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PRESS RELEASE

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EUROPEAN COMMUNITY OFFICIAL WARNS AGAINST PROTECTIONISM

Wilhelm Haferkamp, vice president of the Commission of the European Communities in charge of external relations, cautioned yesterday against the "seductive, modern rational-sounding slogans" of protectionism.

The European Community, Haferkamp said, "supports a liberalism in world trade that is an intelligent liberalism, that recognizes that economic conditions are significantly more difficult and that unemployment in many industries has reached dangerous levels." But these problems can best be tackled, he added "by the one-world trading system that has served us well for the last 30 years."

Haferkamp's statement to the press was both a warning to forces seeking protectionist measures and a reassurance to the United States and other EC trading partners that the Community trade policy will continue to operate within internationally established guidelines.

Haferkamp made particular mention of the "very positive and constructive" attitude of U.S. Special Trade Representative Robert Strauss, who recently visited Brussels for talks on the multilateral trade negotiations. The EC official said the Commission fully supports the goal of getting the Tokyo Round moving and bringing it to a successful conclusion next spring.

He noted that the EC's liberal commercial policy does not mean that the Community would hesitate to use the instruments at its disposal in case of dumping, subventions or market disturbances, but that these instruments should be strictly controlled according to international rules. Certain elements of the multilateral trade negotiations -- for example, the safeguard provisions -- could be improved, he said.

Commercial policy alone, he continued is not an adequate panacea for the Community's current economic difficulties. An active structural policy, as in the steel sector, and joint efforts by industry, governments and Community institutions as well as use of the Community's social and regional funds are also required, he said. "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," Haferkamp said.

Commenting on the talks in Geneva toward the renewal of a multifiber agreement, Haferkamp said the consensus reached there would constitute a solid base for bilateral negotiations that will determine the MFA renewal.

A text of Haferkamp's statement to the press in Brussels yesterday follows:

The world is nearer sliding back into the protectionism of the 1930s than at any time for the last 30 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 that stifled trade and kept millions on the dole 40 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 foursquare behind the one-world trading system that has over the last 20 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 their 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 per cent over 1975 to a total of \$4.2 billion. But Community exports in 1976 were more than double that -- \$9.5 billion.

Take shoes. Imports in 1976 totaled \$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 Multifiber Arrangement and the arrangement on cotton textiles that 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 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 that under different but plausible names would return us to the chaos of restrictions and beggar-my-neighbor policies that characterized the 1930s. That is why the Commission supports a liberalism in world trade that is an intelligent liberalism, that 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 that has served us well for the last 30 years.

