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EU COMMISSIONER WARNS AGAINST DELAY IN GATT DEAL RATIFICATION

The European Commissioner for Trade Policy, Sir Leon Brittan, today warned against any delay by the US Congress in ratifying the Uruguay Round trade agreement which was signed in Marrakesh, Morocco, on April 15. The agreement which established the World Trade Organization is due to come into effect on January 1, 1995.

Sir Leon said that he was astonished that some people in the United States, even in Congress, seemed to think that the Uruguay Round was being imposed on the United States by "wily foreigners". He said that this did not correspond with reality and pointed out that the United States together with the European Union were the main players during the eight years of negotiation.

The Commissioner, who was speaking at a European Institute lunch in Washington, DC, also said that at no time during the negotiations had the American side raised the question of the loss of revenue that would result from reduced tariffs. This is one of the major issues being cited by Congressional opponents of ratification.

Sir Leon said: "I hope that the trade experts and leading politicians in this city recognize the magnitude of the deal that has been agreed. Cuts in industrial countries' tariffs from 6.3 percent to 3.9 percent have been secured so that in the future nearly 43 percent of OECD imports will be duty free, compared to 20 percent now".

He said that he was pleased to hear Vice-President Gore state in Marrakesh that the US would be ready to implement the agreement on January 1 next.

The Commissioner, who is on a two-day visit to Washington to see Administration and Congressional leaders, also cited new provisions protecting intellectual property rights, the opening up of public procurement in a deal worth \$200 billion between the United States and the European Union, and the first framework agreement on liberalization of services, as important gains for the US as well as the EU.

On the question of public procurement, Sir Leon welcomed the fact that 39 states and 6 cities in the United States had now pledged themselves to be part of the agreement which will open up public contracts on both sides of the Atlantic and he hoped that the rest of the states and other major cities would follow this example and open their markets to European bidders.

The European trade supremo who negotiated the Uruguay Round agreement on behalf of the European Union pointed to an estimate by the GATT Secretariat as well as a number of other leading economic institutes and experts that the overall benefit to the world economy of the agreement will be an increase of about 1 percent in world GDP by the end of the decade or between \$200 and 300 billion. This excludes gains from the liberalization of services or the boost to business confidence and investment from stronger and more predictable trade rules.

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Sir Leon added: "Any delay in the implementation process, from whatever quarter or for whatever reason, will directly hold up the benefits of the Uruguay Round and thereby fail to catalyze and support an increase in economic activity in the world economy. That in turn means fewer jobs, lower incomes and less opportunity."

The Commissioner pointed out that the developing countries had expressed great admiration for the leadership shown by the United States and the European Union during the Uruguay Round negotiations. But, he said, if there were to be a delay it would mean loss of regard among these countries for the leadership of whoever was responsible for that delay.

Sir Leon said that the United States and the European Union should now work closely together on sectors which were not concluded during the Uruguay Round - basic telecommunications, financial services, shipping, civil aviation and steel. He also said that the new World Trade Organization will have to deal with new issues of trade such as trade-related environmental, social and competition questions. However he warned that while labor rights have a rightful place on the agenda developing countries needed to be convinced that we were working in their interests and that we needed to demonstrate that our approach was not protectionist, nor self-interested nor opportunistic.

He added: "It is critically important that we bring developing countries along with us as we did, for example, on intellectual property in the Uruguay Round so as not to force on or deny the poorest countries in the world their opportunity to benefit from their natural advantages or their right to the same level of economic development that we have enjoyed".

The Commissioner also warned against trends towards unilateralism and in this regard he cited a number of draft legislative proposals currently before Congress including bills relating to shipbuilding and financial services which, he said, adopted aggressive unilateral provisions that could damage EU/US relations. He also said that the new Super-301 procedure put in motion recently by the Administration was not the way forward to deal with difficult trade issues in a world which, particularly at a time when multilateral dispute settlement procedures had just been agreed in the Uruguay Round. However, he did say that he had received assurances from USTR Mickey Kantor in Marrakesh that the US would not apply unilateral sanctions in any area covered by GATT rules.

The Commissioner also went on to urge greater cooperation between the EU and the US on a whole spectrum of international policies including the environment, transport, economic and financial affairs as well as Eastern Europe and the former Soviet Union. He rejected criticisms that the EU was not doing enough in terms of trade access or political support for its Eastern neighbors, pointing out that the EU had signed agreements with a number of them opening the way for their eventual membership of the EU as well as providing them with their largest market as well as 60 percent of all of their aid, compared to around 15 percent by the US.

Sir Leon also said that the EU and the US should cooperate, possibly in a trilateral format, with the objective of removing flagrant rules and regulations in Japan that deliberately hinder trading opportunities, a subject he was planning to discuss in detail with Mr. Kantor during his visit to Washington. However he repeated that the EU is against any market sharing or carve-up of the Japanese market for the benefit of any one exporting country. He specifically ruled out sectoral targets.

During his visit Sir Leon will be seeing, in addition to Mr. Kantor, Acting Secretary of State Strobe Talbott, Treasury Secretary Lloyd Bentsen, Commerce Secretary Ron Brown, Council of Economic Advisers Chairwoman Laura Tyson, as well as key congressional leaders.

Sir Leon will give a press conference at the National Press Club at 2.00 p.m., Tuesday, April 26.

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