

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES  
Thirty-Eighth Session  
Ministerial Meeting  
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## STATEMENT BY MR. WILHELM HAFERKAMP, VICE-PRESIDENT OF THE EC COMMISSION

We meet at a time

when the world trading system is threatened  
by the most serious dangers since the Second World War.

We see the dangers stemming from a number of factors:

- the deep and prolonged crisis in the world economy,  
which is markedly lowering production and trade;
- the climate of uncertainty  
which exists in the international markets;
- the current lack of convergence in national economic policies;
- the particular situation of certain Contracting Parties,  
which are not in fact ensuring that their markets are open  
to international competition;
- divergencies in the balance between rights and obligations in GATT;
- the deterioration in trading between the developing countries  
and the industrialised countries  
which has resulted from a combination of factors such as
  - the collapse in commodity prices,
  - the decline in external demand,
  - the acute problems of debt servicing.

These dangers in the system have led

- to an increase in protectionist pressures
- and to very severe strains on the functioning of the GATT trading system.

Nevertheless, we must acknowledge

that the multilateral trading system has, by and large,  
up to now weathered the storm.

Since our last meeting at Ministerial level in 1973

- international trade has grown twice as much as world production;
- customs duties are now lower than they were 10 years ago;
- the Tokyo Round was successfully completed  
and its main results are being gradually introduced.

Even in 1981

trade in agricultural and industrial products increased faster  
than world production

and the stagnation overall was entirely due to a sharp fall in trade  
in oil products.

The slower growth in trade is not therefore essentially due  
to tensions within the trade system.

It is a reflection

of the more general difficulties of a macro-economic and monetary  
nature in the present crisis.

As far as the GATT is concerned it has served us well.

We sometimes tend to take for granted the advantages

which the GATT system has offered the world economy during the last 30 years.

How could the economies of some newly industrialised countries have grown as they did

without market access throughout the world!

How could Western Europe ever have reached the present state of prosperity if our countries had not torn down barriers to trade!

Or what would have been the consequences for the Japanese economy without GATT?

GATT and its liberal trading system have proved their merits.

Let us build upon this experience and go further.

The European Community is prepared

to take its responsibilities

in preserving and strengthening the essentially open trading system.

We are aware of the burden that falls upon us

as the biggest trading unit in the world,

the biggest importer of manufactures and of agricultural products.

And we take it seriously.

We are taking in over 1/4 of total exports from Third World countries.

Over 40 % of our imports are coming from there;

about the same percentage of our own exports is going there.

This makes the Third World our most important trading partner.

To be more specific:

Per capita, we import

- twice as much in terms of manufactured products as the USA,
- almost four times as much as Japan.

This is not only true for manufactures in general,  
but also for sensitive products like textiles.

The Community

is the biggest textile importer in the world,

fully 70 % of these imports come from low-cost countries.

This is a much higher rate than exists in other importing countries.

There are limits for the Community in a world of restrictions.

Industries,

like shoes or textiles,

cannot remain to be exposed to competition

from countries protecting their industries by unsurmountable  
tariff walls and import licences.

The GATT Preamble expressly provides

that our trade should be based on reciprocal and mutually advantageous  
arrangements.

We must therefore expect all parties,

- big or small,
- industrialised or newly industrialised,
- market or state-trading countries,

to take their fair share of responsibility for an open trading system.

In this spirit,

the Community is willing to join in the work of this Conference.

For the Conference to be successful

two things have to be clear:

- first,

commitments against protectionism have to be realistic;

- second,

on agriculture,

while the Community is ready to undertake a substantial  
work programme,

it is not prepared to take on new commitments  
and obligations

or to start new negotiations so soon after the  
completion of the Tokyo round.

In conclusion,

our message to the world from this meeting should be threefold:

First,

the multilateral trading system is the best we can hope  
to have in an imperfect world,

but it cannot survive the present strains  
without each of us taking his responsibility;

second,

a generalised recourse to protectionism

will leave each of us worse off;

third,

we shall, therefore, pledge

to withstand protectionist pressures  
in our respective countries.