

Trade  
tariff  
barriers

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PRIME MINISTER

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STATEMENT ON GATT

The House seemed to expect more from the GATT Ministerial Meeting than was ever likely. In his statement, Peter Rees made it clear that the purpose of the meeting was not to change the agreement itself, but to reaffirm support for the existing obligations, and to seek agreement on the examination of certain issues. The GATT meeting reached consensus on such a document at 5 o'clock this morning. In particular the meeting called for studies of agricultural trade issues, the problems of trade in services, how to encourage the newly industrialised countries to accept GATT obligations, how to combat trade in counterfeit goods, as well as an improved procedure for the settlement of disputes.

Ken Woolmer, opening for the Opposition, raised five points, which can be summarised as:

- was the CAP in the interests of the consumer, the taxpayer and the industrialist, and what line had the UK taken at the meeting;
- what action had the meeting agreed on trade from the NICs and their excessive tariff barriers;
- what new disputes procedures had been agreed;
- what had the meeting done about the trade policies of countries such as Japan; and
- what steps had the meeting taken to expand demand, and therefore world trade, so as to avoid a slide into protectionism?

Mr. Rees answered these points by referring to the studies that the GATT meeting had agreed on agriculture, the NICs and disputes procedures. On the CAP, he pointed out that other major developed countries (Japan, United States) have comparable or higher levels of protection and support.

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/ The Community



The Community was the largest importer of agricultural products in the world. A study of agricultural trade policies had been agreed, but the Community had entered a reserve on a proposal to link this study with a wider commitment to re-negotiation of the fundamental structure of agricultural trade. On the question of Japanese trade policies, and on such problems as the Spanish tariff barriers on cars, Mr. Rees pointed out that the GATT meeting was not the place for the discussion of bilateral problems. In answer to accusations that the meeting had done nothing to defend manufacturing industry, Mr. Rees pointed out that three out of every five employees in Great Britain worked in the service sector.

Most of the questioning fell into three categories. First, there were those who attacked, directly or indirectly, the CAP. Douglas Jay called on the Government to support American opposition to food subsidies. Enoch Powell said that open trade was incompatible with membership of the EC. Tony Marlow said that a commitment to the open trading system surely implied a commitment to a free trade in agricultural products, and this was repeated by Richard Shepherd and Teddy Taylor. Second, there were those who called for action against imports in sectors such as steel and textiles. Barry Jones described these as "cheating imports". Others drew attention to the recent redundancies in the steel industry. In reply, Mr. Rees pointed out that, long before the meeting in Geneva, the Community had taken robust action on steel, especially over the countervailing duties imposed by the United States, and on voluntary restraint agreements with third countries. Nothing said at the GATT meeting would make the situation worse. Nor would it prevent anti-dumping action being taken where appropriate. Third, there were a number of Members who drew particular attention to the problem of Japanese imports, and some threw in for good measure the problem of tariff barriers on exports of cars to Spain. Julian Ridsdale and Jonathan Aitken led this group. Mr. Rees repeated that GATT was not the place for detailed discussions on bilateral issues.

/ In general,



In general, the Opposition tried to paint the meeting as disappointing; we had failed to protect our national interests.

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29 November 1982





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From the  
Minister for Trade

W Rickett Esq  
Private Secretary to  
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29 November 1982

Dear Willie

I attach a draft statement which the Minister for Trade proposes to make in the Commons this afternoon about the GATT Ministerial Meeting in Geneva\*. The Meeting, which began on 24 November was scheduled to finish on Saturday, 27 November but did not, in fact end until about 5.30 am today (29 November).

The Meeting, at which 88 countries participated, adopted by consensus a document providing for the maintenance of existing GATT obligations and the strengthening of their observance; it calls for responsible behaviour between Contracting Parties and foreshadows an improvement in dispute settlement procedures.

A substantial future work programme was also established, including a study of trade in services, of issues affecting trade prospects, of the appropriate forum for action on counterfeit goods and the whole question of agricultural trade issues.

The UK, and other Community countries, consistently emphasised the need for realistic conclusions and decisions. The Community therefore reserved its position on a commitment accepted by other contracting parties to follow up the Agricultural study by the preparation for the negotiation of further liberalisation of trade in agriculture, considering it unwise to prejudge the results of the study. The Community also made a number of other interpretative declarations to clarify its position.

... I also attach as requested by Michael Scholar, copies of supplementary questions and answers.

I am copying this letter to the Private Secretaries to the Foreign and Commonwealth Office Secretary of State, Secretary of State for Trade, Minister for Agriculture, Fisheries and Food, Lord President of the Council, Chief Whip and Sir Robert Armstrong.

The Minister will circulate a further letter shortly.

David Hayes

David Hayes  
Assistant Private Secretary to  
the Minister for Trade (PETER REES)

\* The statement will also be made in the House of Lords by the Secretary of State.





HOUSE OF COMMONS STATEMENT

WITH PERMISSION I WILL MAKE A STATEMENT ABOUT THE MINISTERIAL MEETING OF THE GATT AT GENEVA WHICH CONCLUDED ITS PROCEEDINGS THIS MORNING AT 5 AM. A COPY OF THE DECLARATION AND DECISIONS OF THE MEETING WILL BE PLACED IN THE LIBRARY AS SOON AS POSSIBLE.

THE MINISTERIAL MEETING WAS THE FIRST FOR NINE YEARS AND WAS ATTENDED BY OVER 80 SIGNATORIES WHICH ACCOUNT FOR OVER 90% OF WORLD TRADE. AFTER 5½ DAYS AND NIGHTS OF NEGOTIATION THE MEETING ADOPTED BY CONSENSUS A DOCUMENT WHICH CONSTITUTES A REALISTIC COMMITMENT BY THE SIGNATORIES TO MAINTAIN THE EXISTING OBLIGATIONS OF THE GATT WHICH HAVE UNDER-PINNED THE OPEN TRADING SYSTEM SINCE THE WAR AND STRENGTHEN THEIR OBSERVANCE IN THE FUTURE.

Ken Woolmer

NEAR FINAL  
VERSION.  
WILL NOT  
BE  
SUBSTANTIALLY  
ALTERED.





THROUGHOUT THE MEETING, THE COUNTRIES OF THE EUROPEAN COMMUNITY CONSISTENTLY EMPHASISED THE NEED FOR CONCLUSIONS AND DECISIONS TO BE EXPRESSED IN REALISTIC TERMS. FOR THIS REASON THE EUROPEAN COMMUNITY ENTERED A RESERVE ON A PROPOSAL TO LINK THE STUDY OF AGRICULTURAL TRADE WITH A WIDE COMMITMENT TO RE-NEGOTIATE THE FUNDAMENTAL STRUCTURE OF THIS TRADE. THE EUROPEAN COMMUNITY, AS DID A NUMBER OF OTHER SIGNATORIES, MADE CERTAIN OTHER INTERPRETATIVE DECLARATIONS.

EVEN WITH THESE RESERVATIONS, THE OUTCOME OF THE NEGOTIATIONS UNDERTAKEN AGAINST THE BACKGROUND OF A WORLD RECESSION MUST BE REGARDED AS AN ENCOURAGING RE-COMMITMENT TO THE MAINTENANCE OF THE OPEN TRADING SYSTEM ON WHICH THE PROSPERITY OF THE UNITED KINGDOM AS A GREAT EXPORTING NATION DEPENDS AND HAS HELPED TO FOCUS THE ATTENTION OF THE WORLD ON THE CONSEQUENCES OF A BREAKDOWN OF THIS SYSTEM. IT WAS, I THINK, RECOGNISED THAT THE UNITED KINGDOM THROUGH THE EUROPEAN COMMUNITY MADE A FULL AND CONSTRUCTIVE CONTRIBUTION TO THIS OUTCOME WITHOUT HOWEVER COMPROMISING ITS RIGHT TO SAFEGUARD ITS ESSENTIAL NATION<sup>AL</sup> INTERESTS.

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IN PARTICULAR THE DOCUMENT PROVIDES FOR:-

- A STUDY COVERING AGRICULTURAL TRADE ISSUES IN THEIR ENTIRETY;
- A STUDY OF THE PROBLEMS OF INTERNATIONAL TRADE IN SERVICES;
- A STUDY TO COVER WAYS AND MEANS OF ACHIEVING THE ACCEPTANCE BY NEWLY INDUSTRIALISED COUNTRIES OF INCREASED ACCEPTANCE BY THEM OF OBLIGATIONS UNDER THE GATT AND OF AN INCREASE OF TRADE WITH THEM;
- AN IMPROVED PROCEDURE FOR THE SETTLEMENT OF DISPUTES;
- AND A STUDY OF HOW BEST TO COMBAT TRADE IN COUNTERFEIT GOODS.

HOW DO THE GOVERNMENT ASSESS THE RESULTS OF THE GATT  
MINISTERIAL MEETING?

The Meeting took place against a sombre economic background. Developing countries are suffering from a deterioration in their terms of trade. The recession has led to a level of unemployment in the developed world which causes universal concern. The open trading system is <sup>in consequence</sup> inevitably under severe strain. But by and large protectionist pressures have been successfully resisted so far. The broad measure of agreement reached at the GATT Ministerial Meeting after an exhaustive process of negotiations demonstrates the continuing commitment of the governments of the free world to continue collectively to uphold their GATT obligations. There is a general recognition that while the open trading system cannot by itself provide the answer to the problems created by the most serious world recession since the war, a general retreat into protectionist beggar-my-neighbour <sup>policies</sup> would make present problems far worse.



THE EC STAND OVER AGRICULTURE HAS CAUSED THE FAILURE OF THE  
CONFERENCE

In his speech in the Plenary session, my Hon and Learned Friend asked specifically that the success or failure of the meeting should not be judged by reference to agriculture alone. To do so would be to dismiss the broad measure of agreement achieved in this and other areas. The Community has said it is willing to participate in a comprehensive GATT study of agricultural trade policies. It is not willing at this stage to prejudge the outcome of this particular study by committing itself to the negotiation of additional commitments in this area above and beyond those undertaken in 1979 at the end of the Tokyo Round of Multilateral Trade Negotiations. These included some opening up of the Community market and a measure of additional discipline in the area of export subsidies. The Community is already by far the largest importer of agricultural products in the world. Other major developed countries (Japan, US) have comparable or higher levels of agricultural protection and support. It remains to be seen whether they will be able to live up to their new undertaking to liberalise access to their markets.



WHY DID THE UK GO ALONG WITH THE COMMUNITY RESERVE ON  
AGRICULTURE AND ABANDON ITS FRIENDS IN THE UNITED STATES  
AND THE COMMONWEALTH?

It is no secret that the UK has reservations about the Common Agricultural Policy. We are seeking reform. To the extent that we succeed in limiting the production of high cost surpluses we shall contribute to the development of an easier relationship with important trading partners like the United States and Australia as well as reducing the drain on the Community budget. Despite this, we agreed with our Community partners that it was unfair and unnecessary to ask for a commitment from the Community to a new round of trade negotiations specifically related to the agricultural sector at this stage. I believe that our position is fully understood by our friends in the United States and the Commonwealth as a result of the bilateral discussions which my Hon and Learned Friend the Minister for Trade had with their representatives in Geneva.



AUSTRALIA HAS DISASSOCIATED ITSELF FROM THE CONCLUSIONS

We ~~fully~~ understand the Australians' concern to be able to exploit more fully their cost advantage in the agricultural sector. Whether this justifies the modest range of GATT obligations Australia has itself undertaken is a matter for the Australian government. The level of protection of their domestic market is, however, unusually high for an industrialised country.

THERE ARE TOO MANY CONCESSIONS TO DEVELOPING COUNTRIES

An eminent authority once said of the GATT "only the learned can communicate with it and then only in code". There may appear to be rather too much ritual language in the <sup>Ministerial</sup> Declaration. But at the same time it does call for "reciprocity and fuller participation of developing countries" in the GATT, ~~to be implemented more effectively~~. This represents a new opening to convince the more advanced developing countries that they need to reduce unfair and unnecessary import barriers. At the same time it is right that we should continue to give special ~~and differential~~ treatment to imports from the poorest and most deserving countries. In this regard the Community, and particularly the UK, has a highly respectable record.



## SERVICES

Work in the GATT on Services is a major new departure and one which is of particular interest <sup>to the UK</sup>. The field is wide but we shall contribute constructively with a view to securing early progress.

## TROPICAL PRODUCTS

This is an issue of particular concern to developing countries. A work programme is to be undertaken which we believe will demonstrate that, where there is scope for further liberalisation it lies largely with other developed countries (Japan, US, Australia).

## TEXTILES

This study relates to the longer term and as such is not unreasonable. It in no way affects the present MFA and the new bilateral agreements being negotiated under it which will run until the end of 1986.

## FRENCH ROLE

It is for the French Trade Minister to answer for his contribution. But the Community as a whole was clear that any analysis of strain on the open trading system should take proper account of the effects of the present recession and that any new commitments should be expressed in realistic terms.





*Trade*

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AFTER 5½ DAYS AND NIGHTS OF NEGOTIATION THE MEETING ADOPTED BY CONSENSUS A DOCUMENT WHICH CONSTITUTES A REALISTIC COMMITMENT BY THE SIGNATORIES TO MAINTAIN THE EXISTING OBLIGATIONS OF THE GATT WHICH HAVE UNDER-PINNED THE OPEN TRADING SYSTEM SINCE THE WAR AND STRENGTHEN THEIR OBSERVANCE IN THE FUTURE. THE DOCUMENT DOES NOT PREVENT CONTRACTING PARTIES ADOPTING SAFEGUARD MEASURES UNDER THE GATT OR MEASURES WITH A SIMILAR EFFECT.





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