POSITION PAPER

COMMITTEE: WORLD TRADE ORGANISATION (WTO)

COUNTRY: BRAZIL

AGENDA: Reconstructing the Rules-Based Trading Order: Reforming WTO Dispute Settlement and Trade Rules in an Era of Unilateral Tariffs, Strategic Subsidies and Geoeconomic Fragmentation.

I. INTRODUCTION

International trade plays an important role in the growth and development of countries. The World Trade Organization (WTO) was established in 1995 to create common rules for international trade and ensure that countries compete fairly. However, the global trading system is facing several challenges today. The increasing use of tariffs by individual countries, government subsidies that create unfair competition, difficulties in resolving trade disputes, and growing tensions between countries have made international trade more uncertain.

Brazil believes that the WTO needs to be strengthened to deal with these challenges. As a major exporter of agricultural and industrial products, Brazil depends on fair and stable international trade. It believes that all countries, regardless of their economic strength, should have an equal opportunity to participate in global trade. Brazil therefore supports reforms that improve the WTO's functioning, protect the interests of developing countries and encourage cooperation among nations.

II. CONTENT

1. WTO Dispute Settlement Crisis and Unilateral Tariffs

Brazil believes that the WTO's dispute settlement system is essential for maintaining fairness in international trade. However, the system has faced serious difficulties since the WTO Appellate Body became unable to function due to the failure to appoint new members. This has made it difficult to resolve some trade disputes effectively. Brazil supports restoring a fully functioning dispute settlement system so that all countries, regardless of their economic strength, have an equal opportunity to defend their trade interests.

Brazil is also concerned about the increasing use of unilateral tariffs, particularly when they are imposed without following established international trade rules. Such measures can create uncertainty for exporters, affect businesses, and increase tensions between countries. In July 2026, Brazil requested consultations with the United States at the WTO over additional tariffs imposed on Brazilian products. Brazil argued that these measures were inconsistent with WTO

rules. This demonstrates Brazil's commitment to resolving trade disagreements through established international mechanisms rather than allowing them to escalate into further trade conflicts.

Brazil therefore supports strengthening the WTO dispute settlement system, encouraging negotiations between countries and ensuring that trade measures follow agreed international rules.

2. Strategic Subsidies and Fair Competition

Brazil recognizes that government subsidies can play an important role in supporting economic growth, industrial development and technological progress. However, when countries provide excessive or trade-distorting subsidies to their domestic industries, they can create unfair competition in international markets. This is particularly concerning developing countries, which may not have the same financial resources as wealthier economies to support their industries.

At the same time, Brazil believes that developing countries should have sufficient flexibility to support their own economic growth and industrial development. An example is Brazil's Nova Indústria Brasil (NIB) programme, launched in January 2024, which aims to strengthen industries through investments in innovation, technology, infrastructure and sustainable development. Brazil therefore supports greater transparency in government subsidies and fairer international trade rules that prevent unfair competition while allowing countries to pursue their development goals.

Brazil believes that WTO rules should consider the different economic conditions of member countries and ensure that developing economies are not disadvantaged in global trade.

3. Geoeconomic Fragmentation

Brazil is concerned about the growing division of the global economy due to political tensions and competition between countries. When nations prioritize political alliances over international trade cooperation, it can disrupt supply chains, limit market access, and create difficulties for developing economies. Brazil believes that countries should not be forced to choose between competing economic powers and that international trade should remain open and accessible to all.

Brazil supports strengthening multilateral cooperation and making the WTO more effective in addressing these challenges. It also believes that trade opportunities should be expanded through diversified markets and stronger international partnerships. Brazil therefore

encourages countries to work together, reduce unnecessary trade barriers and ensure that geopolitical disagreements do not weaken the global trading system.

III. PROPOSED SOLUTIONS

1. Restore an Effective WTO Dispute Settlement System

Brazil supports restoring a fully functioning dispute settlement system so that countries can resolve trade disagreements through established rules rather than unilateral actions. This would ensure that smaller and developing economies also have a fair opportunity to defend their interests.

2. Ensure Transparency in Government Subsidies

The WTO should improve transparency by encouraging countries to report their subsidies clearly. At the same time, developing countries should retain reasonable flexibility to support their domestic industries and economic development.

3. Strengthen Support for Developing Countries

The WTO should provide technical assistance, training and sufficient time for developing countries to implement trade rules. This would help countries with fewer financial and administrative resources participate more equally in international trade.

4. Promote Dialogue and International Cooperation

Countries should resolve trade disagreements through negotiations and consultations instead of increasing tariffs or creating trade restrictions. Brazil supports stronger international partnerships and diversified markets to reduce global trade tensions.

IV. CONCLUSION

Brazil believes that a strong, fair and effective international trading system is essential for the economic growth of all countries. The WTO must adapt to the challenges of the changing global economy by restoring an effective dispute settlement system, promoting fair competition, addressing trade barriers and ensuring that developing countries have a meaningful voice in decision-making. Brazil remains committed to working with all member states to achieve practical reforms and strengthen international trade cooperation. It believes that the future of global trade should be built on cooperation, fairness, and respect for international rules, rather than economic power or political pressure.