



**U.S. Mission to International
Organizations in Geneva**

Statement by Ambassador Dennis Shea at the WTO General Council Meeting

Statement As Delivered by Ambassador Dennis Shea

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WTO General Council Meeting

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Item 7. Importance Of Market-Oriented Conditions To The World Trading System

Joint Statement By Brazil, Japan, And The United States (Wt/Gc/W/803/Rev.1)

The United States, Brazil, and Japan have requested this agenda item to continue addressing the importance of market-oriented conditions to the global trading system.

As a result of our work together, Brazil, Japan, and the United States have released a joint statement (WT/GC/W/803/REV.1). The statement reflects the importance we attach to market-oriented conditions for the world trading system and further elaborates the draft General Council decision circulated earlier this year.

The joint Brazil-Japan-U.S. statement reflects our shared belief in the core principles of the WTO, to include that market-oriented conditions are fundamental to a free, fair, and mutually advantageous world trading system.

We affirm a number of criteria that reflect the market-oriented conditions and disciplines to which our own enterprises are subject.

And, we affirm that all Members' enterprises should operate under these conditions to ensure a level playing field for our citizens, workers, and businesses.

When Brazil and the United States first introduced the joint statement in July, we invited the support and engagement of Members who wish to become co-sponsors.

We are pleased to report that, since that time, we have been able to hold consultations with a number of supportive Members. We were also pleased to welcome Japan's decision to become a co-sponsor of the joint statement, and we are thankful for their efforts to engage with other Members on this important matter. The views that we have heard in small group discussions confirm that the joint statement reflects our shared values as WTO Members.

We will continue to invite supportive Members to participate in one of our small groups as the discussions intensify.

We see this discussion as necessary in the context of achieving meaningful WTO reform. To achieve such reform, WTO Members must continue moving toward – and not away from – more open, market-oriented policies and conditions.

But as was made clear in recent G20 discussions, and reflected in the Riyadh Initiative Annex to the Trade Ministers' Communique, not all WTO Members agree that "market-oriented policies" is a principle of the WTO.

One Member in particular could not reaffirm the principles of the Marrakesh Declaration or even bring itself to reference the Declaration, and went on to dispute that its accession commitments tied it to any market-oriented policies.

The usefulness of the recent G20 exercise was to clearly articulate this division in the Membership, and that some do not agree with the core values of the institution. This crystalizes for us the importance of reaffirming those core values.

The Brazil-Japan-U.S. joint statement recalls that the WTO was established to promote Member economies' participation in a world trading system "based on open, market-oriented policies and the commitments set out in the Uruguay Round Agreements and Decisions".¹

The market-based reforms that GATT parties and acceding Members undertook during that process helped to ensure that their participation was indeed based on open, market-oriented conditions. These Members' reform efforts demonstrated their commitment to an international trading system that depends on the operation of market-oriented conditions in each of our economies.

Ensuring that market-oriented conditions exist for market participants is critical to realizing the benefits of the international trading system that come from our mutual commitment to these rules. This common foundation is necessary to ensure a level playing field for all Members.

Some Members have argued that our efforts to affirm the importance of market-oriented conditions are a pretext for questioning Members' choice of different economic models. They argue that the WTO provides no basis for discussing those choices.

However, that is not the discussion we are proposing to have, and these Members may have misunderstood our purpose. What we have argued is that market-oriented conditions provide a level playing field and therefore are necessary conditions for fair trade. And, we have not heard any Member argue for a different position. Do any Members really believe that fair trade can result when special advantages are given to domestic entities under these conditions?

Take, for example, the joint statement elements on financing and investment. Where a Member's economic conditions generally ensure market-determined financing and investment decisions, it would mean that receipt of state-directed or politically-directed financing confers an

unfair advantage. This is not a question of debating different economic models, but rather reflects a shared understanding of fair play.

To this end, the Brazil-Japan-U.S. joint statement affirms that Members' enterprises should operate under market-oriented conditions and notes the elements that indicate and ensure those conditions for market participants. We encourage Members to review these elements in detail as our discussions advance.

As we see it, the continued relevance of the WTO will depend on whether it can deliver on the promises of a world trading system based on open, market-oriented policies. The success of our reform efforts will depend on our ability to ensure the fundamental premise of free, fair, and mutually advantageous trade remains intact.

1. Marrakesh Declaration of 15 April 1994, fifth preambular paragraph.

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