

***Oman WTO Session  
Why Accession Is Important Now?***

Thank you for the opportunity and honor to participate in this important program. And to join this panel of such distinguished contributors to the multilateral trading system.

Congratulations to Oman on this anniversary of its accession to the WTO. The WTO has benefitted from your constructive engagement in the work of the institution. We look forward to your continued contributions as WTO strives to meet the many challenges facing the international trading system. And the U.S, is grateful to Oman as the first Arab country to recognize the young United States in the early 19<sup>th</sup> century. Thanks for helping us get started then.

I also want to say what an honor is it to be on this program with Arif Hussain. He is one of the unsung heroes of the international trading system. By that I mean that he has done so much to enable countries to benefit from international trade by bringing them into the world trading system through membership in the WTO. Through the accession process---which certainly is a challenging one---these countries have made the necessary policy changes to become players in the global economy. Also, congratulations to Minister Akram for shepherding Oman's accession process.

The thrust of my presentation today can be expressed in one sentence:

***“If you’re not at the table, then you’re on the menu.”***

Let me expand on that by describing the benefits and importance of becoming a Member of the WTO:

- **Voice:** Without accession, your country has no voice. In next few years, WTO members will be agreeing the rules for the international trading system in critical areas: e-commerce and digital trade, services, environmental issues such as fishing subsidies and climate policies, competition policy, and more.
- - Keep in mind that decisions in the WTO are by consensus, not voting. This enables every member to be able to protect and pursue its vital interests. And it offers the opportunity to build coalitions among Members with similar interests or concerns. Whether with regional partners or those with similar characteristics, e.g., land-locked countries, island countries, resource-based economies, tourist-dependent economies.
- **Access:** WTO is the “front door” to the international trading system.
  - Without WTO membership, there is no security or predictability to terms of access to any other market. With WTO membership comes certified Most Favored Nation access to the rest of the world. This is essential if you hope to attract investment to your economy. Even your own nationals may prefer to establish their businesses in other countries that have WTO benefits.
  - Among the major access benefits of WTO membership:
    - **Merchandise trade:** WTO guarantee of MFN tariff treatment essential to be competitive; non-MFN

tariffs typically much higher and can be raised at any time.

- **Services:** Especially important in the digital and services revolutions that are major forces in current economies.
- **Government procurement:** in wake of COVID experience, governments likely to play increased role in purchase of goods and services. WTO Government Procurement Agreement enables country to participate in those purchases. Otherwise completely blocked out of most governments' procurement.
- **Dispute Settlement:** WTO is the only international agreement that has enforcement teeth through its dispute settlement system. This is especially important for smaller countries, who typically do not have leverage against major countries.
  - As an example, in 2003 Antigua & Barbuda sued U.S. for denying Antigua its rights under the GATS. Antigua claimed that **United States'** efforts to prosecute foreign-based suppliers of online gambling services violated its GATS commitment to free trade in recreational services. It took its case to the WTO in 2003 and eventually won the right to compensation of \$21 million annually. Although the WTO awarded Antigua the right to use trade sanctions to recoup its losses, it opted for a settlement.
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- Often disputes are initiated by major players against other major players. A smaller player may have interests at stake in the dispute but lacks the resources or clout to pursue its own remedy. As a Member of the WTO, however, it can join

a case filed by another Member and add its claims to the existing case.

- **Domestic Economic Reform:** There are conditions for joining the WTO, and they are negotiated with current Members. The requirements are not the same for every member. Major trading countries face stiffer requirements than smaller or less-developed economies. But conditions can provide justification for internal economic reforms that otherwise may be politically difficult but highly desirable. For example, improved customs procedures, such as customs valuation, may yield significantly higher revenues from imports. And WTO and related organizations stand ready to help implement such reforms.
- **Eligible for FTAs:** As a practical matter, failure to belong to the WTO rules out the opportunity to participate in a free trade agreement. Without the credibility for fair play and predictable treatment that is validated by WTO membership, a country simply is not going to be considered seriously for partnership in an FTA.
  - Certainly the U.S. never would have considered negotiating an FTA with Bahrain, Jordan or Oman if they had not been members of the WTO.
- **Other international Trade Bodies:** Without WTO membership, countries rule themselves out of consideration for other international trade for a, e.g., OECD, G-20, APEC.

## Conclusion

- The past several years have been difficult ones for the WTO, not least because of certain actions taken by my own country. But with new leadership here at the WTO and

incoming leadership in the US, we should turn our sights toward creating opportunities for the entire membership to redeem the faith that countries placed in the organization when they acceded to it.