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GENERAL AGREEMENT ON TARIFFS AND TRADE

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MINUTES OF MEETING

Held in the Centre William Rappard on 12 July 1983

Corrigendum

On pages 3 and 4, the text of the intervention by the representative of the European Communities should read as follows:

The representative of the European Communities said that his delegation shared the Director-General's approach to the problem. The Council was above all the place where discussions on policies - which by definition exclude detailed examinations - were appropriate for the preservation of the multilateral trading system. He expressed his delegation's appreciation for the factual note prepared by the secretariat (C/W/420), but requested that it not be circulated inappropriately, cautioning against the dangers of misuse of such a document if it were to fall into the hands of people outside the GATT who were not fully aware of the context. In referring to the section of the document related to Article XXII Consultations (pages 8-9), he said that there still existed important divergencies of views as to the legal obligation to notify. As to the information not based on notifications (pages 20-22), he expressed concern that the current exercise on safeguards might be hindered if the document were to acquire a formal character. There existed a "grey-area" outside the General Agreement which was still relatively unknown and which should be explored with care so that the exercise did not lead to a series of accusations on all sides. As concerned the sub-heading Other Matters (page 24), the references to certain dispute settlement cases which did not involve all the members of the Council should not be interpreted to mean that some contracting parties had given up certain principles which they had so far supported, including the principle that it was the signatories of the NTM Codes who were responsible for the settlement of disputes arising under the Codes.

He recalled that the Community had interpreted the undertaking in paragraph 7(i) of the Ministerial Declaration to mean that its best efforts would be deployed to avoid taking or maintaining such measures (SR.38/9, page 4). He felt that the Community had implemented this paragraph according to the commitments undertaken. There had been many instances of the Community successfully resisting requests for protection and safeguards, which was a way of fighting against protectionism.

In this context, he mentioned the Common Agricultural Policy, pointing out that since 1979 the prices of agricultural products had increased in real value much less rapidly than the increase of the cost of production and the rate of inflation in the Community. The Community had thus tried to reverse the trend by reducing trade tensions; and he expressed regret that the Community was still being criticized on the basis of false premises. He cited figures for recent years which indicated the increase in Community imports from industrialized countries, developing countries and State-trading countries.

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As concerned the member States, he mentioned as an example that the United Kingdom trade balance for manufactured goods was negative for the first time since the Industrial Revolution, and said that France had chosen a policy of austerity with all the sacrifices that that entails, rather than a policy, justified though it might be, of import restrictions. In his view, these cases reflected those governments' efforts to resist protectionism. By comparison, Japan was forecasting for 1983 an increase in exports and a decrease in imports; and the United States appeared to have forgotten the commitments undertaken at the 1982 Ministerial meeting and more recently at UNCTAD VI in Belgrade in the light of its regrettable action on specialty steel. This could result in a chain reaction with negative effects on the future of the multilateral trading system. In conclusion, he referred to a statement by the Bank for International Settlements to the effect that the much desired recovery of the world economy could meet a serious obstacle in the form of high interest rates in the United States.