



25th Anniversary of the European Community

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On Thursday, March 25, 1982 the Community celebrated its 25th anniversary and 25 years of friendship and cooperation with the United States.

On March 25, 1957 the Heads of State and Government and Foreign Ministers of Belgium, France, Federal Republic of Germany, Italy, Luxembourg and the Netherlands signed the Treaties of Rome creating the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM).

With its current ten member states (Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands and the United Kingdom), a total population of 270 million and a gross domestic product of \$2.8 trillion, the European Community is now the world's largest single trading bloc and the largest market for U.S. exports.

In the 25 years since the signing of the Treaties of Rome, the Community has not only furnished unprecedented peace and prosperity to its members, but has also developed policies to enhance the cohesion and unity of Europe.

The common agricultural policy, the common commercial policy, regional and social policies and the European Monetary System are some of the outstanding achievements of the past 25 years.

The Community also exercises an important and growing influence on world events through the increasing cohesion of its foreign policies as a result of the process of "political cooperation".

The Community has become a political as well as an economic force on the world scene. It has diplomatic relations with more than 100 countries, including the U.S., and is today the world's largest donor of overseas development aid.

Peace is perhaps the EEC's single greatest achievement as Commission President, Gaston

Thorn, pointed out in a recent speech "The people of Europe have seen the absurdity and futility of fratricidal strife. Our great triumph surely, is the younger generation's uncomprehending reaction to the suggestion of another Franco-German war".

Commission Vice President Lorenzo Natali added that "the word 'Community' was itself an accurate reflection of our shared aspirations and our mutual solidarity."

US-EC Relations

The European Community as a bloc is a leading economic partner of the United States and a major political ally. During the 1960s and 1970s, the Community and the United States worked in tandem on some of the most critical issues facing mankind—a fairer distribution of energy resources and raw materials to benefit both developing and industrialized nations, a liberalization of world trade and increased involvement of the Third World in the global economy.

The Community and the United States also share common concerns for their own citizenries. Unemployment and inflation are problems that bedevil both economic giants, and E.C. and U.S. officials frequently exchange information and ideas on how to solve these problems. Initiatives have also been made toward increasing the two-way flow of information between the E.C. and U.S. on environment and scientific research.

Support for the eventual European union has been a vital ingredient of U.S. foreign policy from the beginnings of the European Community. Under the visionary Marshall Plan, which made \$13 billion available to 16 Western European nations after World War II, a

strong, democratic Europe was considered an integral element of post-war economic recovery.

In 1962, President John F. Kennedy spoke fervently of an Atlantic partnership: "We do not regard a strong and united Europe as a rival but partner. . . . capable of playing a greater role in the common defense, of responding more generously to the needs of poorer nations, of joining with the United States and others in lowering trade barriers, resolving problems of commerce and commodities and currency, and developing coordinated policies in all economic and diplomatic areas. . . .".

In early 1978 President Jimmy Carter sounded a similar theme: "As the first American President to visit the headquarters of the European Community, I believe this meeting symbolizes America's abiding commitment to a strong and united Europe, and to the European Community. . . . I am proud today to add. . . . that the United States welcomes a strong, united Europe as a common force for the values our peoples share".

The Marshall Plan investment of \$10 billion to the EC member states has been repaid to the United States many times over. As the European standard of living rose, Europeans purchased American consumer products and capital goods. The total EC trade deficit with the United States from 1958 through 1980 exceeded by more than \$75 billion the total Marshall Plan aid.

High-level consultations between Commission and U.S. administration officials are held twice yearly. At these meetings, bilateral and multilateral economic and commercial relations, as well as energy, investment, industrial policy, environmental questions, relations with developing countries and the supply of raw materials are discussed.

The United States and the European Community have agreements covering the supply of nuclear fuels and the exchange of

scientific information. In addition a permanent dialogue has been developed in Brussels and in Washington between U.S. and Commission officials.

The EC's Twenty-Five Years of History

1957, March 25—Rome Treaties creating the European Economic Community and the European Atomic Energy Community are signed.

1958, January 1—Rome Treaties go into force. Walter Hallstein becomes EEC Commission's first President; Etienne Hirsch becomes Euratom Commission's first President.

1962, July 30—First common agricultural policy regulations go into effect.

November 1—EEC Association agreement with Greece enters into force.

1964, May 4—Kennedy Round of negotiations within the General Agreement on Tariffs and Trade (GATT) opens in Geneva.

June 1—First Yaounde Convention enters into force associating 17 African states and Madagascar with the Community.

December 1—Association agreement with Turkey enters into force.

1965, April 8—Six sign treaty merging Community executive institutions: ECSC, EEC, EURATOM.

1967, February 8-9—Council of Ministers accepts first five-year economic program and agrees to introduce a value-added turnover tax system in all member countries.

May 15—Kennedy Round ends in agreement to cut industrial tariffs by an average of 35-40 per cent.

July 1—Merger of Community's executive institutions.

1968, July 1—Customs union is completed 18 months early. Remaining industrial tariffs between the Six are abolished. Common external tariff around the Common Market enters into force.

July 18-19—Six adopt basic common transport policy regulations.

July 29—Six decide to remove last remaining restrictions on free movement of workers and the last national discriminations between member states' workers in employment, pay and other conditions.

1969, March 25—Six adopt program to align legislation on technical standards for industrial goods and food.

realities with which the European Commission has to deal.

"The regrettable fact is that the Community now has trade problems with Japan of sufficient seriousness to risk compromising the overall economic, and perhaps even the political, relationship between us. If we cannot solve our trade problems, or at any rate render them less acute, our efforts to restore prosperity and growth to our domestic economies, and to the free world as a whole, will be substantially set back. More than this, the tensions now prevailing with Japan, not only in Europe, also in the US, risk precipitating the end of the free world trading system as we have known it in the post-war years. In objective terms, there is now a well-established structural trade imbalance between Japan and the Community, which gave the latter a trade deficit with Japan of \$12 billion in 1980 and approaching \$14 billion in 1981. In 1981, Japanese exports to the Community increased, according to Japanese statistics, by US \$2.2 billion, but Japanese imports from the Community increased by only \$674 million. If we set aside Japan's unusually high imports of non-monetary gold from Europe last year, we see that, in real terms, our exports to you have remained stagnant and have indeed actually declined. The outlook for 1982 is equally discouraging. We in Europe continue, moreover, to be haunted by the prospect of a renewed Japanese export drive to the Community this year, fuelled by as yet sluggish Japanese domestic demand and by the current international parity of the Yen. I am not suggesting that either of these last two factors has been so willed by the Japanese government. I know that you are taking what measures you can to stimulate domestic-led growth and to defend a more realistic parity for the Yen. But, as things are, the likelihood is that your exports to Europe will continue to

be more buoyant than your imports from Europe.

"Against this background, the pressures for protectionism within the Community are now considerable and are proving increasingly difficult for the Commission to resist, particularly in regard to Japan.

"Let me make it clear that there is no question of making Japan a scapegoat for our own domestic difficulties. On the contrary, since we both belong to a single world economic system, the fact that the Japanese economy is in better shape than our own is indirectly to Europe's benefit, or would be if our trade relationship were not so one-sided.

"In saying all this I do not mean to imply that we are ungrateful for the measures which the Japanese government have so far taken to deal with the trade problem. The accelerated MTN tariff cuts, while of only very limited trade impact for us, were clearly a symbol of the political will of the Japanese government to take effective remedial action. The easing of non-tariff barriers recently announced in Tokyo, for which you and your LDP Committee worked so hard, were also welcome to us. We appreciate the spirit of these measures and we thank you for them.

"It might, however, be helpful if I could launch our discussion by putting to you the following questions:

(a) The further opening of the Japanese market. We would like to see a significant increase in the level of Japan's imports of manufactured and processed goods (currently just under 22% of total imports), so that this level should more closely approach that prevailing in our own economy (46%). Is the Japanese government able to take positive action to achieve this objective? Could you give systematic guidance to manufacturing industry, public corporations, business associations and so forth, to this effect? Will it be possible for the Japanese govern-

demonstrate, by means of photos, diagrams, explanatory texts, scale models and films not only its own achievements in the space field but also those of its Member States.* It will, at the same time, draw attention to the benefits mankind in general can expect to receive from the peaceful use of outer space, be it in the fields of meteorology, communications, and environment.

EC—Japan: Ministers Decide to Take Recourse to Art. XXIII of GATT

EC Foreign Ministers decided unanimously on March 22 to place the question of the EC trade imbalance with Japan before the procedures laid down in Article XXIII of the GATT agreement.

The procedures—designed to resolve trade problems between GATT signatory states—firstly provide for bilateral consultation under the auspices of GATT, and if the process is to be continued a GATT “panel” would be set up under the second stage.

The European Community expects that the consultations will begin in April, and that the EC Foreign Ministers might be in a position to draw up a preliminary report for their May meeting (just ahead of the Western Economic summit scheduled for June 4-6, 1982 in Versailles.)

EC—Japan

Gaston Thorn, President of the Commission of the European Communities, recently met with a delegation—headed by Masumi Esaki—of members from the

ruling Japanese Liberal Democrat Party. The mission of the delegation was to explain Japanese commercial policy, and especially the importance of the 67 trade liberalizations announced by the Japanese Government earlier this year. (This LDP group had called on the US Administration the previous week for the same purpose.)

Mr. Thorn, in his welcoming address said that the liberalization efforts were appreciated by the European Community, but they did not constitute more than transitional measures... The EC President told the delegation of his concern for the economic difficulties in Europe—especially the high level of unemployment. “We have passed the 10 million mark of unemployed in Europe, and we could well reach 12 million before the end of the year. The Community is approaching a critical psychological and political threshold.”

President Thorn cited the dangers of succumbing to protectionist pressures which are being fanned by the economic climate, and he warned that unless there were fundamental changes there was a risk of compartmentalization of markets by unilateral measures.

The EC President asked Mr. Esaki to transmit to Prime Minister Suzuki his message of grave concern that the political, economic and budgetary problems would fuel protectionist pressures in Europe in the near future, and retaliatory measures would lead us to a Thirties-type situation.

Mr. Esaki later met with Vice President Haferkamp, EC Commissioner responsible for external relations. The following are extracts from the Commissioner's statement to the Japanese delegation:

“Perhaps I might begin, on behalf of my European colleagues, by placing our own cards squarely on the table in terms of the political

*Belgium, Denmark, France, Germany, Ireland, Italy, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom.

December 1-2—The Hague Summit meeting: agreement to complete, enlarge and strengthen the Community.

1969, December 31—Community's twelve-year transition period ends.

1970, January 1—Common foreign trade policy goes into operation.

February 9—Community central bank activates \$2 billion short-term mutual monetary aid system.

July 31—Six agree to hold ministerial meetings on political co-operation twice yearly.

1971, January 1—Second Yaounde and Arusha Conventions enter into force. Community's "own revenue" system goes into operation.

1972, January 22—Britain, Denmark, Norway and Ireland sign Accession Treaty.

April 19—Six sign agreement for European University Institute in Florence, Italy.

September 26—Norwegian entry to Community is rejected by referendum.

October 19-20—The Heads of State or Government—now nine in number—meet in Paris and decide to set up a European Union by 1980, adopting a new program of Community policy.

1973, January 1—Britain, Ireland and Denmark join the Community.

February 1—Convention making civil and commercial judgments enforceable throughout the original six Community members enters into force.

July 19-20—Council agrees on guiding principles on environmental issues.

September 12—Tokyo Round of GATT world trade talks opens.

October 5—Twenty-one countries endorse European Patent Convention.

December 14-15—Community Summit in Copenhagen adopts statement on Europe's identity.

1974, July 31—A dialogue is opened between the Community and Arab States.

1975, March 18—the council sets up the European Regional Development Fund (ERDF) and a Regional Policy Committee.

March 20—The European University Institute in Florence is officially instituted.

June 5—A two-thirds majority in Britain vote to remain within the Community.

June 12—Greece applies for Community membership.

1976, April 1—EEC/ACP Convention signed at Lome on February 28, 1975

enters into force.

1977, January 1—Decision of Nine to extend 200-mile limit for their North Sea and Atlantic fishing zones enters into force.

March 28—Portugal applies for Community membership.

May 7-8—Economic Summit: Community, as such, participates for first time in discussions in London of industrialized countries.

July 1—Customs union of Nine is completed; free-trade area with EFTA is completed.

July 2—Spain applies for Community membership.

October 25—Court of Auditors, replacing the Audit Board and the ECSC Auditor, meets for the first time, in Luxembourg.

October 25—Council chooses Culham, in Britain, as the site for JET, a major experimental project in controlled nuclear fusion.

1978, December 4-5—European Council agrees to establish European Monetary System.

1979, March 9-10—The EMS comes into operation.

May 28—In Athens, Greece and the Community sign the Treaty of Accession.

June 7-10—In the first direct elections the citizens of the nine Member States vote for the 410 members of the European Parliament.

1981, January 1—Greece joins the Community.

EEC/ACP new Lome Convention (Lome II) signed on October 10, 1979 enters into force.

European Space Agency— Exhibition at the United Nations

An exhibition, organized by the European Space Agency (ESA), will open on April 1 in the main lobby of the entrance hall of the United Nations building in New York. The exhibition will run until April 28, and will have as its theme the exploration and peaceful use of outer space.

ESA will present an overview of European space activities and will

ment to adopt early and extensive further measures, whether as regards tariffs, non-tariff barriers, or economic and commercial impediments to a more balanced relationship, in such a way as to satisfy the Community's request list of December 1981?

(b) Japanese export restraint. Export-led growth by Japan is bound to arouse external resentment at a time when your partners are in economic recession, and are in the process of restructuring their industries. Can we look forward to continued and effective moderation of Japanese exports to the Community as a whole, over the next year or two. What we are hoping for is that there will be

no further worsening of the situation on the Community market.

(c) Financial and monetary matters. Can Japan reciprocate the access already granted to her in Europe, by permitting greater European participation in the Japanese capital market and improved access to Japan for our financial services?

"The question therefore is, can the gap between us be narrowed at an early date. If so, in what manner, and above all how soon? If not, what policy consequences should be drawn both in Tokyo and in Brussels for the future management of our mutual relationship for the best in the worst of circumstances?"

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