

# GENERAL AGREEMENT ON

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## TARIFFS AND TRADE

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CONTRACTING PARTIES  
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### EUROPEAN COMMUNITIES

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As 1989 comes to its close and 1990 approaches, the European Community faces the future in an upbeat mood and with a certain self-confidence. Some of the previous speakers have been kind enough to refer to the invitation that we have given you to come to Brussels this time next year; we certainly look forward to seeing you and putting on a good show which I hope will be a success for the GATT.

I want to make four essential points. The first is that our sense of confidence is based on both developments in the world economy as well as developments in Europe. Some others have remarked that the growth of world trade has been buoyant this year and is expected to be buoyant next year, and that is good. We have seen some progress in tackling some of the most difficult current account and budget deficits and we hope that that will continue. I recall the words of President Kennedy, also referring to a GATT operation, when he said that a rising tide lifts all boats; that is really where we feel we are now. I think we have a very good macro-economic background for the work ahead of us next year. Within the Community we have had a good rate of growth in 1989, around 3.5 per cent. We expect to have a slightly less rapid growth next year. We also have a very good rate of investment, which I think translates from the confidence that we have in ourselves and indeed the confidence that others have in us. We see some promising signs in terms of tackling our inflation problems and also our problems of unemployment which has been far too high for far too long. So my first point is that the general economy seems to be in a good shape to help us through the next twelve months which will be difficult.

Part of the reason, I think, for this good feeling, is that the 1992 exercise has made very good progress. We have already had more new employment -- and the obvious impact that I have mentioned as regards investment -- than we had expected, and that is a very good start. I want to take the opportunity to say once again that this program is not in any way protectionist or about putting up barriers; quite the contrary, it is a program which we describe as introducing four freedoms: the freedom of circulation of goods and services and the freedom of movement of capital and of people. And you can hardly have a program which is about freedoms and at the same time raise your barriers to the outside; it simply would not work. In the course of this program there are important elements which link closely to the Uruguay Round and which are of interest for the General Agreement, and I cite developments in the fields of standards and mutual recognition of tests and certification which we believe will be of help to

all contracting parties. To the extent that we either harmonize or organize standards-making on a more uniform basis, everyone will benefit, not only our own nations but all of you as well. We are also making important progress in the field of government procurement which we hope will assist in the further negotiation of the Government Procurement Code into the new areas which are not yet covered, and lastly, in the area of services, including the expanding area of financial services which are of great importance, I think, to you and to our own nations.

This brings me to my third point. We have had a remarkable year in Europe -- and I mean the larger Europe -- in 1989. I have just spoken of the exciting developments within the Community, but you are all aware that we have also made progress in our relations with our EFTA partners and also with the countries of Eastern Europe. With our EFTA partners we are about to engage in further discussions with the idea of confirming the very close links that we have and making it possible to have what we call a "European Economic Space" which will cover all the members of the Community and the EFTA countries. That is an exciting prospect and one of major importance for us. With the East European countries we have been able in 1989, at last, to negotiate trade and cooperation agreements which will open up the import régimes we apply to these countries. And the Commission has been given important new responsibilities at the last Summit meeting to coordinate the programs of developed countries in support of economic reforms, especially in Poland and Hungary.

These are major changes; but I mention them in order to be able to assure contracting parties that the Community has not changed its priorities. We do not intend to be distracted from our rôle in GATT and our support for the multilateral trading system, and we intend also to respect the obligations and preserve the close links that we have with the developing world. The witness to that is that we are just about to conclude our negotiations for a fourth Lomé Convention which will strengthen and reinforce those links. We remain attached to the objectives of the Uruguay Round, to maintain, strengthen and reinforce the multilateral trading system. We would echo what others have said about the importance of a better dispute settlement system, and the importance of new initiatives such as the Trade Policy Review Mechanism which is to begin very shortly; and we are very happy to see that the attractions of the GATT are still as seductive as they always were -- even to those who sail on more violent waters than the Lake of Geneva, it seems, the attractions of the GATT are self-evident.

That brings me to my fourth point following our statement of support for the multilateral system. It is clear that we remain convinced that the tendencies for bilateral approaches and for unilateral actions are a danger to the system. The fact that legislation exists which provides for those approaches is a temptation which can become difficult to resist. The fact that there is some discretion not to exercise the powers given by that legislation is not for us enough. The fact that some of the pressures for the legislation come from difficulties in areas which are outside the GATT, such as services at present and intellectual property, is not for us a sufficient reason for that legislation to be continued. I therefore want to echo the remarks which Vice-President Andriessen has already made in

recent meetings, that we certainly look for some changes in combination with the results of the Uruguay Round. And I would echo what the representative of Canada said, at the end of his remarks, that those who have benefited most from the GATT and the multilateral system must show that they remain committed to it. That is certainly our view.