

**Joint Statement on Trilateral Meeting of the Trade Ministers of the United States, Japan,
and the European Union**

Mr. Hiroshige Seko, Minister of Economy, Trade and Industry of Japan, Ambassador Robert E. Lighthizer, United States Trade Representative, and Mrs. Cecilia Malmström, European Commissioner for Trade, met in New York on 25 September 2018.

Statement on Concerns with Non-Market-Oriented Policies and Practices of Third Countries

The Ministers reiterated their concern with and confirmed their shared objective to address non market-oriented policies and practices of third countries that lead to severe overcapacity, create unfair competitive conditions for their workers and businesses, hinder the development and use of innovative technologies, and undermine the proper functioning of international trade, including where existing rules are not effective.

The Ministers recalled that market-oriented conditions are fundamental to a fair, mutually advantageous global trading system and that their citizens and businesses operate under market-oriented conditions. They discussed actions being taken and possible measures that could be undertaken in the near future.

Accordingly, they directed their staff to further their discussion on various elements or indications that signal that non-market oriented policies and practices exist for businesses and industries, to enhance information sharing on non-market-oriented policies and practices of third countries, to engage with other trading partners on identifying means to maintain market-oriented conditions, and to deepen discussions on enforcement and rule-making as tools to address these problems.

Statement on Industrial Subsidies and State Owned Enterprises

The Ministers reviewed and confirmed progress regarding possible new rules on industrial subsidies and State Owned Enterprises so as to promote a more level playing field for their workers and businesses. The Ministers highlighted the importance of securing a level playing field given the challenges posed by third parties developing State Owned Enterprises into national champions and setting them loose in global markets – resulting in distortions that

negatively affect farmers, industrial producers, and workers in the Ministers' home countries. The Ministers recognized the progress of their work, and the continued need to deepen their shared understanding, on the basis for strengthening rules on industrial subsidies and State Owned Enterprises, including how to develop effective rules to address market-distorting behavior of state enterprises and confront particularly harmful subsidy practices such as: state-owned bank lending incompatible with a company's creditworthiness, including due to implicit government guarantees; government or government-controlled investment fund equity investment on non-commercial terms; non-commercial debt-to-equity swaps; preferential input pricing, including dual pricing; subsidies to an ailing enterprise without a credible restructuring plan; and subsidies leading to or maintaining overcapacity.

The trilateral partners continue exploring how to increase the costs of transparency and notification failures and how to strengthen the ability to obtain information on subsidies.

The Ministers also confirmed their commitment to continue working together to maintain the effectiveness of existing WTO disciplines.

On that basis, they agreed to intensify discussions among themselves and expressed their intention to advance their respective internal steps before the end of 2018 with the aim of initiating a negotiation on more effective subsidy rules soon thereafter. The Ministers emphasized the need to ensure the participation of key trading partners in these future negotiations.

Statement on Concerns with Forced Technology Transfer Policies and Practices of Third Countries

The Ministers recalled their shared view that no country should require or pressure technology transfer from foreign companies to domestic companies, including, for example, through the use of joint venture requirements, foreign equity limitations, administrative review and licensing processes, or other means. The Ministers found such practices to be deplorable.

The Ministers again condemned government actions that support the unauthorized intrusion into, and theft from, the computer networks of foreign companies to access their sensitive commercial information and trade secrets and use that information for commercial gain. Recalling that forced technology transfer policies and practices create unfair competitive conditions for their

workers and businesses, hinder the development and use of innovative technologies, and undermine the proper functioning of international trade, the Ministers will reach out to and build consensus with other like-minded partners. The Ministers also agreed to deepen their investigation and analysis of the full range of harmful technology transfer policies and practices and their effects.

The Ministers affirmed their commitment to effective means to stop harmful forced technology transfer policies and practices, and to this end, deepen discussions on enforcement and rule-making as tools to address these problems.

Statement on Discussions on WTO Reform

The Ministers shared a common view on the need for the reform of the WTO, and, with respect to its monitoring and surveillance function, agreed as a first step to co-sponsor a transparency and notification proposal for consideration at the next meeting of the WTO Council on Trade in Goods.

They also agreed to promote the strengthening of the regular committees' activities and instructed their experts to discuss the development of a potential joint proposal by the three members focusing on the promotion of best practices and increasing efficiencies across committees.

Overly broad classifications of development, combined with self-designation of development status, inhibits the WTO's ability to negotiate new, trade-expanding agreements and undermines their effectiveness. The Ministers called on advanced WTO Members claiming developing country status to undertake full commitments in ongoing and future WTO negotiations.

Statement on Digital Trade and E-Commerce

The Ministers shared growing concerns about proliferation of digital protectionism and agreed to cooperate in facilitating digital trade and the growth of the digital economy and to enhance business environments through the promotion of data security.

The Ministers welcome the progress of exploratory work under the WTO Joint Statement Initiative on Electronic Commerce. They agreed to intensify and accelerate this process to

deepen understanding among members on possible elements to be included in a future agreement on digital trade aiming at updating the WTO rulebook, as well as the significant economic benefits of such an agreement. The Ministers agreed to continue work toward the timely launch of negotiations of a high standard agreement with the participation of as many members as possible.

Statement on Cooperation on Other Issues

The Ministers confirmed the importance of coordination among themselves to mitigate risks to their national security from trade and foreign investment, including the continued cooperation between appropriate authorities of the three partners to share best practices and exchange information on foreign investment review mechanisms.

The Ministers welcomed trilateral cooperation for the International Working Group on Export Credits to develop a new set of guidelines for government-supported export credits as soon as possible in 2019.

The Ministers reaffirmed their cooperation in international fora, such as the G7, G20 and the OECD and in sectoral initiatives such as the Global Forum on Steel Excess Capacity and Governments/Authorities Meeting on Semiconductors, to address market-distorting measures.

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