

Statement by Christopher Soames (Tokyo, 12 September 1973)

Caption: On 12 September 1973, at the opening of the GATT trade negotiations in Tokyo, Christopher Soames, Vice-President of the European Commission, outlines the stance taken by the Nine on the organisation of international trade.

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Statement by Sir Cristopher Soames, Vice-President of the Commission of the European Communities to the G.A.T.T. Ministerial Meeting in Tokyo (12 September 1973)

Mr Chairman,

1. Our meeting here today in Tokyo under your Chairmanship, has, I think, a double significance. First, I feel it is entirely appropriate that we should be holding this inaugural meeting to a new major round of trade negotiations in the capital of Japan which has over the last decades become a country of such great significance for the development of world economic relations. Japan as a great trading nation has already contributed to the expansion of world trade and it is very clear from the current trends which make Japan an ever more important importer and exporter that your contribution in the future will be crucial to the development of world trading relations.

2. The other main significance of today's meeting, it seems to me, is that we have here united in this room representatives of countries which together conduct an enormous proportion of world trade, and we are gathering here with the purpose of formally opening a new round of negotiations which are committed to the further liberalisation of trade between us and the consolidation of what has gone before. This is then an important moment. For so much of the prosperity and social development of all our peoples in the post-war period has been based on the successful endeavours of our predecessors to liberalise world trade and to reverse the protectionist trends of earlier years. The decision which we will take here in Tokyo to embark once again on a complex and difficult negotiation aimed at a further liberalisation is surely of great significance to the future prosperity of all our countries.

3. Mr. Nørgaard, as President of the Council of Ministers, has, with his customary skill, just given you an outline of the general lines of the Community's approach to these negotiations. I shall now seek to comment further on certain aspects of the Community's position. Mr. Chairman, the European Community has, from its very beginning, been committed to the aim of world trade liberalisation on the basis of mutual advantage and overall reciprocity. Its participation in previous rounds of multilateral negotiations and its contribution to them was a decisive actor in their success. Although in this process the level of the Community customs tariff was cut by well over 50%, we have not taken the view that that was the end of the road. Both in the joint declaration with the United States of February 1972, and at our Summit Conference in October that year, we pledged our willingness to negotiate further. So this new enlarged Community, which has only been in existence now for 9 months, is every bit as committed as its predecessor to this new round of trade negotiations. We intend our contribution to be a constructive one.

4. The declaration before us seems to me one which we can, and should, support. We trust that the few passages still in doubt can rapidly be settled. With that done the Community will certainly accept it. Of course it does not contain every detail which we would like to see there, but it does represent, in our view, a reasonable synthesis of the broad outline of the negotiation before us. To have gone into greater detail in the Preparatory Committee would have amounted to prejudging the issues and would have risked a failure to reach agreement at this preliminary stage. The Declaration leaves a broad margin as to the appropriate techniques or methods of negotiation. Those who feel that their ideas are not fully reflected by this text should regard the declaration as the beginning of a long road, not the end of it. Everyone is and will be free to promote and press any proposal during the course of negotiations. We therefore hope that this declaration can be adopted as forming an appropriate basis for the formal opening of negotiations.

5. I think it may be useful if I now state briefly one or two of the points of the Community's general approach to these forthcoming negotiations. We believe that the main objectives of these negotiations should be twofold. First, to consolidate and continue the liberalisation of international trade on the basis of mutual advantage and mutual commitment with overall reciprocity. And secondly, and no less important, to improve the opportunities for developing countries to participate in the expansion of world trade and to ensure a better balance of advantage as between industrialised and developing countries in receiving the benefits from this expansion. These two broad objectives will govern our approach to these negotiations throughout.

6. Where tariffs are concerned the Community believes that these negotiations should lead to a significant reduction of customs tariffs by means of cuts, whose depth would be related to the existing levels of duty. In general the principle would be - the higher the tariff the greater the cut. In this way we would also achieve a significant degree of tariff harmonisation. I should record here that the Community emerged from the Kennedy Round with the lowest and most homogeneous tariff of all the major industrialised countries. Tariff harmonisation is therefore an important objective for us. We are aware that there is room for argument as to how this objective should be achieved. No one can deny that the disparities that do exist between very high and very low tariffs do create a problem of considerable importance, and that the factors which have led us to our present view are, to say the least, compelling.

7. As regards non-tariff barriers, we feel that a number of different possible approaches to different sorts of non-tariff barrier may be necessary. The greatest emphasis should be given to those obstacles which have the greatest effect on trade. In cases where these barriers are of a general character, involving measures applied by many countries to a wide range of products, we believe that multilateral solutions are indicated which should seek either to achieve abolition or amendment of the measures in question or to reach international agreements on a greater degree of harmony and discipline in the procedures for their application. The precise solutions in such fields could be of a number of possible types, but the Community does not exclude the negotiation of codes of conduct or of new interpretative notes to GATT. In addition there are other non-tariff barriers, more limited in scope, or applied by only one or two countries, which demand more limited solutions. It should be possible to include these in the negotiations in such a way as to achieve balanced concessions among the participants.

8. Finally agriculture. We regard this as an integral part of these negotiations. But while we accept that the general objective of the negotiations should apply in this sector as in others, we believe nevertheless that account must also be taken of the special characteristics of agriculture and agricultural products. In our view the main objective in the agricultural fields should be to achieve the expansion of trade in stable world markets in conformity with existing agricultural policies. To achieve this expansion in the stability which is an essential prerequisite for it, we consider that appropriate international arrangements should be negotiated to organise trade on a more orderly basis. Such arrangements could be concluded, for example, for cereals, rice, sugar and for certain homogeneous milk products. For other products where such arrangements are less appropriate a system of joint discipline could be negotiated to ensure that exports on the world market would be organised on a more smooth-running basis. But I must make it very clear that in stating the Community's willingness to negotiate seriously on agriculture I am nor suggesting an intention to negotiate about the principles of our Common Agricultural Policy. These principles and the mechanism which support them we consider to be a matter of internal policy and we do not consider them to be the object of international negotiation.

9. So far as safeguard measures are concerned, the Community confirms its strong attachment to the disciplines set out in the GATT. It is certainly not in favour of introducing changes to the rules of GATT which could result in the introduction of new restrictive measures going in exactly the opposite direction from the further liberalisation of world trade. Nevertheless, so far as Article XIX is concerned, while the Community believes that its present provisions should be maintained as they are, we recognise that the effective operation of this Article has not proved easy. The Community would therefore be prepared to participate in discussions designed to explore a better application of the practical modalities of safeguard measures taken under this article. But I should underline that it is our view that any new modalities of application should not simply result in a relaxing of conditions under which safeguard clause action can be taken; any change of such conditions would have to be accompanied at the same time by a very precise definition of the controls over their use.

10. How does the European Community see the implementation of the second major objective, that is the improvement of opportunities for developing countries to participate in the expansion of world trade? We regard this objective as being an important feature throughout the negotiation and in all its aspects. In fact, the Community has declared that developing countries are entitled to expect beneficial effects from the expansion of world trade. We intend to make an active contribution in order to realise the objective set out in

the declaration of securing additional benefits for them in the negotiations. More specifically, for tariffs, we see the greatest emphasis lying in the improvement of our Generalised Preference Scheme which has now already been in force two years. Improvements could be achieved here by increasing the level of ceilings within which duty free treatment is applied to the export of developing countries; by including a wider selection of processed agricultural products; by preserving and increasing wherever possible the margin of preference on goods already included in our Scheme; and by introducing more flexible procedures. Clearly we hope and expect that other industrialised countries will make a similar effort. If the Generalised Preference Scheme is to move forwards the major contribution which I believe it can make in expanding the trade of the developing world, it can only do this if it is generally applied on a comparable basis throughout the industrialised countries of the world. As far as non-tariff barriers are concerned, we are ready to take particular account of the problems of developing countries, and to discuss the application of differential measures which will provide special and more favourable treatment to them, where this is feasible and appropriate. But obstacles to trade are so varied, and the possible solutions so different in character, that it is impossible to lay down any general principle or rule for special treatment to be applied over the whole field. As a counterpart we do feel that developing countries themselves should find if possible, and indeed in their interest, to make a contribution to reducing the non-tariff barriers which they maintain.

11. So much for our views on the various detailed subjects which are likely to form the major headings of these long and complex negotiations. But I would like now to make one more general point which is for us of major importance in these negotiations. This concerns the relationship between the further liberalisation of world trade and progress in achieving greater stability in the monetary field. It is a point on which long discussions have taken place in an effort to find an acceptable form of words for the joint declaration. But let there be no misunderstanding that the EEC is convinced that the policy of liberalising world trade cannot be pursued successfully unless parallel efforts are made to establish a monetary system which shields the world's economy from the shocks and imbalances which have recently struck it. The trade negotiations therefore in our view imply that prospects exist for the establishment of a fair and durable monetary system. This consideration should be borne in mind by all the participants to the negotiation both at the beginning of the negotiation and throughout it. The Community for its part will assess the progress of the negotiations in the light of the progress made in the monetary field and it will take such progress into account when arriving at a final decision on the results of the negotiations.

12. One final word on timing. We have agreed in our declaration, I believe wisely, to set the end of 1975 as the objective for concluding these negotiations. To have set an earlier date would have been unrealistic. But to have set no date at all would have been to risk these negotiations dragging on at the technical level for a very long time. If these negotiations are to succeed, within this agreed timescale, they will certainly need firm political guidance from all parties and at every stage of the negotiation. First and foremost we must all be ready to come to the negotiating table with adequate powers and proposals before too long a period has elapsed. The Community for its part will now be taking up within its internal processes the further definition of its negotiating position. We hope that other negotiating parties for their part will be ready soon to join us at the negotiating table armed with full powers to negotiate as envisaged in the joint declaration which we are working to adopt at this meeting.