



Digest Content

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Russia-Ukraine conflict puts fragile global trade recovery at risk¹

Prospects for the global economy have darkened since the outbreak of war in Ukraine on 24 February, prompting WTO economists to reassess their projections for world trade over the next two years.

The most immediate economic impact of the crisis has been a sharp rise in commodity prices. Despite their small shares in world trade and output, Russia and Ukraine are key suppliers of essential goods including food, energy, and fertilizers, supplies of which are now threatened by the war. Grain shipments through Black Sea ports have already been halted, with potentially dire consequences for food security in poor countries.

The war is not the only factor weighing on world trade at the moment. Lockdowns in China to prevent the spread of COVID-19 are again disrupting seaborne trade at a time when supply chain pressures appeared to be easing. This could lead to renewed shortages of manufacturing inputs and higher inflation.

The WTO now expects world GDP at market exchange rates growth of 2.8% in 2022, down 1.3 percentage points from the previous forecast of 4.1%. World merchandise trade volume is expected to grow by 3.0% in 2022 – down from its previous forecast of 4.7% – and 3.4% in 2023. Output in the Commonwealth of Independent States (CIS) region – which excludes Ukraine – is expected to see a sharp 7.9% drop, leading to a 12.0% contraction in the region's imports.

Western sanctions on Russian businesses and individuals are likely to have a strong effect on commercial services trade. Russia is a net services importer, with imports in 2021 valued at US\$ 74 billion and exports totalling US\$ 55 billion. Russia is ranked 24th among services exporters (13th excluding intra-EU trade), with a share in world trade of 0.9%. It is ranked 19th among importers (11th excluding intra-EU) with a 1.4% share in world trade.

Prior to the pandemic, travel/tourism and air transport services were the largest traded services by Russia, accounting for 46% of its exports and 36% of its imports. These services, already hit hard by the pandemic, may be heavily affected by economic sanctions. Ireland is exposed due to the prominent role of the country in operational leasing of aircraft. Overall,

¹ https://www.wto.org/english/news_e/pres22_e/pr902_e.htm



Russian payments for operational leasing of aircraft, boats, etc. from the EU reached \$3.9 billion in 2019, of which \$2.6 billion were for leasing services from Ireland. In 2020, Russian operational leasing imports fell 44% due to pandemic-related travel restrictions.

Members reinvigorate Trade Facilitation Agreement monitoring following last year's review²

Building on the first review of the operation of the Trade Facilitation Agreement (TFA) conducted in 2021, WTO members considered new updates on implementation and notification timelines at the 4-5 April 2022 meeting of the Committee on Trade Facilitation. Members also held a dedicated session on transit issues of landlocked country members in line with the review's recommendations.

Members considered, as a new standing agenda item, the timeliness of members' TFA implementation based on the definitive dates each had respectively notified. Between 1 January and 31 December 2022, 31 members have implementation dates due for a total of 229 measures according to a report from the WTO Secretariat. Between 1 January 2022 and 31 December 2023, 47 members have 444 measures due for implementation. The most common include the establishment of a single window that allows traders to submit documents to one contact point, the publication of information on trade procedures on the Internet, measures relating to risk management, the measurement and publication of average release times for merchandise, and cooperation among border agencies.

At present, notifications submitted by WTO members indicate that they have committed to implement 74.9% of TFA obligations. Among the developing members and least-developed country (LDC) members, the figure stands at 67.2%. The TFA is the first WTO agreement in which developing and LDC members can determine their own implementation schedules and seek to acquire implementation capacity through the provision of related assistance and support. Developed members were required to implement all provisions of the TFA from its entry into force.

During the meeting, two members provided voluntary updates on the status of their implementation under this new agenda item. Mongolia reported on its implementation of nine measures due in 2021 and two measures due in 2022, noting that it attached great importance to its timely implementation of the TFA. Ukraine outlined its difficulties in implementing the TFA given the ongoing conflict.

Also at the meeting, many members took the floor to express their strong opposition to the invasion of Ukraine. The Russian delegate responded by saying that the WTO was not the proper venue for a discussion of this nature.

Members also considered updates on overdue notifications, another new standing agenda item. A total of 114 notifications are overdue from members, latest data show. The United States highlighted overdue notifications related to the TFA's transparency provisions, noting that 36 members have self-identified a definitive implementation deadline for these measures but have not yet submitted the necessary information to the Secretariat.

²https://www.wto.org/english/news_e/news22_e/fac_05apr22_e.htm



Members, moreover, held a dedicated session on transit issues faced by landlocked country members to share experiences on challenges including those brought about by the COVID-19 pandemic. Speakers noted the importance of infrastructure developments, digitalization, the streamlining and transparency of procedures, and collaboration between landlocked and transit countries. Kazakhstan, the world's largest landlocked country, indicated its support for a communication from over 40 members seeking the accelerated implementation of the TFA in light of the COVID-19 pandemic. Also in line with last year's review, members noted the ongoing work to prepare a document containing good practices and building blocks of successful National Committees on Trade Facilitation.

The next Committee meeting will be held on 29 June to 1 July. Members are also preparing an event on 29 June to mark the 5th anniversary of the TFA's entry into force.

US imposes sanctions against Russian state-owned enterprises³

The US Administration has announced sanctions against major Russian state-owned enterprises, including the world's largest diamond mining company Alrosa. Alrosa is responsible for 90 percent of Russia's diamond mining capacity.

Moreover, Alrosa accounts for 28 percent of global diamond mining. In 2021, Alrosa's revenue amounted to more than \$4.2 billion. Diamonds are among Russia's top 10 non-energy exports by value, with exports totaling over \$4.5 billion in 2021.

Meanwhile, the State Department has included United Shipbuilding Corporation (USC) Joint Stock Company, along with its subsidiaries and board members, to the list of Specially Designated Nationals and Blocked Persons. USC is a Russian state-owned enterprise that designs and constructs the majority of Russian military warships, likely including many of those used to bombard Ukrainian cities.

With these measures, the US Administration is depriving the Russian government of additional sources of support and revenue to wage an unprovoked war against Ukraine.

US determined dumping level of raw honey⁴

The US Commerce Department announced its final determination that imports of raw honey from Argentina, Brazil, India and Vietnam are being dumped into the US market at less-than-fair value.

Commerce found dumping rates of 9.17 percent to 49.44 percent for Argentina, 7.89 percent to 83.72 percent for Brazil, 5.52 percent to 6.24 percent for India and 58.74 percent to 61.27 percent for Vietnam.

The International Trade Commission is scheduled to issue its final injury determination around May 23.

In 2020, imports of raw honey from Argentina were valued at \$92.8 million, Brazil at \$69.4 million, India at \$57.3 million and Vietnam at \$60.2 million.

³ <https://home.treasury.gov/news/press-releases/jy0707>

⁴ <https://www.trade.gov/faq/final-determinations-antidumping-duty-investigations-raw-honey-argentina-brazil-india-and>



WTO members accept Korean-US request to extend talks on washers⁵

WTO members agreed at a special meeting of the Dispute Settlement Body to give Korea and the United States additional time to discuss a possible settlement in the dispute initiated by Korea regarding a US safeguard measure on large residential washers.

Korea said it and the United States share the common understanding that a positive resolution to the dispute is desirable. The parties have agreed to continue their discussions to reach a constructive outcome of the proceedings by 7 July.

The United States said that, if adopted, the Korea-US request would facilitate the resolution of the dispute. The United States added that it remains open to further discussions with Korea on the way forward.

The next regular DSB meeting will take place on 27 April.

How four women in Malaysia built success during COVID-19⁶

UNCTAD's Empretec programme equips entrepreneurs with the skills to overcome adversity and inspire others in their communities. Empretec trains entrepreneurs to start, manage and grow successful businesses, empowering them to maximize their potential.

Spotting a niche market

After the outbreak of the pandemic in 2020, Savina Kaharuddin saw an opportunity and started producing bio-cellulose face masks and hand sanitizers in Malaysia.

Her company, VNI Scientific Sdn Bhd, was already making eco-friendly cosmetics and personal care products but Ms. Kaharuddin soon realized that she could also help treat skin problems caused by wearing masks.

To capitalize on this market niche, she made the most of the skills she learned at a training workshop run by UNCTAD's Empretec programme.

Turning a passion into a business

Olivia Quah discovered she had a vocation to work with the elderly after caring for her parents.

Empretec helped her to make action plans to expand her company, Asian Integrated Medical Sdn Bhd, an e-commerce platform selling products for seniors,

Her strategic thinking enabled her to double her online sales and set up two showrooms this year.

She is also opening a premium retirement home with 30 single rooms in June 2022, and employing doctors and other staff.

The power of data

Profiting from data insights, Chandrekha Naidu started her business, Heavenly Baker's Cakes and Pastries, by selling chocolate cakes through Facebook.

But during the COVID-19 lockdown, shoppers couldn't go to the market to buy food, so she used her Facebook customer base and data to venture into the supply of fresh produce.

⁵ https://www.wto.org/english/news_e/news22_e/dsb_08apr22_e.htm

⁶ <https://unctad.org/news/how-four-women-malaysia-built-success-during-covid-19>



She also agreed to instalment payments due to the tough times caused by the pandemic. Her sales have increased 200% since she opened the business.

Ms. Naidu credits her success to Empretec training.

Tapping into innovation and networking

Eena Khalil makes railway sleepers. Like many, her company, Mastrak, closed at the height of the pandemic. But Ms. Khalil made every effort to keep all her staff and use the downtime productively.

Empretec training equipped her to have a clear vision and goals, be innovative and harness the power of networking.

“Goal setting is the most basic thing that any entrepreneur needs to have. You need to know what you want to achieve,” she said.

The company lost five months of manufacturing time but thanks to her clear vision and strategy, it was back on track by late 2021 when restrictions were eased.

One of the most effective programmes

The four women shared their inspiring stories during a webinar organized by UNCTAD and the National Association of Women Entrepreneurs of Malaysia in December 2021.

Created in 1998 to foster sustainable development and inclusive growth, Empretec is one of the most effective UN technical assistance programmes to support micro, small and medium businesses.

“The six-day-training workshop is a life-changing experience,” said Lorenzo Tosini, the programme’s coordinator.

“Empretec has helped many entrepreneurs not only survive in difficult times but also thrive by seizing opportunities and developing new services and products in high demand during the pandemic.”