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UNITED STATES  
EXT/38a)

ECONOMIC AND SOCIAL COMMITTEE

Brussels, 7 July 1983

441.2(103)

O P I N I O N  
of the  
Economic and Social Committee  
on  
Relations between the European Community and  
the United States

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THE ECONOMIC AND SOCIAL COMMITTEE

HAVING REGARD TO its decision on 27 October 1982, instructing the Section for External Relations to draw up an Opinion on Relations between the European Community and the United States,

HAVING REGARD TO its Rules of Procedure, in particular Article 20(4) thereof,

HAVING REGARD TO the Information Report<sup>1</sup> presented to it by the Section for External Relations on 27 October 1982,

HAVING REGARD TO the Report submitted by the Rapporteur, Mr STARATZKE,

HAVING REGARD TO the Opinion adopted by the Section for External Relations on 14 June 1983,

HAVING REGARD TO its discussions on 7 July 1983, during its 209th Plenary Session held on 6/7 July 1983,

HAS ADOPTED  
by 108 votes in favour and with 7 abstentions,

THE FOLLOWING OPINION :

1. This Opinion on Relations between the European Community and the United States, is a resumé and contains findings of the Information Report<sup>2</sup> and the Report<sup>3</sup> referred to in the preamble. The three documents are complementary, and should be considered as a whole.

2. In many respects relations between the European Community and the United States are based on deep-seated solidarity both political and economic. Cooperation is essential in view of the interdependence of the two partners' economies and efforts are required on both sides of the Atlantic.

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1 CES 544/82 fin

2 CES 544/82 fin

3 CES 182/83 fin

3. The Committee observes that the main causes of disagreement lie either in (a) differing policies, resulting from differing interests or (b) conflicting interpretations of the facts often generating misunderstandings.

The occasional disputes between the two partners should therefore be seen in perspective, though this does not mean that they should be played down.

#### 4. Bilateral issues

4.1. Ever since the inception of the Community the Common Agricultural Policy (CAP) has frequently been - and will probably continue to be - a source of polemics between the USA and Europe currently it is a major bone of contention.

The USA is loath to accept the existence of the CAP and the rapid increase in agricultural production in the Community. American agricultural products come up against competition from Community exports on the world markets. The harder dollar has also made American exports more expensive. Faced with this predicament, the USA has submitted an official complaint to the GATT about the Community and the CAP, accusing the Community of seizing an unfair proportion of the world market. It is worth noting, however, that US exports to non-Community countries have risen more sharply in recent years than Community exports to these markets.

As the world's major agricultural exporters, the USA and the Community should work together for the smooth development of international trade in agricultural products, which could be given concrete form in international commodity agreements. Such agreements should also improve the position of developing countries. The GATT Committee on Agricultural Products could be a vehicle for discussions.

4.2. After arduous negotiations, the Community agreed to voluntary restraint on steel exports to the USA till the end of 1985. The Community accepted this as a "lesser evil". It should now demonstrate determination and unity in this question, and make sure this arrangement is respected. It should already be giving thought to the type of relations it would like to see established in this sector, especially after the US authorities' recent decisions restricting imports of special steels, which are greatly to be deplored.

4.3. As the Community's advanced technology sector is lagging behind that of the USA (and Japan), it is vital to embark on an industrial policy also based on closer cooperation between Community-based firms. Any tension which this policy may generate with the United States could be alleviated if, as the Committee suggests, the Community pursued a policy of cooperation (on an equal footing) with the USA, particularly in the field of research and development.

4.4. Other sectors where conflicts periodically arise include cars, petrochemicals and synthetic fibres, textiles and clothing, footwear, services and sea and air transport. The Committee feels that the two partners should seek to resolve disputes by holding joint discussions on a case-by-case basis. It is clear from previous instances that agreement is possible, given good will.

#### 5. Multilateral issues

5.1. The Committee notes that Congress, the Administration and the courts of law have given American laws, regulations and jurisprudence precedence over some of the United States' international obligations. Interpretation of the GATT rules drawn up at the outcome of the Tokyo Round are a case in point. For example, the Americans interpret the concept of "injury", in connection with anti-dumping and anti-subsidies measures, differently from their main trade partners.

The Committee would recommend that the Commission continue to press the United States to fall in line with commonly-accepted international practice.

5.2. The Committee is concerned by calls in Congress for bilateral reciprocity with a number of the United States' trade partners. This could disrupt the international trade system.

The Committee would urge the Commission to study in detail the documents currently before Congress, so as to be fully aware of their implications.

5.3. The United States seriously underestimates the importance for the Community of trade with Eastern Europe. The American embargo imposed on Community firms in the case of the Siberian gas pipeline was all the more unacceptable as the Member States were not consulted beforehand and as it amounted to making American legislation applicable worldwide and retroactively.

The forthcoming renewal in September 1983 of the 1979 Export Administration Act, which provided the legal basis for the embargo, is naturally giving rise to serious concern among Community businessmen and politicians, and in the public at large.

The Committee endorses the endeavours on the part of the Community and Member States to persuade Congress to make the EAA more sensitive to Europe's interests.

5.4. It is to be hoped that the Community and the United States will adopt a common approach to Japan, as bilaterally-negotiated voluntary restraint agreements between Tokyo and one of the partners will inevitably affect the other partner.

5.5. Views on development cooperation differ sharply. The USA fails to appreciate the full scale of development problems and should, in the Committee's view, contribute more energetically to the success of the North-South dialogue. Here the Committee regrets the disappointing outcome of the Sixth UN Conference on Trade and Development (UNCTAD).

5.6. It is in the interests not just of the USA but of the entire world economy that the fight against inflation be continued. Here the USA has given preference to monetary policy measures (strict control of the money supply, high interest rates) rather than fiscal policy measures (tax legislation, spending cuts). A tight monetary policy, coupled with a hefty budget deficit, has in the past few years, led to an excessive rise in interest rates. The negative consequences of this have not been confined to the United States. There can be no doubt that high interest rates have discouraged investment (and continue to do so), besides contributing to soaring unemployment, in the United States and the Community alike.

The USA obviously underestimated the possible implications of their policies for the economy of their main trading partners.

The Committee would therefore like to see a regular, intensive dialogue between those in positions of responsibility in the USA and the Community with a view to achieving fair concessions on both sides.

In this connection, the Committee appeals to the USA and the Community to adopt a joint stand on : (a) world economic recovery; (b) determination of new macro-economic priorities, starting with employment; (c) more stable parities between the major currencies (dollar, ECU, Yen, etc.) and (d) improvement of development cooperation (including the question of the LDC's debt burden).

Lastly, the Committee regards the recent Williamsburg Summit as a disappointment since the Community clearly has not yet succeeded in convincing the USA of the need for a joint approach.

#### 6. Suggestions for improved relations with the United States

6.1. If it is to play its full role in dealings with the USA, the Community will have to rely in the first place on itself. It therefore has to promote implementation and consolidation of its common policies especially in the industrial sector. These are the prerequisites for pursuit of a genuine common policy on trade to non-member countries, which will enable the Community to act as a united bloc. In this connection, the Committee would refer to its Opinion on the Proposal for a Council Regulation (EEC) on the Strengthening of the Common Commercial Policy with Regard in Particular to Protection Against Unfair Practices<sup>4</sup>.

6.2. The Committee would reiterate that GATT is the keystone of international trade. GATT rules can only be fully effective if all contracting parties accept this. The Community, as the

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4 CES 475/83

world's largest trading power, and the USA have a responsibility to the rest of the world in the fight against protectionist temptations.

6.3. The Committee considers that a bigger two-way flow of investment between the Community and the USA - with the Community giving encouragement to US interests would do much to increase cooperation and mutual understanding.

6.4. The Committee is convinced that greater stability in international trade and finance would be in the interests of both the USA and the Community. New strategies to this end should therefore be devised by the two partners and would, for instance, help to restore confidence at a time when many countries are virtually bankrupt.

6.5. For all these reasons, the Committee is convinced that the Community should engage in a permanent dialogue with the USA and that this dialogue should embrace not only politicians and civil servants but also economic and social interest groups. The Committee also recommends a systematic two-way flow of information to enhance the public's understanding of the realities. These recommendations are expanded in the Report of the Section for External Relations.

6.6. The Committee would conclude by stressing that (a) a united European stand bolsters the Member States' negotiating position and (b) a strong Community is crucial to international peace and security. It hopes that the USA will revert to the positive attitude to European integration displayed at the Community's inception and provide the support that was forthcoming in those days.

Done at Brussels, 7 July 1983.

The Chairman  
of the  
Economic and Social  
Committee

The Secretary-General  
of the  
Economic and Social  
Committee

François CEYRAC

Roger LOUET

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A P P E N D I X

to the Opinion of the Economic and Social Committee

The following members, present or represented, voted for the Opinion :

Mr	AMATO	Mr	FULLER
Mr	ANTONSEN	Mr	GERMOZZI
Mr	ARENA	Mr	GLESENER
Mr	BAGLIANO	Mr	HEMMER
Mr	BERNASCONI	Mr	HILKENS
Mr	BERNS	Mr	HOUTHUYS
Mr	BINNENBRUCK	Mr	HOVGAARD JAKOBSEN
Mr	BODDY	Mr	JASCHICK
Mr	BORDES-PAGES	Mr	JENKINS
Mr	BORNARD	Mr	KELLY
Mr	BOS	Mr	KENNA
Mr	BRASSIER	Mr	KIRSCHEN
Mrs	BREDIMA	Mr	KITSIOS
Mr	BREITENSTEIN	Mr	KOLBLE
Mr	BRIGANTI	Mr	LAUGA
Mr	BURNEL	Mr	LAUR
Mr	de CAFFARELLI	Mr	LAW
Mr	CAMMANN	Mr	LOW
Mr	CARROLL	Mr	LOJEWSKI
Mr	CASHMAN	Mr	LOUGHREY
Mr	CHAPPLE	Mr	MARGOT
Mr	DASSIS	Mr	MASPRONE
Mr	DE BIEVRE	Mr	MASUCCI
Mr	DE BRUYN	Mr	MERAVIGLIA
Mr	DE GRAVE	Mr	MILLER
Mr	d'ELIA	Mr	MILNE
Mr	DELLA CROCE	Mr	MOLS SORENSEN
Mr	DELOURME	Mr	MORSELLI
Mr	DE TAVERNIER	Mr	MUHR
Mr	DRACOS	Mr	MURPHY
Mr	DRAGO	Mr	NIELSEN B.
Mr	DUNET	Mr	NIELSEN P.
Mr	EELSEN	Mr	NIERHAUS
Mr	ELKAN	Mr	NOORDWAL
Mr	EMO CAPODILISTA	Mr	de NORMANN
Mr	FORTUYN	Mr	OGNIBENE
Mr	FRIEDRICHS		

Mrs PATTERSON	Mr STORIE-PUGH
Mr PEARSON	Mr STORM HANSEN
Mr PLANK	Mr STRAUSS
Mr POETON	Mrs STROBEL
Mr PELLETIER	Mr TAMLIN
Mr RAMAEKERS	Mr TIXIER
Mr REGALDO	Mr VAN DER MENSBRUGGHE
Mr van RENS	Mr VAN MELCKENBEKE
Mr ROMOLI	Mr VASSEUR
Mr ROSEINGRAVE	Mr van der VEEN
Mr ROUZIER	Mr VENTEJOL
Mr SCHNEIDER	Mr VERCELLINO
Mr SCHNIEDERS	Mr WICK
Mr SCHOEPGES	Mr de WIT
Mr SMITH A.	Mr YVERNEAU
Mr SMITH L.	Mr ZINKIN
Mr STAHLMANN	Mr ZOLI
Mr STARATZKE	

The following members, present or represented,  
abstained :

Mr BERETTA  
Mr BONETY  
Mr CAVAZZUTI  
Mr CURLIS  
Mr RAINERO  
Mr SOULAT  
Mrs WILLIAMS

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