

COMMISSIONER RICHARD'S ADDRESS TO THE CARL  
DUISBURG SOCIETY ON TUESDAY 21 SEPTEMBER 1982

NEW YORK, ON EEC/US RELATION

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MR. CHAIRMAN,

I AM VERY PLEASED TO BE WITH YOU TODAY EVEN THOUGH  
THE TITLE OF MY ADDRESS HAS A RATHER WORRYING  
SOUND TO IT. TO TALK ABOUT U.S. - EUROPEAN  
TRADE RELATIONS AND TO POSE THE QUESTION WHETHER  
WE ARE NOW COMPETITORS OR PARTNERS IS TO GIVE  
AN INDICATION THAT THINGS ARE NOT AS THEY SHOULD  
BE IN OUR RELATIONSHIP. THE SIMPLE ANSWER  
TO THE QUESTION POSED ABOUT BEING COMPETITORS  
OR PARTNERS IS THAT WE ARE BOTH. BUT UNDERLYING  
THAT QUESTION I SUSPECT IS THE FEELING THAT  
WE MIGHT ALSO BE DESCRIBED AS OPPONENTS, AND  
IN SOME AREAS ON BOTH SIDES OF THE ATLANTIC,  
EVEN AS ENEMIES. IN EUROPE, ANTI-AMERICANISM  
PARTICULARLY AMONGST THE YOUNG, IS GROWING  
AND I SUSPECT THAT HOSTILITY TOWARDS EUROPE  
/IN THE U.S.

EMBARGO : 20.00 HRS 21 SEPTEMBER 1982  
IN THE U.S. IS NOT ENTIRELY ABSENT. TO THOSE  
OF US WHO REMAIN COMMITTED SUPPORTERS OF THE  
WESTERN ALLIANCE IT IS IMPORTANT THAT WE DO  
ALL IN OUR POWER TO DEFEAT THESE TYPE OF SENTIMENTS  
BECAUSE IN THE END THIS TYPE OF CONFLICT BETWEEN  
US ONLY SERVES THE INTERESTS OF OUR REAL ENEMIES.  
IT IS THEREFORE IMPORTANT, I THINK, FOR US  
TO LOOK AT THE STRAINS AND TENSIONS BETWEEN  
US IN AN OPEN AND HONEST WAY AND TRY TO SEEK  
CONSTRUCTIVE SOLUTIONS. IT IS, OF COURSE,  
NOT ONLY MATTERS OF ECONOMICS AND TRADE THAT  
ARE PRESENTING US WITH DIFFICULTIES, BUT THERE  
ALSO EXIST SIGNIFICANT DIFFERENCIES OF VIEW  
OVER A RANGE OF INTERNATIONAL POLITICAL MATTERS.

WE ARE, IN MY VIEW, FACING A MAJOR CRISIS  
OF CONFIDENCE AND THIS STEMS FROM THE WAY WE  
HAVE BEGUN IN RECENT YEARS TO PERCEIVE ONE  
ANOTHER. IF I MIGHT SOMEWHAT CRUDELY SUMMARISE  
IT; THE PRESENT UNITED STATES ADMINISTRATION

/SEEM TO BELIEVE ...

SEEM TO BELIEVE THAT WESTERN EUROPE HAS GONE  
SOFT ON THE SOVIET UNION AND IS AN UNRELIABLE  
ALLY IN MEETING THE THREAT OF INTERNATIONAL  
COMMUNISM. THIS IS BALANCED, IF THAT IS THE  
RIGHT PHRASE, BY THE VIEW OF MANY EUROPEAN  
LEADERS THAT THE UNITED STATES GOVERNMENT TENDS  
TO MAKE HIGHLY SIMPLISTIC JUDGEMENTS, IS EAGER  
FOR CONFRONTATION AND EXPECTS ITS ALLIES TO  
MAKE UNNECESSARY SACRIFICES. I THINK THAT  
ALL THESE ELEMENTS ARE TO BE FOUND IN THE DISPUTE  
OVER HOW TO HANDLE THE SITUATION IN POLAND.

THE DEMANDS BY THE UNITED STATES THAT EUROPEAN  
COUNTRIES SHOULD CANCEL THE SIBERIAN NATURAL  
GAS DEAL WAS SEEN NOT AS A CONSTRUCTIVE PROPOSAL  
TO BRING EFFECTIVE PRESSURE ON THE SOVIET UNION  
BUT RATHER AS AN ACTION THAT WOULD ONLY DAMAGE  
WESTERN EUROPEAN INTERESTS: EUROPEAN COMMENTATORS  
WERE QUICK TO POINT OUT THAT WHILST THE ADMINISTRATION  
WERE READY TO DEMAND OF EUROPE A MAJOR  
ACTION OF THIS KIND THERE WAS NO SUGGESTION

/ THAT THEY WOULD ...

4  
THAT THEY WOULD TAKE COMPARABLE ACTION SUCH AS  
TERMINATING GRAIN SALES TO THE SOVIET UNION.  
IN SOME WAYS THIS DISPUTE OVER THE GAS PIPELINE  
IS AN EXCELLENT EXAMPLE OF HOW THE UNITED STATES  
AND EUROPEAN PARTIES FAIL TO UNDERSTAND THE  
OTHER'S POINT OF VIEW. TO MANY EUROPEANS IT  
IS A PERFECTLY RESPECTABLE ARGUMENT TO SAY  
THAT SUCKING THE SOVIET UNION INTO INCREASING  
INTERDEPENDENT ECONOMIC RELATIONS WITH THE  
WEST DOES NOT MAKE THE WEST MORE DEPENDENT ON THE  
SOVIET UNION BUT RATHER THE REVERSE. IN THE  
CASE OF THE GAS PIPELINE THEY WOULD ARGUE  
IT IS NOT A QUESTION OF WESTERN EUROPE BECOMING  
DEPENDENT ON SOVIET NATURAL GAS, WHICH IN ANY  
EVENT WILL ONLY COMPRISE A RELATIVELY MINOR  
PERCENTAGE OF EUROPEAN ENERGY NEEDS, BUT RATHER  
THE SOVIET UNION COMING TO DEPEND MORE AND  
MORE ON THE FOREIGN CURRENCY THAT THE SALES  
OF THIS GAS TO WESTERN EUROPE PRODUCES. INDEED

/SOME EUROPEAN COMMENTATORS

SOME EUROPEAN COMMENTATORS HAVE USED THIS ARGUMENT IN TERMS OF JUSTIFYING CONTINUED SALES OF U.S. GRAIN TO THE SOVIET UNION. THEY ARGUE THAT THE MORE ONE CAN INSTITUTIONALISE RUSSIA'S INABILITY TO FEED ITSELF AND THUS INCREASE ITS DEPENDENCE ON WESTERN SUPPLIES IS TO REDUCE THE SOVIET'S ABILITY TO ACT AGAINST WESTERN INTERESTS.

THE WAY THE U.S. ADMINISTRATION HAS REACTED TO EUROPE'S REFUSAL TO TO CANCEL THE OIL PIPELINE DEAL HAS SIGNIFICANTLY WORSENERED THE SITUATION.

~~THE INSTRUCTION BY THE U.S. ADMINISTRATION~~  
TO U.S. SUBSIDIARIES BASED IN EUROPE AND TO CERTAIN LICENCEES OF U.S. TECHNOLOGICAL PRODUCTS NOT TO MEET THE LEGALLY ENFORCEABLE COMMITMENTS TO THE SOVIET UNION HAS PRODUCED A VIOLENT BUT QUITE PREDICTABLE REACTION. WITH RARE UNANIMITY EUROPEAN GOVERNMENTS HAVE REJECTED

/WHAT THEY REGARD ...

WHAT THEY REGARD AS A CRUDE UNITED STATES ATTEMPT TO INTERFERE IN THEIR AFFAIRS. NEVERTHELESS IT SEEMS TO MANY EUROPEANS THAT WHILST THERE IS A DISPUTE ON HOW ONE SHOULD HANDLE THE POLISH SITUATION BOTH SIDES HAVE LEGITIMATE ARGUMENTS. IT IS HOWEVER WHEN ONE GETS TO THE LEVEL OF MOTIVE THAT ONE GETS INTO MORE DIFFICULT AREAS.

THERE SEEM TO BE MANY PEOPLE IN THE ADMINISTRATION WHO BELIEVE THAT EUROPEANS ARE NOT RELIABLE ALLIES IN THE ONGOING CONFLICT WITH THE SOVIET UNION. THIS ATTITUDE WAS PERHAPS BEST EXEMPLIFIED BY THE THEN SECRETARY OF STATE GENERAL HAIG'S REPORTED REMARKS THAT ON POLAND "EUROPEANS ARE COWARDLY". NOT ONLY ARE SUCH REMARKS DEEPLY RESENTED BUT THEY HAVE ABOUT THEM A TOUCH OF THE ABSURD. BUT IT SHOULD BE REMEMBERED THAT ONE OF THE ADMINISTRATION'S FOREMOST ANTAGONISTS OVER THIS TRADE SANCTIONS ROW IS MRS. THATCHER, AND ANYONE WHO BELIEVES THAT THE PRIME MINISTER OF MY COUNTRY - WHATEVER ELSE SHE MIGHT BE -

/IS EITHER COWARDLY ...

IS EITHER COWARDLY OR IS SOFT ON COMMUNISM, IS  
QUITE FRANKLY TALKING NONSENSE.

7

WE MUST ACKNOWLEDGE THAT WHEN IT COMES  
TO A QUESTION OF HOW DO WE HANDLE THE SOVIET  
UNION IN THE 80s THERE IS A REAL DIFFERENCE  
OF OPINION WITHIN THE ALLIANCE. AND IF WE  
ARE TO RESOLVE THIS DIFFERENCE THEN WE SIMPLY  
HAVE GOT TO ACKNOWLEDGE THAT WE ALL PURSUE  
THE SAME RESULTS: WE ALL ACCEPT THE NEED TO  
COMBAT AND DEFEAT SOVIET IMPERIALISM. WE ARE  
ALL COMMITTED TO THE DEVELOPMENT OF FREEDOM  
AND DEMOCRACY IN EASTERN EUROPE. I KNOW THAT  
THERE ARE SOME MEMBERS OF THE PRESENT ADMINISTRATION  
WHO ARE GENUINELY CONVINCED THAT IF THE WEST  
USES ITS ECONOMIC MUSCLE THEN IT CAN FORCE  
THE SOVIET UNION INTO MAJOR CONCESSIONS OVER  
POLAND AND ULTIMATELY TO THE REST OF THE SATELLITE  
COUNTRIES. THIS IS NOT HOWEVER A VIEW THAT  
IS GENERALLY SUBSCRIBED TO BY EUROPEAN LEADERS.

/FOR FUNDAMENTAL ...

8

FOR FUNDAMENTAL TO OUR THINKING IS THE BELIEF  
THAT WHILST PRESSURE FOR CHANGE IN SOVIET BLOC  
COUNTRIES MUST BE CONSTANT AND UNREMITTING,  
IT MUST BE RECOGNISED THAT TO ACHIEVE CHANGE  
WILL NECESSARILY BE A LONG AND GRADUAL PROCESS.  
NOT ONLY DO WE BELIEVE THAT ATTEMPTS AT COMPREH-  
ENSIVE ECONOMIC SANCTIONS AGAINST THE SOVIET  
UNION ARE MORE LIKELY TO PRECIPITATE AN AGGRESSIVE  
OVER-REACTION FROM THE RUSSIANS BUT WE ALSO  
BELIEVE THAT FREEDOM AND DEMOCRACY ARE MORE  
LIKELY TO COME IN THESE COUNTRIES THROUGH THE  
"DRIPPING OF WATER ON A STONE" PROCESS THAN  
THROUGH THREATS OR SANCTIONS. I KNOW THAT  
MANY IN THE PRESENT ADMINISTRATION FIND THIS  
VIEW UNPALATABLE AND GENUINELY BELIEVE THAT  
WE OUGHT TO BE ABLE TO DETER THE SOVIET UNION  
FROM ACTS OF ADVENTURISM AND TO BRING ABOUT  
MORE LIBERAL REGIMES IN EASTERN EUROPE. BUT  
THE TROUBLE WITH THE REAL WORLD IS THAT WHAT  
ONE OUGHT TO BE ABLE TO DO, AND WHAT ONE CAN DO

/PARTICULARLY IN ...

PARTICULARLY IN INTERNATIONAL AFFAIRS, ARE OFTEN TWO QUITE DIFFERENT THINGS .

I VERY MUCH HOPE, MR. CHAIRMAN, THAT THESE DIFFICULTIES AND DOUBTS THAT EXIST WITHIN THE ALLIANCE WILL NOT WORSEN. FORTUNATELY ONE OF THE MAJOR STRENGTHS OF THE ALLIANCE IS THE ABILITY OF THE UNITED STATES AND EUROPE TO TALK HONESTLY AND FRANKLY WITH ONE ANOTHER.

IF WE ARE TO RESOLVE THESE DIFFICULTIES THEN IT WILL HAVE TO BE DONE IN THIS TRADITIONAL OPEN AND SENSIBLE MANNER.

IT IS OF COURSE QUITE EVIDENT THAT THE CURRENT WORLD RECESSION IS RESPONSIBLE FOR HIGHLIGHTING MANY OF THE DISPUTES IN WHICH WE ARE CURRENTLY ENGAGED. WE IN EUROPE HAVE NOW EXPERIENCED OVER THREE YEARS OF RAPIDLY DECLINING ECONOMIC ACTIVITY, AND THERE IS NO INDICATION THAT THE RECESSION IS BOTTOMING OUT, LET ALONE SIGNS OF AN ECONOMIC UP-TURN.

/ BOTH THE MATERIAL...

BOTH THE MATERIAL AND PSYCHOLOGICAL EFFECTS OF THE RECESSION HAVE BEEN PROFOUND IN EUROPE. TO A COMMUNITY THAT HAD EXPERIENCED OVER TWO DECADES OF RAPID ECONOMIC DEVELOPMENT AND PROSPERITY, AND WHO WAS SUCCESSFULLY OVERCOMING THE EFFECTS OF THE 1973 AND 1978 OIL PRICE INCREASES, THE PRESENT RECESSION HAS DELIVERED A MAJOR BLOW TO OUR BODY POLITIC. WE ARE ALARMED NOT ONLY AT THE DEPTH OF THE RECESSION, BUT ALSO AT THE SPEED. IF I CAN JUST TAKE AS AN EXAMPLE THE EMPLOYMENT SITUATION. IN THE 10 COUNTRIES OF THE EUROPEAN ECONOMIC COMMUNITY THERE WERE SOME 6 MILLION UNEMPLOYED IN 1978; THERE ARE 11 MILLION UNEMPLOYED IN 1982, AND IT IS REALISTIC TO ASSUME THAT THERE WILL BE 15 MILLION BY 1985. THE PERCENTAGE OF OUR WORK FORCE WHICH IS NOW UNEMPLOYED IS APPROACHING 10% AND THIS, I SHOULD POINT OUT, RELATES ONLY TO THOSE REGISTERED UNEMPLOYED, THERE BEING GENERAL AGREEMENT THAT THERE ARE PROBABLY BETWEEN 20 AND 25 PER CENT MORE PEOPLE

/OUT OF WORK ...

OUT OF WORK THAN ARE REGISTERED. AS YOU CAN  
IMAGINE, THIS SITUATION IS HAVING A MOST DAMAGING  
EFFECT ON EUROPEAN SOCIETY FOR ALL SORTS OF  
REASONS. WITH THE DREADFUL MEMORIES OF THE SLUMP  
OF THE '20s AND '30s IN EUROPE STILL PROMINENT  
IN THE MINDS OF MANY, UNEMPLOYMENT HAS ALWAYS  
BEEN A HIGHLY SENSITIVE POLITICAL ISSUE. BECAUSE  
OF THIS, THE PURSUIT OF FULL EMPLOYMENT BECAME  
ONE OF THE PRINCIPAL GOALS OF MOST, IF NOT ALL,  
EUROPEAN GOVERNMENTS IN THE POST-WAR PERIOD.

AS A RESULT OF THIS, IN THE 25 YEARS FOLLOWING  
WORLD WAR II, THE LEVEL OF UNEMPLOYMENT IN  
EUROPE REMAINED A VERY LOW FIGURE INDEED. MOST  
EUROPEAN GOVERNMENTS SOUGHT TO KEEP UNEMPLOYMENT  
DOWN TO BETWEEN 2 AND 3 PER CENT, AND IN THE  
MAIN THEY SUCCEEDED. DURING THE SAME PERIOD,  
THE U.S. REGARDED A FIGURE OF BETWEEN 5 AND  
7 PER CENT AS AN ACCEPTABLE LEVEL OF UNEMPLOYMENT.

SO YOU CAN SEE THAT, IN A VERY SHORT TIME,  
EUROPE HAS MOVED FROM BEING PROSPEROUS AND AT  
WORK TO BEING MUCH LESS PROSPEROUS AND WITH MANY  
UNEMPLOYED.

/...

11  
12 I RECOGNISE OF COURSE THAT THE UNITED STATES  
IS ALSO EXPERIENCING ECONOMIC DIFFICULTIES,  
AND THAT YOUR LEVELS OF ECONOMIC ACTIVITY AND  
OF UNEMPLOYMENT ARE NOT AS WE WOULD ALL LIKE  
TO SEE THEM. AND OF COURSE THIS COMMON EXPERIENCE  
OF ECONOMIC DIFFICULTIES TENDS TO SHARPEN THE  
DISPUTES WE ARE HAVING OVER TRADE RELATIONS.

BEFORE I START TO DEAL WITH THESE DISPUTES,  
AND TO GIVE YOU A EUROPEAN VIEW OF THEM, I SHOULD  
LIKE TO STRESS HOW IMPORTANT I BELIEVE IT IS  
TO ME THAT THESE DIFFICULTIES ARE RESOLVED AT  
THE EARLIEST POSSIBLE MOMENT. FOR THERE IS  
NO DOUBT IN MY MIND THAT, AGAINST THE BACKGROUND  
OF A WORLD RECESSION, THE SORT OF DIFFICULTIES  
EUROPE AND AMERICA ARE EXPERIENCING IN THEIR  
TRADE RELATIONS ARE JUST THE THINGS THAT GIVE  
AN ENORMOUS STIMULUS TO PROTECTIONIST FEELINGS.

TO THOSE OF US WHO BELIEVE THAT AN EXPANSION  
OF PROTECTIONIST MEASURES WOULD BE A MAJOR THREAT  
TO OUR ECONOMIC PROSPERITY, THERE ARE WORRYING

/SIGNS ON THE HORIZON.

SIGNS ON THE HORIZON. IT IS MY FIRM CONVICTION THAT THE WAY OUT OF OUR PRESENT ECONOMIC DIFFICULTIES IS TO MAKE WORLD TRADE MORE FREE, AND NOT TO BE SEDUCED BY THE SHORT-TERM ATTRACTIVENESS OF ERECTING NATIONAL TARIFF BARRIERS. BUT, OF COURSE, ONE MUST RECOGNISE THAT THE ACTIVITIES OF SOME NATIONS WHO CLAIM TO SUPPORT LIBERAL TRADING POLICIES ARE A THREAT TO INTERNATIONAL FREE TRADE. I SPECIFICALLY HAVE IN MIND THE ACTIVITIES OF THE JAPANESE. OUR EXPERIENCE IN THE EUROPEAN COMMUNITY IS THAT IT IS APPEARING TO BE IMPOSSIBLE TO GET A NEGOTIATED SETTLEMENT WITH THE JAPANESE WHICH WOULD LEAD TO THEIR OPENING THEIR MARKETS IN A FAIR AND REASONABLE WAY TO EUROPEAN EXPORTS. I AM OF COURSE AWARE THAT THE UNITED STATES HAS HAD SIMILAR DIFFICULTIES WITH THE JAPANESE. BUT ONE OF THE WORRYING CONSEQUENCES OF THE REFUSAL OF THE JAPANESE TO ENTER INTO MEANINGFUL NEGOTIATIONS IS THAT THE FEELING IN EUROPE THAT WE MUST TAKE MEASURES

/AGAINST JAPAN ...

AGAINST JAPAN IS GROWING AT AN ALARMING RATE. IT IS TRUE THAT MANY PEOPLE DENY THAT THEY ARE PROTECTIONIST IN THIS REGARD, AND CLAIM THAT THEY ARE ONLY RESPONDING TO THE UNFAIR TRADING PRACTICES OF THE JAPANESE, AND THERE IS UNDOUBTEDLY SOMETHING IN THIS. IT NEVERTHELESS WILL FURTHER PUSH EUROPE DOWN THE SLIPPERY SLOPE OF PROTECTIONISM IF WE HAVE TO TAKE ACTION AGAINST JAPAN. I HOPE WE WON'T, BUT I AM BOUND TO SAY THAT, AS A COMMITTED FREE TRADER, I FIND IT EXTREMELY DIFFICULT TO JUSTIFY THE ACTIVITIES OF THE JAPANESE IN THEIR RELATIONS WITH EUROPE. NOT ONLY DO THEY CONTINUE TO MAINTAIN MASSIVE AND EVER-INCREASING TRADE SURPLUSES WITH THE EUROPEAN ECONOMIC COMMUNITY, BUT THEY ALSO PURSUE MARKETING POLICIES IN CERTAIN GROWTH INDUSTRIES, LIKE MOTOR CARS, TELEVISIONS, ETC, WHICH SEEM AIMED AT DESTROYING THOSE SECTORS OF EUROPEAN INDUSTRY. AND ALL THIS WHILST AT THE SAME TIME DENYING EUROPEAN EXPORTERS FAIR ACCESS TO JAPANESE MARKETS.

/IT IS BECAUSE ...

IT IS BECAUSE WE BELIEVE THAT IF THIS TYPE OF 15  
ACTIVITY CONTINUES IT WILL INEVITABLY LEAD TO  
A MAJOR ECONOMIC CONFRONTATION BETWEEN THE  
EUROPEAN COMMUNITY AND JAPAN, THAT WE HAVE DECIDED  
TO USE THE PROVISIONS OF GATT TO SEE IF WE  
CANNOT REACH A FAIR AND MORE EQUITABLE SETTLEMENT.  
I AM QUITE SURE THIS IS THE ONLY WAY TO DEAL  
WITH THESE SITUATIONS - TO OPERATE WITHIN THE  
INTERNATIONAL LEGAL FRAMEWORK AND TO SEEK SETTLE-  
MENT BY NEGOTIATION RATHER THAN CONFRONTATION.

I VERY MUCH HOPE THAT THIS APPROACH OF  
SEEKING NEGOTIATED SETTLEMENTS WITHIN AN INTER-  
NATIONAL LEGAL FRAMEWORK WILL BE THE APPROACH  
OF BOTH THE U.S. AUTHORITIES AND THE EUROPEAN  
COMMUNITY IN SEEKING SOLUTIONS TO THE DIFFERENCES  
THAT EXIST BETWEEN US. I CAN ASSURE YOU THAT,  
AS FAR AS THE EUROPEAN COMMUNITY IS CONCERNED,  
THIS WILL BE OUR ATTITUDE, BOTH IN TERMS OF  
THE CURRENT DISPUTES ON STEEL AND ON AGRICULTURAL  
EXPORTS. FOR AS MY COLLEAGUE, VISCOUNT DAVIGNON,

/SAID RECENTLY ...

16 SAID RECENTLY, WE ACCEPT AMERICAN ASSURANCES THAT  
THE EUROPEAN STEEL INDUSTRY WILL GET A FAIR  
TRIAL IN THE UNITED STATES. WE ARE EQUALLY  
READY TO ACCEPT THE RESULTS OF THE GATT INVESTIGA-  
TION ON AGRICULTURE THAT IS CURRENTLY UNDER  
WAY. THAT IS NOT OF COURSE, MR. CHAIRMAN, TO  
INDICATE THAT THE EUROPEAN COMMUNITY WILL NOT  
VIGOROUSLY PURSUE ITS CASE ON BOTH THESE ISSUES.  
WE BELIEVE THAT OUR ACTIONS IN THESE MATTERS  
HAVE BEEN BOTH FAIR AND LEGAL. ON STEEL, WE  
VERY MUCH REGRET THAT A NEGOTIATED AGREEMENT  
YET  
HAS NOT/BEEN POSSIBLE. IT IS OUR VIEW THAT  
THE SUGGESTIONS THAT WE ADVANCED ON MAINTAINING  
AN IMPROVED TRIGGER PRICE MECHANISM SHOULD HAVE  
PROVIDED THE BASIS FOR AN AGREEMENT. BUT THE .  
U.S. STEEL INDUSTRY OBVIOUSLY THOUGHT DIFFERENTLY  
AND IT HAS HAD RECOURSE TO ITS LEGAL RIGHTS  
AND HAS FILED A WHOLE RANGE OF ANTI-DUMPING  
SUITS. WHILST WE IN THE EUROPEAN COMMUNITY  
CONTINUE TO AFFIRM THAT THE EXPORTS OF EUROPEAN  
STEEL TO AMERICA DOES NOT CONSTITUTE DUMPING,

/ WE ALSO ...



WE ALSO RECOGNISE THAT THE ACTIONS OF THE STEEL INDUSTRY IN HAVING RECOURSE TO LEGAL ACTION WILL CREATE SUCH A PERIOD OF UNCERTAINTY THAT IT IS LIKELY TO HAVE A MOST DAMAGING EFFECT ON THE MARKET. WE ARE QUITE SURE THAT WE NOW FACE THE PROSPECT OF LOSING A CONSIDERABLE PART OF OUR STEEL EXPORT TRADE TO THE UNITED STATES. THIS WILL NOT BE BECAUSE THE EUROPEAN COMMUNITY HAS BEEN FOUND IN VIOLATION OF ANY AGREEMENT OR OF U.S. LAW. RATHER, IT WILL BE BECAUSE THE VERY ACTION OF THE U.S. STEEL INDUSTRY IN INVOKING LEGAL PROCESSES WILL CREATE SUCH UNCERTAINTY IN THE MINDS OF U.S. STEEL IMPORTERS AS TO VERY ADVERSELY AFFECT OUR TRADE. WE OF COURSE RECOGNISE THAT THE U.S. STEEL INDUSTRY IS ENTITLED TO HAVE RECOURSE TO ITS LEGAL RIGHTS. BUT WE ALSO FEEL THAT IF, AS A CONSEQUENCE, THE EUROPEAN COMMUNITY LOSES MANY HUNDREDS OF MILLIONS OF DOLLARS IN STEEL EXPORTS, THEN THIS IS VERY ROUGH JUSTICE INDEED. I CONFIDENTLY /EXPECT THAT THE ...

EXPECT THAT THE VERDICT ON THE RESULTS OF THESE LEGAL MANOEUVRES WILL BE THAT THE EUROPEAN COMMUNITY IS INNOCENT, BUT IMPOVERISHED.

ON THE QUESTION OF THE DIFFERENCES BETWEEN EUROPE AND THE UNITED STATES ON AGRICULTURAL PRODUCTS, THE SITUATION IS SOMEWHAT DIFFERENT. FOR NOT ONLY IS THERE A DISPUTE OVER THE FACTS, THERE IS ALSO, I SUSPECT, A CONFLICT OF IDEALOGY. THE ATTITUDE OF THE ADMINISTRATION SEEMS TO BE THAT SUBSIDIES TO AGRICULTURAL EXPORTS ARE WRONG IN PRINCIPLE. THIS IS A POINT OF VIEW I CAN UNDERSTAND IF ONE IS COMMITTED AS A MATTER OF PRINCIPLE TO AN UNFETTERED FREE MARKET ECONOMY IN WHICH EFFICIENCY, PRODUCTIVITY AND AGGRESSIVE MARKETING ARE THE PRINCIPAL ELEMENTS. BUT IN FACT THAT WOULD NOT BE AN ACCURATE DESCRIPTION OF THE U.S. AGRICULTURAL INDUSTRY. FOR I AM TOLD THAT THE MEASURE OF SUBSIDY WHICH THE U.S. GOVERNMENT INJECTS INTO U.S. FARMING IS A LEAST AS GREAT AS, AND POSSIBLY GREATER THAN, THE /COMMUNITY ...

I OUGHT TO SAY, AT THIS JUNCTURE, THAT I AM A SEVERE CRITIC OF THE COMMUNITY'S COMMON AGRICULTURAL POLICY. I REGARD IT AS ABSURD THAT WE SHOULD UNDERTAKE AN OBLIGATION TO PAY FARMERS HIGH LEVEL PRICES, OFTEN ABOVE WORLD PRICES, FOR EVERYTHING THEY PRODUCE WITHOUT REGARD TO WHETHER THE COMMUNITY REQUIRES THOSE PRODUCTS OR NOT.

BUT THAT, I MUST ALSO POINT OUT, IS AN ARGUMENT ABOUT HOW THE COMMUNITY ALLOCATES ITS OWN RESOURCES, AND NOT ABOUT THE RIGHTS AND WRONGS OF AGRICULTURAL SUBSIDIES.

THE ESSENCE OF THE ADMINISTRATION'S CASE AGAINST OUR AGRICULTURAL POLICY IS THAT THE COMMUNITY IS UNFAIRLY COMPETING AGAINST AMERICAN FARMERS FOR WORLD AGRICULTURAL MARKETS THROUGH THE USE OF SUBSIDISED EXPORTS. I WANT TO MAKE IT ABSOLUTELY CLEAR THAT THE COMMUNITY REPUDIATES

/THIS ALLEGATION.

THIS ALLEGATION. THE COMMUNITY POSITION ON THE SUBJECT OF EXPORT REFUNDS FOR AGRICULTURAL PRODUCT IS NOT ONLY PERFECTLY CLEAR, BUT TOTALLY CONFORMS WITH THE RULES OF GATT, WHICH PERMIT EXPORT SUBSIDIES FOR PRIMARY PRODUCTS. EXPORT SUBSIDIES ARE ALLOWED UNDER GATT PROVIDED THAT THE COUNTRY GRANTING THE SUBSIDIES DOES NOT HAVE MORE THAN AN EQUITABLE SHARE OF THE WORLD EXPORT MARKET FOR THE PRODUCT IN QUESTION. THIS PRINCIPLE IS ONE OF THE FUNDAMENTAL RULES OF GATT AND WAS CONFIRMED AND MADE CLEAR DURING THE TOKYO ROUND NEGOTIATIONS. IT IS THEREFORE UNACCEPTABLE THAT THE U.S., PRINCIPALLY FOR IDEALOGICAL REASONS SHOULD TAKE UP A POSITION WHICH THROWS THIS PRINCIPLE INTO DOUBT, WHILE AT THE SAME TIME CALLING FOR STRICTER APPLICATION OF OTHER POSITION OF GATT. BUT JUST AS WE RESOLVED TO MEET OUR OBLIGATIONS UNDER GATT, WE SHALL EQUALLY INSIST ON OUR RIGHTS, AND WE HOPE THAT THE U.S. ADMINISTRATION WILL DO THE SAME. FOR I AM SURE THAT, IF THIS QUESTION IS TO BE SETTLED IN A

/FAIR AND ...

FAIR AND CONSTRUCTIVE MANNER, IT CAN ONLY BE ON THE GROUNDS OF A MUTUAL RECOGNITION OF OUR RIGHTS AND OBLIGATIONS UNDER GATT. I AM AFRAID THAT AT PRESENT THIS DESIRED ATMOSPHERE DOES NOT PREVAIL, BECAUSE THERE SEEMS TO BE A FEELING IN SOME CIRCLES IN THE ADMINISTRATION THAT IT IS SUFFICIENT FOR PROCEEDINGS TO BE TAKEN AGAINST THE COMMUNITY UNDER GATT REGULATIONS FOR THEM TO BE CONSIDERED PROVEN. HAVING BEEN CHARGED, WE ARE AUTOMATICALLY CONSIDERED AS BEING GUILTY. THIS IS AN ATTITUDE WHICH WE FIND UNACCEPTABLE. THE RIGHTS OR WRONGS OF COMMUNITY PRACTICES CAN ONLY BE ESTABLISHED WHEN GATT PROCEDURES HAVE BEEN COMPLETED, ~~AND THAT~~ HAS NOT YET HAPPENED.

I HOPE IT WILL HAPPEN SOON, BUT I AM BOUND TO SAY THAT THE SHEER NUMBER OF COMPLAINTS THE ADMINISTRATION HAS MADE UNDER GATT PROCEDURES PLACES SUCH A BURDEN ON AN UNTRIED SYSTEM AS TO THREATEN TO WRECK IT.

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I MENTIONED EARLIER, MR. CHAIRMAN, THE GROWING CONCERN IN THE COMMUNITY OVER THE GROWTH OF PROTECTIONIST SENTIMENTS, BOTH IN EUROPEAN AND THE UNITED STATES. ONE ASPECT OF THIS WHICH WE HAVE BEEN WATCHING CLOSELY IS THE IDEA OF RECIPROCITY IN U.S. TRADE LEGISLATION WHICH HAS BECOME A FEATURE OF A LARGE NUMBER OF BILLS ON INTERNATIONAL TRADE CURRENTLY BEFORE THE CONGRESS. AS I HAVE ALREADY SAID, THE EUROPEAN COMMUNITY HAS AN OBVIOUS INTEREST IN MAINTAINING AN OPEN AND MULTILATERAL TRADING SYSTEM, AND WE HAVE MADE KNOW TO THE ADMINISTRATION OUR CONCERN THAT RECIPROCITY MIGHT DISRUPT THAT SYSTEM AT A MOST SENSITIVE TIME IN INTERNATIONAL TRADE RELATIONS AND PROVIDE AMMUNITION FOR THE PROTECTIONIST LOBBY. WE HAVE NOTED THAT THE U.S. TRADE REPRESENTATIVE, AMBASSADOR BROCK, SAID THAT THE U.S. WILL CONTINUE TO RESPECT ITS INTERNATIONAL OBLIGATIONS AND WILL CONCENTRATE EFFORTS IN A POSITIVE ATTEMPT TO INCREASE TRADE BY IMPROVING MARKET ACCESS. HOWEVER, WE SHOULD

/BE CAREFUL ...

BE CAREFUL TO ENSURE THAT THE TRADING SYSTEM  
EMBODIED IN GATT IS NOT UNDERMINED BY NEW U.S.  
LEGISLATION. IT IS IMPORTANT, I BELIEVE, THAT  
THE UNITED STATES AND EUROPE SHOULD REMAIN IN  
THE CLOSEST CONTACT ON THIS ISSUE.

23

IT IS OF COURSE, MR CHAIRMAN, IMPERATIVE  
THAT THE UNITED STATES AND EUROPE REMAIN IN  
CLOSE CONTACT NOT ONLY ON SUCH ISSUES AS  
RECIPROCITY, BUT INDEED IN ATTEMPTING TO EVOLVE  
A STRATEGY TO DEAL WITH OUR CURRENT PROBLEMS.  
THE PRESENT STATE OF WORLD TRADE REPRESENTS  
THE GLOOMIEST SITUATION SINCE THE WAR. IN 1980  
CYCLICAL DOWNSWINGS IN THE MAJOR INDUSTRIAL  
COUNTRIES COMBINED TO MINIMISE GROWTH IN THE  
VOLUME OF WORLD PRODUCTION. AND IT IS CLEAR  
THAT INFLATION AT PRESENT LEVELS WILL NOT ALLOW  
INDUSTRIAL COUNTRIES TO ATTAIN A RATE OF ECONOMIC  
GROWTH SUFFICIENT TO PERMANENTLY REDUCE UNEMPLOYMENT.

IN THE COMMUNITY THERE IS SOME HOPE, STARTING

/IN THE SECOND ...

24

IN THE SECOND HALF OF THIS YEAR, FOR A MARGINAL  
INCREASE IN GROSS DOMESTIC PRODUCT, POSSIBLY  
OF THE ORDER OF 1 PER CENT. THIS COMPARES  
WITH A NEGATIVE GROWTH OF 0.5 PER CENT IN 1981.  
IN THE UNITED STATES, THERE IS ALSO SOME HOPE  
OF MARGINAL GROWTH ROUGHLY OF THE SAME ORDER,  
STARTING IN THE SECOND HALF OF THIS YEAR.  
THESE PROSPECTS ARE TO BE WELCOMED, BUT EVEN  
SO WE MUST RECOGNISE THAT THE DANGEROUSLY STAGNAN  
SITUATION IN RELATION TO WORLD TRADE CONTINUES  
TO PUT STRAINS ON THE SOCIAL FABRIC OF OUR  
SOCIETIES WHICH IMPERIL THE OPEN WORLD TRADING  
SYSTEM ON WHICH THE PROSPERITY OF THE FREE WORLD  
HAS BEEN BULT SINCE THE WAR. IT IS THEREFORE  
OF THE UTMOST IMPORTANCE THAT WESTERN GOVERNMENTS  
LAY THE FOUNDATION OF WORLD ECONOMIC RECOVERY.  
THEY MUST TRY TO TURN AWAY FROM THEIR DIFFERENCES  
AND DISPUTES AND DEFINE NEW AREAS AND INITIATIVES  
PARTICULARLY

/ON MATTERS OF ...

ON MATTERS OF TRADE, THEY MUST DEVISE A STRATEGY FOR THE GATT MINISTERIAL MEETING - WHICH WILL BE ATTENDED BY 80 MINISTERS OF TRADE

IN NOVEMBER OF THIS YEAR. THEY MUST ENSURE THAT THIS MEETING IS A SUCCESS, AND THIS WILL ONLY HAPPEN IF WE ARE ALL SEEN TO BE RE-COMMITTING OURSELVES TO THE OPEN WORLD TRADING SYSTEM AND THE RULES OF GATT. I RECOGNISE THAT IT IS NOT REALISTIC TO ASSUME THAT THIS MEETING CAN SIGNAL THE START OF A NEW ROUND OF TRADE NEGOTIATIONS. THE RESULTS OF THE TOKYO ROUND HAVE STILL TO BE IMPLEMENTED. NEVERTHELESS, THE GATT MINISTERIAL MEETING COULD PERFORM A SIGNAL SERVICE IN ISSUING A TOUGH DECLARATION ON THE NEED FOR THE MAINTENANCE AND THE DEVELOPMENT OF THE WORLD OPEN TRADING SYSTEM AND IN SETTING IN HAND A WORKMANLIKE PROGRAMME OF SPECIFIC ACTIONS TO FOLLOW UP THE MAJOR LIBERALISATION EFFORTS OF THE TOKYO ROUND AND TO INAUGURATE A NUMBER OF STUDIES THAT COULD PREPARE THE GROUND FOR FURTHER TRADE NEGOTIATIONS.

/A FAILURE TO ...

A FAILURE TO AGREE ON MAJOR POINTS COULD HASTEN THE END OF THE BROAD CONSENSUS ON AN OPEN TRADING SYSTEM WHICH HAS PREVAILED SINCE THE WAR, AND COULD MARK THE BEGINNING OF A REVERSION TO THE PROTECTIONISM - WITH ALL ITS POLITICAL CONSEQUENCES - OF THE 1930s. IT IS, MR. CHAIRMAN, BECAUSE THE PROSPECTS OF ECONOMIC DISASTER REMAIN GREAT THAT IT IS ESSENTIAL FOR THE U.S. AND EUROPE TO WORK TOGETHER. THE DIFFICULTIES AND DISPUTES WHICH ARE CURRENTLY TROUBLING US ARE COMPLETELY INSIGNIFICANT WHEN COMPARED WITH THE DANGERS WE FACE IF WE FAIL TO EVOLVE JOINT ECONOMIC AND TRADE POLICIES. FORTUNATELY I REPOSE COMPLETE FAITH IN THE ULTIMATE GOOD SENSE OF THE PEOPLES OF THE UNITED STATES AND OF EUROPE, AND THEREFORE BELIEVE WE WILL OVERCOME THESE PROBLEMS.

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