



To: President's Export Council Members
From: Sr. Oswaldo Cházaro Montalvo, President of Mexico's National Confederation of Beef Producers (CNOG)
Sr. Fernando Medrano
President of Mexico's National Chamber of Fisheries and Aquaculture Industries (CANAINPESCA)
Date: June 5, 2015
Subject: Comments for the meeting of the President's Export Council on June 10, 2015.

We write today in connection with the upcoming meeting of the President's Export Council during which the Council will deliberate on recommendations related to promoting the expansion of U.S. exports. As the leaders of the Mexican national industry chambers for beef and fisheries, we felt it appropriate to comment on the need for the United States to address and eliminate artificial barriers to import trade as a necessary precursor to effective promotion of export trade. Specifically, we believe the United States needs a Different Approach to Resolving Trade Disputes.

The principle trade agreements to which the United States is a party are the WTO and NAFTA. The U.S. was a driving force in creating both, primarily to ensure that U.S. exports will enjoy fair treatment governed by rules-based systems.

Dispute settlement is the central pillar of the multilateral trading system, and is vital to the stability of the global economy. Dispute settlement systems such as those under the WTO and NAFTA underscore the rule of law and permit enforcement of the rights and responsibilities created by the agreements themselves. As the WTO and its member countries note, however, "the point is not to pass judgment. The priority is to settle disputes, through consultations if possible."

Disputes in the WTO are essentially about broken promises. WTO members have agreed that if they believe fellow-members are violating trade rules, they will use the multilateral system of settling disputes instead of taking action unilaterally. That means abiding by the agreed procedures, and respecting judgments. The parties have agreed that the process should be equitable, fast, effective and mutually acceptable.

The United States has not followed these principals in some of the most important trade disputes involving its WTO and NAFTA partner, Mexico. In particular, in WTO dispute settlement concerning the labeling of tuna products as "dolphin safe" and the country of origin labeling of meat products, the U.S. has resorted to extended litigation, instead of productive consultations—



despite litigation losses at every step of the process. And despite the clear WTO rulings against the United States, the U.S. continues to do everything possible to avoid resolving the disputes in accordance with the very rules the U.S. helped write.

The United States has used the dispute settlement system to win significant decisions against virtually all of its major trading partners, and in recent years, particularly China. U.S. stakeholders, and members of Congress, expect those hard-won victories to produce real results. But other governments have their political pressures as well. If the U.S. drags its feet and fails to resolve disputes that it has lost, we can count on other nations to increasingly adopt the same course of action.