

MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND

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COMMISSION OF THE EUROPEAN COMMUNITIES

Statement by Mr. Willy de Clercq,  
Member of the Commission Responsible for External  
Relations and Commercial Policy

I should like first of all to associate myself fully with the words of thanks which the President-in-Office of the Council of the European Communities, Mrs. Papandreou, addressed to the Canadian authorities for their hospitality at this important meeting. Like Mrs. Papandreou, I also wish to thank you, Mr. Chairman, as well as your predecessor, Mr. Iglesias, and the Director-General, Mr. Dunkel. We know that the heavy responsibilities incumbent upon you are in good hands.

The European Community is deeply involved in carrying out an ambitious undertaking aimed at achieving a genuinely integrated market. In its view this undertaking represents not only the restructuring and revitalisation of its entire economy but also a contribution to the strengthening of the world economy. A more united, more dynamic, more open Community will be more than ever able to play the part for which its geography and history naturally destine it: that of a European partner.

It is in this spirit, Mr. Chairman, that the European Community has come to Montreal, resolved to contribute all it can to the success of this Mid-Term Review. Success at Montreal is essential for the second half of the Uruguay Round to proceed smoothly; and success of the Uruguay Round is vital for the future of the multilateral trading system.

Public opinion may not be fully aware of the fact, but this Montreal Meeting is crucial. What we are trying to do is fight against ideas which rhyme with protectionism, such as unilateralism and bilateralism. These words represent not just theoretical ideas but real dangers which threaten to paralyse trade and development and lower our standards of living. The only bulwark against these dangers is a strengthening of the multilateral trading system, that is to say, the path of co-operation leading to economic growth for the largest number of countries and peoples.

We have built this multilateral system pragmatically, step by step, by successive and often difficult compromises between diverging interests, moving forwards together towards a global framework. This method has stood the test. GATT's very survival, despite recessions and protectionist trends, and the uninterrupted growth of world trade, show better than any

amount of words the tremendous benefits which this system has brought for the whole world, and for all its countries, industrialized or developing. Trade has expanded steadily even in the most sensitive sectors, agriculture and textiles.

The GATT must now bring to the sectors which are already the powerhouse of tomorrow's economy the benefits of this dynamism and growth which it provided for trade in goods. That is what we decided upon together at Punta del Este: to integrate services, investment, intellectual property and so forth in a new, broadened multilateral framework adapted to the new circumstances. It is also essential to reinforce the functioning of the GATT and promote greater coherence among policy decisions in trade, money and finance.

We therefore launched, at Punta del Este, the most ambitious negotiations in the entire history of international trade. This is a vast and delicate task: vast, because the new areas raise extremely complex problems; and delicate, because the interests at stake are not the same for everyone. Wisdom guided us at Punta del Este, by establishing respect for globality as the condition sine qua non for the success of the negotiations. And when we agreed to hold the Mid-Term Review that same wisdom prompted us not to rush ahead, to advance cautiously but with determination, so that in two years' time we should reach our goal, all of us together, industrialized countries and developing countries, and so that each and every one of us should profit thereby.

I hope that this wisdom will also guide us during the three days ahead of us. Let us resist the temptation to look for textbook formulae which do not fit the political and economical realities of this world. This would be counterproductive - worse, it would spell disaster for the whole of our enterprise. Let us drop confrontational attitudes on the new issues. We must modernise the GATT if it is not to become a powerless anachronism.

But we can only do so successfully if we take into account the legitimate concerns and interests of all Contracting Parties. In short, let us proceed with the political realism and pragmatism which has allowed the GATT to weather the storms of recession and protectionism up to now.

On that basis we should be able to achieve at least the following four aims and thus make the Mid-Term Review a success:

- First, we should reach agreement on concrete major results in the field of tropical products, the only issue for which we all agreed priority treatment. In line with our common commitment, and recognising the importance and the sensitivity of this sector for developing countries, the Community has made a substantial contribution. We are particularly pleased with the progress achieved early this morning. There is a deal. But we regret that contrary to the Punta del Este understanding on priority treatment, some have established a link between this issue and agriculture. We call upon them to abandon that linkage.

Apart from the package which emerged during the night, the European Community will implement a special supplementary action for the least advanced among the developing countries. We propose that all industrialised countries and the more advanced developing countries do the same.

As far as textiles are concerned - the other sector to which developing countries attach great importance - we should agree to engage immediately after Montreal in the substantive process of negotiations; in order to optimise the chances of success we should do so without prejudice and preconditions on the basis of the Punta del Este Declaration.

- Second, we should agree, on a provisional basis, to new procedures and decisions for dispute settlement and for the functioning of the GATT system. Successes in these areas will be positive signals that we firmly intend to strengthen the GATT. At the same time, they will allow us to concentrate on other issues during the second half of the Uruguay Round.

- Third, it is absolutely essential that a solid framework for further negotiations on services and intellectual property is agreed here in Montreal. These are areas where new disciplines and procedures are vital if world trade is to continue to expand. On services, we must agree on clear political guidelines for what should constitute the main elements of the substantive negotiations. In the area of intellectual property, the most difficult sector of all, we must find a formula which grants legitimate and effective protection of intellectual property rights without creating new unjustified impediments to trade.

- Finally, we need to deal sensibly with agriculture. The European Community is fully committed to the Punta del Este contract which was drafted with great care after extremely difficult negotiations. We should now all respect it. We have within our reach an agreement on a freeze, a short term concrete reduction of farm support and a commitment to negotiate towards a further lowering of the level of support in the longer term. Let us not under-estimate the importance of such an achievement: it would be without precedent in the history of the GATT. Those who refuse to seize this opportunity for the sake of unrealistic expectations for some hazy far-away future, will bear a heavy responsibility indeed.

The process leading to our meeting today has been arduous. An intense programme of work has been undertaken since Punta del Este. Our officials have done an excellent job. It is now up to us, politicians, to act in accordance with the objectives set for the Mid-Term Review, i.e. take stock of the progress which has been achieved, but more importantly: consolidate and - where possible - implement progress and give the necessary political impulses for the remainder of the Uruguay Round. During this week we must begin to prepare the final result of these negotiations. For its part, the Community intends to assume its responsibilities; and while renewing our thanks to the Canadian authorities for their hospitality, we look forward to seeing you all in Brussels for the conclusion of the Uruguay Round in 1990.