

# European Community



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## NEWS RELEASE

EC COMMISSION CALLS FOR

"OPEN AND LIBERAL TRADE POLICY"

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Following is a statement on trade policy made by EC Commission Vice-President Wilhelm Haferkamp, responsible for external relations, in Brussels, on July 25, 1977:

"The world is nearer sliding back into the protectionism of the 1930s than at any time for the last thirty years. Unemployment is high and is likely to continue high well into the 1980s. Industries in crisis - on both sides of the Atlantic - are pressing governments to restrain imports, and the protectionism which stifled trade and kept millions on the dole forty years ago is now being presented in a new guise, with seductive, modern, rational-sounding slogans.

"So I think that this is the moment when we should stand up and be counted. And we are four-square behind the one-world trading system which has over the last twenty years provided the base for the biggest increase in world trade and world prosperity in recorded history.

"That is why the Commission gave a warm welcome on July 11 in Brussels to the United States special trade representative, Mr. Robert Strauss. He came here to ask for our cooperation in getting the Tokyo Round moving and in bringing it to a successful conclusion next spring. We told him that we fully shared his aim and that we would do all we could to meet this timetable. And we said so, not just because we have a clear, detailed and positive mandate from the Council for these negotiations, and that the London summit in May made clear its wish for substantial progress by the end of this year.

"We said so because we believe that an open and liberal trade policy is in the interest of the Community. Trade is not a one-way street. The standard of living of the Community countries depends on the competitive edge of these industries on world markets. The attention focused on imports and unemployment tends to make us forget this.

"Take iron and steel. Imports into the Community rose in 1976 by 19% over 1975 to total \$4.2 billion. But Community exports in 1976 were more than double - \$9.5 billion. Take shoes. Imports in 1976 totalled \$695 million. But exports were \$985 million. Even in textiles, imports in 1976 at \$9 billion were nearly balanced by Community exports of \$7.6 billion.

"Indeed, the increasing specialization necessary if Europe is to compete successfully on world markets implies major structural changes both in world trade and in European industries. But the first can be accommodated within the GATT. The multi-fibre arrangement and the arrangement on cotton textiles which preceded it have successfully maintained a delicate balance between the developed and developing countries for 15 years, and show that industrial sectoral problems can be dealt with in the GATT

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Framework quite apart from the existence of GATT instruments such as the safeguard clause and anti-dumping rules. Equally, a major effort will be needed to restructure European industries to meet a changing pattern of trade.

"But these problems can be dealt with without recourse to doctrines which under different but plausible names would return us to the chaos of restrictions and beggar-my-neighbour policies which characterized the 1930s. That is why the Commission supports a liberalism in world trade which is an intelligent liberalism, which recognizes that economic conditions are significantly more difficult and that unemployment in many industries has reached dangerous levels, but believes that these problems can best be tackled by the one-world trading system which has served us well for the last thirty years."

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