

Bruxelles, le 2 juillet 1984
Note BIO(84)250 aux Bureaux Nationaux
cc. aux membres du Groupe du Porte-Parole

Quadrilateral Meeting (van der Pas)

A meeting of the "Quadrilateral", an informal ministerial gathering on international trade questions between the United States, Japan, Canada and the Commission of the European Communities, took place from 28 to 30 June 1984 in Erbach near Wiesbaden in Germany.

The meeting was chaired by Vice-President Wilhelm Haferkamp with the participation of William Brock, US Trade Representative, Gerald Regan, Canada's Minister for International Trade and Hikosaburo Okonogi, Japan's Minister of International Trade and Industry.

At the final press conference, Mr Haferkamp, after stressing the informal nature of the meeting, made the following statement:

BEGIN STATEMENT:

1. The Western Economit Summit held in London earlier this month urged all trading partners:
 - to resist protectionist pressures
 - to reduce barriers to trade
 - to make renewed efforts to liberalise international trade
 - to accelerate the 1982 GATT work programme
 - to prepare the gound for a new round of GATT negotiations.

2. In our informal discussion here in Erbach, we have concentrated on ways and means of putting these broad Summit guidelines into precise practical effect.

3. We reviewed the present international trade situation and found more positive than negative signs.

- 3.1. The volume of trade in manufactures increased worldwide by 4% in 1983. For 1984 it may be expected to grow by more than 6%. This development contrasts with the slump in world trade in the years 1981 and 1982. The industrialised countries boosted the trade figures while major developing countries, under the impact of the debt burden, had to restrict their imports. Growth of trade has once again been faster than growth in world production, i.e. the international division of labour has further intensified.

- 3.2. By and large we successfully resisted continuing protectionist pressures. The overall level of protection in our countries has not been increased in any notable way, notwithstanding some limited ad hoc safeguard actions. We have pledged to continue to resist protectionist pressures and we are confident that we can do so thanks to a noticeable improvement of the overall economic climate.

- 3.3 With respect to charges that industrialised countries are protectionist, our markets are certainly much more open than

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3.4 We have expressed our willingness to move ahead towards the further liberalisation of world trade:

- we shall before the end of the year initiate the necessary legislative or other action for acceleration of tariff cuts agreed under the Tokyo Round. We are hopeful that we can all accomplish tariff cuts at least one year, if not two years, earlier than scheduled.

3.5. We looked at the situation of the developing countries. We are concerned about the negative effects that the debt situation is having on trade with developing countries.

We realised that debtor countries have to boost their exports. We, therefore, agreed to study sympathetically requests for further trade liberalisation coming from debtor countries.

But, in their own interest as well as that of their trading partners, debtor countries should be prudent before cutting back their imports. However critical the financial situation of some developing countries may be, this must not be used as a reason for maintaining excessive and permanent high walls of protection. The more advanced developing countries, particularly, must become more fully integrated into the world trade system.

4. We had a detailed discussion on the implementation of the 1982 GATT Work Programme which, as we have repeatedly emphasised, remains crucially important. We decided to intensify our efforts to ensure significant further progress on the Programme between now and November, and we urge our other trading partners to join with us in this effort.

5. We had an extensive discussion on the future role of the GATT. In our view, GATT must play a more important role as the central world institution for agreeing upon and monitoring disciplines in international trade and for promoting further trade liberalisation.

6. As to a New GATT Round, we agreed that the coming months should be used to continue our preparations for such negotiations.

We had some useful exchange of views on some of the likely items for negotiation in such a New Round (question of structural adjustment, tariffs, services, agriculture, trade with developing countries, and so on).

We decided to enhance our consultations with our major trade partners, developed and developing, on a New Round.

END OF STATEMENT (considering the informal nature of the meeting, this statement was not circulated in writing and can in no way be seen as an official communique).

In the question and answer period, the following subjects were discussed:

ROLL BACK: Mr Haferkamp explained that the Tokyo Round had decided to cut import tariffs in 8 stages by an average of 40%. Three of these stages (1985, 1986 and 1987) were still outstanding. All OECD countries had taken the decision of principle to join the 1985 and 1986 cuts. The EFTA countries had already decided to make all three remaining cuts on 1 January 1985. The Community had not excluded a similar move.

JAPANESE TRADE SURPLUS: Mr Haferkamp said that this was a bilateral matter which was not discussed by the Quadrilateral. He had talked to Minister Okonogi in the margin of the Quadrilateral and drawn his attention to the rapid increase of certain Japanese exports to the EEC, a matter which will be further discussed next week between officials of both sides.

US STEEL MARKET: Mr Brock said that he would continue to oppose Bethlehem Steel's request to limit steel imports to 15% of the US market and that he was confident that it could be defeated. He recalled that the ITC had till 24 July to propose specific protective measures in the Bethlehem case and that President Reagan then had 60 days to decide. "Wait and see how we manage this case", he said, adding that "we have aggressively opposed protectionist requests in other sectors, like wine and textiles". "Our effort to liberalise trade is abundantly clear", Mr Brock said. "I don't accept criticism of the US which remains the world's most open economy. We have a 10 billion dollar trade deficit with the EEC, a 16 billion dollar deficit with Canada and a 28 billion dollar deficit with Japan. Our overall trade deficit will probably exceed 120 billion dollars this year. This shows how succesful we have been in our efforts to oppose protectionist trends." Mr Brock also said that his administration remained attached to the 1982 EC/US Steel Arrangement. Mr Haferkamp said as much for the Community and added that declining EC steel exports to the US could in no way be blamed for the US steel industry's predicament.

DEVELOPING COUNTRIES: In connection with point 3.5. of his introductory statement, Mr Haferkamp pointed out that no market opening measures in favour of the developing countries could offset the 3.5-4 billion dollars by which their debt burden went up after each percentage point increase of US interest rates. Mr Brock wanted to reduce the importance of US interest rates and said that the US recovery was the most important single factor in solving the debt problems of the developing countries. One percent increase in the GNP of the developed countries, he said, would compensate four to seven times their losses due to a one percent increase in US interest rates. A restructuring of their debt and active involvement of the debtor countries in the international trading system were other important problem solving elements, he added.

NON TARIFF BARRIERS: Much time had been devoted in the Quadrilateral to the question of non tariff barriers and safeguard measures, Mr Brock said in answer to a question. In view of the November GATT meeting, the four would try to obtain a higher level of discipline in this field among GATT members. This is a serious problem which we have to deal with, Mr Brock said.

11

