

Annual Report 2013



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 2013 Annual Report is split into two main sections. The first is a brief summary of the organization and a review of 2012. The second section provides more in-depth information.

Find out more

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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.

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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 74

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 94

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.

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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.

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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 159 members.

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Understanding the WTO

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.

Who we are

The WTO was born out of negotiations aimed at progressively reducing obstacles to trade. 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.

Virtually all decisions in the WTO are taken by consensus among all member countries. Equal treatment is one of the basic principles of the multilateral trading system.

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.

Openness

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.

Predictability and transparency

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.

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.



Numerous specialized committees, working groups and working parties deal with the individual WTO agreements.



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

Joining the WTO

Montenegro, Russia, Samoa and Vanuatu formally joined the WTO in 2012, raising the number of members (as of end-December 2012) to 157. Two other countries – the Lao People’s Democratic Republic (Laos) and Tajikistan – completed their accession agreements during the year and joined in early 2013. This takes the WTO a step closer to its goal of universal membership. In 2012, the General Council adopted steps to ease the accession process for least-developed countries (LDCs). Measures were also taken to strengthen accession-related technical assistance for LDCs.

The General Council adopted the accession agreements of Laos on 26 October 2012 and of Tajikistan on 10 December 2012, meaning that both countries would formally become WTO members 30 days after notifying the WTO of the ratification of their accession protocols. Laos notified the WTO on 3 January 2013, and thus became the WTO’s 158th member on 2 February. Tajikistan notified the WTO on 31 January 2013, and became the WTO’s 159th member on 2 March.

As mandated by the Eighth WTO Ministerial Conference, the General Council formally approved in July 2012 new guidelines to enable LDCs to negotiate membership of the WTO more

quickly and easily. The decision gives LDCs greater flexibility in goods and services commitments and on transition periods, and provides for additional technical assistance.

The Fourth Director-General’s Annual Report on WTO Accessions, issued in December 2012, reviewed the empirical evidence on the benefits of WTO accession, based on the performance of Article XII members – i.e. countries that have joined since the WTO was established in 1995. It highlighted the fact that such countries had attracted higher than average inflows of foreign direct investment (FDI), with an average FDI increase of 15 per cent between 1995 and 2001. The report

Membership of the WTO (as of 31 December 2012)

Member ¹	Year of accession	Member	Year of accession	Member	Year of accession
Albania	2000	Czech Republic	1995	Jamaica	1995
Angola	1996	Democratic Republic of the Congo	1997	Japan	1995
Antigua and Barbuda	1995	Denmark	1995	Jordan	2000
Argentina	1995	Djibouti	1995	Kenya	1995
Armenia	2003	Dominica	1995	Korea, Republic of	1995
Australia	1995	Dominican Republic	1995	Kuwait	1995
Austria	1995	Ecuador	1996	Kyrgyz Republic	1998
Bahrain, Kingdom of	1995	Egypt	1995	Latvia	1999
Bangladesh	1995	El Salvador	1995	Lesotho	1995
Barbados	1995	Estonia	1999	Liechtenstein	1995
Belgium	1995	European Union	1995	Lithuania	2001
Belize	1995	Fiji	1996	Luxembourg	1995
Benin	1996	Finland	1995	Macao, China	1995
Bolivia, Plurinational State of	1995	France	1995	Madagascar	1995
Botswana	1995	Gabon	1995	Malawi	1995
Brazil	1995	The Gambia	1996	Malaysia	1995
Brunei Darussalam	1995	Georgia	2000	Maldives	1995
Bulgaria	1996	Germany	1995	Mali	1995
Burkina Faso	1995	Ghana	1995	Malta	1995
Burundi	1995	Greece	1995	Mauritania	1995
Cambodia	2004	Grenada	1996	Mauritius	1995
Cameroon	1995	Guatemala	1995	Mexico	1995
Canada	1995	Guinea	1995	Moldova, Republic of	2001
Cape Verde	2008	Guinea-Bissau	1995	Mongolia	1997
Central African Republic	1995	Guyana	1995	Montenegro	2012
Chad	1996	Haiti	1996	Morocco	1995
Chile	1995	Honduras	1995	Mozambique	1995
China	2001	Hong Kong, China	1995	Myanmar	1995
Colombia	1995	Hungary	1995	Namibia	1995
Congo	1997	Iceland	1995	Nepal	2004
Costa Rica	1995	India	1995	Netherlands	1995
Côte d’Ivoire	1995	Indonesia	1995	New Zealand	1995
Croatia	2000	Ireland	1995	Nicaragua	1995
Cuba	1995	Israel	1995	Niger	1996
Cyprus	1995	Italy	1995	Nigeria	1995

¹ Members are mostly governments but can also be customs territories.

also demonstrated that these members were more resilient to the global economic crisis, with FDI declining on average by 9 per cent between 2007 and 2008, compared with a 39 per cent drop globally.

Technical assistance is strengthened

Technical assistance continued to be strengthened. Acceding governments were invited to participate in over 100 technical assistance events.

The WTO Secretariat implemented components of the memorandum of understanding signed with the Government of China on accessions and LDCs. The China LDCs and Accessions Programme aims at strengthening LDCs' participation in the WTO and at assisting acceding LDCs. From 29 May to 1 June 2012, the first high-level roundtable was held in Beijing, focusing on best practices in WTO accessions for LDCs. The China Programme also set up an accessions internship scheme. The first two internships took place from January to October and two more began in October.

The International Trade Centre's Programme in Support of the Private Sector in Acceding Developing Countries and LDCs continued to be highly active. Further outreach activity took place through briefings to all regional groups at the level of heads of delegation. Some Working Party chairs undertook visits to acceding governments to meet with key domestic stakeholders. Briefings for new arrivals and workshops for parliamentarians and civil society were also organized. Several post-accession technical assistance activities took place, focusing on the implementation of the negotiated accession commitments and general membership obligations.

Transparency was further enhanced by regular meetings of the Informal Group on Accessions, the WTO Accessions Newsletter, the Fourth Director-General's Report on WTO Accessions and the launch of the Accession Commitments Database by the Director General in Beijing on 29 May 2012.

For 2013, the Director-General identified, in consultation with WTO members, three LDC and three non-LDC accessions, which, given their technical maturity, and depending on relevant progress in early 2013, could be completed this year. The LDCs are Afghanistan, Ethiopia and Yemen, while the non-LDCs are Bosnia and Herzegovina, Serbia and Kazakhstan.



Background on joining the WTO

The WTO is open to states or customs territories with full autonomy over their external commercial 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 interested, individual trading partners on guaranteed minimum levels of access to their domestic markets for goods and services. It can take many years to become a WTO member because it requires the full support and consensus 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.

159 members (as of 2 March 2013)

Member	Year of accession	Member	Year of accession	States/customs territories seeking to join the WTO (as of 2 March 2013)
Norway	1995	Spain	1995	Afghanistan ²
Oman	2000	Sri Lanka	1995	Algeria
Pakistan	1995	Suriname	1995	Andorra
Panama	1997	Swaziland	1995	Azerbaijan
Papua New Guinea	1996	Sweden	1995	Bahamas
Paraguay	1995	Switzerland	1995	Belarus
Peru	1995	Chinese Taipei	2002	Bhutan ²
Philippines	1995	Tanzania	1995	Bosnia and Herzegovina
Poland	1995	Thailand	1995	Comoros ²
Portugal	1995	The Former Yugoslav Republic of Macedonia	2003	Equatorial Guinea ²
Qatar	1996	Togo	1995	Ethiopia ²
Romania	1995	Tonga	2007	Iran
Russian Federation	2012	Trinidad and Tobago	1995	Iraq
Rwanda	1996	Tunisia	1995	Kazakhstan
Saint Kitts and Nevis	1996	Turkey	1995	Lebanese Republic
Saint Lucia	1995	Uganda	1995	Liberia, Republic of ²
Saint Vincent and the Grenadines	1995	Ukraine	2008	Libya
Samoa	2012	United Arab Emirates	1996	São Tomé and Príncipe ²
Saudi Arabia, Kingdom of	2005	United Kingdom	1995	Serbia
Senegal	1995	United States of America	1995	Seychelles
Sierra Leone	1995	Uruguay	1995	Sudan ²
Singapore	1995	Vanuatu	2012	Syrian Arab Republic
Slovak Republic	1995	Venezuela, Bolivarian Republic of	1995	Uzbekistan
Slovenia	1995	Viet Nam	2007	Yemen ²
Solomon Islands	1996	Zambia	1995	
South Africa	1995	Zimbabwe	1995	

Countries that officially became WTO members in 2012

Montenegro	29 April 2012
Samoa	10 May 2012
Russian Federation	22 August 2012
Vanuatu	24 August 2012

Countries that ratified their accession packages in early 2013

	Date of approval of WTO accession package	Date of WTO membership
Laos ²	26 October 2012	2 February 2013
Tajikistan	10 December 2012	2 March 2013

² Least-developed country.

A global membership

Four countries joined the WTO in 2012: Montenegro, Russia, Samoa and Vanuatu. WTO membership expanded to 159 in early 2013 following the accession of Laos and Tajikistan (see page 10). WTO members account for 97 per cent of global trade.

- WTO members
- New members in 2012
- Observers
- Non-members



Montenegro New member in 2012

Geographical area	13,450 km ²
Population (2011)	632,000
GDP (million current US\$, 2011)	4,550
GDP real growth rate (2011)	3.2 %
Rank in world trade (Goods)	imports: 147 exports: 159
Rank in world trade (Services)	imports: 157 exports: 112
Major trading partners	European Union, Serbia, Bosnia and Herzegovina



Russia New member in 2012

Geographical area	16,377,742 km²
Population (2011)	141,930,000
GDP (million current US\$, 2011)	1,857,770
GDP real growth rate (2011)	4.3 %
Rank in world trade (Goods)	imports: 17 exports: 9
Rank in world trade (Services)	imports: 15 exports: 22
Major trading partners	European Union, China, Ukraine



Samoa New member in 2012

Geographical area	2,830 km²
Population (2011)	184,000
GDP (million current US\$, 2011)	649
GDP real growth rate (2011)	2.0 %
Rank in world trade (Goods)	imports: 186 exports: 187
Rank in world trade (Services)	imports: 186 exports: 164
Major trading partners	Australia, New Zealand, Singapore



Vanuatu New member in 2012

Geographical area	12,190 km²
Population (2011)	246,000
GDP (million current US\$, 2011)	819
GDP real growth rate (2011)	2.5 %
Rank in world trade (Goods)	imports: 192 exports: 186
Rank in world trade (Services)	imports: 176 exports: 155
Major trading partners	European Union, Australia, Philippines, New Zealand

Source: WTO and World Bank

Welcoming new members

In 2012, the General Council approved the accession agreements of the Lao People's Democratic Republic (Laos) and Tajikistan. Both countries officially became WTO members in early 2013 after notifying the WTO that their parliaments had ratified the accords. The agreements contain commitments covering all WTO rules.

Laos and Tajikistan

The WTO accession process promotes the integration of new members into a global economy subject to enforceable trade rules. Laos and Tajikistan have undertaken to liberalize their trade regimes and accelerate their integration into the world economy. Their accession agreements contain commitments binding them to WTO rules, including, where necessary, specific transition periods which have been negotiated to respond to particular needs in a given area. They also include negotiated concessions and commitments on market access for goods and services.

The General Council approved Laos's package on 26 October 2012 after 15 years of negotiations. Over 90 laws and regulations were enacted over this period, including on trading rights, import licensing, customs valuation, investment, sanitary and phytosanitary measures, technical barriers to trade and intellectual property rights. Laos has agreed to accept "bound" rates, i.e. maximum ceiling levels, for all its import tariffs. Its average bound rate will be 18.8 per cent (19.3 per cent for agricultural goods and 18.7 per cent for non-agricultural goods). On services, Laos made specific commitments in 10 out of 12 sectors and 79 out of 160 sub-sectors.

Laos Deputy Prime Minister and Foreign Minister, H.E. Dr Thongloun Sisoulith, said that the conclusion of the accession negotiations marked a milestone in the history of Laos. He noted that "in a country like Lao PDR, the accession process was not limited to changing some laws and regulations. We had to change our way of doing business. Indeed, such a mind change is a difficult and time-consuming exercise. Given the progress we have made, both institutionally, legally and in our mind set, 15 years actually seem a very short time". The accession process has helped pave the way for Laos to meet the Millennium Development Goals by 2015 and graduate from least-developed country (LDC) status

by 2020, he said. Over the past 10 years, Laos has experienced economic growth rates of over 7 per cent on average. Foreign direct investment has increased from USD 25 million in 2002 to almost USD 3 billion in 2011.

On 2 February 2013, Laos became the WTO's 158th member after formally notifying the WTO that it had ratified its membership agreement.

The General Council adopted Tajikistan's accession agreement on 10 December 2012. Tajikistan has agreed to bind all its import tariffs. The average final bound rate will be 8 per cent (10.4 per cent for agricultural goods and 7.6 per cent for non-agricultural goods). On services, Tajikistan made specific commitments in 11 out of 12 sectors and 111 out of 160 sub-sectors.

"For Tajikistan, a small and landlocked country, WTO accession is a road leading to the world economy", said WTO Director-General Pascal Lamy. Tajikistan's President, Emomali Rahmon, said that WTO membership "constitutes a landmark in Tajikistan's history and lays solid foundations for further promotion of sustainable social and economic growth. Applying for WTO membership 11 years ago was the right step forward for Tajikistan as it transforms itself into a market economy. Tajikistan will use its WTO membership as a means of fostering future economic growth and prosperity". He also said that Tajikistan will host a trade and investment conference in 2013 to reinforce the positive effects of market liberalization and send a clear signal that Tajikistan is now "open for business".

On 2 March 2013, Tajikistan became the WTO's 159th member after formally notifying the WTO that it had ratified its membership agreement.





Tajikistan

Accession Working Party report

Number of paragraphs	353
Paragraphs with commitment language	40

Market access for goods

Average final bound tariff rates:	
All goods	8.0%
Agricultural goods	10.4%
Non-agricultural goods	7.6%

Market access for services

Sectors	11
Sub-sectors	111



Laos

Accession Working Party report

Number of paragraphs	249
Paragraphs with commitment language	26

Market access for goods

Average final bound tariff rates:	
All goods	18.8%
Agricultural goods	19.3%
Non-agricultural goods	18.7%

Market access for services

Sectors	10
Sub-sectors	79

159

The WTO has 159 members following the accession of Laos and Tajikistan in early 2013.



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).



'94

April

In April the Marrakesh Agreement establishing the WTO is signed.

'96

February

WTO General Council creates the Regional Trade Agreements Committee.

December

First Ministerial Conference takes place in Singapore.

'97

December

70 WTO members reach a multilateral agreement to open their financial services sector.

'99

September

Mike Moore (New Zealand) becomes WTO Director-General.

November

Third Ministerial Conference takes place in Seattle, US.



'98

May

Second Ministerial Conference takes place in Geneva.

2000

January

Negotiations begin on services.

March

Negotiations begin on agriculture.



WORLD TRADE ORGANIZATION

'95

January

The WTO is born on 1 January.



May

Renato Ruggiero (Italy) takes office as WTO Director-General.

'01

November

Fourth Ministerial Conference in Doha, Qatar. Doha Development Agenda is launched.

'02

September

Supachai Panitchpakdi (Thailand) is elected WTO Director-General.

'03

September

Fifth Ministerial Conference takes place in Cancún, Mexico.

'04

July

Ministerial discussions on the Doha Round take place in Geneva.

'05



September

Pascal Lamy (France) becomes WTO Director-General.

December

Sixth Ministerial Conference takes place in Hong Kong, China. Aid for Trade Initiative is launched. Hong Kong Declaration is approved.

'07

January

Viet Nam becomes the WTO's 150th member.

November

First Global Review of Aid for Trade takes place in Geneva.

'08

July

Accession of the WTO's newest member, Cape Verde. Ministerial discussions on the Doha Round take place in Geneva.

'09

April

DG Pascal Lamy reappointed for second term of four years.

July

Second Global Review of Aid for Trade takes place in Geneva.

September

First WTO Open Day in Geneva.

November

Seventh Ministerial Conference begins in Geneva.

'11

July

Third Global Review of Aid for Trade takes place in Geneva.

December

Eighth Ministerial Conference takes place in Geneva.

'12

April

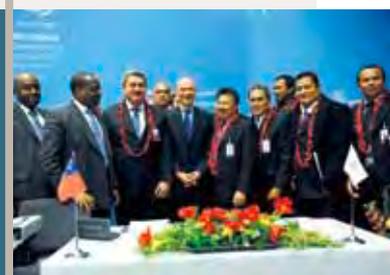
Montenegro joins the WTO.

May

Samoa joins the WTO.

August

Russia and Vanuatu become members of the WTO.



'06

June

Ministerial discussions on the Doha Round take place in Geneva.

September

First WTO Public Forum takes place in Geneva.

'10

January

New "Chairs Programme" launched to support developing country universities.

September

Second WTO Open Day in Geneva.

