

2100 M Street Northwest, Suite 707, Washington, D.C. 20037 Telephone: (202) 872-8350
New York Office: 245 East 47th Street, New York, N.Y. 10017 Telephone: (212) 371-3890

No. 3/1978

January 18, 1978

EC COUNCIL APPROVES MULTILATERAL TRADE NEGOTIATIONS PROPOSAL

The European Community yesterday agreed on a negotiating position on trade liberalization that it will take to the world-wide tariff talks that resume in Geneva on Monday.

Agreement by the Council to proceed with GATT negotiations on the basis of a package prepared by the European Commission was reached in only two hours, much more quickly than some observers had expected possible. The decision emphasizes the importance attached by the Community to positive results in the multilateral trade negotiations.

The Council pointed out several aspects of a trade negotiation package that it considers particularly important -- selective application of the safeguard clause, a uniform code of customs valuation, general application of the injury clause, and agricultural matters -- and said that the final agreement in Geneva will be affected largely by results in these areas.

On tariff reductions for industrial products in the GATT, the Council agreed to use the so-called Swiss formula with a coefficient of 16, but added that the size of the tariff reduction would only be determined at the end of negotiations.

In a press conference following the Council meeting, Danish Foreign Minister K.B. Andersen noted that the Swiss formula represented a tariff reduction of about 40 per cent, but he added that the 40 per cent reduction was considered only a point of departure for negotiations. The reduction to be expected in the final GATT arrangement, he said, would be a lower figure.

The Council pointed out that the Community is prepared to negotiate with its trading partners on its offer for industrial products, but it does not intend to agree to the principle of compensation for exceptions.

The Council further stated its belief in the importance of harmonizing tariff reductions, and pointed out that in its view these reductions should be put into force in two stages: the first, in five annual steps; the second, in three annual steps. The second stage of tariff reductions, however, would be conditional on assessment by the Council of the general economic situation.

The Council also agreed that Community negotiators at the GATT talks will seek to reach agreement on special and more favorable treatment for developing countries.

Finally, the Community stressed that the implementation of any new Geneva agreement must be coordinated. It underlined that it could not regard such an agreement as in force until all its trading partners had passed any domestic legislation necessary for the approval of the accords.