

CONFERENCE

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AT THE MAYFLOWER HOTEL

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I WOULD LIKE TO SAY AT THE OUTSET THAT THE SUCCESSFUL CONCLUSION OF THE MTN AGREEMENTS IS CONSIDERED BY THE COMMUNITY TO BE A VERY IMPORTANT STEP ON THE WAY TO LIBERALIZING WORLD TRADE. APART FROM IMPORTANT TARIFF CUTS, THE MTN AGREEMENTS HAVE EXTENDED THE GATT TO ENTIRELY NEW FIELDS INCLUDING THE QUESTION OF NON-TARIFF BARRIERS. IN TIMES OF ECONOMIC DIFFICULTIES THE IMPORTANCE OF THE MTN AGREEMENTS CANNOT BE UNDERRATED.

THE E.C. COUNCIL APPROVED THE AGREEMENTS ON NOVEMBER 20TH LAST. CONSEQUENTLY THE COMMUNITY SIGNED THE AGREEMENTS ON DECEMBER 17th. AS DECIDED IN THE COUNCIL, TWO CODES AND THE TARIFF REDUCTIONS HAVE BEEN SIGNED BOTH BY THE COMMUNITY AND THE MEMBER STATES BECAUSE ^{OF} THE FACT THAT THE COMMUNITY HAS NO TRADE COMPETENCE FOR PRODUCTS COVERED BY THE COAL AND STEEL COMMUNITY.

BECAUSE OF MIXED COMPETENCE BETWEEN THE COMMUNITY AND THE MEMBER STATES, THE COUNCIL CONCLUDED THAT MEMBER STATES WOULD SIGN THE CODES ON TECHNICAL BARRIERS AND AIRCRAFT ALONGSIDE THE COMMUNITY. THIS, THEY HAVE ALREADY DONE.

ALTHOUGH SOME OF THE MEMBER STATES SIGNATURES ARE CONDITIONAL ON RATIFICATION, THE COUNCIL HAS MADE IT CLEAR THAT THE NEED FOR CO-SIGNING AND RATIFICATION DOES NOT HINDER THE COMMUNITY IN CONCLUDING THE AGREEMENTS BEFORE JANUARY 1ST 1980

AGRICULTURE SECTOR. FOR A LARGE NUMBER OF PRODUCTS, THE ENTIRE REDUCTIONS WILL BE IMPLEMENTED AS FROM JANUARY 1, 1980. FOR THE REMAINING PRODUCTS, THE TARIFF REDUCTIONS ARE BEING IMPLEMENTED IN EITHER FOUR OR EIGHT ANNUAL INSTALLMENTS ALSO BEGINNING IN 1980.

IT SHOULD ALSO BE REMEMBERED THAT THE EC ALREADY IMPLEMENTED IN 1977 A CONSIDERABLE PART OF ITS OFFER ON TROPICAL PRODUCTS IN THE FORM OF ADDITIONAL TARIFF SUSPENSION WITHIN THE GSP (44 NEW PRODUCTS, INCREASED MARGINS ON 70 OTHER).

NOW, I WOULD LIKE TO SAY A FEW WORDS ON THE DIFFERENT CODES. WITH REGARD TO CUSTOMS VALUATION THE COMMUNITY HAS IMPLEMENTED THIS CODE BY A REGULATION. THE MOST IMPORTANT PROVISIONS OF THIS CODE, ESPECIALLY THOSE OF INTEREST TO THIRD COUNTRIES ENTER INTO EFFECT FROM JULY 1~~st~~ 1980.

REGARDING ANTIDUMPING/SUBSIDIES, THE COMMUNITY HAS TAKEN THE NECESSARY IMPLEMENTING STEPS BY ISSUING TWO REGULATIONS - ONE FOR E.C. GOODS, THE OTHER FOR COAL AND STEEL PRODUCTS. THUS THE CODE HAS BEEN IMPLEMENTED FROM JANUARY 1~~st~~.

THE COMMUNITY HAS MODIFIED ITS RULES ON ANTIDUMPING/SUBSIDIES AND NOW FOLLOWS THE U.S. EXAMPLE TO A LARGE DEGREE. OUR PROCEDURES NOW ARE VERY SIMILAR INDEED. THEY ARE FAIR AND OPEN AND ONCE THERE IS A DISPUTE, IMPORTERS, EXPORTERS AS WELL AS REPRESENTATIVES OF THE EXPORTING COUNTRY MAY INSPECT ALL INFORMATION MADE AVAILABLE TO THE COMMISSION BY ANY PARTY TO AN INVESTIGATION (BUT NOT INTERNAL DOCUMENTS PREPARED BY COMMUNITY OR MEMBER STATES AUTHORITIES).

ALL DECISIONS, BOTH POSITIVE AND NEGATIVE, AS WELL AS A DECISION TO ACCEPT PRICE UNDERTAKINGS HAVE TO BE OUTLINED IN THE SAME DETAIL AS IN THE U.S. AND PUBLISHED IN THE OFFICIAL JOURNAL. ONE IMPORTANT DIFFERENCE REMAINS HOWEVER IN THE E.C. ANY MEASURES TO BE TAKEN, OR THE AMOUNT OF DUTY TO BE COLLECTED IS AT THE POLITICAL DISCRETION OF THE COMMUNITY, WHILE IN THE U.S. ANY MEASURE TO BE TAKEN OR DUTY TO BE COLLECTED IS A MATTER OF LEGAL OBLIGATION.

THE MAIN INNOVATION IN EC RULES IN THE POST-MTN PERIOD IS THE INCLUSION OF DETAILED PROVISIONS FOR ACTION AGAINST SUBSIDIZED AS DISTINCT FROM DUMPED IMPORTS. THESE PROVISIONS INCLUDE AN EXTENSIVE LIST OF EXPORT SUBSIDIES, AS WELL AS LAYING DOWN PRECISELY HOW THE AMOUNT OF SUBSIDY SHOULD BE CALCULATED. THE RULES ALSO ENUMERATE THE DIFFERENT FACTORS WHICH MUST BE DEDUCTED TO ARRIVE AT THE NET SUBSIDY.

OUR RULES ON MATERIAL INJURY HAVE BEEN MODIFIED TO ABANDON THE NOTION OF PRINCIPAL CAUSE AND DO NOT NOW REQUIRE THAT THE EFFECT OF DUMPING OR SUBSIDY BE BALANCED AGAINST OTHER FACTORS. THE LATTER CONCEPT HAS PROVED TO BE UNREALISTIC DURING A RECESSIONARY PERIOD WHEN AN INDUSTRY MAY BE ADVERSELY AFFECTED BY MANY DIFFERENT FACTORS.

WE HAVE ALSO ADOPTED MORE PRECISE RULES CONCERNING THE DEFINITION OF MATERIAL INJURY, PARTICULARLY WITH REGARD TO THE THREAT OF INJURY AND INJURY TO REGIONAL MARKETS WITHIN THE COMMUNITY.

ON STANDARDS THE TWO MAJOR INTERNATIONAL ASPECTS ARE ACCESS TO CERTIFICATION AND INTERNAL ACCEPTANCE OF CHECKS.

THE COUNCIL HAS ADOPTED ONE AND IS WORKING ON THE OTHER. CONCERNING ACCESS TO CERTIFICATION, THIRD COUNTRIES CAN NOW PUT IN REQUESTS TO MEMBER STATES FOR CERTIFICATION WHERE THERE IS NO COMMUNITY-WIDE STANDARD. (THESE CURRENTLY COMPRISE THE MAJORITY OF CASES).

IN THE CASE OF COMMUNITY-WIDE STANDARDS, WE HAVE A TEXT WHICH WE HOPE TO HAVE ADOPTED BY THE COUNCIL IN MAY.

IT IS OBVIOUSLY EASY TO ISSUE NEW INTERNAL REGULATIONS IMPLEMENTING SUCH AN AGREEMENT. THE DIFFICULT PART IS TO SET UP THE IMPLEMENTING MECHANISMS.

THE COMMUNITY WILL HAVE TO SET UP INFORMATION POINTS ON PROPOSED TECHNICAL REGULATIONS AND STANDARDS. WE EXPECT THERE WILL BE ONE AT COMMUNITY LEVEL AND ONE FOR EACH MEMBER STATE. WORK IS ALREADY QUITE ADVANCED IN FRANCE AND WEST GERMANY ON THIS.

THE COMMISSION EXPECTS TO PUBLISH 10-20 TECHNICAL STANDARDS A YEAR AND ABOUT 20 PROPOSED STANDARDS. HOWEVER, AT COMMUNITY LEVEL, THE NUMBER WILL BE IN THE THOUSANDS. ON THE BASIS OF CURRENT EXPERIENCE, 15,000 TO 25,000 STANDARDS ARE PRODUCED GLOBALLY EVERY YEAR AND AT LEAST ONE HUNDRED, IF NOT SEVERAL HUNDRED, REQUIRE EXCHANGE OF INFORMATION AND E.C. COORDINATION.

FOR THE OTHER CODES, SUCH AS GOVERNMENT PROCUREMENT, IMPORT LICENSING AND THE NON-TARIFF ASPECTS OF AIRCRAFT, IMPLEMENTING TEXTS WERE ^{NOT} REQUIRED BY JANUARY 1ST. AS FAR AS GOVERNMENT PROCUREMENT IS CONCERNED, THIS AGREEMENT DOES NOT ENTER INTO EFFECT UNTIL 1981. WITHIN THE COMMUNITY, THE MAIN QUESTION IS WHETHER THERE IS A NEED FOR A NEW E.C. DIRECTIVE TO MODIFY THE EXISTING 1976 DIRECTIVE. IT COULD BE ARGUED THAT THIS IS NOT THE CASE AS THE E.C. DIRECTIVE PROVIDES ONLY FOR MINIMUM STANDARDS. THE MEMBER STATES ARE THEREFORE NOT PREVENTED FROM IMPROVING ON THIS DIRECTIVE TO COMPLY WITH THE GATT IN THEIR IMPLEMENTING TEXTS. AT ANY RATE, MEMBER STATES HAVE SUFFICIENT TIME TO SORT OUT THIS QUESTION.

FOR IMPORT LICENSING, EXISTING COUNCIL REGULATIONS TOGETHER WITH THE RELEVANT REGULATIONS IN THE AGRICULTURAL SECTOR ARE SUFFICIENT AND NO NEW LEGAL INSTRUMENT WILL BE REQUIRED.

WITH REGARD TO AIRCRAFT, PRESENT REGULATIONS ARE ALSO SUFFICIENT WITH THE EXCEPTION OF THE NECESSARY TARIFF MEASURES. THE AGREEMENTS ON TECHNICAL BARRIERS AND SUBSIDIES WILL ALSO APPLY TO TRADE IN CIVIL AIRCRAFT.

ON THE QUESTION OF SAFEGUARDS, THE CONTRACTING PARTIES OF GATT HAVE AGREED TO SET UP A COMMITTEE TO CONTINUE NEGOTIATIONS ON SUPPLEMENTARY RULES AND PROCEDURES REGARDING THE APPLICATION OF ARTICLE 19. THE COMMITTEE WILL SUBMIT A REPORT TO THE CONTRACTING PARTIES BY JUNE 30TH THIS YEAR.

WELL, THIS IS WHAT WE HAVE BEEN DOING. ON THE QUESTION OF IMPLEMENTATION IN OTHER COUNTRIES, THE COMMUNITY IS GENERALLY HAPPY WITH THE SITUATION IN THE U.S. WE ARE, HOWEVER, CONCERNED ABOUT THE RIGIDITY OF PROCEDURES AND WE HAVE SOME QUESTIONS REGARDING INTERPRETATION. IS U.S. TRADE AGREEMENTS ACT OF 1979 IN COMPLIANCE WITH THE GATT? THE ANSWER IS YES, IF THE IMPLEMENTATION IN U.S. LAW IS IN THE SPIRIT OF THE MTN AGREEMENTS.

THIS APPLIES IN PARTICULAR TO SOME FUNDAMENTAL ISSUES RAISED BY THE COMMUNITY DURING THE MTN SUCH AS THE QUESTIONS OF MATERIAL INJURY AND FAIR SUBSIDY.

WE HAVE FOLLOWED IMPLEMENTATION IN THIRD COUNTRIES ONLY TO A LIMITED EXTENT. AS YOU KNOW, CANADA HAS NOT SIGNED THE AGREEMENT ON GOVERNMENT PROCUREMENT AND DAIRY PRODUCTS AND HAS RESERVATIONS ABOUT THE CUSTOMS VALUATION CODE. THE COMMUNITY HAS ACCEPTED THEIR RESERVATION CONCERNING THE PUTTING INTO EFFECT OF THE CUSTOMS VALUATION CODE ONLY IN 1985 AND THEIR WISH FOR NEGOTIATIONS UNDER ARTICLE 28 OF GATT. THE EXTENT THESE NEGOTIATIONS WILL HAVE AN IMPACT ON THE GENERAL EQUILIBRIUM OF MUTUAL OBLIGATIONS, WILL HAVE TO BE WEIGHED AT THE OCCASION OF THESE NEGOTIATIONS.

FOR JAPAN THEIR CONSTITUTIONAL SITUATION HAS DELAYED INTRODUCTION OF THE VARIOUS AGREEMENTS. WE WILL HAVE TO FOLLOW THIS SITUATION CLOSELY WHEN THEY DO INTRODUCE THE TEXTS.

THE IMPLEMENTATION PROCEDURE IN OTHER COUNTRIES HAS NOT BEEN SCRUTINIZED BY US. SUCH AN EXAMINATION SHOULD BE ONE OF THE FIRST TASKS OF THE GATT COMMITTEES.

IN THE LONGER TERM WE NEED TO DEVELOP A CASE LAW TO GIVE MORE SUBSTANCE TO OBLIGATIONS WORDED IN GENERAL TERMS. THIS IS ONLY NORMAL AND WE SHOULD NOT UNDERESTIMATE WHAT WE HAVE ACHIEVED IN EXTENDING THE GATT TO NON-TARIFF AREAS AND TO THE LDC's.

IN CONCLUSION I WOULD LIKE TO TOUCH BRIEFLY ON SOME CURRENT SECTORAL ISSUES OF CONCERN TO THE COMMUNITY AND THE U.S.

AT THE PRESENT TIME, CERTAIN SECTORAL ISSUES ARE LOOMING INCLUDING STEEL, FOOTWEAR AND SYNTHETIC FIBERS. THE COMMUNITY FEELS THAT BOTH THE U.S. AND THE E.C. ARE AWARE OF THE DANGER ARISING FROM A TRADE WAR AT THE START OF THE IMPLEMENTATION OF THE MTN. FOR ITS PART, THE COMMISSION IS BEHAVING VERY RESPONSIBLY AND WITH RESTRAINT ON THE ISSUE OF DUAL PRICING OF SYNTHETIC FIBERS AND IT IS HOPED THAT THE U.S. WILL BEHAVE LIKEWISE IN THE CASE OF FOOTWEAR AND STEEL. THE CONCEPT OF A "HOT LINE" FOR EARLY CONSULTATION PROCEDURES IS ESSENTIAL.

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