

## Ambassador Katherine Tai's Remarks As Prepared for Delivery on the World Trade Organization

[In Geneva - Edited]

Over the past quarter century, WTO members have discovered that they can get around the hard part of diplomacy and negotiation by securing new rules through litigation.

Dispute settlement was never intended to supplant negotiations. The reform of these two core WTO functions is intimately linked.

The objective of the dispute settlement system is to facilitate mutually agreed solutions between Members. Over time, “dispute settlement” has become synonymous with litigation – litigation that is prolonged, expensive, and contentious.

Consider the history of this system.

It started as a quasi-diplomatic, quasi-legal proceeding for presenting arguments over differing interpretations of WTO rules. A typical panel or Appellate Body report in the early days was 20 or 30 pages. Twenty years later, reports for some of the largest cases have exceeded 1,000 pages. They symbolize what the system has become: unwieldy and bureaucratic.

The United States is familiar with large and bitterly fought WTO cases. Earlier this year, we negotiated frameworks with the European Union and the United Kingdom to settle the Large Civil Aircraft cases that started in 2004.

We invoked and exhausted every procedure available. And along the way, we created strains and pressures that distorted the development of the dispute settlement system.

With the benefit of hindsight, we can now ask: is a system that requires 16 years to find a solution “fully functioning?”

This process is so complicated and expensive that it is out of reach for many – perhaps the majority – of Members.

Reforming dispute settlement is not about restoring the Appellate Body for its own sake, or going back to the way it used to be.

**It is about revitalizing the agency of Members to secure acceptable resolutions. A functioning dispute settlement system, however structured, would provide confidence that the system is fair. Members would be more motivated to negotiate new rules.**

**Let's not prejudge what a reformed system would look like. While we have already started working with some members, I want to hear from others about how we can move forward.**

**Reforming the three pillars of the WTO requires a commitment to transparency. Strengthening transparency will improve our ability to monitor compliance, to negotiate rules, and to resolve our disputes.**

**I began these remarks with an affirmation of commitment. I'd like to conclude with an affirmation of optimism.**

**I am optimistic that we can and will take advantage of this moment of reflection. In reading over the Marrakesh Agreement's opening lines, I was struck by the founding Members' resolve to develop "a more viable and durable multilateral trading system."**

**These words are just as relevant today as they were then. We still need to work together to achieve a more viable and durable multilateral trading system.**

**It is easy to get distracted by the areas where we may not see eye to eye. But in conversations with my counterparts, I hear many more areas of agreement than disagreement.**

**We all recognize the importance of the WTO, and we all want it to succeed.**

**We understand the value of a forum where we can propose **ideas to improve multilateral trade rules.** We should harness these efforts to promote a fairer, more inclusive global economy.**

**WTO Members are capable of forging consensus on difficult, complicated issues. It's never been easy, but we've done it before. And we can do it again.**

**Thank you.**