

## Statement by Sir Leon Brittan on the Uruguay Round negotiations and the CAP (Washington, 15 January 1991)

**Caption:** On 15 January 1991, in connection with the Uruguay Round negotiations, Leon Brittan, European Commissioner for Competition, considers the difficult negotiations between the United States and the European Community on the issue of the common agricultural policy (CAP).

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## The Uruguay Round: Statement by Sir Leon Brittan (Washington, 15 January 1991)

I am a free trader to my bones - and as such I make no apology for the European Community. We are creating a Single Market which rivals the United States for the liberal trading philosophy which underlies it. In many areas, indeed, such as financial services, the European Community has opened its market more comprehensively than the United States.

We carry this philosophy into our external trade relations. The European Community depends for its livelihood on the maintenance and strengthening of the multilateral world trading system which the United States has done so much to promote over the past 40 years - and which has fuelled the greatest increase in world trade and prosperity in history.

In sector after sector, the European Community is tearing down tariff and non-tariff barriers.

The United States and the European Community have, in general, a community of interest in the Uruguay Round which reopens today. We both want a liberal outcome. We both want a strengthened and more comprehensive world trading system. We both want the Newly Industrialising Countries, in particular, to accept greater GATT discipline, in exchange for more open access to our markets. These are not abstractions. They will mean more business for both Europe and the US, and more jobs for our citizens.

But on some issues we in Europe feel that the United States is failing to live up to its free market rhetoric. We feel, for example, that you could do much more to open up transport services, telecommunications, your textile market, and so on.

In other areas it is the United States which feels aggrieved. And in one of these, agriculture, you chose to mount a tremendous international campaign to force the European Community to abandon its Common Agricultural Policy.

Whatever the wisdom of that tactic - and I always doubted whether it was wise - it is now high time to move away from maximalist demands, and to widen the focus of the negotiation.

As I said, I am a free trader by conviction. I would not have invented Europe's Common Agricultural Policy. Nor would I have invented the very restrictive national agricultural support systems which operated in Europe before the Community came into being. Nor would I have invented the massive agricultural support system in the United States which pumps tens of billions of dollars to farmers every year in income support. These income supports, of course, find their way through into export prices further down the line. Nor would I have invented the Japanese agricultural support system.

But my ability to devise workable and liberal systems of agricultural trade from scratch is hardly relevant. What matters is that imperfect systems exist. And we all have to proceed from the political and economic facts - not from some theoretical utopia. We all wish to achieve Mutual and Balanced Subsidy Reductions. We have all made substantial progress, and entered into further commitments to that end. The European Community has offered, in particular, and amongst many other agricultural concessions:

- to cut its internal subsidies by 30% over a ten-year period;
- to accept a ceiling on the volume of exported agricultural goods.

This last point - which has been a key US demand - involved a European concession, last month, on a principle which has been central to the Common Agricultural Policy since its inception. Tragically, this concession was not acknowledged at the Brussels Ministerial meeting last December - nor has there been any serious attempt, thus far, to build upon it.

I am convinced that the European offer on agriculture represents a basis upon which it should be possible to forge a compromise which will further accelerate the fundamental restructuring of the Common Agricultural Policy which is already under way. That process needs to be encouraged.

A failure of the GATT talks might bring it to an abrupt halt. The political reality is that sustained external pressure and unrealistic expectations on this issue have become counter-productive to the cause they seek to promote. It is time for a more imaginative approach. A failure of the GATT round would not only be a tragedy for both Europe and the United States because we would lose a unique opportunity to strengthen and extend the liberal world trading system, but because it would set back the cause of agricultural reform in Europe to which I am personally committed, and to which the United States attaches such importance.

It must not happen. It will not happen. Time is now dangerously short. The urgency is all the greater because the GATT round is being so eclipsed by other international events. The Uruguay Round remains, nevertheless, a matter of the greatest possible importance. It is time to strike a deal - including agriculture, of course, but covering the rest of the huge Uruguay Round agenda, too.

Europe and America have a community of interest in the best and most liberal outcome we can achieve. For goodness sake let us not talk ourselves into an avoidable crisis from which the whole world would lose.