

SUMMARY of remarks by the Honorable Sir Peter Ramsbotham, Ambassador to the US from Great Britain, before the Mid-Atlantic Club of Washington, meeting at the Conference Center of the Carnegie Endowment for International Peace in Washington, 14 April 1976.

In a discussion of the future framework of international trade, it is useful to focus upon two important sources of tension: the North-South problem and the North Atlantic Problem.

The North-South problem refers to the demands put forth with increasing insistence by the developing countries who feel that the present international system favors the industrialized consuming nations at the expense of the poorer raw material producing nations and who wish to reconstruct the international system in such a way that they will receive an automatic transfer of resources with each transaction of international trade. While Western nations cannot afford to accept all of the demands of the New International Economic Order, they must cooperate, meeting the developing nations halfway, to ensure a continuing dialogue between the developed and developing nations.

Turning to the second problem area, namely the North Atlantic relationship and bilateral problems between Great Britain and the United States in particular, legal and administrative differences in national provisions safeguarding domestic industry as well as different degrees of acceptance of internationally agreed safeguards result in a higher degree of protectionism in the US and a correspondingly greater disequilibrium in Great Britain. The Trade Act of 1974, for example, widens the gap between the degree of protection accorded industries in similar situations in Great Britain and the United States. In addition, US law does not reflect important provisions of the GATT because, as an executive agreement, the latter has never been ratified by Congress.

US policy toward anti-trust, intended to increase domestic welfare, is having an adverse effect on other countries' economies. Although this legislation was not intended to disrupt European trade, it may be perceived as such unless efforts are made on both sides to better understand the principles behind our actions without interfering in each other's sovereign affairs.

Anti-dumping measures are another source of misunderstanding which differ from country to country. Anti-dumping rules are necessary, but they should result from international agreement, and they should employ the same terms in all countries and have equal legal effect, if they are to be invoked by one partner against another.

In order to understand problems posed by countervailing duties and subsidies, one must examine them in the context of the different economic backgrounds of the United States and Great Britain. In the US, the government's role has been to curb monopolistic tendencies on the part of American industry in order to maintain competition. In Great Britain, on the other hand, the government has sought to soften the damage to communities caused by declining industries. As a result of their different backgrounds, the two governments have different attitudes towards subsidies--the US rejecting them categorically while Great Britain has no objections to subsidies as such, but agrees that some are unfair.

There is urgent need for the industrialized countries of the North Atlantic to come to an understanding concerning the objectives of their respective trade policies as well as becoming more sensitive about possible effects their policies will have on other countries. Otherwise, disruptive policies, even when not intended to be disruptive, may lead to retaliation and targeting aimed at inflicting damage on exports.

The strains evident in our existing international institutions indicate the need for new instruments which will restore the sense of equality which is now lacking. The creation of these new instruments should be the objective of the Tokyo Round Negotiations.

Important as the elimination of inequities in trade among the developed countries is, we must pay equal attention to the demands of the developing countries by adapting existing institutions before changes are forced upon us by confrontation.