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Note BIO(75) 208 (REVISED VERSION) to the National Offices
c.c. to the Members of the Group and to the Directors General of DG I and X

PRESS CONFERENCE OF MR GUNDELACH

The following text replaces BIO(75) 208 from 3 July on Mr Gundelach's press conference. Some important addenda have been incorporated into the text:

He began by saying that he had spent a whole week in the United States continuing the talks on the conduct of the Multilateral Trade Negotiations with the American Trade Representative, Mr Dent, which had already been started at the time of the latter's recent visit to the Commission. Mr Gundelach then passed on to the question of non-tariff barriers to trade and especially the question of technical barriers to trade. He was aware that there was a certain amount of boredom with this question in the Community, even among the press, in view of the stream of directives which the Commission was sending to the Council but the fact was that this area was coming to mean more in trade terms than tariffs and quantitative restrictions. He warmly welcomed the strong support of the European Parliament for the Commission's efforts to make rapid progress in eliminating technical barriers to trade. This subject was to be discussed in the European Parliament on 7 June 1975 on the basis of the Mitterdorfer Report.

In his talks with American officials and politicians, Mr Gundelach had found that the question of technical obstacles to trade was one of their priority items in the MTNs as far as the Americans were concerned. They followed with great interest the progress which had been made by the Community in this area and wanted some form of participation in the work of eliminating the technical barriers to trade.

Of course, behind the American interest in this area lay a strong economic interest. An upswing in the American economy is now confidently predicted but American experts fear that in spite of this there will be a continuing structural unemployment problem. Hence the urgent need for increased exports. But this increase in exports will, to a large extent, have to be towards the traditional markets, including Europe, rather than predominantly to the oil producing countries or the Eastern European countries where the possibilities of increased access are not so promising, at least not for more labour intensive products. The result of this reasoning will be an increased export drive by American firms directed at Western Europe and over a whole range of goods and not concentrated on high technology and agriculture as in the past. Hence the American desire to collaborate closely with the Community on the process of removal of technical barriers. This preoccupation of the Americans could be an important element in the MTNs and it would clearly influence our negotiating plans.

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These, then, were the main impressions he had carried away from his visit. On the questions of float glass and canned ham which had recently been raised, Mr Gundelach said that the situation was under control and was certainly not critical. He did not expect that the United States was going to resort to countervailing duties at this stage but there could be difficulties ahead. The same could be the case in regard to commodity agreement in the agricultural area, in particular grains. It was a well-known Community position that negotiations in London following the World Food Conference (stockpiling) must not pre-empt the MTN negotiations in Geneva. This position seemed to be understood in Washington.

On the MTNs in general, he emphasised that both the Community and the United States agreed that they should be conducted with vigour. Both sides saw the MTNs as part of a bulwark to prevent Governments from resorting to protectionist practices at this difficult time. Returning to this aspect, at a later point, Mr Gundelach said that the MTNs would fail if they were simply left to be carried on in the formal GATT framework in Geneva. It was extremely important that a parallel network of contacts be carried on among the groups of countries especially interested in various questions. The results of these informal contacts could then be inserted into the more formal negotiations in the groups and sub-groups to give them the necessary impetus.

International Code on Technical Standards

Mr Gundelach, in answer to a question, referred to the fact that the United States during the MTNs in Geneva had proposed that an early agreement could be reached on this draft code. However, the Community view was that two requirements must be satisfied 1/ reciprocity and 2/ avoidance of the setting up of cumbersome bureaucratic machinery which would be submerged in a flood of detail on technical questions. The Community was not satisfied that these two requirements were met in the draft code (Note: a "mise au point" by the Community was given to the press in Brussels and Geneva on 20 and 21 May last).

To a question concerning the number of non-tariff measures which should be tackled as a priority, Mr Gundelach said that between 50 and 150 should be concentrated upon out of the more than 800 that the GATT Secretariat had assembled. Even these could not be dealt with in one conference; due to the nature of these problems a working procedure for the future had to be established.

Concerning the Sectoral Approach to the MTNs, Mr Gundelach said he was not very enthusiastic as past experience had shown that it was difficult to make progress with this approach but he did not rule it out entirely for certain limited areas at the appropriate time.

Asked about the American Selling Price, Mr Gundelach said that the most serious obstacle to trade with the United States from the Community point of view was the whole field of U.S. Customs procedures, including the ASP, customs valuation etc, and we would require the Americans to be prepared to negotiate in this area. They had indicated their willingness to do so. Finally on the question of the MTNs, Mr Gundelach pointed out that Congress retained considerable powers in supervising the American negotiators and as next year would be an election year, it might be difficult to have a clear picture of the way the negotiations were going before then. Exactly because European industry would meet increasing American competition in a situation of economic stress, it was important for the Community to have a clear strategy in MTNs in regard to obstacles to our exports. It went without saying that advances in European technology and productivity together with cost consciousness were more important than ever. The obviously undervalued dollar was a matter of increasing concern.

Passport Union

Mr Gundelach said that the Commission had yesterday adopted two documents and sent them to the Council. The first dealt with political civil rights for Community citizens who lived in other Community countries. The second dealt with a Passport Union. He emphasised that the Commission has not made any concrete proposals but simply analysed the problems which would have to be studied if progress were to be made in these areas. The Council had asked for these documents.

European Union

In answer to a question if he personally had opposed the adoption of the recent Commission's report on European Union, Mr Gundelach replied: "That question is out of place here. On most substantive issues I am in agreement with my colleagues. It may be my fault, but I have difficulty in seeing very far into the future and I feel there is a great need for the Community to concentrate its endeavours on our problems here and now, which are not just of a conjunctural but also of a structural nature, and the credibility of the Community depends on our ability to make a serious contribution to the solution of these problems. But I am glad to say that my colleagues on this point agree with me, therefore, we can go on working in harmony with each other."

Regards,

