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TRADE POLICY REVIEW MECHANISM

Trade Policy Review of the European Communities

Communication from the Discussants

The following communication from the discussants for the trade policy review of the European Communities has been received by the Secretariat. It concerns possible points for discussion at the special meeting of the Council on 15-16 April 1991. The points have been drawn up by the discussants in their personal capacity with a view to facilitating the discussions at the special meeting of the Council. It is understood that this communication limits, in no way, the scope of discussions at the review meeting.

EUROPEAN COMMUNITIES

The purpose of the review is to permit the CONTRACTING PARTIES' joint appreciation and evaluation of the trade policies and practices of the European Communities and their impact on the functioning of the multilateral trading system, account being taken of general economic policies in the EC and the external environment.

The following points may help to promote a more focused exchange on the major issues dealt with in the documentation supplied by the European Communities and the GATT Secretariat.

The discussants of the TPRM reports on the trade policies of the European Communities intend to focus their comments and questions on the following policy areas:

A. THE RELATIONSHIP BETWEEN THE EC INTERNAL MARKET PROGRAMME AND THE MULTILATERAL TRADING SYSTEM in terms of:

- customs and tariff matters
- harmonization of legislation or regulations
- some sectoral policy areas (e.g. agriculture, services, high technology industries)
- economic and monetary integration and the agrimonetary system

B. THE BASIC DIRECTIONS OF THE OVERALL TRADE POLICY APPROACH OF THE EC in terms of:

- the relationship between regional, bilateral and multilateral trade liberalization process
- experience with preferential trade arrangements with developing countries
- the management of trade and environment policy issues
- the coherence of Community and member States adjustment policies
- trade policy objectives in the agriculture sector and the directions of the CAP reform process

C. THE EC DECISION-MAKING in terms of:

- dealing with special sectoral interests or trade restrictive actions at the member States level (i.e. the Article 115 process under the Treaty of Rome)
- handling of specific GATT dispute settlement cases.

D. SPECIFIC SECTORAL OR TRADE POLICY MEASURES

(i) Bilateral restraint arrangements

Apart from MFA IV bilateral arrangements, it is said that some 50 bilateral restraint arrangements are known to be currently in place, involving the EC, individual member States or their industries. This network of bilateral restraint arrangements has reduced transparency in the multilateral trading system and introduced strong elements of discrimination. Could the EC provide a summary of the contents and the nature of these bilateral restraint arrangements? Are there any plans to phase them out?

(ii) National QRs

Where the external restrictions are covered by EC law, individual member States may resort, upon approval by the Commission, to national interventions in intra-EC trade under Article 115 of the EEC Treaty. Currently, individual EC member States are said to have imposed over 1,000 QRs. Would this practice continue after EC-1992? Concern has been expressed that the elimination of intra-border controls may lead to the transformation of existing, or residual, national QRs into EC-wide quotas or other protective measures. How would the EC address this concern?

(iii) Safeguard Actions under Article XIX

The GATT Secretariat report has commented that in contrast to its use of selective arrangements, the EC has rarely resorted to safeguard actions under Article XIX of the GATT. Is this due to special institutional reasons inherent in the EC? Moreover, after the elimination of intra-EC border controls after 1992, how would the EC intend to invoke safeguard actions under Article XIX i.e. in the context of material injury and imposition of EC restrictions?

(iv) Anti-Dumping Measures

According to the GATT Secretariat report, the EC ranks among the most intense users of anti-dumping measures worldwide. Out of 378 initiation cases, 279 measures were implemented, mostly in the form of price undertakings. Are those anti-dumping measures imposed on the individual exporting companies concerned or generally on countries where the exporters are located, i.e. including new exporters not investigated? Concern has been expressed that frequent resort to anti-dumping procedures would generate uncertainty in trade and induce preference among third country trading partners to restrain voluntarily their exports to the EC.

(v) Bilateral Trade Agreements

The EC has in place a number of association and cooperation agreements with third countries. Currently, the EC is negotiating a

European Economic Area arrangement with the EFTA countries. Negotiations on association agreements with some central and eastern European countries are under way. It has been observed in the GATT Secretariat report that "the long-term trend in the Communities' external trade relations has been towards diversifying conditions of access to its markets". Would the EC like to comment on this observation, and how would the EC see this growing trend of bilateral trade and association agreements contributing to the strengthening of the multilateral trading system?

(vi) Reciprocity

In the services area, two notable features seem to emerge in the EC internal market programme, i.e. the emphasis on reciprocal treatment in the banking sector, and the creation of an EC cabotage market in the air transport sector. How would the EC see these contributing to the expansion of world trade in those services sectors?