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The Community and the United States

Time now for a realistic reappraisal

Lord Cockfield, Vice-President of the European Commission, addressing the America-European Community Association in London today, stressed that the perception of a common heritage had to be matched by a new sense of responsibility on both sides of the Atlantic. Referring to current tensions between the Community and the USA, Lord Cockfield underlined the importance of their mutual trade relationship.

"The involvement of the United States in external trade both with the world in general and with the Community in particular has grown greatly in recent years. For something like a century after the Civil War the proportion of external trade to American GNP was never more than 4% to 5%.

But in the 1970s it began to expand rapidly. The ratio now is 12% and rising. One-fifth of American industrial production is exported and two-thirds of its wheat. This means that the United States is actively seeking a bigger share of world markets today than twenty years ago.

The European Community is the United States' biggest export market. In 1983 we took 22% of all American exports. We are by far the American farmer's best customer, importing in 1983 over \$7 billion worth of American agricultural goods. In this sector the United States had a trade surplus with the Community of some \$5 billion - a figure which suggests how unwise it would be for the United States to involve itself in a protectionist conflict in this field. With a total of 15% of Community exports the United States in turn was the European Community's best customer."

As to the sectoral disputes of the day, Lord Cockfield said that one had to look at the underlying reasons.

"Both of us have some common problems in our economies which give rise to a pattern of action and reaction. It is essential to understand this and not simply to attack the other for being protectionist or aggressive.

We both have what in American is called a "Rust Belt": Sectors of manufacturing industry that are in decline. The obvious and natural reaction of the industries concerned is to demand protection; but it needs to be recognised that no amount of subsidy or protection will help in the long term.

We are also faced in the USA and the Community with the massive overproduction of certain foodstuffs at great cost to the tax payer. This is becoming increasingly serious as more and more of the large importers of food in other parts of the world become self-sufficient. We can no longer find a solution in an ever expanding export trade. Both of us have to stop deluding ourselves that it is simply the other's fault. The solution can only come in sound economic, industrial and agricultural policies wisely applied. Time is the great healer. But it takes time to heal."