

## Multi-lateral trade negotiations and balance of payments disquilibria

Resolution of the Economic and Social Commission  
adopted by the Barcelona Central Council (2 June 2006)

The Economic and Social Commission of the European League for Economic Cooperation, meeting in Monaco on 27 April 2006 at the invitation of ELEC's Monaco Section:

- ◇ **regrets** the recent postponement of the Ministerial conference, which reflected the difficulty in reaching the consensus necessary to achieve progress in the conduct of the new cycle of multi-lateral WTO negotiations (Doha Round);
- ◇ **expresses its concern** over the recent trend, in academic circles as well as public opinion, to question - against a background of accelerating globalization and persistent unemployment in Europe - the advantages of free trade and of international specialization, in order to promote instead bilateralism, and considers it vital to correct it in order to strengthen social cohesion by removing the obstacles to growth and employment in Europe and by promoting coordinated regional policy approaches;
- ◇ **notes**, however, that growth of international trade remains higher than domestic economic growth and that the least open countries are those making the least progress, whereas the spectacular growth of emerging countries is closely linked to their participation in world trade;
- ◇ **stresses the need** to re-balance multilateral trade negotiations by giving greater importance to the service sector, to horizontal matters (intellectual property, public procurement etc.) and to development problems, including by the adoption of a differentiated approach benefiting poor countries (a category that should be broader than the "less advanced countries");
- ◇ **observes** that the new "oil shock", though having had so far had only a limited impact on world growth, requires increased attention to the problem of recycling the oil producing countries' financial surpluses, as well as a serious reviewing of the European countries' priorities as regards energy policy (independence of supply sources, energy savings, new and renewable energy sources, and nuclear energy);
- ◇ **suggests** that "enhanced cooperation" would be the appropriate institutional tool for launching a joint policy for energy supply, distribution and pricing, possibly by adapting the Euratom Treaty with a view to creating a European Energy Agency with the capacity to negotiate with institutions or third countries, moreover, a strategy of rapid reaction to a crisis should be jointly developed;
- ◇ **considers** that existing balance-of-payments imbalances - US deficit of over \$700 billion, and surpluses, in particular in China, Japan and oil producing countries - are largely due to insufficient savings in the US and to under-consumption in the surplus countries, a situation that cannot persist without threatening the stability of the world financial system;
- ◇ **notes** that the distortion of exchange rates, especially for the dollar, as well as the maintenance of an artificially low Yuan by Chinese authorities and the under valuation of a number of Asian currencies, tend to aggravate these imbalances, which is also

demonstrated by the rise in the international price of raw materials; the euro exchange rate and the competitiveness of European enterprises are thereby damaged, and the European authorities ought take more account of this in their monetary policy;

- ◇ **wishes** that, on an institutional plane, efforts be made to ensure a more unified and effective representation of the Eurogroup and other community bodies in international institutions (G-7 or G-8, WTO, Bretton Woods institutions).

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