Table 1: Trade-related technical assistance by region in 2010¹

TRTA by region	National TA		Regional		Global ²		Other (Conferences, etc.)		Total	
	Number of activities	As a % of total activities	Number of activities	As a % of total activities	Number of activities	As a % of total activities	Number of activities	As a % of total activities	Number of activities	As a % of total activities
Africa	75	40	29	31	0	0	25	26	129	30
Arab and Middle East	12	6	8	10	0	0	3	3	23	6
Asia and the Pacific	43	23	22	24	0	0	16	16	81	19
Central and Eastern Europe	16	8	10	11	0	0	9	9	35	8
Caribbean	14	7	5	5	0	0	1	1	20	5
Latin America	29	15	16	17	0	0	9	9	54	12
Sub-Total	189	100	90	98	0	0	63	65	342	79
Global	0	0	0	0	58	100	34	35	92	21
Total	189	100	90	100	58	100	97	100	434	100

¹ Percentage columns do not always add up to 100 due to rounding.

² Activities under the 'global' category are not targeted at a specific region, but include, for example, the Geneva-based courses and topic-specific workshops and symposia, distance learning, internship programmes and the advisory role on legal issues – Dispute Settlement Understanding (DSU).

Outreach

A total of 14 institutions in developing countries were announced as WTO Chairs in 2010. Throughout the year, over 5,000 people attended information briefings at the WTO. One of the year's largest events was the annual Public Forum, which attracted 1,500 people to the WTO.

Relations with non-governmental organizations	122
WTO Public Forum	124
Reaching out to parliamentarians	126
Building international cooperation	127
WTO Chairs Programme	129
Public information activities	131
Contact with the media and public	131
WTO website	132
WTO publications	133
WTO Essay Award for Young Economists	136
Economic research workshops and conferences	137



Background

The WTO maintains regular dialogue with civil society organizations on various aspects of the WTO and the ongoing Doha Round negotiations, with the aim of enhancing cooperation and increasing public awareness of WTO activities and the role and value of the rules-based multilateral trading system.



In 2010, relations with NGOs were further developed through a number of initiatives, including the annual WTO Public Forum.

Relations with non-governmental organizations

In 2010 relations with non-governmental organizations (NGOs) were further developed through a variety of initiatives. These included the annual WTO Public Forum, regular NGO briefings organized by the WTO Secretariat, and a series of informal dialogues between the Chairs of the various negotiating groups and civil society representatives.

Regional and national workshops

In 2010 the WTO continued to promote dialogue with civil society organizations through regional and national workshops for NGO representatives in developing countries. NGOs play a crucial role in shaping the image and public perception of the WTO, and outreach activities are instrumental in enhancing their understanding of the WTO and how the rules-based multilateral trading system helps support growth and development.

Regional outreach workshops are organized in collaboration with WTO partner institutions that have a good network of contacts in the region, enabling the WTO to open new channels of communication with civil society representatives around the globe.

In November 2010, two regional outreach workshops were held for civil society:

- In Cape Town, South Africa, the WTO and the Friedrich Ebert Foundation (FES) organized a regional dialogue for civil society and business on 'Current and Future Challenges for the Multilateral Trading System – Perspectives from Southern Africa'. The event was attended by 50 civil society representatives, including representatives of business organizations and the media from Angola, Botswana, Lesotho, Madagascar, Mozambique, Namibia, Zambia, Zimbabwe and South Africa.
- In Lima, Peru, the WTO, the International Centre for Trade and Sustainable Development (ICTSD) and the Corporación Andina de Fomento (CAF) organized a regional roundtable on 'Trade and Sustainable Development'. The roundtable was attended by 42 Latin American trade experts including representatives of civil society, academia, business, government officials and representatives from regional intergovernmental organisations

WTO Public Forum

The 2010 Public Forum, held in Geneva from 15 to 17 September, attracted over 1,500 participants (see Figure 1) from a wide variety of backgrounds and organizations. Each year, the Forum provides participants with the opportunity to express their views and voice their concerns on all aspects of the multilateral trading system. Since its launch in 2001, the Forum has become one of the most important meeting grounds for dialogue between NGOs, other stakeholders and governments.

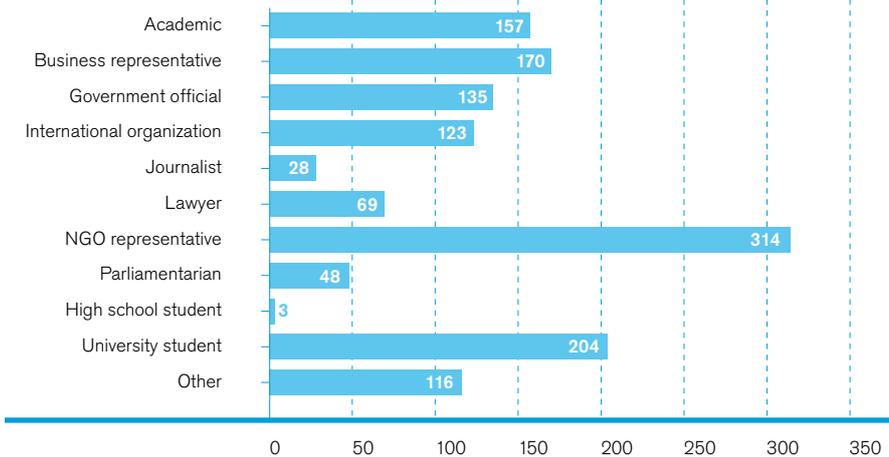
The theme of the forum in 2010, 'The Forces Shaping World Trade', focused on developments in the international economic landscape affecting the multilateral trading system and the WTO. These developments include the changing balance of global economic power, innovative technologies, environmental and other concerns, and the challenges posed by the financial crisis. NGO representatives, government officials, academics, business executives, students and other stakeholders also discussed the contribution of trade to achieving the Millennium Development Goals (MDGs).

Informal dialogues between Chairs of negotiating groups and civil society

In 2010 a series of informal dialogues was launched between the Chairs of the various negotiating groups and civil society representatives. The purpose of these dialogues was to provide a platform for Chairs to present the state of play and future prospects of the negotiations to interested civil society representatives. The presentations were followed by an informal dialogue, during which the civil society representatives had the opportunity to raise issues and concerns related to the negotiations and of particular interest to them, as well as other relevant issues.



Figure 1: Summary of participation in the 2010 Public Forum

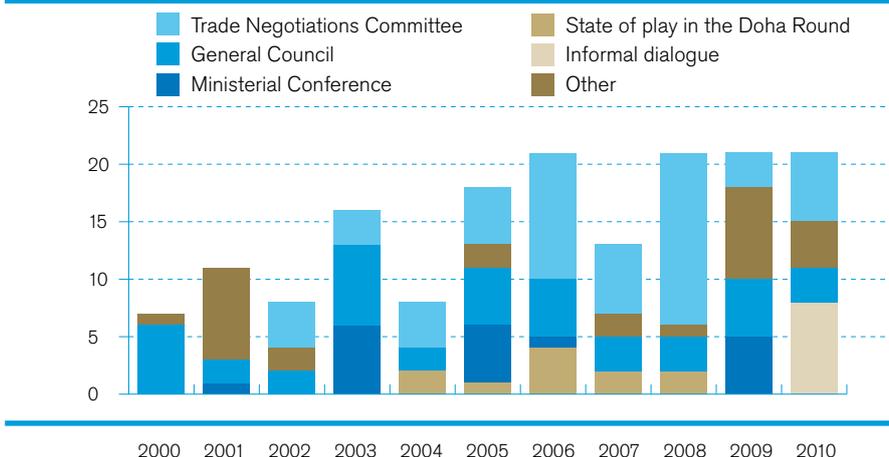


NGO briefings

In 2010 the WTO Secretariat undertook 21 NGO briefings.

Figure 2 shows the number of briefings, broken down by subject, held each year since 2000. Overall, a total of 165 NGO briefings have been organized since 2000, 97 of them in the past five years.

Figure 2: NGO briefings each year from 2000 to 2010



NGO papers

NGOs can submit their position papers and studies to the WTO Secretariat and have them posted on the WTO website. A monthly list of available NGO papers is sent to WTO members. In 2010, five contributions were submitted by NGOs.

Public hearings

Since 2005 a number of panel meetings, Appellate Body hearings and arbitration proceedings have been open to the public, including NGOs. As a result, registered NGOs have been able to follow the open hearings through video links. In 2010 five hearings were open to the public, with 19 open hearings since 2005.

Outreach



In November 2010, an outreach workshop was organized on 'Trade and Sustainable Development' in Lima, Peru.

WTO

Public Forum

The WTO's largest annual outreach event

On 15-17 September, the WTO hosted the 2010 Public Forum on 'The Forces Shaping World Trade' at its headquarters in Geneva. Against the backdrop of the global economic and financial crisis, yet also looking to the future, the Forum provided a unique opportunity for relevant stakeholders to take stock of the latest developments at the global level that are having an impact on the multilateral trading system, and to identify steps that will contribute towards bolstering international trade flows and strengthening the WTO.



WTO Deputy Director-General Valentine Rugwabiza was part of the panel that discussed the role of women in reshaping world trade.

The three-day conference, the tenth since the initiative was launched in 2001, brought together over 1,500 participants from government, non-governmental organizations, parliamentarians, academics, members of the business community, trade unions, journalists, lawyers and students. Some 200 panellists took part in 44 different sessions, organized by a wide range of stakeholders.

Emphasis was placed on the new 'forces' affecting global trade. In his introduction to the conference, WTO Director-General Pascal Lamy listed four key developments: fast-growing emerging economies taking their place beside traditional powers; new technologies changing the face of business and the way people interact; new issues such as climate change, energy and food security, that have changed the public perception of trade; and the challenges posed by the financial crisis.

Discussions were structured around four main themes:

- The WTO and the players that influence the multilateral trading system. Sessions focused on the geopolitical shift of power in international politics, the role of the main actors, including the Group of 20, and public attitudes towards the WTO.
- The economic, political and technological factors shaping world trade and the role of the rules-based multilateral trading system in contributing to the global economic recovery.
- Coherence between the WTO and other areas of global governance. Sessions considered how the WTO could address issues such as social standards and climate change without spreading itself too thin or undermining support for open trade.

▪ Looking to the future: What post-crisis agenda for the WTO in a shifting-power scenario? The contribution of the rules-based multilateral trading system in keeping protectionism in check was widely recognised, as was the need to conclude the Doha Round in order to improve market access and strengthen the WTO.

The opening session addressed how to use the forces shaping trade in order to achieve the Millennium Development Goals (MDGs). The panellists at this session were WTO Director-General Pascal Lamy, former Deputy Prime Minister Dame Billie Miller of Barbados, Oxfam Executive Director Jeremy Hobbs, former President Festus Mogae of Botswana, Tata Motors Vice-Chairman Ravi Kant, and Chief Foreign Affairs Commentator Gideon Rachman of the Financial Times newspaper.

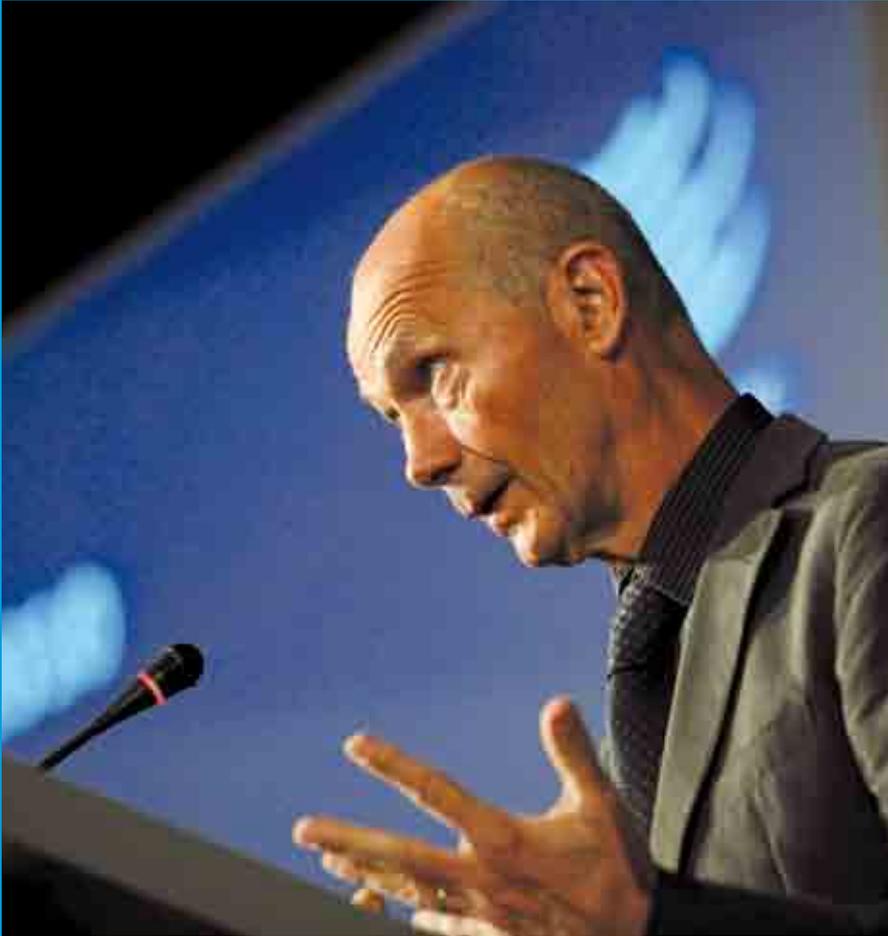
Setting the scene on the second day was an equally distinguished panel to discuss the role of women in reshaping world trade. This panel featured Dame Billie Miller of Barbados, UN High Commissioner for Human Rights Navanethem Pillay, Chief Executive Officer Nonkululeko Nyembezi-Heit of ArcelorMittal in South Africa, WTO Deputy Director-General Valentine Rugwabiza and O Globo journalist Deborah Berlink.

The interactive discussions provided an opportunity for participants with diverse views and concerns to address the different forces and factors shaping world trade and contribute to a strengthened dialogue on the benefits and deficiencies of the multilateral trading system. The 2010 Public Forum enabled participants and WTO members to identify ways of moving towards a multilateral trading system that is conducive to economic recovery and improved global governance.





The three-day event brought together over 1,500 participants from a wide variety of backgrounds.





Background

Parliamentarians have constitutional responsibilities to consider and ratify WTO agreements negotiated by their governments. The WTO seeks to maintain an open dialogue with parliamentarians and help them gain a deeper understanding of the organization and its work. The WTO participates in the meetings of ad hoc parliamentary bodies and organizes workshops for parliamentarians at national and regional levels.



In May 2010, a regional workshop was organized for parliamentarians in Mexico City.

Reaching out to parliamentarians

In 2010 the WTO Secretariat continued the distribution of its monthly newsletter to a growing number of parliamentarians. It also organized two regional workshops for parliamentarians in cooperation with regional partners.

Formal meetings of parliamentary bodies

The Steering Committee of the Inter-Parliamentary Union (IPU) on WTO matters met twice in 2010, including on the sidelines of the WTO Public Forum. On this occasion, the Director-General briefed committee members on the state of play in the Doha negotiations and reiterated the importance of WTO's deepening relations with parliamentarians.

The Steering Committee is made up of around 30 parliamentarians representing members of the IPU, which is the international association of parliaments around the world. The WTO Director-General, senior staff of the WTO, the Chair of the WTO General Council and Geneva-based ambassadors regularly participate in its meetings to brief legislators on the latest developments in the Doha negotiations and on other important issues facing the multilateral trading system.

During the WTO Public Forum, the IPU and the European Parliament organized a session entitled 'Can the existing multilateral system cope with the emerging challenges?'

Regional workshops

In 2010 the WTO held two regional workshops for parliamentarians:

- In Singapore, for parliamentarians of the ASEAN-plus countries (the ten member countries of the Association of South-East Asian Nations plus China, Japan and the Republic of Korea), organized in collaboration with the Temasek Foundation
- In Mexico City, attended by 37 parliamentarians from the Caribbean, Central and South America and Canada, organized in collaboration with the Senate of Mexico and the Inter-Parliamentary Forum of the Americas (FIPA).

The WTO regularly cooperates with regional parliamentary associations, such as the Commonwealth Parliamentary Association, the Assemblée Parlementaire de la Francophonie and FIPA, to organize outreach activities at the regional level. Regional initiatives complement the national workshops for parliamentarians, which are carried out as part of the WTO's regular technical assistance work. Through these initiatives, the WTO has been able to enhance working relations with national parliaments, as well as with parliamentary organizations.



Building international cooperation

In 2010, the year the United Nations held its Millennium Development Goals Summit, the WTO increased its cooperation with a variety of intergovernmental organizations, including the United Nations, the Organization for Economic Cooperation and Development (OECD), the International Monetary Fund and the World Bank. The WTO continued its cooperation with the United Nations Conference on Trade and Development (UNCTAD) and the OECD by publishing joint reports on trade and investment developments in the Group of 20 (G-20) countries.

United Nations

In 2010 the WTO Director-General participated in the two regular meetings of the United Nations Chief Executives Board (CEB) – a high-level body composed of heads of UN agencies, funds and programmes as well as the Bretton Woods institutions and the WTO. The CEB is chaired by the UN Secretary General.

The role of the CEB is to enhance international cooperation on global issues. WTO Secretariat officials participate in meetings of the board's subsidiary bodies dealing with programme and management issues. This year's deliberations continued to be focused on the international response to the global economic crisis. The WTO took the lead on trade, jointly with the United Nations Conference on Trade and Development, within the framework of the 'Joint Crisis Initiatives'. The CEB and its subsidiary bodies also reflected on 'the patterns and governance of globalization', particularly exploring ways to move towards a 'fairer, greener and more sustainable globalization'.

The WTO Secretariat is also represented at the high-level United Nations Coordination Committee, which monitors progress in achieving the United Nations Millennium Development Goals, as well as at meetings of the UN Economic and Social Council, which deals with development issues.

The WTO Director-General addressed the United Nations Summit on the Millennium Development Goals (MDGs) in New York on 20 September, where he stressed the importance of concluding the Doha Round in support of achieving the MDGs. The role of the WTO in regulating and liberalizing trade is relevant for a number of the MDGs, but its core activities fall within MDG 8, A Global Partnership for Development, the targets of which include the creation of an open and stable multilateral trading system. The WTO continues to work on developing a global partnership and will join forces with other international organizations to make the achievement of this and other MDGs a reality.

United Nations Conference on Trade and Development

In 2010 the WTO published three joint reports with UNCTAD and the OECD on trade and investment developments in the G-20 countries.

The WTO continued its close cooperation with UNCTAD on training and technical assistance to developing and least-developed countries. UNCTAD is a major partner of the WTO in programmes such as the Enhanced Integrated Framework (see page 111) and the Joint Integrated Technical Assistance Programme. The two organizations jointly sponsor the International Trade Centre, the trade promotion body for developing countries.

The WTO and UNCTAD organize various inter-regional information sessions and training activities to help representatives from developing countries learn more about the WTO and trade negotiations. These activities usually involve staff from both the WTO and UNCTAD. The WTO also cooperates with UNCTAD within the framework of the UN interagency 'cluster' on Trade and Productive Capacity, which aims to coordinate trade and development operations throughout the UN system.

Outreach



Background

The WTO works closely with other intergovernmental organizations and regional bodies, especially those involved in trade-related issues. This cooperation helps to ensure coordinated action and a coherent approach to international trade policies.



Millennium Development Goals

Goal 8: Develop a Global Partnership for Development

Target 8a: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.

Target 8b: Address the special needs of the least-developed countries.

Target 8c: Address the special needs of landlocked developing countries and small island developing States.

Target 8d: Deal comprehensively with the debt problems of developing countries.

Target 8e: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.

Target 8f: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.



The WTO participated at the Millennium Development Goals Summit which took place at UN Headquarters in New York on 20 September 2010.

International Trade Centre

The WTO works closely with the International Trade Centre (ITC) to build supply-side capacity and trade-related infrastructure that developing countries need to implement and benefit from WTO agreements. Some of the joint initiatives include the Joint Integrated Technical Assistance Programme, the Enhanced Integrated Framework (EIF) and the Business for Development initiative.

Together with UNCTAD, the WTO and ITC have made important commitments to strengthening their interagency cooperation. One area of successful collaboration is within the UN Chief Executives Board interagency cluster on Trade and Productive Capacity, which designs complementary programmes and activities based on the agencies' respective expertise.

Organization for Economic Co-operation and Development

The WTO and the OECD have a longstanding and close working relationship at all levels, with WTO Secretariat officials participating in many OECD meetings. In 2010 the WTO continued to publish with the OECD and UNCTAD joint reports on trade and investment developments, as mentioned above. The Director-General also participated in the annual OECD Forum and Ministerial Meeting.

Other intergovernmental organizations

In September 2010, the WTO participated actively alongside many UN agencies in the launch by the High Level Task Force on the Global Food Security Crisis of its updated comprehensive framework for action.

The WTO cooperated on trade issues and the needs of developing countries with a number of intergovernmental organizations, such as the United Nations Development Programme (UNDP), the International Monetary Fund (IMF) and the World Bank. The WTO also has longstanding working relationships with organizations such as the UN Food and Agriculture Organization (FAO), the World Customs Organization (WCO), the World Intellectual Property Organization (WIPO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

G-20

The WTO participated actively, and at the highest level, in the work of the G-20 during 2010. The Director-General attended the G-20 Summit in Toronto, Canada, in June 2010, and used the opportunity to brief ministers on the status of the Doha Round during a ministerial-level session on trade. The WTO continued to support the work of the G-20 under the chairmanship of the Republic of Korea by contributing to the launch of the G-20 development agenda, an initiative which aims to position development as a central pillar of the G-20 discussions.

The development agenda addresses issues related to infrastructure, trade, food and income security, human resource development and knowledge sharing. The WTO contributed to the trade component of this agenda at a G-20 High-level Development Conference in October 2010 in Seoul and the Director-General participated in a discussion on trade at the G-20 Seoul Summit in November 2010. The WTO was an important partner in ensuring that issues related to Aid for Trade and the trade-related concerns of least-developed countries were highlighted in the 'Multi-Year Action Plan for Development' annexed to the Seoul Summit Document.



WTO Chairs Programme

The WTO Chairs Programme (WCP) became operational in 2010. It was formally launched by the WTO Director-General in May, and launching ceremonies also took place at 10 of the 14 institutions hosting WTO Chairs.

Through the WCP the WTO aims to assist national academic institutions in providing students with a deeper understanding of trade policy issues, and enhance the contribution of these institutions to the analysis, formulation and implementation of national trade policies. This should in turn help strengthen the participation of beneficiary countries in the multilateral trading system.

From a total of 70 proposals received, 14 projects were chosen in the first year through a competitive selection process involving the WCP Advisory Board. The board comprises 22 scholars and experts from around the world who contribute to all substantive decisions in respect of the programme. The WCP will provide up to CHF 50,000 per annum per school for up to four years to finance a professorial chair in the fields of trade policy, international trade, international relations and international economic law. The intention is to extend the programme to other institutions over time.

The 14 selected universities and research institutions were formally announced by the Director-General on 26 January 2010. They are:

- Latin American Faculty of Social Sciences, Argentina
- University of Chile, Institute of International Studies
- Shanghai Institute of Foreign Trade, School of WTO Research and Education, China
- Universitas Gadjah Mada, Center for World Trade Studies, Indonesia
- University of the West Indies, Department of Government, Jamaica
- University of Jordan, Faculty of Business
- University of Nairobi, School of Economics, Kenya
- University of Mauritius, Department of Economics and Statistics
- Mexico Autonomous Institute of Technology, Centre for International Economic Law
- Mohammed V-Souissi University, Faculty of Legal, Economic and Social Sciences, Morocco
- University of Namibia, Faculty of Economics and Management Science
- St. Petersburg State University, Faculty of Economics, Russian Federation
- Cheikh Anta Diop University, Faculty of Economics and Management, Senegal
- Viet Nam National University, Faculty of Development Economics.

The WCP was formally launched by the WTO Director-General at an inaugural conference held in Geneva on 25 May and then in Barcelona on 26 May 2010, with co-financing from the University of Barcelona. The conference was attended by the 14 Chair-holders, by members of the WCP Advisory Board, and by a group of WTO staff who act as WTO Secretariat counterparts for each Chair. It provided the opportunity to present and discuss the projects of the 14 WTO Chair-holder institutions and facilitated an exchange of ideas on issues related to the functioning of the WCP.

The Chair-holders made presentations on their specific projects in the areas of teaching, research and outreach, while members of the Advisory Board, acting as discussants, provided valuable comments and suggestions for implementation of the projects and the general functioning of the WCP. The discussions highlighted the global nature of the WCP, geographically and linguistically, its relevance in promoting applied research to assist governments in policymaking, and the importance of possible joint activities among Chairs to enhance the regional impact of their respective activities.

Outreach



Background

In March 2009 the WTO launched a new WTO Chairs Programme (WCP) that provides dedicated support to teaching, research and outreach activities by 14 universities and research institutions in developing countries. The WCP is managed jointly by the WTO's Institute for Training and Technical Cooperation and the Economic Research and Statistics Division.



Pascal Lamy marks the inauguration of Senegal's Cheikh Anta Diop University into the WTO Chairs Programme in October 2010.



Outreach



WTO Deputy Director-General Harsha V. Singh and Vietnamese officials at the inauguration of Viet Nam National University into the WTO Chairs Programme in February 2010.

The conference also provided the opportunity for WTO Secretariat counterparts and their corresponding WTO Chairs to clarify priority areas for projects that will receive substantive support by the WTO Secretariat.

Ten of the 14 WTO Chair-holding institutions – in Argentina, Chile, China, Kenya, Mauritius, Mexico, Morocco, the Russian Federation, Senegal and Viet Nam – also organized their own launching ceremonies. The participation in these ceremonies of senior-level WTO officials, including the Director-General, affirmed the commitment of the WTO to this programme, and helped to highlight the role of the Chair-holding institutions as national centres on trade policy and WTO matters. Participants included ministers and university rectors and, in the case of Senegal, the ceremony was chaired by the President of the Republic.

The 2010 reports of the WTO Chairs cover specific activities undertaken during the year, and expenses incurred, outputs generated and an overall assessment of results, including the identification of operational challenges and recommendations to improve the functioning of the programme. These reports, which were being processed by the WTO Secretariat in early 2011, are a prerequisite for any further disbursement.



Public information activities

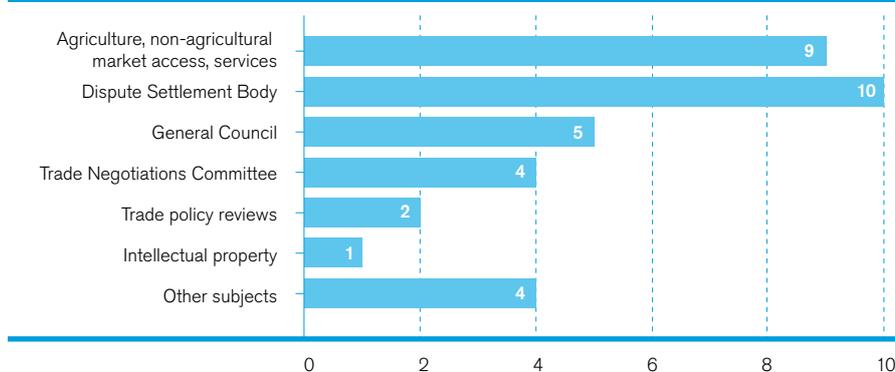
Contact with the media and the public

In 2010 the Information and External Relations Division continued to have regular contact with journalists in Geneva and around the world, and hosted 36 information briefings in Geneva.

The 36 press conferences and press briefings covered various aspects of the WTO's work, including dispute settlement, the Doha trade negotiations and the work of the General Council (see Figure 3).

The WTO also maintained regular contact with 2,330 journalists in many other countries who have registered to use the media newsroom on the WTO website. They all received regular email bulletins on developments at the WTO.

Figure 3: WTO press conferences/briefings in 2010 by subject



In 2010 the WTO held one training seminar for journalists. Organized in conjunction with the Friedrich Ebert Stiftung Institute, the seminar was primarily designed for journalists from developing and least-developed countries. The aim was to help them gain a better understanding of the WTO and trade issues, and to allow them to meet informally with WTO experts. The three-day seminar, held at the WTO and conducted in English, was attended by journalists from Bangladesh, China, India, Indonesia, Nepal, Nigeria, the Philippines, Singapore, South Africa, Tanzania, Thailand, Uganda and Zambia.

The WTO also organized an introduction day for new correspondents covering trade issues. Journalists attending represented the following outlets: Globo News (TV), The Global Journal, Agence France Presse (AFP), Radio Télévision Suisse (RTS) (TV), Radio France Internationale (RFI) (radio), Nikkei, Japan Broadcasting Corporation (NHK) (TV), Notimex, EFE (Spanish news agency), Kyodo News, Infosud, Itar Tass and Asahi Shimbun. Journalists were briefed by press officers on the Doha Round, WTO rules on agriculture, market access, rules of origin, services, Russia's accession and disputes, as well as the Millennium Development Goals. This event was also an opportunity for newcomers to become better acquainted with the WTO's media, web, audiovisual and external relations teams.

The WTO received over 200 visiting groups in 2010, totalling approximately 5,500 people. Most of the presentations covered the history, functions and current work of the organization. Some visiting groups were given presentations on specific WTO topics, primarily dispute settlement, agriculture, development and trade-related aspects of intellectual property rights (TRIPS).

More than 80 per cent of the 213 presentations were given in English, about 7 per cent in French and 2 per cent in Spanish. The remaining 8 per cent were in German, Korean, Chinese, Portuguese, Dutch and Finnish.

Approximately 40,000 public email enquiries and comments were received by the WTO in 2010.

Outreach

The WTO received over 200 visiting groups in 2010, totalling about 5,500 people.

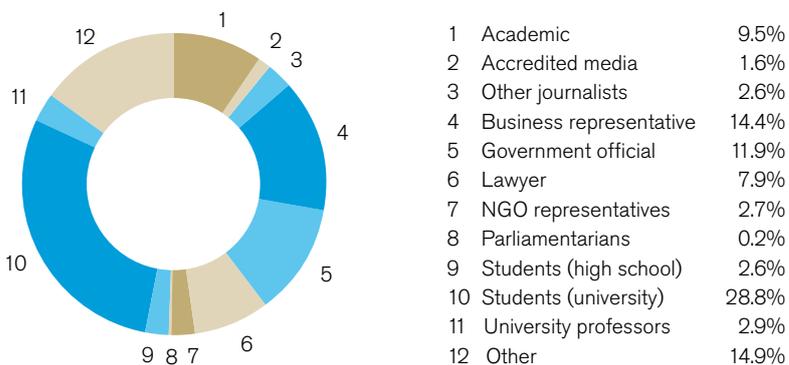
WTO website

The website attracted an average of over 1 million visits per month during 2010. Total data downloaded increased by 19 per cent compared with 2009.

Significant improvements were made to the web site in 2010. These included the publication of new dynamic maps displaying key information about the WTO and world trade. Improvements were also made to the disputes section and to the display of videos, allowing higher quality viewing and a greater variety of downloadable formats.

By the end of the year, 143,500 individuals had registered with the contacts database to receive regular email bulletins on WTO developments (see Figure 4). This list consists largely of university students, business representatives, government officials, academics and lawyers.

Figure 4: Individuals registered with the WTO's contacts database, as of end 2010



WTO publications

In 2010, the WTO produced over 70 publications in the WTO's three working languages: English, French and Spanish. Many of these publications can be downloaded free of charge from the WTO website. Printed copies can be purchased from the WTO online bookshop at <http://onlinebookshop.wto.org>.

Annual publications

Annual Report 2010

English ISBN 978-92-870-3711-4 | CHF 50 | 152 pages



The 2010 WTO *Annual Report* provides an overview of the organization and a detailed review of its activities in 2009. It also includes a personal message from the Director-General, who reflects on the events of 2009, the impact of the financial crisis and the challenges that lie ahead.

World Trade Report 2010

English ISBN 978-92-870-3513-4 | CHF 60 | 256 pages



The *World Trade Report 2010* examines the characteristics of trade in natural resources, the policy choices available to governments and the role of international cooperation, particularly of the WTO, in the proper management of trade in this sector. Issues examined include the role of trade in providing access to natural resources, the environmental impact of resources trade, the so-called natural resources curse and resource price volatility.

International Trade Statistics 2010

English ISBN 978-92-870-3739-8 | CHF 50 | 251 pages



International Trade Statistics is the Number One source for data on world trade. Detailed tables provide comprehensive statistics on the world's leading exporters and importers, with information broken down by region and by country, by product and by commercial service. With data dating back to 1948, this publication provides unparalleled insights into the trends for world trade over the past six decades.

Trade Profiles 2010

English ISBN 978-92-870-3742-8 | CHF 30 | 198 pages



Presented in a handy format, with one page devoted to each country, *Trade Profiles* provides a country-by-country breakdown of trade flows and trade policy measures for WTO members and those seeking to join the WTO. The data provided for each country include basic economic indicators, trade policy indicators, merchandise trade flows, commercial trade flows and intellectual property indicators.

World Tariff Profiles 2010

English ISBN 978-92-870-3745-9 | CHF 50 | 235 pages



World Tariff Profiles provides invaluable information on market access. Now in its fourth edition, the listing of the tariffs imposed by each WTO member on its imports is complemented with an analysis of the market access conditions it faces in its major export markets. Co-published by the World Trade Organization (WTO), the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC).

Outreach



WTO Public Forum 2009

English ISBN 978-92-870-3730-5 | Free | 228 pages



The issues discussed at the 2009 WTO Public Forum included: improving global governance as a way of addressing world problems; the role of the WTO and of the Doha Round of negotiations in the current crisis; the impact of the crisis on developing countries; and the challenges lying ahead, as well as the post-crisis agenda for the WTO. Published online only.

New publications

Governments, Non-State Actors and Trade Policy-Making: Negotiating Preferentially or Multilaterally?

English PB ISBN 978-0-521-16561-7 | CHF 60 | 358 pages

English HB ISBN 978-1-107-00018-6 | CHF 120 | 358 pages

(Edited by Ann Capling and Patrick Low)



Using case studies from eight developing countries, this book presents the findings of a major international project that has investigated how non-state actors see their interests and seek to influence government policy in relation to preferential trade agreements and the WTO as alternative venues for trade cooperation. Co-published with Cambridge University Press.

A Handbook on the WTO Customs Valuation Agreement (Sheri Rosenow and Brian J. O'Shea)

English PB ISBN 978-1-107-00084 | CHF 120 | 286 pages



A Handbook on the WTO Customs Valuation Agreement provides a plain-language, comprehensive explanation of the terms of the Customs Valuation Agreement. Written as a learning tool, it aims to help both new and experienced policy-makers, customs officials, importers and exporters gain a deeper understanding of the Agreement's function and aims. Co-published with Cambridge University Press.

Dispute Settlement Reports 2009

English HB ISBN 978-0-521-82322-7 | CHF 200 | 12 volumes | 5494 pages



The Dispute Settlement Reports of the World Trade Organization include Panel and Appellate Body reports and arbitration awards in disputes concerning the rights and obligations of WTO members under the provisions of the Marrakech Agreement. The date of each volume corresponds to the date of the dispute's resolution. These are the only WTO authorized and paginated reports, available solely in English. Co-published with Cambridge University Press.

Trade Policy Reviews 2010



Trade Policy Reviews provide detailed coverage of the latest trade developments in the WTO's 153 members. Each review provides a detailed account of the member's trade policies and practices. About 15 Trade Policy Reviews are co-published each year with Bernan Press. 2010 Trade Policy Reviews: Malaysia; El Salvador; Croatia; Armenia; Albania; China; Malawi; Chinese Taipei; The Gambia; Honduras; United States of America; Benin, Burkina Faso and Mali; Sri Lanka; Belize; Papua New Guinea; Democratic Republic of the Congo; and Hong Kong, China.





The WTO's Agreements are the legal foundation for the international trading system that is used by the bulk of the world's trading nations. This series offers a set of handy reference booklets on selected Agreements. Revised in 2010, this volume contains the text of the SPS Agreement, an explanation designed to help the user understand the text, and supplementary material.

The WTO and the Millennium Development Goals

Free | 16 pages



The economic and developmental benefits brought about by the multilateral trading system can go a long way towards helping countries achieve the goals set out in the UN Millennium Declaration to reduce extreme poverty by the year 2015. This brochure outlines the relationship between the WTO and the United Nations Millennium Development Goals.

Workshop on Recent Analyses of the Doha Round

Free | 34 pages



This booklet is a summary of presentations from a workshop which took place at the WTO on 2 November 2010. The purpose of the workshop was to take a look at recent work that seeks to evaluate the trade policy changes that might result from a completed Doha Round and what the impact would be of such changes.



Background

In April 2009 the WTO established the annual WTO Essay Award for Young Economists. The award, which carries a prize of CHF 5,000, aims to promote high-quality economic research on the WTO and WTO-related issues and to reinforce the relationship between the WTO and the academic community.



Dave Donaldson and Olena Ivus, joint winners of the WTO Essay Award for Young Economists 2010.

WTO Essay Award for Young Economists

The joint winners of the WTO Essay Award for Young Economists 2010, announced in September, were Dave Donaldson of the Massachusetts Institute of Technology (United States) and Olena Ivus of Queen's University (Canada). Their papers were ranked equal first by the selection panel.

The article by Dave Donaldson, entitled 'Railroads of the Raj: Estimating the impact of transportation infrastructure', provides a theoretical and empirical investigation of the impact of large transportation infrastructure on income and trade. The selection panel said the article represented an important contribution in the area of trade facilitation that will capture the attention of trade experts and the economics profession at large.

The article by Olena Ivus, entitled 'Do stronger patent rights raise high-tech exports to the developing world?', studies the effects of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) on the volume and price of high-tech patent-sensitive exports from developed to developing countries. The selection panel said this was an extremely well-crafted analysis that offered insights relevant to the policy debate.

The selection panel for the award comprised Professor Jagdish Bhagwati of Columbia University, Professor Robert Staiger of Stanford University, Professor Alberto Trejos of INCAE Business School, Patrick Low, WTO Chief Economist, and Hakim Ben Hammouda, Director of the WTO's Institute for Training and Technical Cooperation.

To be eligible for the award, papers must address issues related to the economics of the WTO, such as the design and effects of trade agreements, measures to combat dumping and subsidies or temporary 'safeguard' protection against import surges, trade facilitation, Aid for Trade, or the economics of dispute settlement. Authors must be aged 30 or under, or be no more than two years past their doctorate.

Economic research workshops and conferences

In 2010 the WTO's Economic Research and Statistics Division organized over 60 events, many in collaboration with other institutions. They included a conference on the implications of climate policies for the WTO, workshops on timber markets and preferential trade agreements, a dialogue on the economic and development implications of the Doha Round, and a series of seminars in the Geneva Trade and Development Workshop programme.

A dialogue on the economic and development implications of the Doha Round was held at the WTO in March, jointly organized by the WTO, the International Centre for Trade and Sustainable Development, the Petersen Institute for International Economics and the World Bank. This took the form of a panel discussion on papers prepared by the Petersen Institute and the World Bank on the potential impact of concluding the Doha Round.

Also in March, the WTO, together with the United Nations Economic Commission for Europe and the United Nations Food and Agriculture Organization, organized a workshop on 'Emerging Trade Measures in Timber Markets'. Timber and wood products are increasingly globally-traded products but pressure is growing for trade measures that will combat deforestation, curb illegal logging, promote sustainably managed forests and advance other environmental goals.

In June the WTO and the Centre for Trade and Economic Integration of the Graduate Institute in Geneva, with the support of the World Bank, jointly organized a conference on 'Climate Change, Trade and Competitiveness: Issues for the WTO'. The aim of the conference was to examine the implications for the WTO, and especially its dispute settlement system, of tariff and subsidy policies that governments could be tempted to put in place to 'level the playing field' between countries adopting climate measures of varying stringency. This could potentially lead to conflicts between trade rules and climate policies, undermining support for the rules-based system.

Another workshop in November focused on 'New Era Preferential Trade Agreements', with the aim of providing intellectual inputs for the 2011 World Trade Report on this issue. The WTO has also launched an online discussion forum to stimulate debate. 'New era' preferential trade agreements are less about preferential tariffs and more about trade provisions that are crucial to global production-sharing networks, such as establishment rights, repatriation of profits, temporary movement of personnel, infrastructure services, trade facilitation, rules of origin and dispute settlement mechanisms accessible to private agents.

In addition, the Geneva Trade and Development Workshop programme, run jointly by the WTO and the Graduate Institute's Centre for Trade and Economic Integration, hosted 19 events during the year. The aim is to allow academics and researchers in the Geneva region working in the area of trade and development to share work and ideas as well as improve their contact with researchers outside the region. By providing a forum for discussion, the workshops support high-quality research and facilitate outreach to policymakers.

Outreach



Background

The WTO's Economic Research and Statistics Division organizes regular seminars and conferences, as well as online forums, involving academics and researchers in Geneva and around the world. These activities include the Geneva Trade and Development Workshop programme, a joint project with the Graduate Institute's Centre for Trade and Economic Integration (CTEI), the United Nations Conference on Trade and Development (UNCTAD) and the University of Geneva.



Secretariat and budget

The WTO Secretariat has 640 staff on the regular budget, including individuals representing 73 of the WTO's members. The WTO mainly derives its income from annual contributions from its 153 members. These contributions are based on a formula that takes into account each member's share of international trade. The WTO's total budget for 2010 is CHF 196,003,900.

WTO Secretariat

WTO Secretariat organizational chart

Staff by division

WTO staff on regular budget by gender and nationality

WTO staff on regular budget by grade and gender

140

140

141

142

144

Budget, finance and administration

Consolidated expenditure 2010

Consolidated budget for 2011

Members' contributions to the WTO budget and the budget of the Appellate Body 2011

146

147

147

148

Internal audit

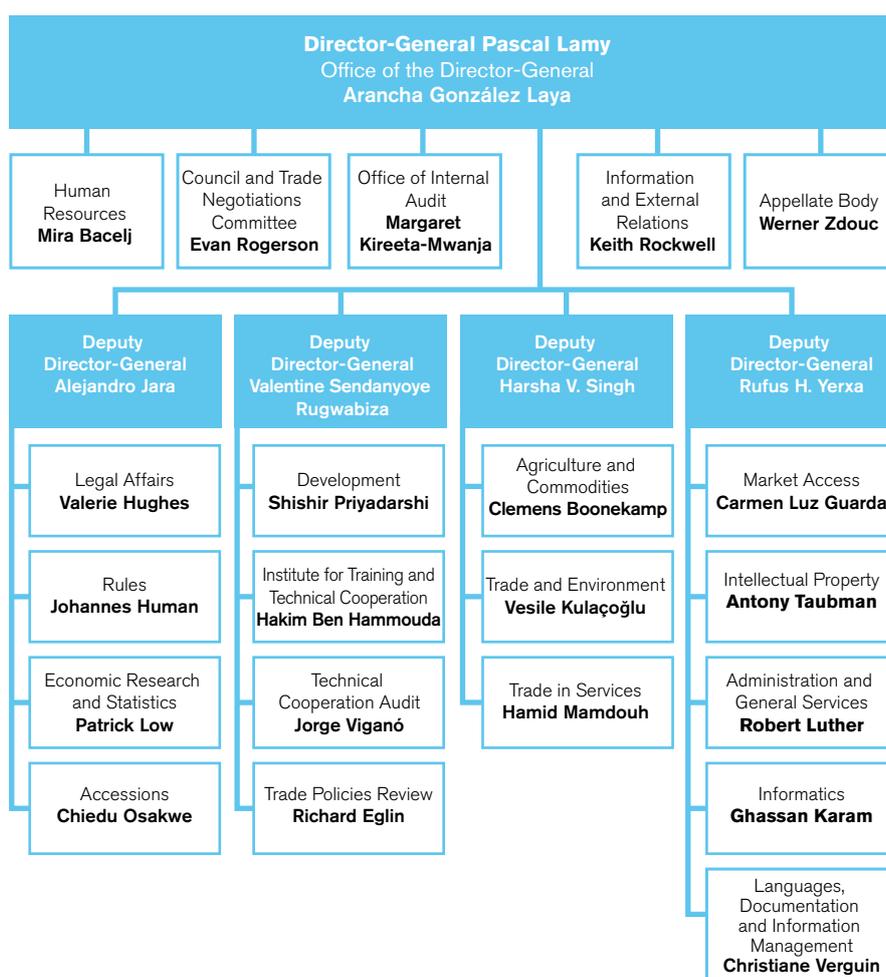
151

WTO Secretariat

The WTO Secretariat, with offices in Geneva, has 640 staff on the regular budget and is headed by Director-General Pascal Lamy. Since decisions are taken by WTO members, the Secretariat has no decision-making powers. Its main duties are to supply technical and professional support for the various councils and committees, to provide technical assistance for developing countries, to monitor and analyse developments in world trade, to provide information to the public and the media, and to organize the ministerial conferences. The Secretariat also provides some forms of legal assistance in the dispute settlement process and advises governments wishing to become members of the WTO.

The Secretariat staff on the regular budget includes individuals from 73 of the WTO's members (see Table 2). This number has increased from 70 nationalities at the end of 2009 following the arrival of nationals from Barbados, Croatia and Guinea in 2010. The professional staff is composed mostly of economists, lawyers and others with a specialization in international trade policy. There are also a substantial number of personnel working in support services, including informatics, finance, human resources and language services. The total staff complement is composed almost equally of men and women. The working languages of the WTO are English, French and Spanish.

Figure 1: WTO Secretariat organization chart as of 31 December 2010



The WTO's recruitment policy is based on the principle of equal opportunity for all, with the objective of ensuring the broadest possible diversification of the WTO Secretariat. The fullest regard is given to merit, qualifications and experience.

The Appellate Body, which has its own Secretariat, was established by the Understanding on Rules and Procedures Governing the Settlement of Disputes to consider appeals against decisions by dispute settlement panels (see page 104). The seven Appellate Body members are individuals with recognized standing in the fields of law and international trade. They are appointed to a four-year term and may be reappointed once.

Table 1: Allocation of staff by division as of 31 December 2010			
Division	Regular staff ¹	Senior management and directors	Total
Director-General		1	1
Office of the Director-General	12	1	13
Offices of the Deputy Directors-General ²	13.9	4	17.9
Accessions Division	7.8	1	8.8
Administration and General Services Division	75.2	1	76.2
Agriculture and Commodities Division	14.6	1	15.6
Council and Trade Negotiations Committee Division	18.8	1	19.8
Development Division	13	1	14
Economic Research and Statistics Division	42.8	2	44.8
Human Resources Division	20.4	1	21.4
Informatics Division	38.3	1	39.3
Information and External Relations Division	27.6	1	28.6
Institute for Training and Technical Cooperation	32.3	1	33.3
Intellectual Property Division	11.1	1	12.1
Languages, Documentation and Information Management Division	153.5	1	154.5
Legal Affairs Division	15	2	17
Market Access Division	10.6	1	11.6
Office of Internal Audit	1	1	2
Rules Division	20	1	21
Technical Cooperation Audit	2.8		2.8
Trade and Environment Division	8.8	1	9.8
Trade in Services Division	15.8	1	16.8
Trade Policies Review Division	47.2	2	49.2
Appellate Body	14	1	15
Grand total	616.5	29	645.5

¹ Regular budget posts, include posts not yet filled. Figures in decimals indicate members of staff who work a percentage of the working week (e.g. 80 per cent).

² Includes posts pending allocation.

Secretariat and budget

Our objective is to attract the best talent and ensure the broadest diversity of staff.

Secretariat and budget

Staff on regular budget include individuals from 73 of the WTO's members.

Table 2: WTO staff on regular budget by gender and nationality as of 31 December 2010

Member	Women	Men	Total
Argentina	3	6	9
Australia	5	5	10
Austria	2	3	5
Barbados	-	1	1
Belgium	4	1	5
Benin	-	1	1
Bolivia, Plurinational State of	1	2	3
Brazil	3	6	9
Bulgaria	-	3	3
Canada	9	15	24
Chile	3	1	4
China	5	2	7
Colombia	3	6	9
Costa Rica	1	1	2
Côte d'Ivoire	-	1	1
Croatia	1	-	1
Cuba	1	-	1
Democratic Republic of the Congo	-	1	1
Denmark	1	1	2
Ecuador	-	1	1
Egypt	3	3	6
Estonia	1	-	1
Finland	2	3	5
France	106	75	181
Germany	5	12	17
Ghana	-	1	1
Greece	3	2	5
Guatemala	1	-	1
Guinea	-	1	1
Honduras	1	-	1
Hong Kong, China	1	-	1
Hungary	-	1	1
India	3	11	14
Ireland	9	2	11
Italy	7	7	14
Japan	1	2	3
Korea, Republic of	3	1	4



Secretariat and budget

Table 2: WTO staff on regular budget by gender and nationality as of 31 December 2010 (continued)

Member	Women	Men	Total
Lesotho	-	1	1
Malawi	-	1	1
Malaysia	1	2	3
Mauritius	-	2	2
Mexico	2	4	6
Morocco	1	2	3
Netherlands	2	5	7
New Zealand	2	3	5
Nigeria	-	1	1
Norway	-	2	2
Pakistan	-	1	1
Paraguay	1	-	1
Peru	3	4	7
Philippines	5	5	10
Poland	2	2	4
Portugal	-	2	2
Romania	2	-	2
Rwanda	1	1	2
Saint Lucia	1	-	1
Senegal	-	1	1
South Africa	-	1	1
Spain	30	15	45
Sri Lanka	1	2	3
Sweden	2	2	4
Switzerland	21	15	36
Tanzania	1	-	1
Thailand	-	1	1
Trinidad and Tobago	1	-	1
Tunisia	2	4	6
Turkey	2	1	3
Uganda	3	-	3
United Kingdom	50	16	66
United States of America	20	9	29
Uruguay	1	6	7
Venezuela, Bolivarian Republic of	1	3	4
Zimbabwe	2	-	2
Total	348	292	640

Secretariat and budget

Table 3: WTO staff on regular budget by grade and gender as of 31 December 2010

Division	Gender	Grades													DDG	DG	Total
		2	3	4	5	6	7	8	9	10	11	12					
Director-General																	
Director-General	Men															1	1
Office of the Director-General	Women				2	2	2		1	1	1						9
	Men									4							4
Appellate Body Secretariat	Women			1	1	1	1	2		1							7
	Men							3	1	3	1						8
Council and Trade Negotiations Committee Division	Women	1	1	3	2			2	2	2							13
	Men	2		1						3		1					7
Human Resources Division	Women	1	4	4	2	4	2	1	1	1							20
	Men							1	2								3
Information and External Relations Division	Women	1		3	4	3	1	2									14
	Men		1	1	1	1	1	1	2	5		1					13
Office of Internal Audit	Women				1					1							2
Deputy Director-General 1																	
Office of Deputy Director-General 1	Women				1	1											2
	Men														1		1
Accessions Division	Women			2				1	1								4
	Men							2		2		1					5
Economic Research and Statistics Division	Women	1			5	3	1		5	3							18
	Men					3	4	8	2	8	1	1					27
Legal Affairs Division	Women				1	2	2	2	1	2	1						11
	Men					2				2	2						6
Rules Division	Women	1	1			1	2	1	2	2							10
	Men						1	2	3	3	1						10

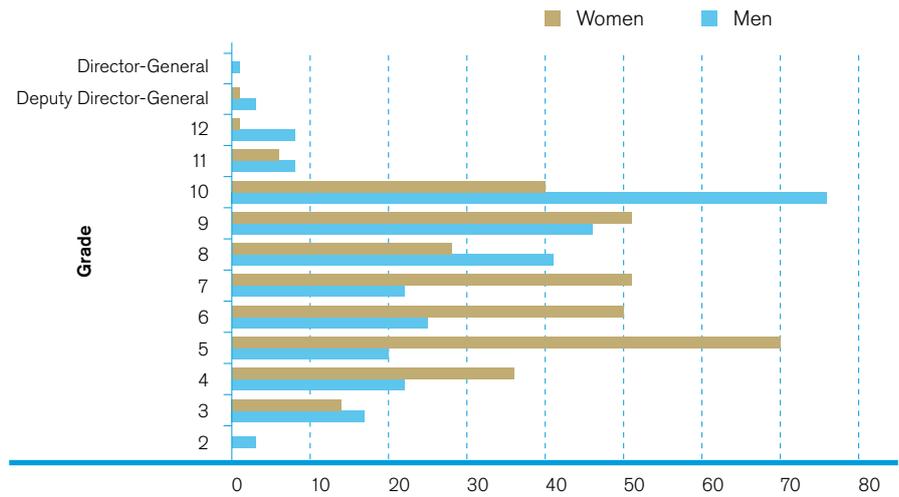


Table 3: WTO staff on regular budget by grade and gender as of 31 December 2010 (continued)

Division	Gender	Grades													Total	
		2	3	4	5	6	7	8	9	10	11	12	DDG	DG		
Deputy Director-General 2																
Office of Deputy Director-General 2	Women					1								1		2
Development Division	Women			1	1	1	2	1		1						7
	Men						1		2	2	1					6
Institute for Training and Technical Cooperation	Women			1	5	3	3	2	2	2						18
	Men				1			2	6	6	1					16
Technical Cooperation Audit Division	Women				1											1
	Men									1	1					2
Trade Policies Review Division	Women		1	4	4	2	3	3	5	4						26
	Men				1	2	3	1	2	13	1	1				24
Deputy Director-General 3																
Office of Deputy Director-General 3	Women						1									1
	Men												1			1
Agriculture and Commodities Division	Women			1		1	2		5	2	1					12
	Men							2	1			1				4
Trade and Environment Division	Women				1	1			2	1		1				6
	Men					1				2						3
Trade in Services Division	Women			2	2		1	1	1	2						9
	Men								2	6		1				9
Deputy Director-General 4																
Office of Deputy Director-General 4	Women						1									1
	Men												1			1
Administration and General Services Division	Women			5	11	3	4	2	3	1						29
	Men	3	13	12	6	5	3	2	1	3		1				49
Informatics Division	Women					2	2	2	1							7
	Men				3	5	3	10	4	5		1				31
Intellectual Property Division	Women		1		1	2	1		1	2						8
	Men								1	3	1					5
Languages, Documentation and Information Management Division	Women		7	11	22	15	15	6	16	10	1					103
	Men		2	9	7	6	3	9	11	5						52
Market Access Division	Women			2	1	1	1			2	1					8
	Men						1		1	2						4
Subtotal	Women		14	36	70	50	51	28	51	40	6	1	1			348
	Men	3	17	22	20	25	22	41	46	76	8	8	3	1		292
Total		3	31	58	90	75	73	69	97	116	14	9	4	1	640	

Secretariat and budget

Figure 2: WTO staff on regular budget by grade and gender as of 31 December 2010



Budget, finance and administration

In 2010 the Committee on Budget, Finance and Administration revised the budget for the 2010-11 biennium and discussed issues relating to the WTO building project, diversity of WTO staff, and payment plans for members with extensive arrears on contributions.

The committee examined the Director-General's proposals for revision of the budget for the 2010–11 biennium, which resulted in an overall reduction of CHF 2.2 million or 1.11 per cent in the budget for 2011. The budget adopted for 2011 amounted to CHF 196 million.

The General Contractor contract for transformation of the buildings at the Centre William Rappard was awarded to HRS, a large firm based in Zurich, after the project received the building permit and the financial resources voted by the Swiss authorities. The contract for the new building was awarded to Implenia, the largest construction firm in western Switzerland. In December, the Swiss National Council (the lower house of the Swiss Parliament) approved the loan of CHF 40 million for the new building, which allowed work to start early in 2011.

The renovation project of the Centre William Rappard was also on track, with the biggest-ever move of staff from the North Wing into the renovated South Wing foreseen for January 2011.

The Secretariat presented its first annual report on diversity early in 2010. The report recalled that the WTO Staff Regulations were based on the principles of merit and equal opportunity for all, with merit being the principal selection criterion. When candidates were equal in terms of merit, diversity considerations were taken into account. In order to increase the awareness of diversity, the Secretariat had adopted several measures such as diversity training in the Secretariat, increased outreach and communication, and the addition of a short text in vacancy notices on the WTO's commitment to merit and diversity.

In 2010 six members subject to 'administrative measures', with dues up to 30 years in arrears, accepted a payment plan proposed by the Director-General, with the objective of liquidating their contributions in arrears over several years. The six members are the Central African Republic, Congo, Côte d'Ivoire, the Gambia, Niger and Togo. The number of members subject to administrative measures was reduced to 11 at the end of 2010, the lowest number ever.

A Working Group on Administrative Measures was established with a mandate to review the current measures. The group is considering several changes to the present system, including the reduction of categories from four to three, administrative measures applicable to observers, and regular reporting on members in arrears.

WTO budget 2011

The WTO derives its income from annual contributions from its 153 members (see Table 6) and miscellaneous income. These contributions are based on a formula that takes into account each member's share of international trade. Miscellaneous income mainly consists of contributions from observer countries and income from the sale of publications.

The WTO's budget for 2011 is as follows:

- WTO Secretariat: CHF 190,381,300
- Appellate Body and its Secretariat: CHF 5,622,600

The total WTO budget is CHF 196,003,900.

Secretariat and budget



Background

The Committee on Budget, Finance and Administration monitors the WTO's budgetary and financial situation, including matters relating to the receipt of contributions, and undertakes any function assigned to it by WTO members. It considers issues concerning human resources management, hears progress reports on the WTO Pension Plan and deals with financial and administrative matters concerning the WTO Secretariat. The committee reports to the General Council.

Section	Budget 2010 CHF	Expenditure 2010 CHF ¹	Balance 2010 CHF ¹
Work years (including salary and pension)	125,599,300	122,668,646	2,930,654
Temporary assistance	15,875,300	17,613,712	-1,738,412
Communications (including telecommunications and postal charges)	1,786,500	1,550,748	235,752
Building facilities (including rental, utilities, maintenance and insurance)	3,843,000	4,644,222	-801,222
Permanent equipment	1,130,000	3,911,776	-2,781,776
Expendable supplies	1,191,000	1,016,537	174,463
Contractual services (including reproduction, office automation and security)	9,298,000	8,566,586	731,414
Staff overheads (including training and insurance)	4,624,000	4,402,214	221,786
Missions	2,939,000	2,825,615	113,385
Trade policy courses	3,315,000	2,630,278	684,722
Various (including dispute settlement panels, publications, library and public information activities)	6,349,500	6,120,266	229,234
International Trade Centre	18,038,900	18,038,900	0
Total	193,989,500	193,989,500	0

¹ Unaudited accounts

Section	Revised budget 2011 CHF
Work years (including salary and pension)	126,310,600
Temporary assistance	15,992,700
Communications (including telecommunications and postal charges)	1,786,500
Building facilities (including rental, utilities, maintenance and insurance)	3,866,000
Permanent equipment	1,089,000
Expendable supplies	1,281,000
Contractual services (including reproduction, office automation and security)	9,236,600
Staff overheads (including training and insurance)	4,827,000
Missions	2,939,000
Trade policy courses	3,315,000
Various (including dispute settlement panels, publications, library and public information activities)	6,449,500
International Trade Centre	18,911,000
Total	196,003,900

¹ Consolidated statements refer to the WTO and the Appellate Body Secretariats.



Table 6 : Members' contributions to the WTO budget and the budget of the Appellate Body 2011

Member	2011 Contribution CHF	2011 Contribution %
Albania	50,518	0.026
Angola	388,600	0.200
Antigua and Barbuda	29,145	0.015
Argentina	691,708	0.356
Armenia	29,145	0.015
Australia	2,312,170	1.190
Austria	2,461,781	1.267
Bahrain, Kingdom of	184,585	0.095
Bangladesh	200,129	0.103
Barbados	29,145	0.015
Belgium	4,731,205	2.435
Belize	29,145	0.015
Benin	29,145	0.015
Bolivia, Plurinational State of	54,404	0.028
Botswana	64,119	0.033
Brazil	1,985,746	1.022
Brunei Darussalam	73,834	0.038
Bulgaria	334,196	0.172
Burkina Faso	29,145	0.015
Burundi	29,145	0.015
Cambodia	69,948	0.036
Cameroon	71,891	0.037
Canada	5,869,803	3.021
Cape Verde	29,145	0.015
Central African Republic	29,145	0.015
Chad	44,689	0.023
Chile	730,568	0.376
China	13,363,954	6.878
Colombia	411,916	0.212
Congo	54,404	0.028
Costa Rica	159,326	0.082
Côte d'Ivoire	112,694	0.058
Croatia	328,367	0.169
Cuba	141,839	0.073
Cyprus	134,067	0.069
Czech Republic	1,534,970	0.790
Democratic Republic of the Congo	62,176	0.032
Denmark	1,896,368	0.976
Djibouti	29,145	0.015
Dominica	29,145	0.015
Dominican Republic	163,212	0.084
Ecuador	192,357	0.099
Egypt	551,812	0.284
El Salvador	95,207	0.049
Estonia	188,471	0.097
European Union*	0	0.000
Fiji	29,145	0.015
Finland	1,259,064	0.648
Former Yugoslav Republic of Macedonia	56,347	0.029
France	8,722,127	4.489
Gabon	40,803	0.021
The Gambia	29,145	0.015

* Contributions from the member states of the European Union are made individually by its 27 member states.

Table 6 : Members' contributions to the WTO budget and the budget of the Appellate Body 2011 (continued)

Member	2011 Contribution CHF	2011 Contribution %
Georgia	48,575	0.025
Germany	17,207,208	8.856
Ghana	89,378	0.046
Greece	983,158	0.506
Grenada	29,145	0.015
Guatemala	137,953	0.071
Guinea	29,145	0.015
Guinea-Bissau	29,145	0.015
Guyana	29,145	0.015
Haiti	29,145	0.015
Honduras	101,036	0.052
Hong Kong, China	5,110,090	2.630
Hungary	1,257,121	0.647
Iceland	91,321	0.047
India	2,933,930	1.510
Indonesia	1,472,794	0.758
Ireland	2,308,284	1.188
Israel	880,179	0.453
Italy	7,268,763	3.741
Jamaica	79,663	0.041
Japan	9,643,109	4.963
Jordan	149,611	0.077
Kenya	95,207	0.049
Korea, Republic of	5,216,955	2.685
Kuwait	598,444	0.308
Kyrgyz Republic	29,145	0.015
Latvia	157,383	0.081
Lesotho	29,145	0.015
Liechtenstein	46,632	0.024
Lithuania	275,906	0.142
Luxembourg	818,003	0.421
Macao, China	149,611	0.077
Madagascar	29,145	0.015
Malawi	29,145	0.015
Malaysia	2,242,222	1.154
Maldives	29,145	0.015
Mali	29,145	0.015
Malta	77,720	0.040
Mauritania	29,145	0.015
Mauritius	60,233	0.031
Mexico	3,604,265	1.855
Moldova	34,974	0.018
Mongolia	29,145	0.015
Morocco	351,683	0.181
Mozambique	38,860	0.020
Myanmar, Union of	40,803	0.021
Namibia	42,746	0.022
Nepal	29,145	0.015
Netherlands	6,281,719	3.233
New Zealand	460,491	0.237
Nicaragua	42,746	0.022
Niger	29,145	0.015



Table 6 : Members' contributions to the WTO budget and the budget of the Appellate Body 2011 (continued)

Member	2011 Contribution CHF	2011 Contribution %
Nigeria	637,304	0.328
Norway	1,740,928	0.896
Oman	275,906	0.142
Pakistan	359,455	0.185
Panama	169,041	0.087
Papua New Guinea	33,031	0.017
Paraguay	77,720	0.040
Peru	310,880	0.160
Philippines	749,998	0.386
Poland	2,040,150	1.050
Portugal	981,215	0.505
Qatar	396,372	0.204
Romania	681,993	0.351
Rwanda	29,145	0.015
Saint Kitts and Nevis	29,145	0.015
Saint Lucia	29,145	0.015
Saint Vincent and the Grenadines	29,145	0.015
Saudi Arabia, Kingdom of	2,183,932	1.124
Senegal	40,803	0.021
Sierra Leone	29,145	0.015
Singapore	4,278,486	2.202
Slovak Republic	705,309	0.363
Slovenia	374,999	0.193
Solomon Islands	29,145	0.015
South Africa	1,088,080	0.560
Spain	5,084,831	2.617
Sri Lanka	137,953	0.071
Suriname	29,145	0.015
Swaziland	29,145	0.015
Sweden	2,556,988	1.316
Switzerland	2,607,506	1.342
Chinese Taipei	3,248,696	1.672
Tanzania	60,233	0.031
Thailand	2,075,124	1.068
Togo	29,145	0.015
Tonga	29,145	0.015
Trinidad and Tobago	112,694	0.058
Tunisia	242,875	0.125
Turkey	1,836,135	0.945
Uganda	34,974	0.018
Ukraine	790,801	0.407
United Arab Emirates	1,981,860	1.020
United Kingdom	9,406,063	4.841
United States of America	24,135,946	12.422
Uruguay	83,549	0.043
Venezuela, Bolivarian Republic of	722,796	0.372
Viet Nam	681,993	0.351
Zambia	48,575	0.025
Zimbabwe	29,145	0.015
TOTAL	194,300,000	100.000



Background

The Office of Internal Audit (OIA) was created in March 2008 to undertake the independent examination and evaluation of the WTO's financial and budgetary control systems and processes. The OIA makes recommendations for strengthening accountability, financial risk management, internal controls and governance processes, with the aim of ensuring that the financial resources made available to the WTO by its members are used efficiently and effectively to obtain the best value for money.

Internal audit

During 2010 the OIA issued two reports, one on the WTO's payroll activities relating to data integrity, controls in place and accountability mechanisms, and one on the administrative and logistical support activities of the Institute of Training and Technical Cooperation (ITTC).

Follow-up audits

The OIA undertook five follow-up audits during 2010, two on procurement, two on mission travel and one on payroll activities in order to verify the implementation status of various audit recommendations made in earlier audit reports issued in November 2008, October 2009 and June 2010 respectively.

The results of the follow-up audits for different audit activities and their ultimate status as at 31 December 2010 are shown in Table 7.

Table 7: Procurement Audit of November 2008			
Audit follow-up date	Implementation status		
	Implemented	Work in progress	Planned ¹
July 2009	27%	51%	22%
April 2010	57%	29%	14%
December 2010	80%	9%	11%
Mission Travel Audit of October 2009			
June 2010	17%	39%	44%
December 2010	31%	52%	17%
Payroll Audit of June 2010			
December 2010	6%	61%	33%

¹ Percentage of recommendations where no remedial action has yet been taken but which are the subject of proposed remedial action plans

Payroll audit

In June the OIA issued an audit report on payroll activities with 33 recommendations, 29 of which were significant. Overall, the payroll tabulations within the audit scope were reasonably well computed and payments were made on a timely basis. Any anomalies were corrected. Recommendations were made to improve system and access controls, access to confidential information, ownership, management and accountability of the staff headcount and payroll operations, and compliance with staff rules and regulations. The audit also noted opportunities for improving the adequacy of, and compliance with, the guidelines for recruiting and employing consultants. Other areas warranting attention included segregation of duties, contract management, and control by the Human Resources Division over the recruitment process for the various categories of WTO staff.

The OIA continued a desk review begun in 2009 at the request of the Director-General. The objective was to analyse and document the significant existing authority and approval levels within the WTO, and to come up with a comprehensive document for the information and guidance of WTO staff in fulfilling their obligations. Those with delegated authority are expected to exercise adequate control in carrying out the delegated functions and are answerable and accountable for their actions.



During 2010 more detailed information was received from various divisions. The OIA verified and incorporated the information into a comprehensive 'delegation of authority matrix', which was sent to the Director-General for review. Although the final document was originally scheduled to be distributed to WTO staff in mid-2010, a decision was made to postpone publication until 2011. This was because a number of initiatives within the WTO, some of which began in 2010, were expected to significantly affect authority and approval levels. The WTO management thus thought it more prudent to first incorporate this additional information, especially in relation to changes affecting the Human Resources Division. This task was completed by the end of 2010. The adjusted matrix will be validated and will then be made available to all staff in the course of 2011. It will be updated on a continuous basis thereafter to incorporate information relating to the remaining initiatives, any identified new areas and future changes in authority and approval levels.

Audit of ITTC administrative and logistical support activities

The audit exercise was specifically tasked with verifying, to the extent possible, whether there were similarities in the administrative and logistical support activities provided by different units within the ITTC for its various technical assistance activities, and whether there was overlap between the support activities for the Regional Trade Policy Courses Unit and those provided by regional partner universities. The audit found that there was evident duplication in the administrative and logistical support activities provided by the Logistics Unit, the Geneva-Based Courses Unit, the Regional Trade Policy Courses Unit, the Academic Programme Unit and, in some cases, the secretarial support for regional desks for the different technical assistance products.

The audit also identified opportunities for mitigating the duplication arising from carrying out similar administrative and logistical support activities by the Regional Trade Policy Courses Unit and the regional partner universities in order to eliminate waste in financial resources. Such duplication was observed to reduce the objective of enhancing regional ownership and initiating a process of progressive transfer of the ownership of the Regional Trade Policy Course programme to the regions.

The final report, as reviewed, contained 12 audit recommendations, the implementation of which will be verified in 2011.

Policy and procedure manual

The internal audit charter requires the OIA to prepare, publish, disseminate and maintain a manual which establishes the policies and procedures guiding the internal audit activity. The WTO management has since decided, in compliance with audit standards, that – bearing in mind the size of the OIA – its audit activities will be directed and controlled through daily close supervision and memoranda to audit staff on state policies and procedures to be followed. These will supplement the experience, competencies, skills and judgment of any Internal Auditor in planning, conducting and reporting on audits and in managing the overall internal audit activity. This requirement shall be reviewed as the need arises depending on the size of the OIA. The internal audit charter is to be amended accordingly.

Fraud policy

During the year, the OIA had anticipated working on a fraud policy encompassing the whole organization as a means of promoting appropriate ethics and values within the organization. However, due to time constraints and limitation of resources, compilation of the fraud policy was not achieved during the year and was therefore postponed as part of the 2011 audit activities.

Looking ahead

The OIA is planning to audit the following areas in 2011:

- outsourced services, notably cleaning and security services
- outsourced services by the Informatics Division.

The main objective will be to assess compliance with contract terms, the adequacy of internal controls in place and value for money.

The OIA will also carry out follow-up audits to ascertain the implementation status of recommendations made in previous audits, notably those on procurement, mission travel, payroll activities, and ITTC administrative and logistical support activities. The OIA hopes to commence work on the fraud policy during 2011.

AITIC	Agency for International Trade Information and Cooperation	PTAs	Preferential trade agreements
CARIBCAN	Caribbean-Canada trade agreement	RTAs	Regional trade agreements
CBD	Convention on Biological Diversity	SACU	Southern African Customs Union
CEB	United Nations Chief Executives Board	SADC	Southern African Development Community
CEN-SAD	Community of Sahel Saharan States	SCM	Subsidies and countervailing measures (capitalize all)
COMESA	Common Market for Eastern and Southern Africa	SME	Small and medium-sized enterprises
CRTA	Committee on Regional Trade Agreements	SPS	Sanitary and phytosanitary measures
CTD	Committee on Trade and Development	STDF	Standards and Trade Development Facility
CTS	Consolidated Tariff Schedule	TBT	Technical barriers to trade
DDA	Doha Development Agenda	TNC	Trade Negotiations Committee
DFTP	Duty free tariff preference	TPR	Trade Policy Review
DSB	Dispute Settlement Body	TPRM	Trade Policy Review Mechanism
DSU	Dispute Settlement Understanding	TRIMs	Trade-related investment measures
DTIS	Diagnostic Trade Integration Studies	TRIPS	Trade-related aspects of intellectual property rights
EC	European Communities	TRTA	Trade-related technical assistance
ECOWAS	Economic Community of West African States	UNAIDS	Joint United Nations Programme on HIV/AIDS
EFTA	European Free Trade Association	UNCITRAL	United Nations Commission on International Law
EIF	Enhanced Integrated Framework	UNCTAD	United Nations Conference on Trade and Development
EU	European Union	UNDP	United Nations Development Programme
FIPA	Inter-Parliamentary Forum of the Americas	UNECE	United Nations Economic Commission for Europe
FAO	Food and Agriculture Organization	UNESCO	United Nations Educational, Scientific and Cultural Organization
FDI	Foreign direct investment	UNIDO	United Nations Industrial Development Organization
FES	Friedrich Ebert Stiftung Institute	VAT	Value-added tax
GATS	General Agreement on Trade in Services	WAEMU	West African Economic and Monetary Union
GATT	General Agreement on Tariffs and Trade	WCO	World Customs Organization
GDP	Gross domestic product	WCP	WTO Chairs Programme
GNP	Gross national product	WHO	World Health Organization
GIs	Geographical indications	WIPO	World Intellectual Property Organization
GNP	Gross national product		
GSP	Generalized System of Preferences		
HS	Harmonized System		
ICC	International Chamber of Commerce		
IDB	Integrated Database		
IEC	International Electrotechnical Commission		
IFC	International Finance Corporation		
IPR	Intellectual property rights		
IPU	Inter-Parliamentary Union		
ISO	International Organization for Standardization		
ITA	Information Technology Agreement		
ITC	International Trade Centre		
ITTC	Institute for Training and Technical Cooperation		
ITU	International Telecommunication Union		
LDCs	Least-developed countries		
MEAs	Multilateral environmental agreements		
Mercosur	Southern Common Market		
MFN	Most-favoured nation		
NAMA	Non-agricultural market access		
NGO	Non-governmental organization		
NTBs	Non-tariff barriers		
ODA	Official Development Assistance		
OECD	Organisation for Economic Co-operation and Development		
OIA	Office of Internal Audit		
OIE	World Organization for Animal Health		
OIML	International Organization for Legal Metrology		

0 is zero or became zero due to rounding.
 Billion means one thousand million.
 Minor discrepancies between constituent figures and totals are due to rounding.
 Unless otherwise indicated, (i) all value figures are expressed in US dollars; (ii) trade figures include the intra-trade of free trade areas, customs unions, regional and other country groupings.

Note

This report covers the WTO's activities in 2010. The word "country" is frequently used to describe WTO members whereas a few members are officially "customs territories", and not necessarily countries in the usual sense of the word.

Further information

Further information about the organization and its activities can be found on the WTO website: www.wto.org

General information about the WTO is available in the following publications, which may all be downloaded free of charge from the website:

WTO in Brief

WTO in Brief provides a starting point for essential information about the WTO. Concise and practical, this short brochure is an ideal introduction to the WTO.

Understanding the WTO

An introduction to the WTO, what it is, why it was created, how it works, and what it does. *Understanding the WTO* has been written specifically for non-specialists. More comprehensive than *WTO in Brief*, this publication details WTO agreements, the dispute settlement process, the Doha Round of negotiations and many other issues.

10 Benefits of the WTO Trading System

From the money in our pockets and the goods and services that we use, to a more peaceful world – the WTO and the trading system offer a range of benefits, some well known, others not so obvious. *Ten Benefits of the WTO Trading System* tries to reflect the complex and dynamic nature of trade.

10 Common Misunderstandings about the WTO

Is it a dictatorial tool of the rich and powerful? Does it destroy jobs? Does it ignore the concerns of health, the environment and development? Emphatically no. Criticisms of the WTO are often based on fundamental misunderstandings of the way the WTO works. This booklet attempts to clear up ten common misunderstandings.

Online bookshop

Printed publications can be purchased through the WTO's online bookshop: <http://onlinebookshop.wto.org>.

Many publications may be downloaded free of charge from the WTO website: www.wto.org.

You may register to receive free alerts when new titles become available.

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