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NATIONAL ASSOCIATION OF MANUFACTURERS
RESOLUTION
ON THE
EUROPEAN COMMUNITY 1992 INTERNAL MARKET PROGRAM

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The plan to complete implementation of the European Community internal market by 1992, known in shorthand as EC-92, will have major effects on NAM member companies. Both U.S. exports to the European Community and the operations of U.S. companies with investments in the E.C. will be affected.

As indicated in its recent report, EC-92 and U.S. Industry, the National Association of Manufacturers believes that the overall impact of the EC-92 program will be to encourage strong and dynamic growth, in an increasingly deregulated E.C. market. The results, we believe, will be beneficial for industry in Europe, and for European workers and consumers. We also believe that if this program is successful, it will provide a positive stimulus to world trade growth.

But as this NAM report showed, U.S. industry has a series of specific concerns regarding the outcome of specific issues in the EC-92 process. Decisions on these issues could either enhance or reduce the opportunities for U.S. companies' trade and investment in the E.C.

NAM represents the full spectrum of U.S. industry. This includes the largest U.S. industrial companies, which may have major production facilities in Europe, in addition to exports into that market. NAM also has over 9,000 smaller manufacturing member companies, with fewer than 500 employees each, that typically service foreign markets through exports. This resolution has also been developed with the active participation of the NAM Associations Council, representing 144 cooperating sectoral trade associations. The major issues for U.S. companies as outlined in this resolution therefore reflect the full range of NAM members' concerns. These major issues are:

Technical and Environmental Standards and Certification -- U.S. industry is encouraged by the "new approach" being taken to develop Europe-wide technical standards. Consonant with E.C. obligations under the GATT Standards Code, we expect that any new standards developed on a Europe-wide basis will be transparent and compatible with international standards. New Europe-wide standards should not create de facto trade barriers. Similarly, the establishment of an E.C. regime for product testing and certification should not lead to any discrimination against products made or services offered outside Europe. Where appropriate, there should be negotiations for mutual recognition of testing and certification procedures.

Public Procurement -- U.S. industry is encouraged by the strengthening of existing E.C. rules on the opening of member government procurement and by the proposed extension of E.C. rules to the sectors presently excluded from GATT or E.C. discipline. We hope that the E.C. would also initiate discussions as soon as possible looking toward inclusion of these sectors in a more effective GATT Government Procurement Code. We also must express concern about the possible world trade impact of several provisions in the excluded sectors directives, including the local content rule, use of transitional measures and treatment of non-E.C. suppliers based on "equal access."

Reciprocity -- The European Commission has stated that intra-E.C. market opening initiatives should be extended to non-E.C. producers only insofar as E.C. trading partners provide equivalent access to their markets for E.C. producers, and insofar as market access rules are not already determined by GATT obligations. It has also indicated its willingness to negotiate this question of reciprocal access in multilateral as well as bilateral forums. In recent revisions proposed in the draft Second Banking Directive, the E.C. also declared that it would adhere to a national treatment standard as the basis for reciprocity. NAM supports U.S. negotiations with the E.C. in all available forums, with the primary goal of strengthening an open, multilateral world trade system. In any case, we expect that the E.C. will continue to apply national treatment to U.S. exports as established under Article III of the GATT, and we hope that national treatment will be the basis of reciprocity in all areas where it is applied by the E.C.

Rights of U.S. Companies -- NAM members are concerned that some proposals in the EC-92 program could include a qualification of the general principle of national treatment of U.S.-owned companies in the E.C. as established under Article 58 of the Treaty of Rome.

Rules of Origin, Local Content and E.C. Trade Policies -- Completion of the internal market may result in the replacement of national import quotas, whether formal or informal, with E.C.-wide measures. Any effort to do this should be consistent with the GATT. Only in that way can the United States be sure that its GATT interests will be considered and that appropriate consultations will take place.

Moreover, there is an ongoing development of E.C. rules of origin of traded goods and evolution of local content rules that determine whether goods are of E.C. origin, for the application of specific antidumping penalties. NAM members are seriously concerned that the evolution of such policies could lead to development of general local content rules, which have previously been opposed by both the United States and the European Community in the present GATT negotiations.

Sectoral Trade Issues -- The NAM is particularly concerned with the future development of E.C.-wide common commercial policies and other sectoral initiatives regarding automobiles, telecommunications, information technology and, as recently announced, aerospace manufacturing. Such policies may include new restrictive quotas, local content rules and direct subsidization of commercial research, development and manufacturing production. Certain aspects of proposed policies in these areas have broad implications for general trade policy.

Intellectual Property -- NAM members strongly support the enhancement and completion of a Europe-wide system of protection of trademarks, patents and copyrights. We believe that this will strengthen international intellectual property protection.

Social Dimension -- NAM members with investments in the E.C. are strongly interested in the issue as to whether EC-92 should be accompanied by new initiatives in employment and social affairs, and what type of initiatives would be most effective under the EC-92 program.

Competition Policy -- NAM members believe that establishment of E.C.-level control over mergers and acquisitions, particularly large-scale multinational combinations, can expedite the development of improved cross-border efficiencies and economies of scale within the E.C. Such an E.C.-wide policy, however, should replace existing national approval authority for such mergers within the E.C., and not merely add an extra approval procedure to existing national competition policy controls.

Monetary Policy -- NAM members with business operations and transactions in the E.C. are encouraged by the decision to eliminate all controls on capital movements within the E.C., and by consideration of other measures designed to reduce the costs and difficulties of intra-E.C. financial transactions.

Potential Issues -- NAM members are especially interested in future proposals which may be developed regarding establishment of an E.C. system of export controls of strategic products and technology, and reduction of defense procurement barriers within the E.C.

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The NAM supports U.S. government consultations with the E.C. and, where appropriate, negotiations, on the issues above that are directly relevant to U.S. trade interests. Such discussions could be on a direct bilateral basis or in the GATT. In particular, NAM reaffirms its support for U.S. participation in the GATT Uruguay Round, as well as in the strengthening and expansion of GATT codes on non-tariff measures.

Furthermore, NAM calls upon the U.S. government to strengthen the support that it provides U.S. exporters in Europe. The Department of Commerce, the Office of the U.S. Trade Representative and the State Department have so far done a commendable job in identifying and disseminating information on EC-92 issues. It is our view, however, that more resources need to be devoted to this task, especially by strengthening the U.S. and Foreign Commercial Service.

This resolution will also be presented directly to the Delegation of the Commission of the European Communities. More detailed policy positions on the issues listed above may be developed, as E.C. policy proposals are themselves developed more fully.

Adopted by
International Trade Policy Committee
International Investment and Finance Committee
National Association of Manufacturers
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