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BACKGROUND INFORMATION No. 21

COMMON MARKET URGES GATT STUDY OF INTERNATIONAL TRADE PROBLEMS

WASHINGTON, D.C., December 3 -- A European Community representative has proposed that the General Agreement on Tariffs and Trade (GATT) contracting parties study and suggest solutions to international trade problems caused by non-tariff barriers, national agricultural policies, and tariff policies.

Speaking before the 27th session of GATT held in Geneva last week, Theodorus Hijzen, Director General of Foreign Trade for the European Communities, urged members to use the existing machinery of GATT to help solve major trade differences. Mr. Hijzen's proposal came on the eve of the Group of Ten meeting held this week in Rome where the Community declined to discuss such trade matters until after the three-months old monetary crisis has been resolved.

Mr. Hijzen proposed:

- that the GATT Committee on Agriculture study the advantages and disadvantages of different agriculture policies, including agricultural tariffs, export subsidies, stockpiling, differing levels and types of support, and international arrangements for stabilization of world markets;

- that the GATT Committee on Trade in Industrial Products recommend one or several international agreements to deal with various types of

non-tariff barriers affecting industrial products;

- that the GATT study group on tariffs continue its work with a view to guiding future action between the contracting parties.

Mr. Hijzen reviewed the Community's position rejecting the American surcharge as a bargaining tool for gaining unilateral trade concessions from the Community and other trading nations. The surcharge is in violation of GATT rules, and does not represent an appropriate solution to the US balance of payments problems, Mr. Hijzen said.

"It would be unrealistic to ignore the non-trade contributions to the US balance of payments deficit," he said.

A solution to US problems is essential to the smooth functioning of the international monetary system, he said. Nevertheless, the US demand for trade concessions as part of an overall solution to the international monetary crisis can only slow progress in this area. The continuation of international monetary uncertainty harms the interests of every GATT contracting party, especially the developing nations, he stated.

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