

# EUROPEAN BACKGROUND INFORMATION COMMUNITY

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BACKGROUND NOTE

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## EUROPEAN COMMUNITY, U.S. PRESS AHEAD ON GATT

Wilhelm Haferkamp, vice president of the Commission of the European Communities, and a high-level delegation of Commission officials met with U.S. Special Trade Representative Robert Strauss and his two deputies, Ambassadors Alan Wolff (Washington) and Alonzo McDonald (Geneva), in Washington this week to review progress and clear up logjams that have obstructed progress on the Tokyo Round of the multilateral trade negotiations. Both pledged their determination to adhere to the mid-January schedule for beginning final negotiations.

At a press conference briefing for European journalists on November 28, Haferkamp, who is in charge of the Community's external affairs, said he expected the negotiations to be completed before the summer holidays of 1978. He, along with Sir Roy Denman, director general for External Relations, and Fernand Braun, director general for the Internal Market and Industrial Affairs, offered these specifics on what had been agreed during those bilateral talks.

On safeguards: Both sides agreed that an element of selectivity should be introduced in the safeguard rules, instead of applying Article 19 across the board, as is the case in the present rules of the General Agreement on Tariffs and Trade (GATT). A monitoring system should also be established.

On steel: It was emphasized that the Community had been assured that the reference price system, expected to be put forward by the U.S. Administration as a short-term solution to the current steel crisis here, would fall within international guidelines that are being established to cope with the worldwide steel crisis.

On customs valuation: The United States has accepted as a basis for negotiation a new proposal of the European Commission that would simplify and bring into line the valuation systems of the main trading nations.

At a joint press conference held November 29 by Vice President Haferkamp and Ambassador Strauss, both emphasized the need to make rapid progress on the problem of countervailing duties and subsidies. It was also announced that EC Agriculture Commissioner Finn Olav Gundelach would meet in December with U.S. Agriculture Secretary Bergland to speed the negotiations on agriculture.

The joint communiqué issued at that press conference follows:

Both sides agreed on the utmost importance, in countering general protectionist pressures, of maintaining the momentum of the negotiations. To this end they reaffirmed their commitment to complete the preparatory work of laying out the negotiations by mid-January 1978 and to begin the actual negotiations on the final package. They agreed that encouraging progress has been made by the presentation of request lists in the groups dealing with non-tariff measures and agriculture. They also agreed that the next important steps, in addition to preparation of offers to be tabled on January 15, would be to complete the elaboration of a series of working hypotheses in each of the key areas of negotiations.

Following a review of the full scope of the Tokyo Round, it was agreed that work en route is sufficiently advanced in the areas of standards and government procurement to serve as bases for negotiation and thus readily meet the preparatory deadlines. The customs valuation code put forward by the Community delegation on November 15 was accepted by the U.S. as a basis for negotiation of a uniform international customs valuation system. With respect to the tariff reduction plan, it was agreed to continue efforts to define the details concerning the existing working hypothesis. Work priorities were also set to push ahead to narrow differences and define promptly appropriate ranges for negotiation in safeguards on the basis of proposals that have been made. Finally, on subsidies and countervailing duties both sides instructed negotiators to lay out the framework for an agreement providing for better international discipline on both subsidies and offsetting measures.

Both sides pledged themselves to achieve substantial, parallel progress in all aspects of agriculture and to this end emphasized the importance of presentation of offers by the agreed date of the week commencing 15 January 1978 in response to requests made on individual items, including both tariff and non-tariff items. In addition to these negotiations on individual items, they agreed on the importance of pressing forward the negotiations of an international agreement based on the preparatory work being undertaken in the framework of the International Wheat Council, and international arrangements in the dairy products and meat sectors on the basis of the various proposals that have been made.

The two sides also reaffirmed the importance of realizing concrete benefits for the trade of developing countries and the desirability of achieving renewed support from developing countries for the improved international framework for world trade which would result from the negotiations.

Vice President Haferkamp and Ambassador Strauss recognized the value of their periodic meetings in facilitating and promoting progress in the negotiations. They agreed to meet again at an appropriate moment early in the final negotiating phase to ensure continued progress, which they both hoped might lead to a final, successful conclusion of the negotiations in the second half of 1978.