

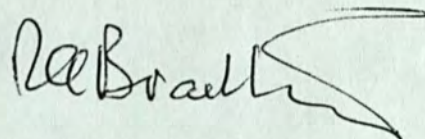
Sir Robert Armstrong

NEW GATT ROUND: AGRICULTURE

I attach a text of the Foreign Affairs Council Declaration of 19 March. This represents a very hard-fought compromise, especially on agriculture, for which see paragraph 4. The French nearly walked out during the discussion of this paragraph. They were particularly insistent on the last sentence and the reference to "mechanisms both internal and external". The Americans (and the MAFF) saw that as an indication that the Community would refuse to negotiate in the GATT on agricultural export subsidies. We have argued (with some show of success) that the meaning is not so stark.

Ideally, there should be no reference to agriculture in the Economic Declaration. If Attali attempts to secure a mention, it should certainly not go beyond the Council text. Even that is likely to be quite unacceptable to the Americans, and we should be guided by them, insofar as we are not too obviously open to accusation of breaking Community ranks.

3 May 1985



(R Q Braithwaite)

cc: Mr Powell —  
Mr Appleyard

Prime Minister  
This is the  
EC statement on a  
new GATT round  
agreed in March.  
It may be useful  
when you come to texts  
C.D.P.





**FOREIGN AFFAIRS COUNCIL (TRADE MINISTERS MEETING): 19 MARCH:  
DECLARATION ON PROPOSED NEW GATT ROUND**

Suggestions for a new round of multilateral trade negotiations have been the subject of careful international consideration for the past two years. They received particular attention at the meeting of the OECD Ministers in May 1984, at the London Economic Summit in June 1984 and at the meeting of the contracting parties of the GATT in November 1984. Such multilateral negotiations have been a regular feature of the GATT since its inception.

2 The Council recalls that a new Round, while of the utmost importance to a strengthening of the open multilateral trading system and to the expansion of international trade, will not of itself be sufficient to such purposes. Thus the Community, in the perspective of a new Round, and while working to achieve the broad consensus requisite for its launching, will urge that the following separate but related desiderata receive serious parallel consideration. Thus:

a in order to ensure credibility, reaffirmation will be necessary of the international commitments variously accepted at the Williamsburg and London Economic Summits, and at the last meeting of OECD Ministers in Paris and of the GATT contracting parties in Geneva:

- effectively to halt protectionism and resist continuing protectionist pressures (standstill);
- to relax and dismantle progressively trade restrictions as economic recovery proceeds (roll-back);
- to pursue the 1982 GATT Work Programme as complemented by the decisions of the contracting parties in November 1984.

b solutions to imbalances whose origin lies in the monetary and financial areas cannot be found in trade negotiations. Determined concerted action is required to improve the functioning of the international monetary system and the flow of financial and other resources to developing countries. Results in the monetary and financial areas should be sought in parallel with results in the trade field.

3 Despite previous trade rounds, Japan's growth of imports of manufactured goods has nowhere matched her export growth. Like concessions to Japan have not produced like results, and in consequence, an imbalance of benefits currently exists between Japan and her principal partners. It is therefore a pressing political necessity for Japan to bring her import propensity into line with that of other partners, by means of domestic structural and other adjustments as well as by measures at the frontier.

4 As regards negotiations on agriculture in the new Round, the Community is ready to work towards improvements within the existing framework of the rules and disciplines in GATT covering all aspects of trade in agricultural products, both as to imports and as to exports,





taking full account of the specific characteristics and problems in agriculture. The Council is determined that the fundamental objectives and mechanisms both internal and external of the CAP shall not be placed in question.

5 On possible new topics for negotiation, the Council considers that trade in services seems suitable for inclusion. Problems of counterfeit goods and the defence of intellectual property also deserve consideration. Other possible new items should be examined on their merits.

6 The Council affirms the need for reciprocity and a better balance of rights and obligations as between all contracting parties. The Council considers that too selective an approach to individual negotiating points should be avoided. A balanced package of topics for negotiations should be agreed in which all participants will find advantages for themselves. In principle, items should be negotiated and the results implemented in parallel and not in succession.

7 Against this background, and in the light of the desiderata and other relevant considerations mentioned above, the Council considers that a new Round would help to promote world economic recovery and growth and would reinforce the multilateral structures and disciplines of the GATT. Subject to the establishment of an adequate prior international consensus on objectives, participation and timing, the Community declares its readiness to participate in the launching of such a new Round. The Community will accordingly now enlist the support of its trading partners, particularly among the developing countries, to this end. The Community further proposes that the new Round should be inaugurated in Brussels. The Community recognises that a precise date for the formal launching of a new Round cannot be fixed now. A step-by-step approach will best permit solid progress to be made. To initiate the progress the Community renews its proposal of last May for an ad hoc GATT meeting, in the coming months, preferably at the level of senior officials from capitals, to intensify consultations about a new Round and with the objective that a broad consensus on subject matter and participation should be secured at the earliest possible date.



*P. Kelly*

Sir Robert Armstrong

PROCEDURE FOR INSTITUTING NEW GATT ROUND

1. Mr Williams (DTI) confirms that there is no formal procedure. But there are opportunities for getting the new round launched quickly. These are:-

(a) a meeting of the "Group of 18" (consisting of some OECD countries, including ourselves, and representatives of the developing countries) which takes place in Geneva on 13-14 May;

(b) the meeting of senior officials of the GATT countries, which was proposed at the last OECD Ministerial meeting and by the European Community, and could take place just before or after the summer holiday;

(c) the monthly meeting of the GATT Council in Geneva (ie permanent representatives);

(d) the regular annual meeting of the Contracting Parties of the GATT in Geneva in November.

2. Thus the G18 of the GATT could decide as early as May that the high level official ad hoc meeting should take place in the summer. That meeting would work out details of the agenda of a new round, and make an appropriate proposal either to the GATT Council (c) above or to the Contracting Parties ((d) above). If this optimistic scenario held, the new round could be launched early next year as the Americans want.

*R Q Braithwaite*

3 May 1985

R Q Braithwaite

copied to: Mr Powell ✓  
Mr Appleyard  
Mr Wynn Own

RESTRICTED



NEW ROUND

Open markets and expanded world trade are essential for sustained economic growth in both the industrialised and the developing countries. Concerted action is urgently required to enlarge trade opportunities, to resist protectionist pressures, and to improve the international trading environment.

We therefore reaffirm our past undertakings to resist protectionism and to dismantle trade barriers. We confirm our commitment to the open multilateral trading system and to the central role in that system of the structures and disciplines of the GATT. We are resolved to strengthen the system, and to reinvigorate and update the GATT, by promoting a further measure of liberalisation in international trade in goods and services.

As anticipated at the London Summit, and as agreed at the OECD ministerial meeting in April this year, a new negotiating round, with the active participation of a significant number of developed and developing countries, would make a crucial contribution to the objective of further liberalisation and should begin as soon as possible.

The current GATT work programme, as adopted by the Contracting Parties in 1982, and as modified and extended in 1984, has already laid the basis for such an initiative, for example in regard to tariffs, non-tariff measures, safeguards, dispute settlement procedures, agriculture, textiles and clothing, tropical products, natural resource products, trade in services and the problem of counterfeit goods. The work programme also acknowledges the need to further a dynamic role for developing countries and to improve the special treatment of the least developed. Appropriate new themes and subject matters for negotiation can be added, by mutual consent, to make the programme fully comprehensive. What is now needed however is a major new impetus to the programme as a whole, which will carry it forward from the phase of analysis and discussion to the point at which solutions can be negotiated and implemented



We accordingly propose that formal preparations should urgently now be initiated for the launching of a comprehensive new round, taking as the point of departure the GATT work programme. A high-level meeting should be convened in Geneva this summer with the objective of rapidly reaching a broad consensus on subject matter and participation. A preparatory committee should thereafter be established, in which all GATT countries would be invited to participate, and in particular those developed and developing countries which conduct a substantial proportion of their external trade with each other, to prepare recommendations for submission to the Contracting Parties

We look for a consensus for the launching of the new round to be confirmed by the Contracting Parties at the earliest possible date. We propose that a GATT ministerial meeting should be held in the spring of 1986 to take the necessary decisions.