

March 14, 1968

FOR IMMEDIATE RELEASE

441.2(3)

COMMON MARKET COMMISSIONER URGES INCREASED TRADE WITH EASTERN EUROPE

Washington, D.C., March 14 -- A member of the Common Market Commission said this week that Eastern Europe at present is a fast-growing and important market for the European Community. He urged the Six to develop a coordinated policy to take advantage of this expanding market and increase its commercial relations with the East.

Jean-François Deniau, speaking to the European Parliament at Strasbourg on March 12, said the question for the Common Market countries is no longer "whether or not we should trade with Eastern Europe, but only how trade can best be carried on in the interest of both parties." The occasion was the first debate in three years in the Parliament on trade with the countries of the Communist bloc. Mr. Deniau has special responsibility in the Commission of the European Communities for questions of external trade.

He said that despite difficulties, Eastern Europe already offers an important and fast-growing market that is crying to be developed. He pointed out that Community trade with the East bloc countries has continued to grow considerably since 1958 and especially since 1964. Imports have increased by 196 per cent and exports by 237 per cent. The market accounts for 6.5 to 7 per cent of the Community's sales abroad, making Eastern Europe a more important market than Latin America.

Mr. Deniau pointed out that while a coordinated policy towards the East is needed by the six countries of the Common Market (Belgium, France, West Germany, Italy, Luxembourg and the Netherlands), a number of evolutionary changes must also occur in the Eastern countries to reduce the differences in the structures of the two markets which at present hamper further expansion of trade between them.

(MORE)



In the legal sphere, Mr. Deniau said, the Common Market must adapt its trading interests more to the conditions of East-West trade which are sometimes "peculiar."

Goods exported by the East consist primarily of farm produce, raw materials, energy products, and semi-manufactures -- goods not necessarily needed in the Six. Changes, including more industrialization and diversification of their production and better quality products, depend on the East European countries themselves; these will require time. But he pointed out that various positive developments are already taking place: the standard of living in these countries is rising, their production is being increasingly diversified, and in the West there is a movement toward more harmonization of commercial terms offered by the Six. The move towards trade liberalization by the Community has been matched in the East bloc countries by a change in attitudes and methods, including an incipient reassessment of ideas of cost and price, and even of international trade.

Mr. Deniau urged a shift of emphasis in East-West trade away from specialized political and legal problems and their consequences to a more general economic approach. In the past, the Six have sought to ensure that the relations of each with the countries of Eastern Europe caused no disruption of the Common Market. While this consideration is no less important now, the new trend toward trade liberalization should enable the Six to look forward to a stage where, case by case, more active cooperation can take place.

Mr. Deniau attributed the growth of trade with Eastern Europe largely to the political background of detente with the East. This detente benefits the growth of trade, he said, which in turn contributes to the detente.

#

