



**THE IMPORTANCE OF MARKET-ORIENTED CONDITIONS TO THE  
WORLD TRADING SYSTEM**

DRAFT GENERAL COUNCIL DECISION

*Communication from the United States*

The following communication, dated 20 February 2020, is being circulated at the request of the delegation of the United States.

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The General Council *decides* to adopt this declaration on the importance of market-oriented conditions to the world trading system.

The General Council *recalls* that the World Trade Organization (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".<sup>1</sup>

The General Council also *recalls* that the establishment of the WTO reflected Members' "desire to operate in a fairer and more open multilateral trading system for the benefit and welfare of their peoples" and, during the period of time during which the Uruguay Round was being negotiated, "significant measures of economic reform and autonomous trade liberalization were implemented in many developing countries and formerly centrally planned economies".<sup>2</sup>

The General Council *expresses* its serious concerns with non-market-oriented policies and practices that have resulted in damage to the world trading system and lead to severe overcapacity, create unfair competitive conditions for workers and businesses, hinder the development and use of innovative technologies, and undermine the proper functioning of international trade.

The General Council *affirms* that market-oriented conditions are fundamental to a free, fair, and mutually advantageous world trading system, to ensure a level playing field for Members' workers and businesses.

The General Council *affirms* Members' citizens and businesses should operate under market-oriented conditions and notes the following elements indicate and are important so that market-oriented conditions exist for market participants:<sup>3</sup>

- i. decisions of enterprises on prices, costs, inputs, purchases, and sales are freely determined and made in response to market signals;
- ii. decisions of enterprises on investments are freely determined and made in response to market signals;

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<sup>1</sup> Marrakesh Declaration of 15 April 1994, fifth preambular paragraph.

<sup>2</sup> Marrakesh Declaration, paras. 2 and 4.

<sup>3</sup> This decision is without prejudice to the rights or obligations of any Member under the Marrakesh Agreement Establishing the World Trade Organization.

- iii. prices of capital, labor, technology, and other factors are market-determined;
- iv. capital allocation decisions of or affecting enterprises are freely determined and made in response to market signals;
- v. enterprises are subject to internationally recognized accounting standards, including independent accounting;
- vi. enterprises are subject to market-oriented and effective corporation law, bankruptcy law, competition law, and private property law, and may enforce their rights through impartial legal processes, such as an independent judicial system;
- vii. enterprises are able to freely access relevant information on which to base their business decisions; and
- viii. there is no significant government interference in enterprise business decisions described above.

The General Council *agrees* to reaffirm Members' commitment to open, market-oriented policies in order to achieve market-oriented conditions that are critical to ensure a level playing field for workers and businesses and a fairer and more open world trading system that benefits their peoples.

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