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R E P O R T

for the Committee on External Economic Relations

**on the stage reached in the multilateral trade negotiations
within the Uruguay Round of GATT**

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A Series Reports - B series Motions for Resolutions, Oral Questions, Written Declarations, etc - C Series Documents received from other Institutions (e.g. Consultations)

***** = Consultation procedure requiring a single reading

****II** = Cooperation procedure (second reading) which requires the votes of the majority of the Members of Parliament

****I** = Cooperation procedure (first reading)

******* = Parliamentary assent which requires the votes of the majority of the current Members of Parliament

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By letter of 22 September 1989 the Committee on External Economic Relations requested authorization to draw up a report on the stage reached in the multilateral trade negotiations within the Uruguay Round of GATT.

At the sitting of 23 October 1989 the President of the European Parliament announced that the committee had been authorized to report on this subject and that the Committee on Agriculture, Fisheries and Rural Development had been requested to deliver an opinion.

At the sitting of 16 February 1990 the President of the European Parliament announced that he had also requested the Committee on the Environment, Public Health and Consumer Protection to deliver an opinion.

At the sitting of 12 February 1990 the President of Parliament announced that he had forwarded the motion for a resolution by Mr De Clercq and others on Parliament's role in the GATT negotiations (Doc. B3-37/90), pursuant to Rule 63 of the Rules of Procedure, to the Committee on External Economic Relations as the committee responsible and to the Committee on Institutional Affairs for its opinion.

At the sitting of 12 March 1990 the President of Parliament announced that he had also requested the Committee on Legal Affairs and Citizens' Rights and the Committee on Development and Cooperation to deliver opinions on motion for a resolution B3-37/90.

At the sitting of 11 September 1990 the President of Parliament announced that he had forwarded the motion for a resolution by Mrs Ferrer on the Uruguay Round negotiations on the textile sector (Doc. B3-1311/90), pursuant to Rule 63 of the Rules of Procedure, to the Committee on External Economic Relations as the committee responsible and to the Committee on Economic and Monetary Affairs and Industrial Policy and the Committee on Development and Cooperation for their opinions.

At its meeting of 17 October 1989 the Committee on External Economic Relations had appointed Mr Stavrou rapporteur.

At its meetings of 21 February 1990 and 17 September 1990 the Committee on External Economic Relations decided to include in its report the following motions for resolutions which had been referred to it:

- B3-0037/90; authors: Mr De Clercq and others; subject: Parliament's role in the GATT negotiations,

- B3-1311/90; author: Mrs Ferrer; subject: the Uruguay Round negotiations on the textile sector.

At its meetings of 21 December 1989, 22 January 1990, 20-21 February 1990, 2 March 1990, 26 April 1990, 31 May 1990, 16-17 July 1990 and 17-18 September 1990 the committee considered the draft report.

At the last meeting it adopted the motion for a resolution unanimously.

The following took part in the vote: De Clercq, chairman; Stavrou, second vice-chairman and rapporteur; Moorhouse, third vice-chairman; Benoit, da Cunha Oliveira (for Bettiza), Hindley, Izquierdo Rojo (for Bird pursuant to Rule 111(2)), Junker, Marck (for Estgen), Peijs, Pierros (for Gallenzi pursuant to Rule 111(2)), Porto, Randzio Plath, Rossetti, Schmidbauer (for Miranda de Lage pursuant to Rule 111(2)), Sonneveld (for Lemmer), Spencer and Titley.

The explanatory statement will be presented orally in plenary sitting.

The opinions of the Committee on Agriculture, Fisheries and Rural Development, the Committee on the Environment, Public Health and Consumer Protection and the Committee on Development and Cooperation are attached to this report. The opinion of the Committee on Institutional Affairs will be published separately. The Committee on Legal Affairs decided on 18 April 1990 not to deliver an opinion. The Committee on Economic and Monetary Affairs and Industrial Policy decided on 20 September 1990 not to deliver an opinion.

The report was tabled on 20 September 1990.

The deadline for tabling amendments to this report will appear in the draft agenda for the part-session at which it is to be considered.



A

MOTION FOR A RESOLUTION

on the stage reached in the multilateral trade negotiations within the Uruguay Round of GATT

The European Parliament,

- having regard to its resolutions of 18 November 1988 and 17 May 1990 on the stage reached in the multilateral trade negotiations within the Uruguay round of GATT^{1, 2},
- having regard to the motion for a resolution by Mr De Clercq and others on the European Parliament's role in the GATT negotiations (Doc. B3-37/90),
- having regard to the motion for a resolution by Mrs Ferrer on the Uruguay Round negotiations on the textile sector (Doc. B3-1311/90),
- having regard to the stage reached in the negotiations in the individual negotiating groups and, particularly, the global framework for the final stage of the Uruguay round agreed by the Trade Negotiation Committee at the end of July,
- having regard to the Punta del Este declaration of September 1986 by the GATT signatories and the agreements reached during the mid-term review,
- having regard to the findings of the Houston Summit,
- having regard to Rule 121 of its Rules of Procedure,
- having regard to the report by the Committee on External Economic Relations and the opinions by the Committee on Agriculture, Fisheries and Rural Development, the Committee on the Environment, Public Health and Consumer Protection, the Committee on Development and Cooperation and the Committee on Institutional Affairs (Doc. A3-215/90),

- A. whereas the strengthening of an open system of world trade must of necessity be achieved by respecting worldwide environmental balances and must be accompanied by the promotion of parallel social development, especially in the developing countries,
- B. having regard to the fact that the expansion and liberalization of trade cannot be considered as ends in themselves, that the expansion of free trade does not necessarily serve the needs of the poor of the world or the conservation of the environment and there are cases in which the freedom granted to trade in goods and services may undermine a more fundamental freedom - the freedom which allows peoples and their governments to exercise democratic control and tackle their most important problems effectively,

¹ OJ No. C 326, 19.12.1988, p. 315

² OJ No. C 149, 18.6.1990, p. 165

- C. In view of the increasing interdependence of the world's economies, as evidenced, among other things, by the eleven-fold increase in world trade since the beginning of the 1950s, while output has increased only slightly more than five-fold,
- D. whereas these increases in production and international trade must be assessed in the light of a cost/benefit analysis taking into account the cost of such developments in terms of energy, the environment and health,
- E. having regard to the magnitude of the European Community's external trade, which accounts for approximately one third of all world trade,
- F. acknowledging the vital part played by the General Agreement on Tariffs and Trade (GATT) in building up, defending and developing a liberal and multilateral system of world trade,
- G. whereas the worldwide recession that started in the mid-1970s led to an alarming increase in protectionist tendencies worldwide, threatening the continued existence of the open system of world trade,
- H. whereas a growing number of signatories - not least the United States - resorted to bilateral or unilateral measures in their trade policy, which entailed a loss of credibility for GATT,
- I. considering that, in particular, unilateral and bilateral protectionist measures such as so-called 'voluntary restraint agreements' were taken, in breach of the spirit and letter of GATT,
- J. noting that one of the aims of the new round of multilateral trade negotiations agreed in Punta del Este in September 1986 was to halt and reverse these protectionist tendencies which means the abolition of interference in trade and reinforcement of the agreed multilateral rules which are to be effective and have the force of law,
- K. aware that, in addition to trade in goods, the international exchange of services, protection of intellectual property and trade-related investment measures in third countries and efficient and effective arbitration procedures are becoming steadily more important as a result of the increasing worldwide integration of the national economies, and that multinational arrangements covering these areas are needed,
- L. noting that the development of international trade agreements has immediate and significant consequences for natural resource and environmental protection, and for the practice of sustainable development, and having regard to the increased demand for an ecologically sensitive world trade system since the start of the Uruguay Round,
- M. whereas one of the major and largely unexplored values of standing tropical forests, as well as other unique ecosystems, is held in their diverse species; the uses of such diverse resources are often known to local peoples

- who may have little understanding or poor access to mechanisms for protecting intellectual property,
- N. deploring the fact that environmental protection, which is, after all, linked to the issues being discussed under GATT, has not been included on the agenda for the negotiations,
- O. whereas the economic development of the developing countries should be supported through special and favourable treatment for these countries, and whereas this principle should be adhered to in all matters on which negotiations take place within the Uruguay Round,
- P. whereas, despite the wish expressed by Parliament, the signatories have not included in the Uruguay Round negotiations on incorporating minimum standards for the protection of workers as laid down by the International Labour Organization,

1. FUNDAMENTAL SIGNIFICANCE OF GATT

1. Reiterates the fundamental principles of GATT, in particular multilateralism, most-favoured nation status and the outlawing of discrimination, which have still lost none of their importance for world trade, more than 40 years after the establishment of GATT;
 2. Considers that confidence in a multilateral trading system, which is absolutely necessary, can only be sustained if all countries adhere to the spirit and the letter of its agreed rules and disciplines, using collective mechanisms to enforce the rights of the weak as well as the strong in a balanced, transparent and non-discriminatory manner;
 3. Points out that the GATT rules, as guidelines for the trade policy of the signatories, were not created solely for times of economic prosperity but can help to prevent a reliance on protectionist measures from making economic problems worse in times of crisis;
 4. Is concerned at the increasing tendency towards protectionism among industrialized countries, notably Japanese trading practices and the closely related unilateral and extraterritorial nature of US trade legislation, and urges all GATT signatories to respect and implement the commitment to standstill and rollback and to adjust the provisions of GATT relating to the general safeguard clause (Article XIX);
 5. Regrets that to date few signatories have submitted any such proposals for rollback;
 6. Warns against increased efforts to reach bilateral or even unilateral trade arrangements, as exemplified by the United States Trade Act, particularly section 301;
 7. Welcomes the agreement concluded during the mid-term review to carry out periodic checks on the GATT's signatories' trade policies, seeing this as a contribution towards a greater transparency in trade policy;
 8. Calls on the Commission to provide the European Parliament with timely and comprehensive information on the report to be submitted to GATT in December 1990 on Community trade policy;
9. Notes the world-wide tendency towards regional economic groupings and free trade zones (US-Canada, South and South-East Asia, Pacific Basin, Central and South America), advocating a clear redefinition of free trade zones and customs unions (Article XXIV of GATT) that constitute exceptions to the principle of most-favoured nation status as temporary steps towards a free and fair world trade system;
 10. Detects in this tendency, however, the threat of increasing pressure in favour of the bilateralism of regional areas and stresses that only multi-lateralism in the context of a stable and well-defined framework of conduct and rules will guarantee that regionalism does not turn into economic and political nationalism.
 11. Points to the connection between the world trade system and the world monetary and financial systems as the pillars of an international economic order and welcomes the agreement to strengthen cooperation between GATT, the International Monetary Fund and the World Bank, which is to be further institutionalized;
 12. Welcomes efforts to strengthen the involvement of the ministers responsible for trade policy by holding regular ministerial GATT conferences as a further step in the institutional development of GATT into a world trade organization;
 13. Calls for an early meeting of the trade and environment ministers of the GATT signatories; notes that the preparation of such a meeting should be entrusted to the GATT Working Party on the Environment and International Trade;
 14. Proposes to the signatories that following successful conclusion of the Uruguay Round talks should be opened as soon as possible with the goal of turning GATT into an efficient and effective world trade organization with fixed areas of responsibility but considers that care should be taken in choosing the form that such a new organization should take and proposes that within the next two years a proposal should be presented to the Ministerial Conference, but insists that it should have a democratic international structure and be empowered to regulate finally the trade activities of states as well as multi-national corporations; supports the Commission's proposal to set up a Multilateral Trade Organization (MTO) if this will help to prevent GATT from being split up into multiplicity of different rules;
 15. Stresses in this connection that although the principle of unanimity within GATT has proved its worth until now, consideration should be given to the use of other principles for decision-making when GATT is developed further and its rules defined more precisely, especially where mediating in trade disputes between individual signatories is concerned; regrets that an efficient and effective arbitration procedure is hindered by this principle and welcomes the fact that a two-stage procedure with the decision at the second stage having binding effect and the setting-up of an independent decision-making body is being considered, to take the

- place of the procedure for party consensus;
16. Wishes the countries of Central and Eastern Europe, which have turned their backs on the socialist practice of central government control over the economy and are implementing economic reforms with the aim of setting up market economies, to be more involved in GATT and calls on the Commission to support the integration of the states of Central and Eastern Europe;
 17. Welcomes and supports the moves towards integrating other former State-trading countries into the GATT system as and when their economic reforms are sufficient to ensure that they have open market economies and particularly welcomes the granting of GATT observer status to the Soviet Union;
 18. Is fundamentally in favour of Chinese membership of GATT, but does not consider it appropriate at the present moment to press ahead with negotiations with China;
 19. Points to the Community's special status within GATT, to which the EEC is not a signatory but with which it conducts negotiations on behalf of the Member States, which are signatories, as part of the common trade policy;
 20. Proposes that the Community itself should become a signatory to GATT, especially after completion of the internal market, which will inevitably entail the strengthening of the common trade policy;

II. ON THE STATE OF NEGOTIATIONS

21. Is, however, concerned at the wide differences between negotiating positions that persist in some of the negotiating groups, for example, agricultural external trade, textiles and clothing and safeguards clauses;
22. Calls on all the signatory states, and the Commission as the Community's negotiating agent, to show the maximum degree of flexibility and willingness to compromise possible so that the Uruguay Round may be concluded successfully with an agreement as scheduled in December to the benefit of all signatory states;
23. Expressly recognizes the constructive contribution of the Commission as the Community's negotiating agent in the negotiating rounds held so far;
24. Calls on the other industrialized nations also to shoulder their responsibilities for a forward-looking development of the world trade system and, by making appropriate proposals, to ensure that benefits and commitments are equally balanced, both between the various matters under negotiation and between the industrialized nations and the developing countries;
25. Stresses the globality of the negotiating process and therefore welcomes the fact that in the Committee for Trade Negotiations the signatories are endeavouring to establish the profile of a global package, designed to serve as the guideline for the final stage of negotiations in the remaining three months;
26. Is in favour of greater differentiation under GATT between the developing countries, with the least developed countries enjoying far-reaching preferences, and the 'newly industrialized economies' being progressively brought into GATT as equal partners;
27. Is concerned that major concessions are being demanded from the developing countries in the new negotiating areas such as trade in services, trade-related investment measures and the protection of intellectual property, whereas the industrialized nations are reluctant to make concessions benefiting the developing countries in traditional areas such as market access and textiles and clothing;
28. Draws the attention of the developing countries, particularly those that have already taken the first successful steps on the road to industrialization, to the fact that it is in their long-term interest to accept commitments under GATT, and in particular to open up their markets;
29. Notes, on the other hand, that in many areas the developing countries adopt an excessively passive attitude and are content to refer to the principle of preferential treatment;
30. Stresses the importance of special and more favourable treatment for the developing countries within GATT, to be implemented in respect of all fifteen topics under negotiation during the Uruguay Round so as to ensure improved integration of the developing countries in the multilateral trade system;
31. Calls on the developing countries, at the same time, to make substantial offers, in line with their degree of development, so as to ensure that negotiations to integrate them can be carried out more efficiently and rapidly;

III. THE INDIVIDUAL NEGOTIATING GROUPS

(a) Market access

32. Welcomes the Commission's negotiating strategy of linking tariff reductions with the dismantling of non-tariff obstacles to trade so as to prevent concessions over customs tariffs being cancelled out by non-tariff barriers;
33. Regrets that differences over negotiating technicalities have brought negotiations on tariff cuts to a temporary halt, and trusts that the procedure now agreed - to negotiate both on the basis of a general formula and also bilaterally, using lists of proposals and demands - will make rapid progress possible;
34. Calls, in particular, for a substantial cut in maximum tariff rates and a reduction in tariff escalation, whereby raw materials are subject to far lower customs tariffs than manufactures;
35. Advocates multilateral rules for 'pre-shipment inspections', which help prevent the undervaluing of commodities for fraudulent purposes, without giving rise to new trade barriers for exporters;
36. Urges, in this connection, the developing countries in particular to accede to the GATT code on import licences, customs evaluation, standards and public procurement negotiated during the Tokyo round;

(b) Natural raw materials

37. Advocates applying the fundamental principles of the GATT to all natural raw materials, especially non-ferrous metals and fuels, which in some cases are subject to prohibitive customs duties, export taxes and double pricing;
38. Insists that talks be held on a reduction in tariff barriers on imports as well as exports;
39. Welcomes the inclusion of power-producing raw materials in this negotiating group;

(c) Textiles and clothing

40. Confirms the commitment entered into by all signatories during the mid-term review to negotiate on the progressive and gradual imposition of more extensive and rigorous GATT rules and discipline on the trade in textiles and clothing and recalls that the MFA was permitted only as a special temporary exception to the GATT's principle of multilateralism and non-discrimination;
41. Stresses, in this connection, the importance of the negotiations on restricting the possibilities of invoking safeguard clauses and the protection of intellectual property for the restructuring of the trade in textiles and clothing;
42. Supports the removal of all quantitative restrictions both in the main importing countries and also in the chief producing countries, particularly the newly industrialized

countries, for a limited transitional period to be agreed;

43. Considers that, for the transitional period, a special protection mechanism as a defense against sudden leaps in imports is necessary, taking into account the experience of the Multifibre Arrangement as a sort of safety net;
44. Recognizes the importance of the textiles sector to industrial development in the developing countries and therefore supports preferential treatment, particularly for the poorest developing countries, in order to enable them to automate and modernize their textile and clothing industries;
45. Rejects the US negotiating proposal to set global import quotas for textiles and clothing as unhelpful, as this would lead to additional barriers to exports to the United States for a number of signatories, including the EEC;
46. Is concerned that the United States Senate has approved the new Textile, Apparel and Footwear Trade Act which blatantly conflicts with the US negotiating position and therefore calls upon the American administration to do all within its power to withdraw it;
47. Regrets that in some countries, particularly the developing countries, working conditions in the textile and clothing sector often fail to meet the minimum requirements laid down by the International Labour Organization and reiterates its demand for the inclusion of binding provisions setting minimum standards of industrial safety (so-called social clauses) in the world trade system;
48. For the rest, refers to the report drawn up by its committee responsible on the trade in textiles and clothing;

(d) Agricultural external trade

49. Holds the view that the increase in trade in agricultural products should comply with the principle of sustainable development formulated in the Brundtland report;
50. Stresses the immense significance of negotiations on agricultural external trade for the successful conclusion of the entire Uruguay Round and points out that it is essential that the competitiveness of the Community's food industries on world markets be maintained;
51. Stresses that, because of its specific production conditions and the vital nature of its products, agriculture requires special arrangements but also notes that the subsidy race, which has had a significant impact especially since the early 1980s, has left too little scope for market forces in some producer countries, leading to disturbances in world agricultural trade;
52. Therefore calls for the gradual reform of those elements in the agricultural policy of all the signatories that badly distort trade;
53. Calls upon the United States and the Cairns Group to drop their demands for the elimination of all subsidies distorting agricultural trade by the end of the 1990s;

54. Calls instead for a constructive dialogue involving all the participants in the negotiations, so that the signatories can agree on the definition of a yardstick for assessing support, including all internal support affecting agricultural external trade and all external protection measures;
55. Believes that this step will serve as the basis for any global, gradual and controlled reductions in national agricultural support measures to which the signatories may commit themselves at the conclusion of the Uruguay Round;
56. Supports the Commission in its proposals for a planned gradual abolition of subsidies and support measures insofar as this will contribute, on the one hand, to environmentally acceptable production and the avoidance of surplus production and, on the other hand, to maintain family-run farms, and agrees with the Commission that agricultural subsidies are not a taboo subject; 57. Supports the Commission's proposal for a 30% reduction in agricultural subsidies in order to help to make a success of the Uruguay Round, but believes that consideration should also be given to phasing out export subsidies;
58. Notes that to increase tariffs or levies in one sector as a condition for reducing them in another sector ('rebalancing') would violate the standstill and rollback requirements;
59. Points out that when customs duties are imposed on cereal substitutes transitional and restructuring measures must be adopted for the developing countries which currently export such cereal substitutes; considers that the Community must be involved in the financing of these measures;
60. Seeks the early establishment of a GATT Working Group on Agricultural Trade and sustainable Land use;
61. Therefore supports the Commission's proposals for the gradual reduction of all support provided by agricultural producer countries; also demands, however, that the interests of the developing countries should be taken into account, particularly with regard to market access for their products, market prices and their processing facilities for their products;
62. Demands that additional accompanying measures be taken to increase the local and regional use of products from developing countries and to develop local processing facilities;
63. Stresses that the instability of both volume and price are of great importance for exports of developing countries' agricultural products, and that safeguards against such instability must be permitted in addition to any that are retained against import surges and excessive price movements of imports;
64. Insists that for both development and food security reasons developing countries should continue to be permitted to set domestic agricultural prices above world market levels, at least as a specific exemption from GATT rules;
65. Considers that developing countries must be permitted domestic agricultural marketing boards and price stabilization schemes, in view of the special character of agricultural production in these countries;
66. Urges the Community to stand firm in these talks on its demand for minimum quality standards for agricultural products;
67. Regrets that the negotiations have so far skated over the essential subject of the protection of the environment and nature in connection with world trade rules and calls for exceptional provisions in this field as in the field of health and plant protection, so that higher standards may operate reliably and restrict market access;
68. Is concerned at the tabling of a new agriculture bill in the US Congress that clearly conflicts with the United States' negotiating position and is in breach of the Geneva Agreements of April 1989 on the freezing of support; 69. Notes that there is no longer any justification for the external trade waiver granted to the United States many years ago and advocates the abolition of waivers and other exceptional provisions which benefit industrialized countries;
70. Urges Japan to submit constructive proposals for opening its markets to agricultural products and food, and condemns it for simply stressing the importance of guaranteeing its own supplies;
71. Takes the view that the Commission should refrain from concessions, particularly over export refunds, so long as the other negotiating parties, especially the United States, fail to offer anything in return;
72. Is dismayed that the burdens imposed on European farmers between 1983 and 1986 consequent upon the reform of the common agricultural policy (a freeze on officially fixed prices and a reduction in guarantees) have not been credited to the Community;
73. Points out that for this reason every effort must be made to utilize this credit item in an appropriate manner and considers that the best strategy is certainly not for the Community to proceed unilaterally with its efforts to dismantle support to agriculture, while other signatories, especially the United States, pursue an aggressive policy and deprive the Community of traditional markets;
- (e) Tropical products
74. Welcomes the tariff concessions on tropical products agreed to by the industrialized countries during the mid-term review;
75. Sees this as a major step towards balanced results for all those concerned;
76. Deplores the fact that the majority of signatories, with the exception of the EEC, have so far made no progress in relation to what was initially agreed at Montreal;

77. Notes, however, that the agreed tariff reductions are threatening to undermine the preferences granted to the ACP States and other developing countries, and calls on the European Community to devise, for the benefit of the developing countries, systems to compensate for the losses incurred in this field;
78. Demands that trade in tropical timber should be strictly limited, if not prohibited, for ecological, economic and cultural reasons;
- (f) GATT articles
79. Welcomes the efforts to reinforce multilateral discipline with regard to protectionist measures caused by balance of payments difficulties by adopting clearer wording, especially of Articles XII, XIV and XV, to prevent these GATT provisions being used, particularly by the developing countries, as general clauses justifying the long-term closure of their markets;
80. Points, in this connection, to the significance of better cooperation between the International Monetary Fund and GATT and not only supports a democratization of all international decision-making structures but explicitly points out the negative decisions of the international financial institutions and their influence on the participation of all states in world trade, who ultimately require a different orientation;
81. Urges that Article XXb of the GATT Treaty be strengthened and further expanded to allow the protection of (domestic) products in the interests of environmental objectives;
- (g) Arrangements and agreements from earlier rounds
82. Expresses its general support for a clearer and more functional formulation of the GATT codes agreed in earlier rounds, such as the code on norms and standards, import licences and public procurement, and for efforts to ensure that more signatories, especially the developing countries, accede to them;
83. Notes that free and fair world trade is increasingly threatened by strategies devised by the multinationals to oust competitors from the market; such companies fail to abide by national rules on competition since they operate across frontiers; legislation on worldwide competition is urgently needed to check these activities;
84. Refers, with regard to the anti-dumping code of conduct, to the necessity to continue developing this multilateral framework for the signatories' anti-dumping policy so as to make the anti-dumping procedure more transparent, more effective, simpler and speedier, without detriment to the even-handed treatment of producers and importers;
85. Regrets that in addition to growing protectionism, there are also dumping measures which are undermining fair competition and considers that anti-dumping measures must be reinforced and tightened;
86. Supports all moves leading to a streamlining of the procedure, an extension of the validity of the provisional customs duties and improved safeguards against evasion of GATT rules;
87. Welcomes the Commission's moves to ensure that GATT anti-dumping rules are brought into line with important areas of the Community's anti-dumping legislation and the rules on assessment of damage and due consideration of the public interest and with the demands of international jurisdiction, in particular the improvements, clarification and extension of the codes and agreements resulting from the Tokyo Round, to ensure that the previous anti-dumping rules are amended on the basis of a compromise between the positions of the Community and the United States; until an international code on competition is drawn up, comparable conditions for market access must be created, not least by combatting dumping as unfair conduct, although anti-dumping measures must not be used either to seal off domestic markets or in pursuance of a protectionist industrial policy;
88. Advocates that the aim of the GATT negotiations should be to establish worldwide discipline to ensure that compliance with GATT rules is as uniform as possible. A new system of rules should include effective regional protection as well as improving the reliability and quality of decision-making by means of a permanent court of arbitration. Furthermore, it is important for GATT rules to be brought into line with European standards, particularly with regard to the rules on the assessment of damage and due consideration of the public interest, for anti-dumping laws to be revised to prevent evasion, on the basis of the American experience, and for rules for GATT discipline to be introduced;
89. Demands, especially following the findings of a GATT panel that the new EEC arrangements to deal with attempts to circumvent anti-dumping measures did not conform to the GATT rules, that multilateral rules should be speedily agreed enabling the signatories to defend themselves against obvious circumventions of anti-dumping measures of theirs that conform to GATT;
90. Refers, for the rest, to the separate report on the Community's anti-dumping policy by the EP committee responsible;
- (h) Safeguard clauses
91. Notes that the safeguard clauses laid down in Article XIX of GATT have not been used on any large scale by the signatories in the past;
92. Considers that this is chiefly due to the fact that on this basis safeguard clauses can only be implemented in respect of all GATT signatories ('erga omnes') and not simply in respect of the most efficient producer, whose exports have been primarily responsible for the disruption of the market;
93. Regrets that this has led to a large number of bilateral agreements not conforming to GATT, the so-called 'voluntary restraint agreements', and demands that these 'grey area measures' should be brought into line with the

improved and strengthened GATT rules on conclusion of the Uruguay round;

94. Supports the negotiating position of the Community that in future the option of selective protective measures be laid down in Article XIX of GATT, with precisely defined conditions attaching to selectivity, and protective measures permitted for a limited time only, designed to be gradually phased out and subject to multilateral monitoring;
95. Calls on the developing countries and Japan to abandon their dismissive attitude towards defined selectivity of this kind, since they stand to gain far more from protective measures subject to multilateral monitoring than from the current practice of bilateral agreements, which generally come about as the result of pressure from an economically stronger importing country;
96. Considers unacceptable provisions which make it impossible for national governments or regional organizations to adopt measures independently to protect their environment, natural resources and landscape;
 - (i) Subsidies
97. Advocates a more precise and functional formulation of the GATT provisions relating to subsidies that distort trade and competition;
98. Endorses the outlawing of any form of export subsidy and favours the revision of the lists of banned export subsidies;
99. Considers the attempt to classify state support as subsidies that are banned, those that are permitted but subject to multilateral monitoring and those that are permitted without multilateral monitoring to be fundamentally correct and trusts that on this basis it will be possible to negotiate specific lists of these three categories of state support;
100. Emphasizes that clearly-defined measures by public economic development funds, especially in the area of regional and social policy, may make a positive contribution to balanced economic development;
101. Demands, therefore, that such measures should be permissible and should not give rise to retaliatory action by other signatories;
102. Demands that exact criteria should be laid down for deciding whether internal support measures subject to multilateral monitoring are detrimental to the commercial interests of other signatories and thus a basis for retaliatory measures;
103. Refers in this connection to the importance of an effective arbitration procedure for disputes;
104. Calls, in particular, for a clear definition of what constitutes a subsidy, to prevent countervailing measures being taken that overstep their true protective purpose;

(j) Arbitration procedures

105. Notes with satisfaction that the improvements to the arbitration procedure agreed during the mid-term review and applied experimentally since May 1989 have led to a marked increase in the number of trade conflicts between contracting parties that have been settled under the GATT rules;
106. Considers, in particular, that a reform of procedures is required (the selection of experts, the duration of the procedure, evidence requirements, the participation of third parties to the agreement);
107. Views the participation of independent experts as an opportunity to improve the objectivity of the inquiries and conclusions of the group of experts appointed to mediate in a trade conflict, thus increasing the chances of its findings being approved and implemented by all the signatories;
108. Calls for the GATT Treaty to contain provisions enabling disputes arising from environmental measures to be resolved;
109. Welcomes all attempts to increase the efficiency and effectiveness of GATT, especially the reform of the arbitration procedure aimed at arriving at subordination to GATT decisions by means of a two-stage procedure;
110. Supports also all steps which may lead to the procedure being shortened and made independent, so that protectionist tendencies and evasion may be prevented more effectively than hitherto;

(k) Protection of intellectual property

111. Considers the establishment of internationally binding standards of protection for copyrights and patents to be urgently required, in view of the sharp increase in recent years in the trade in products produced in breach of protective rights and therefore supports the Community's position on TRIPS;
112. Points out that a long-term industrialization strategy for the developing countries cannot be based on the systematic violation of the property rights of third parties; sees opportunities for swift action in comprehensive trade mark protection, also as far as consumer protection is concerned, but supports proposals to allow the 'poorer' developing countries transitional periods;
113. Advocates comprehensive patent protection, also with regard to necessary technological development, since commercial legal protection and patent protection are basic prerequisites for access to the market and the transfer of technology, and hence for development; urges the Commission, however, to make every effort to grant the developing countries low-cost access to basic technologies by means of compulsory licences and to make it possible for the poorer developing countries to be allowed transitional arrangements;
114. Considers that these rules must be drafted in close collaboration with international bodies for the protection of intellectual property such as WIPO, with special

consideration being shown for the interests of the developing countries and indigenous peoples;

115. In view of the progress made in the various UN agencies with regard to the TRIPs (UNESCO, FAO, UNEP, WIPO) on farmers' rights, informal innovation systems and the international convention on folklore, and in order to compensate the Third World communities for their work in developing genetic resources and to recognize and protect the 'knowledge of the common people', presses for linking the GATT negotiations with these above-mentioned UN agencies to allow the Third World to re-integrate development interests into the negotiations on Intellectual Property Rights and to broaden the focus on intellectual property to include both the obligation of the monopoly rights holders and the alternative rights of the innovators;

(l) Trade-related investment measures

116. Insists on the continued right of countries to place specific conditions on onward investments as regards, for example, local content, domestic sales, local equity, exports, technology, remittances and exchange rates, bearing in mind the development success of such policies in Japan and elsewhere;

117. Considers that direction of investment used as a means of structuring the economy must be maintained provided that its aims are not protectionist; developing countries must still have the opportunity of pursuing an investment policy of their own;

118. Considers that, with regard to the efforts of industrialized countries to draw up rules for trade-related investment measures, developing countries must be given specific opportunity to conduct their own independent investment policies; the least developed countries should have the right to non-reciprocity and in a strengthened GATT system the needs of infant industries must be recognized;

(m) Trade in services

119. Welcomes the readiness of all signatories to lay down multilateral rules for the trade in services, which has gained in importance in recent years;

120. Advocates the negotiation of a framework agreement governing the trade in services along the lines of the principles governing trade in goods: most-favoured nation status, non-discrimination and transparency; stresses the need for an exhaustive definition of services and comprehensive rules in the framework agreement which do not omit any sector and introduce definite rules for the establishment of business and freedom of movement on the basis of equivalence of interests between industrialized and developing countries;

121. Emphasizes, in this connection, the particular importance of market access and demands that all signatories enter into firm undertakings with regard to the step-by-step liberalization of markets in services, on the basis of their existing laws;

122. Expressly recognizes that the developing countries must

be given the opportunity, as part of their national development programmes, to develop an independent service sector and that for this purpose they must be allowed adequate transitional periods;

123. Calls on the Commission to ensure that, in talks on the global reciprocity of market access concessions, Community companies supplying services in third markets are granted the same favourable conditions enjoyed by suppliers from third countries in the Community;

124. Points to the importance of establishing undertakings in third countries for the international exchange of services and expects principles for drafting relevant provisions for individual signatories to be laid down in the framework agreement to be negotiated;

125. Considers the free exchange of labour and labour-related services to be as important as that of capital and technology-related services, and reminds negotiators of the asymmetry of a situation where the movement of developed countries' citizens across national boundaries to produce and deliver services to consumers is generally described as trade in services, while comparable movements by developing countries' citizens are described as immigration and subjected to severe unilateral restrictions;

126. Points out to the developing countries, in particular, the importance of an efficient service sector to their economic development and calls on them to accede in large numbers to the framework agreement to be negotiated in large numbers;

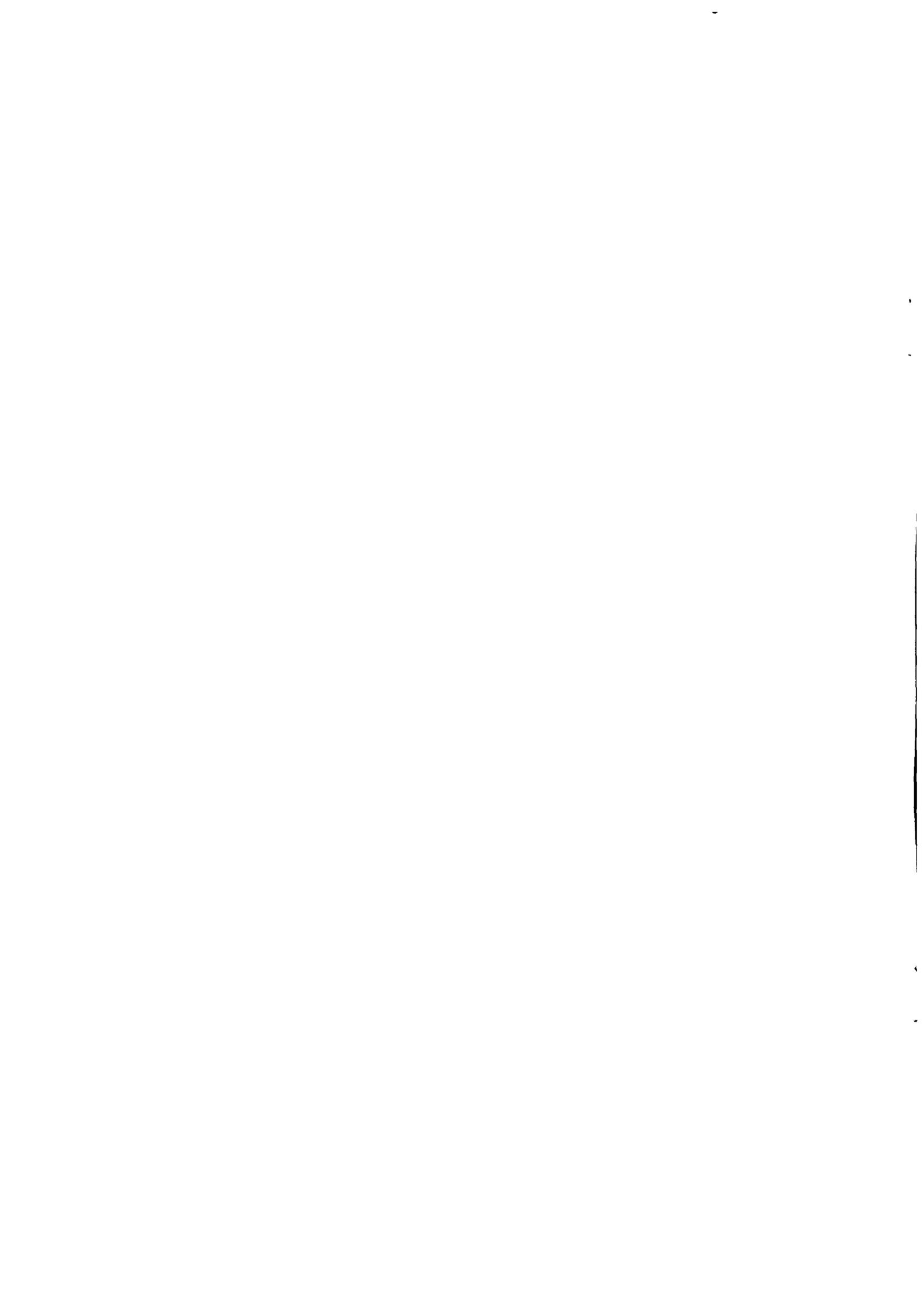
127. Expects sectoral agreements taking into account the peculiarities of the different sectors to be negotiated for the individual service sectors on the basis of the framework agreement concluded on termination of the Uruguay Round;

IV. FINAL REMARKS

128. Calls on the Council of Ministers to consult the European Parliament prior to the final signature of the agreements concluded within the framework of the Uruguay Round, thus honouring the commitments contained in the Solemn Declaration on European Union made in Stuttgart in 1983 and respecting the procedure set out in Rule 34 of Parliament's Rules of Procedure;

129. Reserves the right to formally ratify agreements reached during the Uruguay Round in view of the imminent strengthening of the European Parliament's powers, particularly in the area of external relations, which will be the subject of the governmental conference scheduled for the end of the year; insists that the Commission and the Council respect the jurisprudence of the Court of Justice, particularly with regard to the hormones judgment, when designating the legal bases of all Community instruments necessary for implementing any GATT agreement resulting from the Uruguay Round negotiations;

130. Assumes that the European Parliament will be represented by a parliamentary delegation at the ministerial conference to round off the Uruguay Round in Brussels in December 1990, as was the case at the mid-term review in Montreal, and requests the Council of Ministers and the Commission to take the necessary steps to this end;
131. Calls on the Commission, on conclusion of the Uruguay Round, to submit proposals for the substantive and institutional development of GATT; urges the Commission however, to submit proposals in the near future, including, in particular, minimum standards for the legal protection of employees (social clauses), on the basis of the guidelines drawn up by the International Labour Organization, and standards for environmental protection; requests in particular, with regard to environmental protection, the inclusion of a review clause on those elements in the final agreement which have significant environmental consequences;
132. Welcomes the recent agreement on CFCs, whereby the developed countries will contribute financially to help developing countries meet high global environment standards; and sees this agreement as a precedent for other trade-related environment measures to be dealt with by GATT;
133. Calls for negotiations on multilateral rules on minimum environmental protection standards, to be complied with by the signatories as part of their trading activity, to take place following the successful conclusion of the Uruguay Round; draws the attention of the signatories to 'environmental dumping' in particular, which is a means of gaining an advantage on international markets by ignoring the devastating impact of such practices at the production stage;
134. Instructs its President to forward this resolution to the Council and Commission, the Member States, the GATT secretariat and the ministers of the contracting parties meeting in Brussels for the concluding conference.



I. INTRODUCTION

1. From the start of the Common Agricultural Policy in 1968 international trade relations in agricultural products between the European Community and third countries have played an important role. The European Community is not only the first importer of agricultural products, but has emerged at the same time as the world's second exporter of agricultural products.
When also taking into account the position of the European Community as the world's largest industrial producer and exporter, this situation has given the European Community a position on the world market for agricultural products which is at the same time powerful and vulnerable.
2. In September 1986 a new round of negotiations in the framework of GATT started in Punta del Este; in view of the great problems concerning international trade in agricultural products, this issue was to be one of the major subjects of negotiation in order to reduce the insecurity, the inequalities and the instability of agricultural products on the world market. These negotiations are to be concluded at the end of 1990 at a meeting of the Council of Ministers of GATT taking place in Brussels.
As the final goal for these negotiations the contracting parties agreed to pursue greater liberalisation of agricultural trade by "bringing all measures affecting import access and export competition under strengthened and more operationally effective GATT rules". Improved market access, increased disciplines on the use of subsidies affecting trade and a phased reduction of those with negative effects were identified as three major areas for progress.
From the beginning until the end of these negotiations, all contracting parties have agreed to a status quo for measures which may harm international trade. This agreement for a status quo includes the engagement not to take any measures which may improve a country's negotiating position.
3. The European Parliament has expressed on several occasions (ZAHORKA report, September 1986; ZAHORKA report, November 1988) the opinion that in the framework of these negotiations clear agreements should be reached on the production, import and export of major agricultural products in order to achieve a better equilibrium on the world markets for these products, whilst taking into account the interests of the developing countries.

At the same time it was emphasized that a dumping of agricultural products on the world markets should be avoided and that direct and/or indirect support for the export of agricultural products should be limited, as this export support has serious consequences on world markets.

II. PROGRESS OF NEGOTIATIONS

1. Since the start of the Uruguay Round in September 1986 in Punta del Este, negotiations on the agricultural chapter have progressed like an Echternach procession. It would even be fair to state that real negotiations have still not started and that it seems unlikely that they will start before the second half of 1990.

However, four (groups of) countries have emerged as the main actors in these negotiations for trade in agricultural products. These are the USA, the European Community, the CAIRNS Group (comprising Australia, Canada, New Zealand, Hungary, Fiji, Brazil, Uruguay, Argentina, Malaysia, Indonesia, the Philippines, Thailand, Columbia and Chile) and the rather diffuse group of developing countries (of which some are also part of the CAIRNS Group).

From the outset these (groups of) countries have presented completely different approaches to the outcome of these negotiations.

The most radical proposals have been presented by the United States in which the key element is formed by the proposal for a total liberalisation of agricultural trade through a system of "tarification" on the basis of an agreement on a measure of aggregate support levels and a schedule for reducing it to zero over a ten-year period.

The CAIRNS Group perspective is philosophically close to that of the United States in its concern to achieve total liberalisation. Unlike the USA, the CAIRNS Group also advocates early relief measures committing exporters to the non-disruptive relief of stocks, a freeze on existing trade barriers and subsidies affecting trade, increasing trade access by agreed percentages and introducing phased reductions in export and production subsidies.

Following these approaches the European Community has been brought to a rather defensive approach in which it defends a two-tier pricing system in order to "preserve a model of agriculture capable of ensuring the survival of a rural economy which it regards as vital". The Community being in favour of a significant reduction in all support mechanisms different mechanisms for such a reduction are proposed. At the same time the Community has emphasized that it has already begun the process of adjustment in earnest through reforms in the dairy sector and the application of the stabilisation package agreed in February 1988.

So far the developing countries have had little input in the negotiations on trade in agricultural products other than tropical products. Some developing countries are part of the CAIRNS Group, to which they seem to have adhered because of specific sectoral interests rather than a commitment to free trade.

2. On the basis of their original points of view, negotiations followed in the first instance on the question of how to negotiate and how to try and find a common approach. Already at that moment great problems arose which eventually led to a failure of the mid-term review meeting taking place in December 1988 in Montreal. Owing to great pressure from the secretariat and the chairman of the negotiating group, parties finally presented their revised paper for negotiation at the end of October 1989. A process of clarification has now been started which ought to be concluded by mid April 1990. Only then can the real process of negotiation start.

In the meantime, the European Community has continued its process of application and reinforcement of the stabilization mechanism for its major agricultural products, thus reducing its overall support for its agricultural production. The United States however, with the presentation of their 1990 Farm Bill seem to step up their support measures in order to reinforce their negotiating position; these offers seem to be in flagrant contradiction with the status quo agreement agreed to in Punta del Este.

III. DETAILED PROPOSALS FOR NEGOTIATION

1. Summary of the United States proposals

The basic elements of the US proposals are as follows:

- IMPORT ACCESS:

All import protection would be cut over 10 years to zero or very low tariffs. Bilateral deals such as voluntary restraint agreements and minimum import pricing arrangements would be banned, and variable import levies such as those operated by the EC would be prohibited. Moreover, existing derogations from quotas and other non-tariff import barriers would be converted to tariff rate quotas, as an interim measure to "permit an orderly transition" to the ultimate establishment of a system whereby tariffs were the only permitted means of import control (the so-called "tarification" proposal). Tariff rate quotas would involve the establishment of import quotas (at bound tariff rates), with tariffs fixed at higher rates for all imports above and beyond this quota.

Over the following ten years, there would be:

- a) a progressive annual reduction of over-quota tariffs to final bound rates; and
- b) an expansion of initial quotas by agreed minimum amounts during the transition period.

The ultimate objective, to be implemented in full at the end of the transition period, would be full tariffication of all forms of import protection. However, a special safeguard mechanism would be set up to protect countries against surges in imports during the transitional period.

- EXPORT REFUNDS

Export subsidies on a comprehensive range of agricultural products would be scrapped within five years. The only exceptions would be subsidisation of bona-fide food aid, although the US wants new GATT rules to govern and define food aid deliveries. Export restrictions of certain products in short-supply, which are currently authorised by GATT, would also be phased out.

- INTERNAL SUPPORTS

The US is proposing to divide existing domestic farm supports into three categories; those which are very distorting to trade, those which have a limited harmful effect on trade (and thus require "GATT discipline"), and those which are deemed non trade-distorting.

Measures falling into the first category would be phased out completely within ten years. These would include the following types of policy:

- Administered price policies;
- Income support policies linked to production or marketing;
- Any input subsidy, that is not provided to producers and processors of agricultural subsidies on an equal basis;
- Certain marketing programmes (e.g. transport subsidies);
- Any investment subsidy that is not provided to producers on an equal basis.

However, the following types of policy would be permitted:

1. Income support policies not linked to production or marketing;
2. Environment and conservation programmes;
3. Bona fide disaster assistance;
4. Bona fide domestic food aid;
5. Certain marketing programmes (e.g. market information, promotion programmes, inspection and grading);
6. General services (e.g. research, extension and education);
7. Resource retirement programmes (e.g. set-aside);
8. Certain programmes to stockpile food reserves (which do not provide direct price or income support).

All other types of policy would be permitted, but under strict GATT disciplines (e.g. input investments applied in a non-discriminatory way). Reductions in domestic supports would be negotiated using an aggregate measure of support (AMS) such as that favoured by the EC as a basis for measurement.

- SANITARY AND PHYTOSANITARY MEASURES:

The US wants all veterinary or plant health legislation to be subjected to GATT scrutiny. Such laws should be consistent with "sound scientific evidence" - a clear reference to the EC's controversial ban on hormones in meat. In addition, GATT would draw up detailed rules for an effective dispute-settling procedure.

2. Summary of the European Community proposals

GENERAL PRINCIPLES

1. The aim of the negotiation can only be to progressively reduce support to the extent necessary to re-establish balanced markets and a more market oriented agricultural trading system. It is not to set 'a priori' and 'in abstracto' a final level of support. The polemic which seems to be resurfacing on such a final objective has a theoretical, even an ideological flavour; it disrupts the negotiations by slowing it down and provokes pointless questions on the possibility of applying to the agricultural sector constraints which no one has previously contemplated imposing on other chapters of the negotiations;

Having clarified the subject of the agricultural negotiations, the method to be followed remains to be defined. The Community believes that this method should meet the following conditions:

- current agricultural policies use very varied instruments: frontier measures, market intervention, deficiency payments, various aids. The different measures must be the subject of a global commitment which will ensure that all support having an impact on agricultural trade is the subject of a steady and balanced reduction.

It is appropriate to emphasize that any negotiation which focussed primarily on frontier measures would in no way contribute, in contrast to what a superficial analysis might suggest, to an improvement of trade. In many cases, without a reduction in internal support, it is not possible to have improved market access. Moreover a negotiation based in the main on frontier measures would inevitably lead to unbalanced and unacceptable results.

- Existing support measures, including price stabilisation could more easily be reduced and a lasting balance restored if one could foresee, at the same time, international agreements having equivalent impact on world markets, notably on the management of stocks.
- The development of aids unlinked to production may contribute to solving current agricultural problems, but it is not conceivable to set up a general 'decoupled' support arrangement, which without an adequate price stabilisation mechanism would have the same perverse effect on production as do current regimes.

2. Commitments to reduce levels of support and protection

For the reasons given above, the Community believes that the commitments to be taken to reduce support and protection must be made in terms of an aggregate measurement of support, being the Support Measurement Unit (SMU), of which the characteristics are the following:

- Measures included: These measures must be defined in such a way that the contracting parties may not escape from the commitments they enter into in the negotiations. Therefore, the SMU must be precise and clear. It must cover all measures which have a real impact on the production decisions of farmers. This includes daily measures to support market prices, direct payments linked to production or to factors of production and measures aim at reducing input costs which are commodity specific or where distribution according to main commodities is feasible.
- Products included: Priority has to be given to sectors in structural surplus and to those where serious disruptions are most likely to occur. The Community, therefore, proposes to add to the sectors already mentioned (cereals, rice, sugar, oilseeds, milk, beef and veal), the following sectors: pigmeat, eggs and poultrymeat.
For products for which it is not technically possible to calculate Support Measurement Units, equivalent commitments should be undertaken. Processed agricultural products should also be covered.
- Other provisions: The means of limiting production should be taken into account. A method to quantify them should be established.
To calculate the Support Measurement Unit, reference should be made to a fixed external price. This is the only way to remove in particular the impact of market and exchange rate fluctuations which have nothing to do with agricultural support. In this way commitments may be entered into on a stable basis and in full knowledge of their implications.

The commitments to be taken are the following:

- a) The negotiation should lead to a commitment to reduce support which meets the following two objectives:
 - the movement towards a reduction in support must be clear;
 - The scale of this movement should relate, to a certain extent, to the world market situation. Indeed, it is necessary to relate agricultural policies more closely to market developments. Thus, it is logical to reduce support more than world market prices when they have a tendency to decrease and conversely, to attenuate the reduction in support when the world market prices rise.
A mechanism needs to be developed on this point. It should specify the period for which world market prices are taken into account and the proportion of the commitment to reduce support which would be adjusted by the development of these prices. Provision should also be made to ensure that adjustments are comparable, despite different developments in rates of inflation in the different countries.
- b) The commitments to reduce support should be expressed as a percentage reduction of Support Measurement Units, calculated both on a unit and total basis. Commitments should be undertaken on a regular basis. They may vary by product or group of products.

c) The commitments to reduce support could be made for a first period of five years. During the fourth year, a study of the market situation and trade in agricultural products should take place to establish to what extent and at what rate the reduction in support should be pursued. As foreseen by the decision in Geneva in April 1989, reductions would be measured against the reference of 1986 in order to give credit for the measures which have been adopted since the declaration at Punta del Este.

3. Tarification and related means of adaptation.

The problems occurring in the agricultural field are not exclusively due to excessive levels of support. The means by which support and external protection are ensured is equally a source of serious difficulties.

In many cases there are support systems using different protection instruments (quotas, variable levies, exemptions from GATT rules, etc.), which in practice result in very small trade flows and in reality an insulation of the internal market from the world market. For products which compete directly with one another, there are import arrangements which provide for a high level of protection for some of these products and either little or no protection of other products. This is the case, as far as the Community is concerned, for cereals, their substitutes and oilseeds.

Finally in some sectors, import arrangements are not the same for all third country suppliers. Some countries, which are not developing countries, enjoy privileged access which is not the case for others.

These imbalances are inconsistencies which lead to consequences for production and trade, which are not the result of normal competition. A few examples are:

- The combination of high levels of protection and support for cereals on the one hand and, on the other hand, a total absence of protection for products which compete directly, leads to the foreseeable distortions in the level of prices and the demand for these products.
- The artificial very low prices for certain animal feeds lead to an artificial development of animal production, environmental problems as well as the build up of costly surpluses.
- Identical effects occur in the USA when one sees the results generated by the combination of high protection and support granted to sugar and milk.
- These distortions have serious consequences for trade. They lead to the high levels of exports which contribute to the destabilisation of world markets.
- These distortions also have an impact on the use of land, the localisation of certain agricultural activity and regional equilibria.

The Uruguay Round of negotiations presents the opportunity to resolve these sorts of problems by rebalancing support and protection.

In the opinion of the Commission, tarification does not provide a reasonable or convincing solution to these types of problems. Basing protection exclusively on custom tariffs and envisaging, after a transitional period, the reduction of these tariffs to zero or a very low level would lead to trade in agricultural products on a totally free and chaotic basis.

The Community remains convinced that such arrangements are not viable. It would lead to a cycle of crises (with their inevitable social and political consequences) as the only means of adjusting agricultural activity. This boils down to extending to all internal markets the chronic instability which rules world markets. To go down this road would lead sooner or later to an abrupt, ill thought out, and consequently dangerous, resurgence of the intervention of public authorities in the operations of agricultural markets. This is exactly the reverse of what everyone wants.

Moreover, the tariffication mechanism proposed is mainly based on the same principle as the Support Measurement Unit: (calculation of the difference between the world price and the domestic price), but does not take into account instruments such as deficiency payments which may have so much of an impact on trade as a frontier measure. This impact is related to the domestic price of a product supported by the deficiency payment in comparison to world prices, as well as the level of self-sufficiency of the countries which use this instrument.

For these reasons, an approach which is focusing on a substantial reduction of support and protection by means of an aggregate measurement of support will meet the objectives of the negotiation while avoiding the pitfalls of dealing separately with support and protection, each in isolation.

The reservations mentioned above are considered by the European Community as fundamental. However, it is prepared to consider including elements of tariffication in the rules of external protection, given that the problem of rebalancing can be solved in the context of tariffication. This could be envisaged on the following basis:

- Border protection for the products included on the list of Support Measurement Units, as well as their derivatives and substitutes would be assured by a fixed component. This component, expressed as an absolute value, would be reduced at a similar rate as the Support Measurement Unit. It would be completed by a corrective factor in order to take into account exchange rate variations and world market fluctuations which went beyond certain limits to be agreed. Deficiency payments should be treated in the same way and converted into tariffs.
- The same arrangements would apply to exports; the amount granted to exports could not exceed that levied on imports. External protection provisions based on these elements linked to reduction of support would eliminate the current inconsistencies and distortions and would lead to a global level of protection lower but better balanced than at present. It would link the world market to domestic markets while ensuring the necessary stability and security.

4. Quantitative Limitations.

No real proposals have been made so far on a quantitative limitation of international trade in agricultural products, for instance on the fixing of international maximum quantities of production, maximum marketable quantities, and market-sharing.

However, the Community has insisted that Contracting Parties may, in certain exceptional circumstances, have to apply internal quantitative restrictions to agricultural production or agricultural production factors. An appropriately formulated article XI would therefore have to be retained.

IV. WHAT NEXT ?

1. Next steps in the negotiations.

As already indicated in the introduction the negotiations have now entered the stage of clarification of the recent position papers submitted by the different parties in the negotiations. On the basis of questionnaires to be answered by the different parties, intended to clarify the (sometimes deliberately) vague points in the proposals, a profound hearing will take place in the second half of March.

It may be expected that following these clarification procedures some first conclusions and some first proposals for negotiations will be submitted by the chairman and the secretariat of the negotiating group.

Real negotiations are therefore not likely to start until the end of Spring. In view of the proposals presented so far by the different parties, differing on almost all major points, it is to be expected that some very hard battles are to be fought before agreement is reached. The first of these battles may take place at the next meeting of the Council of Ministers of the OECD, taking place in Paris at the end of May. It seems, therefore, imperative that the European Community restates before that time the priorities of its agricultural policy and the resulting 'negotiatibility' of its positions.

2. Next steps for the European Parliament.

On the basis of its earlier defined positions, Parliament should on the short term analyse the 'clarified' proposals submitted by the different parties as well as the proposals for negotiations by the chairman of the negotiating Group. Emphasis should be laid on the urge expressed by the Parliament on the need for clear agreements and the effects the proposals for such agreements will have on the restoration of an equilibrium of the world markets for agricultural products.

Furthermore, attention should be given to the effects such agreements may have on the actual and future desired policy measures in the framework of the Community's agricultural policy.

Parliament should therefore establish the necessary structures which will enable it to react, on the basis of clear policy statements, rapidly and monitor closely the developments of the final stage of negotiations. The appointment of a parliamentary monitoring group, similar to the one following the Montreal mid-term review conference, therefore should be established.

This monitoring group should be fully involved in the final stage of the GATT negotiations. The monitoring group should be working on a clear mandate from Parliament and the committees involved and should report back on a regular basis.

The work should be concluded by a final report, which should also be the basis of the final procedure of the discussion of the GATT agreement within the European Parliament.

CONCLUSIONS

1. The Committee on Agriculture, Fisheries and Rural Development maintains its point of view that in the framework of the Uruguay Round of GATT negotiations an international agreement should be established to restore the equilibrium on the world markets for major agricultural products;
2. The dumping of agricultural products on the world markets should therefore be brought to an end immediately, as such a practice severely destabilizes the situation on the world markets for these products and damages the position of the developing countries;
3. The committee is, however, of the opinion that a complete liberalization of trade in agricultural commodities, as proposed for the medium term by the United States, is unacceptable; the European Community must maintain the right to protect its own agricultural structure, characterized by many small-sized family farms, by agricultural production which protects less-favoured regions and marginal regions and by a large deficit in certain agricultural products;
4. At the same time, the efforts made to date by the European Community to limit and control its agricultural production by establishing a system of quotas and stabilizers for the main sectors of its agricultural production must be recognized as a substantial contribution to restoring the equilibrium on the world market for agricultural products;
5. The committee is of the opinion that all systems of support for agriculture, including the system of deficiency payments, should be taken into consideration for the establishment of the agreement that will be concluded at the end of the GATT negotiations;
6. The committee believes that in order to establish the transparency needed to ensure the comparability of support measures and adjust such measures in a balanced fashion at world level, a system of common criteria and support measurement units must be introduced;
7. The committee is of the opinion that any agreement to be concluded for the agricultural sector should have broad support and insists therefore that the conclusions of the coordinating committee cannot on their own establish an agreement, but that the agreement should be established following negotiations by the Commission in direct contact with the Council and Parliament;
8. The committee believes that the position of the developing countries should be taken into account and insists that the access of products from these countries into the developed countries be increased, especially on the basis of local or regional processing;
9. The committee considers that ecological and environmental considerations should be taken into account in the negotiations and that protection measures based on the protection of the environment should therefore be allowed at any time;
10. The committee believes that an agreement in the sphere of plant health must not only be based on scientific arguments but that consumer protection considerations must equally be taken into account when establishing minimum standards for the quality of agricultural products; such measures shall, however, never be taken on the basis of national treatment but should be taken on the basis of reciprocity; therefore a special clause should be included in the agreement allowing partners to negotiate on this issue.

OPINION

(Rule 120 of the Rules of Procedure)

of the Committee on the Environment, Public Health and Consumer Protection

Draftsman: Mr MUNTINGH

At its meeting of 23 March 1990 the Committee on the Environment, Public Health and Consumer Protection appointed Mr Muntingh draftsman.

The committee considered the draft opinion at its meetings of 21 May and 20 June 1990 and at the latter meeting adopted the conclusions by 29 votes to 0, with one abstention.

The following took part in the vote: Collins, chairman; Scott-Hopkins, vice-chairman; Iversen, vice-chairman; Muntingh, draftsman; Bertens, Bjørnvig, Bombard, Bowe, de la Camara Martinez, Canavarro, Ceci (for Imbeni), de Piccoli (for Puerta), Díez de Rivera Icaza, Di Rupo, Green, Hadjigeorgiou (for Alber), Jensen, Llorca Vilaplana, S. Martin (for Veil), Monnier-Besombes, Partsch, Pimenta, Pollack, Quistorp, Roth-Behrendt, Schwartzberg, Seligman, L. Smith, Vertemati and Vohrer.

1. Introduction

1.1. One of the major issues in the current Uruguay Round is progressive liberalization of the trade in farm products. To date, environmental considerations have been given little or no importance in the course of these negotiations.

1.2. Agriculture is carried out under widely differing conditions throughout the world as a result of differences in soil, climate and techniques learned by the farming population. Trade liberalization will be of particular benefit to areas in which farming conditions are favourable, since they will be able to sell larger quantities and, as a result of their competitive advantages, show greater profits.

1.3. In order to remain competitive, areas where farming conditions are favourable have to increase production and this has to be accompanied by greater use of artificial fertilizers and pesticides, thereby further increasing demands on the soil. In stockbreeding areas manure production will increase with very unfavourable consequences: acid rain, soil pollution and nuisance caused by smells. The increase in dairy farming and poultry farming will also lead to an increase in manure production.

1.4. In areas where farming conditions are less favourable, the environmental impact of trade liberalization might be more serious. Lower prices will lead to a fall in incomes, which means that it will no longer be economic to operate in these areas, both inside and outside the Community, which will lead to a rural exodus and impoverishment. Rural exodus implies less concern for the local environment, resulting in erosion in certain areas.

1.5. Since cereal substitutes for use as cattle fodder will become cheaper on the world market, increasing deforestation will take place in the developing countries in order to increase cultivation and secure a reasonably satisfactory revenue, thereby aggravating the greenhouse effect.

1.6. As long as the environmental impact is not calculated in the cost price of farm products, unfair competition will result. The countries required to meet the lowest environmental standards are at a short-term advantage. However, in the longer term they will have a heavy price to pay. At the moment only the industrialized countries are in a position to include environmental costs in their calculations. The developing countries have too little economic power. This means that, by importing products from the industrialized countries, they help to meet environmental costs there but that when they export their own products they receive no compensation for the damage to their own environment.

³ The title of the report is: 'Our Common Future'. It was drawn up by the United Nations World Commission on Environment and Development headed by Mrs Gro Harlem BRUNDTLAND. The report was published in 1987 by Oxford University Press.

1.7. The expected increase in specialization will lead to a reduction in the degree of food self-sufficiency of many countries, which means that their dependence on other countries will increase and their balance of payments will be adversely affected. Monocultures will increase, which means that yields can only be maintained by using even larger quantities of chemical fertilizers and pesticides. The effect of the proposed farm trade liberalization on the income of a number of developing countries is particularly uncertain. Further impoverishment of these countries must be avoided at all costs.

1.8. The Brundtland³ report has clearly stressed the connection between poverty, development and the environment. A drop in the revenues of the developing countries will undoubtedly lead to further damage to the tropical forests, desertification and erosion. Higher interest rates, lower capital exports and falling export earnings have already caused a large drop in their revenues in recent years. Therefore, any further erosion of their revenues should be avoided at all costs.

2. The United States' proposals

2.1. The USA has proposed converting all non-tariff barriers into customs duties, to be abolished in ten-years' time. It also proposes abolishing all marketing subsidies within or outside the Community and a prohibition of all export bans, even if a country's domestic food supplies are such that it is unwilling or unable to meet its export obligations. Finally, health and phytosanitary provisions should be harmonized by committees of experts.

2.2. These proposals are obviously intended to protect the interests of certain trading parties, and will, if adopted, have disastrous consequences. The elimination of non-tariff barriers, to be followed by the removal of tariffs, would put a large number of farmers in developing countries out of business, since they would be unable to compete at international level. The consequences of this have already been described above.

2.3. It may not be possible to abolish direct and indirect export subsidies in the short term. However, they should be subject to strict controls to prevent unfair competition in the trade in a number of farm products on the world market. The ban on reducing exports of farm products, even in cases of shortages on the domestic market, is totally unacceptable. Countries threatened with food shortages would still be obliged to respect their previous commitments. The hungry populace would not only rebel at this, but would be obliged to carry out over-cropping, which would adversely affect the immediate environment, in order to survive.

2.4. The harmonization of health and phytosanitary provisions will inevitably lead to a lowering of existing standards in many countries. It is also unacceptable for the harmonization of provisions to be obligatorily carried out by expert committees, thereby casually sweeping democratic control under the carpet.

3. Proposals by the Cairns Group

3.1. The proposals of this group of major farm exporters have a strong free-trade slant and must be rejected for the above reasons.

4. Proposals from the Commission of the European Communities

4.1. The Commission's proposals are designed to achieve a better balance between supply and demand on the agricultural markets. Any form of support should be reduced. In addition, the Commission wishes to introduce an import levy on cereal substitutes such as tapioca, which are currently being imported at very low prices into the Community for stockbreeding purposes.

4.2. The achievement of greater balance on the world markets in farm products is a good thing in itself, since it stabilizes export earnings. Tighter discipline in granting export subsidies by the Community and by the other industrialized countries would be a major step in this direction.

4.3. Subsidies for growing beet sugar and the resulting increase in the volume of exports, force down the price of cane sugar on the world market. Elimination of such subsidies would benefit the countries producing cane sugar. This form of production, which is labour intensive, greatly helps to improve the employment situation in countries producing cane sugar. A good price for their sugar would increase their development capacity. On the other hand, it could reduce the cultivation of beet sugar in the Community, which uses large quantities of pesticides. It should be noted that these subsidies do not come out of the Community budget.

4.4. Reduction of support should not be an aim in itself and should be constantly weighed against possible unfavourable consequences in respect of environment and landscape protection.

4.5. A levy on cereal substitutes is in principle a good thing, since to transport them from one side of the world to another simply in order to produce meat more cheaply is a waste of energy. It would be more satisfactory if consumers could be convinced that it is healthier to eat less meat. Community cereals could then be used for the meat which was still produced. This would avoid the transport costs of tapioca and other cereal substitutes. At the same time it would be necessary to provide for transitional and other restructuring measures for the developing countries exporting cereal substitutes and the Community would have to contribute to the funding of such measures.

5. Proposals from Japan and a number of EFTA countries

5.1. Japan, Switzerland, Austria and the Nordic countries have made proposals centring on environmental protection, job preservation, measures to prevent depopulation and a responsible policy of supply and demand. They point out that agricultural products need different treatment to industrial products. They are opposed to export subsidies and agree to direct income support as long as this is ecologically sound.

As will be clear, the draftsman of this opinion shares these views.

6. Tropical forests

6.1. As is well known, tropical forests are in serious danger, since they are being cut down for agricultural purposes and the export of wood. As a result, the inhabitants of these forests are not only being deprived of their livelihood but their entire way of life is being made impossible and their culture is being destroyed. In addition, a wealth of knowledge about how forests can be used to man's advantage is being lost. The forests are of enormous importance as a habitat for a great variety of plant and animal life, of which only a very small proportion has been researched, particularly with regard to plants. Forests provide many medicines and other products and will provide still more provided that they are no longer cut down.

6.2. Forests fulfil a major function as the 'lungs of the world', since they are of great importance in connection with the entire world's oxygen supplies. For this reason, uncontrolled deforestation should be ended as soon as possible and trade in tropical woods should be expressly limited within the framework of GATT.

7. Final remarks

7.1. The trade in farm products is only a part, albeit an important part, of international trade and is only one of the 15 areas in which the GATT rules should be amended and made more comprehensive. It would therefore be a good idea to consider the connection between the 14 other areas and measures to protect a healthy environment. A number of areas which require particular attention are trade in raw materials, manufactures, waste and dangerous substances. Particular attention should also be paid to the provision of services and freedom of investment.

7.2. The interests of the developing countries deserve special consideration since, as mentioned above, the Brundtland report has already established a clear link between poverty, development and the environment. Therefore, to neglect environmental problems in the developing countries will lead to a serious deterioration of the world's ecological equilibrium, which means grave damage to the Community's own environment, particularly as a result of the expected climatic changes caused by the greenhouse effect.

7.3. International concern for the environment is nothing new. The Convention on International Trade in Endangered Species, the Vienna Convention and the Montreal Protocol on the Protection of the Ozone Layer and the Basle Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal constitute the first institutional steps towards environmental protection at international level. In addition, the conclusions set out below easily dovetail with the present GATT provisions. Article XXb states that exceptions to the provisions of the treaty are possible if they are 'necessary to protect human, animal or plant life or health'. Unfortunately, however, this provision (which dates from 1947!) has long remained a dead letter. If environmental provisions cannot be included in the current Uruguay Round, multilateral talks should be held afterwards on the insertion of

an environmental clause.

CONCLUSIONS

The Committee on the Environment, Public Health and Consumer Protection requests the Committee on External Economic Relations to take account of the following conclusions in its motion for a resolution on the GATT Uruguay Round:

1. Expansion of the trade in farm products should respect the principle of lasting development as formulated in the Brundtland report.
2. Provisions which make it impossible for national governments or regional organizations to take measures independently to protect their environment, natural resources and landscape are unacceptable.
3. Article XXb of the GATT should be strengthened and expanded because it makes it possible to protect (domestic) production and satisfy environmental objectives.
4. Strict discipline needs to be exercised with regard to direct or indirect export subsidies, including deficiency payments in respect of exported products.
5. Waivers and other derogatory measures in favour of industrialized countries should be abolished.
6. The proposals from the Commission of the European Communities are defensible on the understanding that reduction of support to agriculture must not be an aim in itself and should be weighed against possible unfavourable consequences in respect of the environment and landscape protection.
7. In introducing a customs tariff for cereal substitutes transitional and restructuring measures should be taken to assist the developing countries which currently export cereal substitutes. The Community should contribute to financing these measures.
8. Trade in tropical woods should be greatly restricted, if not prohibited, for ecological, economic and cultural reasons.
9. The revenue situation of the developing countries should be carefully considered during the negotiations, since a further deterioration of the situation would have serious environmental consequences for the whole world.
10. The GATT should contain provisions designed to resolve differences arising from environmental measures.
11. After the conclusion of the Uruguay Round, environmental clauses should be inserted in multilateral agreements concluded within the framework of GATT.

OPINION

(pursuant to Rule 120 of the Rules of Procedure)

of the Committee on Development and Cooperation

Draftsman: Mrs VAN HEMELDONCK

At its meeting of 1 March 1990, the Committee on Development and Cooperation appointed Mrs VAN HEMELDONCK draftsman.

At its meeting of 20 June 1990, the Committee considered the draft opinion. It adopted the conclusions on 21 June 1990 unanimously.

The following took part in the vote: Saby, chairman; Aulas, vice-chairman; Belo, vice-chairman; Van Hemeldonck, draftsman; Cabezon (for Rubert de Ventos), Christiansen (for Pery), Daly, De Donnea (for Galland), Hermans (for Tindemans), Christopher Jackson, Lagakos, Langer (for Melandri), McGowan, Morris, Pons Grau, Ruiz-Gimenez Aguilar, Simons, Tsimas (for Laroni), Turner and Wynn.

INTRODUCTION

The current state of play in the negotiations to conclude the Uruguay Round means that there is relatively little time left for the developing countries to rectify the imbalances which persist to their detriment. The various working parties are due to report by July 1990 and the central negotiating group will begin its final session in September 1990 with a view to concluding the Uruguay Round by December 1990 as far as all the main areas of negotiation are concerned. For the 20 least-developed countries (one-fifth of total GATT membership) and the 16 least-developed countries who abide by GATT principles but who are not members of GATT, time is getting rather short. Moreover, negotiations on areas which are of particular interest to developing countries (tropical products, agriculture, textiles and clothing) have lagged behind those of interest to developed countries.

In principle the GATT has always sustained differential and favourable treatment for the least-developed countries. The Enabling Clause of the General Agreement on Tariffs and Trade provides the legal basis for this differentiation. The Punta del Este Declaration furthermore guaranteed, at the opening of the Uruguay Round, favourable treatment for least-developed countries by recognising their special needs and conditions of trade. It also specified that least-developed countries should not be required to make concessions which are inconsistent with their development, financial and trade needs.

All participants in the GATT negotiations accept the need to strengthen the principles of free trade on which GATT is based and to improve multilateral surveillance. Most agree that this should not prevent developing countries with balance of payments difficulties from restricting certain imports on a case-by-case basis. In spite of this, however, it is the view of the 'Informal Group of Developing Countries' and of the 'African Group' that so far the negotiations have been detrimental to their interests and that concessions are required from them which are inconsistent with their development, financial and trade needs.

It is felt in particular that the structural handicaps of many African economies and their vulnerability to a difficult external environment is not sufficiently recognized. They believe also that for as long as commodity prices are fixed on the financial markets, subject to speculation, they will remain powerless and unable to plan future investment in manufacturing or processing sectors. They will also continue to be vulnerable to the encroachment of many service industries, financed and controlled by head offices in the Northern Hemisphere. Indeed, many developing countries feel that the GATT negotiations are becoming no more than an exchange of views between industrialized countries which will serve to reinforce the already dominant position of transnational corporations and accentuate moves towards consolidation of dominant economic interests.

A further problem raised by the current negotiations is that a number of issues of interest to developing countries (and perhaps no less so to industrialized countries), not related directly to the GATT, have nevertheless found their way into the Uruguay Round. Such issues include problems related to biotechnology and genetic resources, the environment, pollution control, hazardous waste, and problems related to

the regulation of scarce natural resources. Other international bodies exist such as the FAO, WHO, UNEP, etc. which should deal with these issues.

On the other hand it is felt that new areas such as trade-related intellectual property rights and trade in services, have been introduced in order to protect the interests of industrialized countries and not at all with a view to facilitating the transfer of technology to and export of services from developing countries or the industrial and trade development of these countries.

European Community position

The most recent statement by the Council of Ministers on the GATT negotiations was made following an informal meeting of the Council of Trade Ministers in Dublin on 19 May 1990. The President-in-Office of the Council was reported as saying that there was a need 'to get a clear commitment from developing countries to the Uruguay Round'. He recognized that some of these countries are in difficulty, particularly as a result of the debt problem and the enormous efforts to carry out substantial structural reconstruction of their economies. The Ministers invited the Commission to take an initiative to ensure greater participation by the more developed of the developing countries in the Uruguay Round!

On 5 March 1990 more formal conclusions were drawn by the Council of Ministers on progress in and prospects for the Uruguay Round. They stated that 'The Community is convinced that it is a major priority of negotiations to maintain and ensure the active participation of the developing countries in the multilateral trading system'. Between March and May one might conclude that as far as developing countries were concerned the Council had not progressed very far. It is likely that in preparing for the Houston Summit of the Seven in July 1990 the European Community, and in particular those Member States participating at the Summit, will further refine their position.

However, it must be said that the European Community position overall, in relation to developing countries, is at the same time more comprehensive and more favourable to developing country interests. No other economic grouping, after all, has entered into such complex trade and cooperation agreements with developing countries as the European Community. The Community negotiators often find themselves in a position where they in effect mediate between the extreme positions proposed by certain other industrialized countries and certain developing countries. To a certain extent this reflects the position taken by the Community during UNCTAD meetings.

Nowhere is this line more apparent than in agricultural negotiations. The European Community, having facilitated an early agreement on tropical products to the advantage of many developing countries, has in spite of the handicap of the CAP successfully held out against the positions proposed by the United States and the Cairns Group, which would have been more detrimental to food production in developing countries, particularly those countries who import large quantities of food on the world market. The Community recognizes in this context that special and differential treatment for developing countries is essential if they are to

maintain domestic food production and if the problems of net food importing African countries are taken into account. It is a source of some concern, however, that signs of a weakening of the Community position are emerging in relation to the 'tougher' United States' demands on agricultural subsidies.

As far as textiles are concerned, the Community favours a gradual phasing out of the Multifibre Arrangement. Since the beginning of the Uruguay Round the Community has undertaken progressive liberalization in textile trade which has led to increased imports of textiles and clothing from developing countries. Respecting the standstill and roll-back undertakings of the Punta del Este Declaration, the Community is unlikely to reverse such liberalization. However, as other industrialized countries have not followed this lead, it is important for the Community (particularly if it is to safeguard the interest of the least-developed Community textile producers) to integrate coherent textile and clothing provisions within the revised GATT structure. A specific transitional safeguard mechanism must be found covering several years. The United States' proposals for a global quota are opposed by the Community and by the textile exporting developing countries. This line should continue. At the same time the rights of least-developing countries who are not at the moment members of the MFA but who are developing textile industries (often of a small scale model) should be respected.

The Community is particularly concerned in the Uruguay Round about the issue of trade-related intellectual property rights (trademarks, copyright, patents, appellation contrôlée). The Community line here has been opposed by certain developing countries, notably the NICs. Counterfeiting has posed serious problems for the EC and measures should clearly be taken to prevent this. However, it is also true that in the biotechnology field, as mentioned above, one must clearly be wary of hegemonic tendencies of some industrialized countries and that transfer of technology and knowledge are elements of development to be safeguarded.

Concerning trade-related investment measures, the Community has an interest in limiting the trade distorting effect of such measures and therefore of reaching an agreement within the GATT. This has led to controversy with some developing countries, though agreement appears to be within sight as the United States in particular has come around to the more moderate Community position.

CONCLUSIONS

Bearing in mind the comments above the Development Committee would emphasize the following priorities for the concluding stages of the Uruguay Round.

- I. Developing countries in general must be better integrated into the multilateral trading system in both goods and services by promoting regional integration arrangements in such a way that they are not obliged to make concessions which run counter to their development, financial and trade needs, as the GATT itself acknowledges;
- II. The process of devising a multilateral framework for the services sector must allow the developing nations sufficient scope to develop their own services sector,

given the strategic role of this sector in the development of other sectors of the economy;

- III. With regard also to the industrialized nations' efforts to devise rules to govern investment measures with trade implications (TRIMs), action must specifically be taken so that the developing nations remain in a position to conduct their own independent policy on investment;
- IV. The special needs of the least-developed countries, resulting from their structural handicaps and their vulnerability to the external economic environment, must be fully taken into account and a differential and more favourable treatment accorded them;
- V. Their ability to benefit from preferential agreements must be maintained and the developing nations must furthermore be guaranteed better access to the industrialized nations' markets for their agricultural products, and in the services sector, thus enabling them to obtain the information they require in order to face up to international competition;
- VI. Undertakings must be given by industrialized countries to support moves aimed to achieve equitable remuneration on commodity and raw material prices, notably by the activation of the UNCTAD Common Fund;
- VII. Services are essential for development and, moreover, certain developing nations are service exporters and the introduction of rules to govern this is therefore warranted, though the interests of infant industries in the developing nations, as against those of the large multinationals, must be safeguarded and, in particular, technology transfer must be encouraged;
- VIII. Non-reciprocity must be agreed for least-developed countries and the needs of infant industries must be understood in a strengthened GATT system;
- IX. Industrialized countries must continue to respect the standstill and roll-back mechanisms of GATT;
- X. Special consideration must be given by the Community and by other industrialized countries to the food security of developing countries;
- XI. With regard to biotechnology and genetic engineering, the measures that have been under consideration must have a beneficial impact on the food supply situation, on agriculture and on health services in the developing nations;
- XII. Both social and environmental factors must be recognized within the GATT framework in order that international safeguards are established protecting the rights of workers and consumers on the one hand and protecting the natural environment on the other hand;
- XIII. The positions adopted by the industrialized nations within GATT have the effect of benefiting multinational companies and provision must therefore be made within the GATT for their activities, especially in the developing nations, to be regulated, in particular as regards:

- (a) their impact on employment,
- (b) their impact on the environment,
- (c) their trading practices;

XIV. The European Parliament must hold an in-depth debate on the GATT and the prospects for international trade, particularly with regard to the developing nations, as soon as possible.

Tabled pursuant to Rule 63 of the Rules of Procedure by the following members: de CLERCQ, COT, CATHERWOOD, COLLINS, HOON, BROK, TOMLINSON, TONGUE, de VRIES, SPENCER, FUCHS, MUNTINGH, von der VRING, CHRISTODOULOU, LUCAS PIRES and STAVROU

on Parliament's role in the GATT negotiations

The European Parliament,

having regard to the Single European Act, the Stuttgart Declaration and Rules 33 and 34 of its Rules of Procedure;

having regard to the Planas Report on the role of the European Parliament in the field of foreign policy in the context of the Single European Act (Doc. A2-86/88 - OJ No. C 187, 17 June 1988);

having regard to the Zahorka Report on the stage reached in the multilateral trade negotiations within the Uruguay Round of GATT (Doc. A2-224/88);

- A. whereas the impact of the outcome of the GATT negotiations will have a significant effect on the completion of the internal market, the functioning of the CAP, the environment, the consumer, the producer and the Community's external trading position,
- B. whereas this round of GATT negotiations is due to be concluded by June 1990,
- C. whereas the GATT negotiations are of exceptional importance,
 1. Stresses the importance of Parliament's involvement in the GATT negotiations;
 2. Asserts its constitutional and political right to be consulted and informed by the Commission of the progress of the GATT negotiations and to give its assent prior to the signature of any GATT agreement;
 3. Stresses the urgency with which Parliament needs to act;
 4. Calls on the Committee on Legal Affairs to examine the means by which Parliament can fulfil its role;
 5. Calls on the competent committees to complete their work not later than March 1990;
 6. Instructs its President to forward this resolution to the Commission and Council.

tabled by Mrs FERRER

pursuant to Rule 63 of the Rules of Procedure

on the Uruguay Round negotiations on the textile sector

The European Parliament,

- A. having regard to the great importance of this sector, with its three million workers, which is in a state of crisis due to unfair action by non-Community exporting countries,
- B. having regard to the need for adequate transitional arrangements, for the opening up of third markets, for reinforcement of the rules and disciplines of GATT and for achieving equal conditions of competition as regards subsidies, dumping and counterfeit goods,
- C. having regard to the changes in Eastern Europe,
 - 1. Calls for renewal of the Multifibre Arrangement between the industrialized and developing countries based on fair international trade, following a 10-year transitional period, in accordance with the general provisions of GATT, by means of tougher supervisory rules and arrangements, taking account of regional quotas during this period, with particular regard for countries that have recently acceded to the EEC;
 - 2. Calls for action to be continued and stepped up, with the essential aim of ensuring that non-Community exporting countries end their unfair competitive practices in the international trade in textiles and clothes manufacture and open up their national markets;
 - 3. Calls for consideration of an aid programme which would enable production costs in European industries to be cut, based on the use of new technology;
 - 4. Instructs its President to forward this resolution to the Commission and Council.
- 1.
- 2.

3.

