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**EUROPEAN COMMUNITY GIVES TENTATIVE  
APPROVAL TO NEW WORLD TRADE PACT**

Subject to an Italian Reserve, the Council of Ministers of the European Communities gave its provisional approval to a new multilateral trade agreement at a meeting in Luxembourg on April 4. The decision paves the way for the texts of the agreement, which has been negotiated during the so-called Tokyo Round of talks, to be initialed by the EC Commission in Geneva on April 11. Geneva is the home of the General Agreement on Tariffs and Trade (GATT) which sponsored the five-year long negotiations.

After the Luxembourg meeting, Mr. Roy Jenkins, president of the EC Commission told reporters that "There are some uncertainties still before us. We hope that the Italian Government will feel able, on reconsideration, to lift its reserve." Mr. Jenkins pointed out that some other details had to be cleared up in Geneva before the agreements could be formally approved. Also, the American administration has clearly to put the necessary legislation through Congress," he added in a reference to another pitfall.

"A MAJOR MILESTONE ON A LONG AND HISTORIC ROAD"

Nevertheless, he said, "if the Italians are able to lift their reserve, it is a major milestone on a long and historic road. For the Tokyo Round is the biggest and the most ambitious of all post-war trade negotiations -- the biggest trade negotiations the world has ever seen."

He added: "It comprises a major reduction in industrial tariffs and a substantial agricultural settlement, and a major strengthening of the GATT -- the rule of law in world trade -- by a whole series of new non-tariff barrier codes governing areas of real importance to businessmen and trading issues such as standards, customs valuations, government purchasing, and countervailing duties. With the Luxembourg decision we have a real chance of a fairer and more free world trade in the 1980s and the avoidance of a wave of protectionism leading us, I believe, into a major recession which would certainly have come if these negotiations had failed."

#### MORE OPPORTUNITIES FOR COMMUNITY EXPORTERS

Mr. Wilhelm Haferkamp, the EC Commissioner for external affairs, stressed two major achievements for the Community in the agreement. First, increased and improved outlets for Community exporters in world markets had been assured. Second, the pact marked the end of a two-tier system under which the United States had not been obliged to apply all the GATT rules in the same way as its trading partners.

As a result of the negotiations this and other major uncertainties for Community exporters would be removed, he said.

#### TIMETABLE FOR RATIFICATION

Assuming that the initialing takes place, Mr. Haferkamp said he hoped that the legal texts and tariff schedules could be submitted in time for a Council Decision in October. The Community would ensure that the necessary parallelism in ratification procedures was respected by its principal negotiating partners.

The main features of the new agreement are:

#### INDUSTRIAL TARIFFS

The main aim of the Community in this sector was to reduce large disparities between existing low and high customs tariffs between different countries. The final outcome will be a one-third reduction in United States industrial tariffs, a one quarter cut in Japanese tariffs and a reduction of about a fifth in Community tariffs. In order to enable manufacturers to plan for the future, the reciprocal tariff reduction program will be implemented in eight annual steps beginning in 1980. The first five steps will be obligatory but the final three reductions will be conditional on the future development of the world economic situation. In the case of particularly sensitive products like textiles and steel ceramics, the tariff reduction program will begin later, in 1982.

## AGRICULTURE

The Community had four main aims during the negotiations on agriculture - 1) to establish an international framework and greater international discipline over non-tariff measures, 2) to conclude international agreements on the three main categories of farm commodities -- cereals, meat and dairy products -- in order to stabilize markets and promote international trade in such products, 3) to liberalize access to agricultural markets by lowering tariffs and eliminating ad hoc non-tariff measures, 4) to preserve the main features of the Community's Common Agricultural Policy (CAP). After the Luxembourg meeting, Mr. Finn Olav Gundelach, the EC Commissioner for agriculture, said the Community's trading partners by accepting the principles and mechanisms of the CAP had put an end to "the trench warfare" and "holy wars" which had so often characterized earlier GATT discussions on agriculture. New procedures and consultation mechanisms would be introduced to head off disputes and limit possible differences of opinion to the technical level. Trade in beef and dairy products would be regulated by international agreements under the aegis of GATT, but, through no fault of the Community, it had not been possible to reach an international agreement in the cereal sector, Mr. Gundelach said. The Community had secured improved access for exporters of particular commodities to the United States, Canada and New Zealand, like cheeses, cognac whisky and biscuits.

## TECHNICAL BARRIERS TO TRADE

A new code to ease technical barriers to trade has been concluded. Its main aims are to prevent unnecessary obstacles to trade, to impose international standards whenever they are appropriate and to keep GATT members informed as fully as possible on new standards and technical regulations under preparation by notifying them to the GATT secretariat and consulting about them. Special temporary exceptions will be made where questions of public safety, health, environmental protection or national security are involved.

## GOVERNMENT PROCUREMENT

A code on government procurement has been concluded opening up government procurement contracts to international competition through agreed, non-discriminatory and transparent procedures under international surveillance. The code will come into operation at the beginning of 1981 and further negotiations will take place three years later to try to broaden its scope further.

## SUBSIDIES AND COUNTERVAILING MEASURES

Covering subsidies for industrial and primary products, including agricultural fisheries and forestry, this code improves procedures for notification, information and consultation on subsidies for its signatories. The criteria for the determination of "material injury" has been clarified. Settlement of a dispute would be based on GATT procedures for consultation and conciliation.

#### OTHER PROVISIONS

Other parts of the agreement include a new agreement on import licensing procedures, a new customs valuation code, and various safeguard clauses. Special provisions have been made in various sections of the agreement to take into account the special problems of developing countries.

## SCHEDULE OF EVENTS -- APRIL, 1979

( All events are in Luxembourg unless otherwise noted)

April	2	Joint Council Foreign Affairs/Finance
April	3	Foreign Affairs Council
April	3	EEC/Greece Ministerial Conference (Brussels)
April	9	Council on the Environment
April	23-27	European Parliament (Strasbourg)

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