

# A Letter From EUROPE

From:  
Roy Denman  
Head of Delegation

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from its Delegation in Washington

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## A NEW ROUND OF TRADE NEGOTIATIONS?

A good deal of talk has been heard recently about emphasis on a new multilateral round of trade negotiations under the auspices of the General Agreement on Tariffs and Trade. This is understandable. The last major multilateral trade negotiations - the Tokyo Round - finished in 1979. Protectionist pressures - even though the industrialised world is emerging from recession - continue strongly. And the old saying is often quoted "Trade liberalisation is like riding a bicycle, you either continue or you fall down".

But comments differ on when such a negotiation should or could take place. Some talk of the cavalry charging off now into the sunset, others talk of another round in a few years time, some - for example certain of the developing countries - doubt whether they would get anything out of a new round at this stage.

Some people might well be reminded of Macaulay's Lays of Ancient Rome,

"Those behind cried forward  
and those in front cried back".

Where does the European Community stand?

The answer is that the Community stands foursquare behind any effective action to strengthen the international liberal trading system in the second half of the 80's. It does so because it would be dumb not to. The Community accounts for a fifth of world trade. It depends therefore on free and expanding trade both in goods and services for its prosperity.

That is why the Community took a leading role in the three major trade negotiations since its formation, the Dillon Round, the Kennedy Round and the Tokyo Round; why its imports measured as a percentage of GDP in 1982 were as high as 13.2% (compared with 8.4% in the case of the U.S.) and why it is that the average EC tariff on all imports is 1%. That is why the

Community is the world's biggest importer of farm products, buying over \$8 billion worth from the U.S. last year and remaining the American farmers' best customer. Among the major industrialised countries the Community is in fact the most open market.

That is why we attach a particular importance to a new round being carefully prepared. We cannot afford a replay of the famous Frank Arno cartoon in the New Yorker when the plane crashes after take-off and the designer slinks miserably away with the words "Back to the drawing board".

So several preliminary steps are necessary. The first must be to reinforce resistance against protectionist pressures, to rollback existing trade restrictions and to complete the major GATT work programme launched by the GATT Ministerial meeting in November 1982. The Community has in fact already proposed an acceleration of the Tokyo Round tariff cuts if its major trading partners were able to act along those lines. These steps will establish the credibility necessary for a new negotiation in the GATT. Credibility would also be enhanced by a broader and more solidly based economic recovery sustained in the medium term - and also by progress internationally in improving the operation of the financial and monetary system.

Before opening the way to a firm commitment to a new negotiation in due course there will also need to be extensive prior consultations with all the GATT partners in total to ensure a broad consensus on who will take part and what the objectives and timing should be.

We consider this a pragmatic and realistic approach to an initiative which could be of the utmost importance for the future of the liberal world trading system. Once the GATT work programme has been completed and progress made in consensus-building there should be a meeting of senior GATT officials as a first step. This should take place as soon as appropriate and before the end of next year to consider the various possibilities for future action including, in particular, the role a new round of trade negotiations might play.

*Roy Jansen*

# WINDOW ON THE EUROPEAN COMMUNITY

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## EC ENERGY MINISTERS SAY COMMUNITY COULD WEATHER A CUT-OFF OF PERSIAN GULF OIL

The European Community would be able to weather a shut-off of Persian Gulf oil should hostilities between Iran and Iraq close that key waterway to international shipping, according to the EC's Energy Ministers. The Ministers at a May 22 meeting discussed recent attacks on oil tankers in the gulf and the EC's contingency plans for dealing with a disruption of its foreign oil supplies. They expressed concern at the escalation in the Iran-Iraq war reflected by the tanker attacks and agreed that the situation in the gulf merited careful watching. However, they concluded that the steps the EC has taken over the past few years to conserve power and diversify its energy sources would spare the Community from an energy crisis should its access to Persian Gulf oil be curtailed.

In the past decade Europe has halved its dependence on foreign oil. During 1973, the year of the first oil price shock, imported oil accounted for 62% of the EC's energy consumption. By 1983, imported oil accounted for only 32% of the Community's energy needs. The EC presently buys about one-third of its imported oil from the Persian Gulf states. As part of the Community's energy policy, EC Member States are required to maintain petroleum stocks equivalent to 90 days' consumption as a buffer against supply disruptions.

## EC TO PARTICIPATE IN UPCOMING LONDON SUMMIT MEETING

The EC will participate in the June 7-9 economic summit meeting in London alongside leaders from the world's seven major industrialized

countries. The London Summit will be the tenth annual meeting of the world's major industrial powers. The EC has attended these annual meetings since 1977.

The upcoming London Summit is expected to focus on finding structural solutions to the Third World's debt problems and on policies to fight inflation, reduce interest rates, create employment, liberalize trade and promote the development of new technologies.

The Community will be represented at the Summit by Gaston Thorn, President of the EC Commission, the EC's executive body, and by the Presidency of the Council of Ministers, the EC's top decision-making forum. The Council presidency, which rotates among the EC's Member States at six-month intervals, is presently occupied by France. Four of the Member States--France, the Federal Republic of Germany, Italy and the United Kingdom--take part individually in economic summits. The EC Commission and the Council presidency attend these meetings to represent the views of the European Community as a whole.

## EC VOTERS TO GO TO POLLS IN JUNE TO ELECT MEMBERS OF EUROPEAN PARLIAMENT

Voters all across the European Community will take to the polls June 14 through 17 to decide who will represent them in the European Parliament, the EC's directly elected assembly. The June balloting, in which all of the Parliament's 434 seats will be at stake, will be the second time EC citizens have been allowed to choose their Euro-MP's by direct elections. The first direct elections were held in 1979. Members of the Parliament serve

five-year terms. The European Parliament has existed in various forms since 1952. However, before 1979 its members were appointed from the national parliaments of EC Member States. Voter turn-out in the first direct elections averaged 62.8%, ranging from a high of 92% in Belgium, where voting is mandatory, to 33% in the United Kingdom.

The new Parliament is expected to focus on proposals to expand its own powers. At present these powers are chiefly advisory. Although the Parliament does exercise control over many aspects of EC spending and is empowered to fire the EC's 14-member executive Commission, most of the Community's legislative authority still resides with the Commission and the Council of Ministers.

The Parliament's business presently is conducted at three different locations. The assembly usually meets in plenary sessions for one week each month at the Palais de l'Europe in Strasbourg, France. Parliamentary committees generally meet for two or three days each month in Brussels. The Parliament's secretariat is in the European Centre in Luxembourg. This system has been criticized for inefficiency, and the Parliament itself has called upon EC Member States to pick a permanent seat for the assembly.

The European Parliament serves as a forum of debate for many of the key political issues of the day and in this role functions as the popular voice of Europe. It has also been involved in the EC's efforts to promote joint actions by its Member States in the foreign policy sphere. Most visibly, the Parliament has adopted resolutions on such international issues as South Africa's apartheid policy, the Soviet presence in Afghanistan, the war in Lebanon and the US invasion of Grenada.

#### COMMISSION PROPOSES INITIATIVE TO SPUR JOINT RESEARCH EFFORTS BY EC SCIENTISTS

The EC Commission has proposed setting up a wide-ranging program of grants and other financial incentives to encourage scientists from EC member countries to extend their research efforts across their nation's boundaries. The program is designed to stimulate innovative research in such fields as mathematics, information technology, advanced optics, chemistry, physics, oceanography, earth sciences and bio-communications (a discipline that encompasses research into such fields as membranology and molecular genetics).

The proposed program would provide grants to help European researchers travel to other EC countries for short-term visits or training programs or to work on research teams. It would also seek to identify ways of eliminating barriers to career advancement for EC scientists who conduct research in foreign countries. The Commission proposed the program as a means of combatting the "brain drain" of young researchers who leave Europe because they cannot find adequate employment or training opportunities.

The first stage of the proposed program would run from 1985 to 1988 and would receive funding of about \$73 million, enough to support about 4,000 researchers, about 1% of the EC's total research force. The Commission's long range goal would be to involve 5% of the EC's researchers in the program. Before it could be implemented, the initiative would need the approval of the EC's Council of Ministers.