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WTO TUNA COMPLIANCE REPORT (Oct.27, 2017)

A WTO WIN FOR TRUMP (AND OBAMA): Just a day after Trump bashed the WTO as a place where the U.S. loses "almost all the lawsuits," the Geneva body handed Washington a favorable ruling in a long-running fight with Mexico over U.S. dolphin-safe labeling requirements for tuna. A panel of judges determined the U.S. had made the correct changes to its labeling requirements to bring them in compliance with a previous, adverse WTO ruling that found the regulations violated international trade rules.

Mexico has already said it will appeal the decision, which, for now, has nullified its ability to retaliate against the U.S. The WTO had approved more than \$163 million in annual retaliatory measures against U.S. imports pending a decision from the compliance panel.

"I am pleased that WTO panels have finally agreed with the overwhelming evidence that U.S. dolphin-safe labeling requirements are accurate and fair," U.S. Trade Representative Robert Lighthizer said in a statement. "The Trump administration is committed to defending U.S. rights to enforce environmental measures that protect wildlife and facilitate fair trade."

In defense of dispute settlement: House Ways and Means Chairman Kevin Brady (R-Texas) framed the victory as an example of the importance of strong dispute settlement mechanisms. The Trump administration is trying to disarm NAFTA's dispute settlement provisions and has been critical of the WTO system, based on the argument that such measures diminish the

sovereignty of U.S. trade actions. Brady said the decision falls on the 70th anniversary of the General Agreement on Tariffs and Trade, a precursor to the WTO that contained non-binding dispute provisions, which the Trump administration is proposing to do in NAFTA.

"While the GATT was groundbreaking in the post-World War II era, its dispute settlement system was weak and essentially voluntary. In fact, the GATT was rather dismissively referred to as the General Agreement to Talk and Talk," Brady said in a statement.

"We have advanced well beyond that point with tough, enforceable obligations in our trade agreements, reinforced by strong dispute settlement - including for investor-state disputes. Together, these form a robust system that is essential to ensuring certainty for U.S. producers and workers and accountability for our trading partners."

The Trump effect? Critics on the other side of the trade debate say the ruling represented a response by the WTO to the Trump administration's complaints about the dispute settlement system and the president's threats to withdraw from the organization.

"The WTO is a political institution, so this ruling may be motivated by a sense of self-preservation, given that the administration has spotlighted how WTO tribunals order countries to gut domestic policies based on unaccountable tribunals making up new obligations to which countries never agreed," Lori Wallach, director of Public Citizen's Global Trade Watch, said in a statement.