



IP(82) 210

**PRESSE-MEDELSELE • MITTEILUNG AN DIE PRESSE • PRESS-RELEASE • INFORMATION A LA PRESSE
ΑΝΑΚΟΙΝΩΣΗ ΓΙΑ ΤΟΝ ΤΥΠΟ • INFORMAZIONE ALLA STAMPA • MEDEDELING AAN DE PERS**

Brussels, 2 September 1982

4/41. 2 (103)

441. 2 (326)

"AMERICA - JAPAN - EUROPE : TRIANGLE IN CONFLICT?"

Summary of the address by Community President
Gaston Thorn at the trilateral talks at the
European Forum, Alpbach, Austria

Dealing first with the current tensions between the European countries and the USA over trade and economic policy Mr Thorn described the condition of transatlantic relations as very serious. "Although we are not yet engaged in a trade war", he said, "the tensions have reached a critical pass".

The USA, Japan and Europe were the main pillars of the free world economy and accounted for half of the national product and 60% of trade in the free world.

As a result of the continuing recession, unemployment, Government indebtedness and the collapse of firms the Western economic system was increasingly coming under threat.

Mr Thorn rejected the accusations of protectionism levelled at the Community in the USA : the Community had a widening trade gap with the USA and Japan: in five years this gap had risen to \$ 37 000 million with Japan and virtually double that figure - \$ 68 000 million - with the USA.

The Community had always fought in GATT for the liberalization of world trade, and its customs tariff - which averaged 7% - was one of the lowest in the world.

Even in the matter of agricultural policy the charge of protectionism levelled at the Community was hardly tenable : over the past five years the United States had exported annually to the Community four to five times as much agricultural produce as it had imported from the Community; the Community's agricultural trade deficit amounted to \$ 29 000 million in 1980.

- a. There was nothing to be gained from continual attacks on the European agricultural policy, Mr Thorn declared, calling for an objective tone and for greater understanding on the American side.

On the subject of the controversy over steel Mr Thorn disputed that European steel exports to the United States, with a market share of just under 7%, could have played a significant part in destabilizing the US steel market.

- b. Mr Thorn described the European offer to limit its exports to 5% for a period of several years as a considerable sacrifice. We know, he said, that the US steel industry is still hesitant, but we are counting on the Government in Washington bringing all its influence to bear to avoid a further escalation in the steel dispute.
- c. Mr Thorn also dealt with the conflict over the gas pipeline embargo and again made the European position clear. We have now reached a stage, he said, where it is becoming dangerous for all concerned to let matters go any further. Mr Thorn urged that talks on the whole area of East-West trade be resumed. I am firmly convinced, he said, that the conflict can be defused, as there are other ways of exerting economic pressure on the Soviet Union in order to help Poland.
- d. It was necessary to take the heat out of the conflicts and create new confidence in order to provide a firm basis for solidarity and partnership. Constant squabbling between partners is certainly not a sign of strength, continued Mr Thorn, and we must therefore do everything possible to improve our procedure for ongoing and comprehensive consultations between the European Community and the USA. We in Brussels are ready to arrive at practical decisions before the end of the year.

With regard to Japan Mr Thorn criticized its ever expanding overall trade surplus with European and other partners and the fact that Japan's exports to Europe were concentrated on extremely sensitive sectors, but above all he criticized Japanese protectionism.

Japan would have to ease the pressure of its exports, so that European efforts were not condemned to failure from the outset, and it would at last have to open up its market to other industrialized nations, not only for raw materials but also for manufactured goods.

"Our credibility is at stake and in the present situation a trade war would be suicidal", concluded Mr Thorn.