

STATEMENT BY SIR CHRISTOPHER SOAMES, VICE-PRESIDENT OF THE  
COMMISSION, WINDING UP A EUROPEAN PARLIAMENT DEBATE ON THE REPORT  
OF MR KASPEREIT ON THE MULTILATERAL TRADE NEGOTIATIONS.

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*Strasbourg 18/6/75*

In replying to the interesting and constructive debate which we have just had, I would like first to congratulate the Rapporteur and his Committee and the other Committees which provided material for this Report on the excellent basis which they have provided for today's Debate. As I have said before in the House, I greatly welcome these opportunities to discuss what are by any judgment going to be lengthy and complex negotiations. Up to now their purpose has been limited so I am not in a position to give more than a preliminary interim report.

As the House is aware, the substantive phase of these Multilateral Trade Negotiations only began in Geneva on 11 February this year, having been delayed for nearly 18 months while the United States Trade Act, which provided the essential negotiating powers for US negotiators, was passing through Congress. When this essential pre-condition to effective negotiation was finally fulfilled, the Community on its side was ready immediately to engage in substantive negotiations across the whole area covered by the Tokyo Declaration. And indeed, the negotiating directives with which we began negotiations in February went rather wider than we had first envisaged in the Community's original overall view of these negotiations. For they include for the first time certain provisions relating to export restrictions and the problem of access to supplies of raw materials, matters which have come very much to the fore during the period between the formal opening of the negotiations in Tokyo in 1973 and their effective start this year.

Since February the work in Geneva has been continuous and intensive and it has been possible to mark out the broad lines of the negotiations which must be undertaken in the individual sectors. A large number of working groups and sub-groups have been established and are now beginning to get their teeth into a whole mass of detailed problems. So far it must be admitted the work has been more of a procedural and tactical nature and we are a long way yet from being able to say what sort of solutions can be hoped for at the end of the day. But it might be useful to the House if I were to pass rapidly in review the progress which has been made in the different sectors.

I would like first to mention the matter of tariffs. Mr. Kaspereit's report, correctly in my view, emphasises that the lowering of tariff barriers to give improved access to markets can no longer be an exclusive objective of trade negotiations. Yet it nevertheless remains true that an agreed formula for tariff reductions will be a key element, indeed a sine qua non, of the success of the negotiations. And when I hear it being explained,

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as I sometimes do, that tariffs are no longer of much importance, I am struck by the contrast between that view and the cries of protest that go up from individual industries when it is suggested that their tariff protection be reduced. In any event, the Community's approach in the tariff field consists of seeking a substantial reduction linked with a harmonisation of the levels of tariff, so that there will be steeper reduction of high tariffs than of low.

We have now put forward as a working hypothesis in Geneva a formula which would achieve this objective and would result in tariff reductions being a function of the existing level of duty. There has been some initial support in the negotiations for such a formula, although certain delegations would prefer to concentrate on a linear reduction of the type which was applied during the Kennedy Round and which would be a much less satisfactory way of handling one of the main objectives of our approach, namely harmonisation. There is a lot of work to be done comparing various formulae, and this is now going ahead. But I doubt whether we shall progress far in this sector until the autumn when the US Administration will have completed the hearings which they are carrying out. Thereafter I hope we will be able to make more rapid progress.

Then there is the extremely important sector of non-tariff barriers where we are grappling with a mass of such measures, some 850 of which have been notified to the GATT. Since February eleven groups of barriers have been selected for initial examination, and have been allocated to 4 different sub-groups. The first sub-group will deal with matters of customs procedures such as valuation and nomenclature; the second will deal with technical barriers to trade, and this is where the proposed standards code comes in. The third will look into the remaining quantitative restrictions maintained and is of course linked very closely to the problem of the adaptation of safeguard procedures which is being discussed in parallel elsewhere in the negotiations; and the fourth will deal with subsidies and countervailing duties a field where there are constant irritants in our relations with the US arising out of the lack of an injury criterion in US legislation governing countervailing action. Non-tariff barriers is a big subject, but perhaps the House will bear with me if I single out the question of the proposed code of standards.

The Community has accepted the principle of negotiating a code which would be designed to prevent obstacles to trade arising from the adoption of new standards, for example, quality or safety standards or measures taken to protect the environment. The principle is thus not at issue; but the practical application of such a code does provide difficulties. Within the Community we are committed to a substantial effort to do away with national technical barriers to trade and to introduce where necessary Community-wide standards observed throughout the Member States. We are ready to agree to these new Community-wide standards being subject to an international code, but only to the extent that our negotiating

partners will be similarly bound to give country-wide effect to this same code. At this stage in the negotiations it is still unclear whether federal states can make an internationally-negotiated discipline binding on their state governments in the same way as the Community as a whole would be bound by the provisions of such a code. Moreover, where industrial standards are established in the private sector, the applicability of an international code is a moot point. So, although this is a field in which we would like to make progress, the House will appreciate that there are difficult matters for negotiation before agreement can be reached.

On agriculture too, for all the difficulty that this sector presents, work is well under way. Three negotiating sub-groups have been set up to deal with cereals, meat and dairy products, all of them areas where the Community is ready to negotiate international agreements. On cereals in particular the Community has now tabled comprehensive proposals for a world agreement to which I hope our negotiating partners will give very serious consideration in the coming weeks. Here I believe there is a field in which rapid progress could be made, and where the making of such progress would be of benefit to all parties. There is of course a delicate problem involved in fitting into the framework of the negotiations going ahead in Geneva the more limited discussions on stock-piling, which are taking place currently in London following on last year's World Food Conference. The Community is of course taking part in both these fora and is operating in both on the basis of guidelines set out in our negotiating directives for the MTN. The point I would like to make clear today is that we are bound to measure the possibility of participating in limited stock-piling arrangements against the progress being made on a more extensive world agreement in the negotiations in Geneva.

I very much welcome the emphasis in the Report before the House and in the resolution on the inter-relationship between access to markets and access to supplies. This latter issue, bound up as it is with the problem of export restrictions is now being tackled in Geneva and the Community has a very great interest in seeing that results are achieved. Of course it will not be easy to make progress in this field which has never been covered in previous rounds of trade negotiations and it must be clear that to a very considerable extent progress in Geneva will depend on what is done in other international fora where discussions are likely to go ahead on the whole question of raw materials supplies and access to them. As the House will know, the Commission has sent forward in recent weeks a series of proposals to the Council on raw materials which represent a new and constructive approach to this problem. If agreement can be reached in the Council to put forward such proposals on behalf of the Community and to discuss them in depth with the countries supplying raw materials, then this will be a not unimportant element in the Geneva negotiations.

Lastly, a word about the developing countries and their place in the Geneva negotiations. As we have always made clear that we would, the Community is seeking to take account of the interests of the developing countries in all the individual sectors of the negotiation. There is also the particular case of tropical products

which we have agreed should be given a high priority and where we are now busy considering a number of request lists from the developing countries which have just been tabled. We intend to press ahead with this work with a view to making specific offers within the next few months.

I trust I have not wearied the House too much with this progress report on the work going on in Geneva. Where now do we go from here? The next milestone in these negotiations will be the meeting of the overall Trade Negotiating Committee in July; and this meeting will in its turn be looking forward to the next meeting of the Committee in November. We will need to look very carefully at the work that has been done so far and to see whether there are certain fields which ought to be given a priority in the work in the coming months. It may well be that we shall agree with our negotiating partners that certain sectors would merit a major concentration of effort with a view to getting closer to solutions at an early date. But I think it would probably be unwise to go beyond such an effort and to seek, as some have suggested, to draw up a list of subjects for speedy completion and agreement, a kind of mini-package as it has sometimes been described. The problem about such a move is that one negotiating party's priority subject is usually, almost by definition, another negotiating party's major difficulty. There is a risk therefore that when putting together a list of priority subjects a large amount of time is wasted in procedural discussion and emphasis is taken off the search for solutions on the substance of the negotiations in the sectors concerned. Moreover, it is well to remember that the objective of these negotiations is to achieve an overall balanced solution. It is evident that many of the subjects under discussion, although not all of them, cannot be self-balancing in themselves. This simple fact means that if we are to achieve an overall balanced solution it can only be by setting off the advantages in one field against an acceptable degree of imbalance in another. And this in itself argues for a continued effort to advance over a broad front.

In conclusion, Mr President, I would like to state very clearly the Commission's view that these negotiations are of the greatest importance for the future. In the immediate present I believe they are playing a significant part in containing the threats which today menace the world trading system. The mere presence of the negotiators of the main trading partners of the world in Geneva, working for a greater liberalisation of the system and its adaptation to the conditions of the '70s and '80s is in itself a brake on protectionist pressures. But more important than that, it enables us to look forward to and work for a period when we shall have come out of the present world recession and when the issue of specific measures of liberalisation will be a less sensitive one in domestic politics. We must never forget when exposed to the day-to-day pressures for a more restrictive attitude in these negotiations, that the changes we are negotiating are not for implementation tomorrow or even for next year, but for a period towards the end of this decade. So it is crucial that we should not be put out of our stride by the troubles that currently surround us.

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Meanwhile our labours in Geneva are not going too badly, and the Community's voice has made itself heard. It was we who first tabled our views on the tariff formula, and we have been taking the lead in the discussions on agriculture. We are doing quite well, and I believe that we will keep it that way.