

THE UNITED STATES AND THE EUROPEAN COMMUNITY

SPEECH DELIVERED
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BEFORE MID-ATLANTIC CLUB,
WASHINGTON, D.C.,
APRIL 28, 1986

441, 2(103)

INTRODUCTION:

IT'S GOOD TO BE HERE TO SHARE SOME IDEAS WITH MEN AND WOMEN WHO HAVE LONG THOUGHT SERIOUSLY ABOUT THE U.S.-EC RELATIONSHIP. I AM GRATEFUL FOR THE INVITATION EXTENDED BY TOM HUGHES ON BEHALF OF THE CARNEGIE ENDOWMENT TO ADDRESS THE MIDDLE ATLANTIC CLUB. THIS IS AN EXCELLENT OPPORTUNITY TO TAKE A HARD LOOK AT HOW WE AND THE EC WORK TOGETHER ... OR DON'T, AS THE CASE MAY BE.

I WOULD LIKE TO GIVE YOU A PERSPECTIVE ON THE U.S.-EC RELATIONSHIP, FROM THE VIEWPOINT OF SOMEONE CONCERNED WITH ITS POLITICAL, AS WELL AS ECONOMIC ASPECTS. THIS IS NOT A STATEMENT OF POLICY BUT A PERSONAL APPRECIATION AND ATTEMPT TO ENCOURAGE CONSTRUCTIVE REFLECTION. LET ME TRY TO SET OUT AS FRANKLY AS POSSIBLE WHAT I SEE AS THE BASIC CONSIDERATION AND CHOICES.

YOU ALL KNOW THE BEGINNING. THE UNITED STATES HAS STRONGLY SUPPORTED THE EC SINCE ITS INCEPTION IN THE 1950'S. WE HAVE APPLAUDED EVERY ENLARGEMENT UP TO AND INCLUDING THE ACCESSION OF SPAIN AND PORTUGAL. BRINGING THESE TWO NEW DEMOCRACIES INTO

THE COMMUNITY IS GOOD FOR THEM, FOR THE EC, THE ALLIANCE AND THE WEST. OUR POLICY OF FOSTERING THE CLOSEST RELATIONSHIP WITH EUROPE, AND ENCOURAGING EUROPE'S OWN UNITY, HAS BEEN CONSTANT AND UNCHANGING. THE POLITICAL AND SECURITY BENEFITS ARE COMPELLING.

MOREOVER, ECONOMICS ALONE WOULD DICTATE THE SAME CLOSE RELATIONSHIP. ONE MEASUREMENT OFTEN CITED, BUT ALWAYS STARTLING TO ME, IS THAT TOGETHER THE U.S. AND THE EC ACCOUNT FOR SLIGHTLY OVER HALF OF TOTAL WORLD GNP. TRADE BETWEEN THE UNITED STATES AND THE EC-12 IS \$120 BILLION ANNUALLY. FOREIGN DIRECT INVESTMENT BETWEEN US IS STAGGERING. IN 1985, U.S. FIRMS HAD DIRECT INVESTMENTS OF \$81.5 BILLION IN THE EC AND THESE SUBSIDIARIES ARE PRODUCING GOODS AND SERVICES WORTH OVER \$400 BILLION ANNUALLY. EC FIRMS INCREASED THEIR INVESTMENT IN THE UNITED STATES FROM \$40 BILLION IN 1980 TO \$95 BILLION IN 1985. THESE EUROPEAN-OWNED SUBSIDIARIES PRODUCE PRODUCTS WORTH OVER \$300 BILLION ANNUALLY.

THUS, THERE CAN BE NO DOUBT OF THE TWO-WAY COMMITMENT TO THE TRANS-ATLANTIC PARTNERSHIP. LOGICALLY, THIS SHOULD DICTATE DYNAMIC COOPERATIVE AND EFFECTIVE PROBLEM-SOLVING IN OUR DAY-TO-DAY RELATIONS. THE REALITY HAS BEEN OTHERWISE.

THE U.S.-EC RELATIONSHIP HAS BEEN DOGGED BY INSTITUTIONAL WALLS, BY MISUNDERSTANDINGS, BY BRINKSMANSHIP IN NEGOTIATING, AND BY ISOLATION OF ECONOMIC AND COMMERCIAL ISSUES FROM THE

BROADER COOPERATIVE CONTEXT. THERE ARE THOSE ON BOTH SIDES OF THE ATLANTIC WHO SEEM TO LOSE SIGHT OF THE OVERRIDING FACT THAT FREER AND FAIRER TRADE PRACTICES WILL BENEFIT NOT ONLY OURSELVES BUT THE REST OF THE WORLD. WE MUST CONTINUE TO OPPOSE UNWISE EFFORTS TO PROTECT DOMESTIC PRODUCTION OR TO EXACERBATE TRADE DISPUTES IN SEARCH OF UNILATERAL ADVANTAGE.

I DO NOT MEAN TO SAY THAT PROBLEMS CAN BE ELIMINATED IN THE REAL WORLD. WITH TWO WAY TRADE OF \$120 BILLION THERE ARE BOUND TO BE BILATERAL DISPUTES. MOREOVER, U.S-EC COMPETITION IN THIRD MARKETS CREATES FURTHER POSSIBILITIES FOR CONFLICT. AND, WE HAVE PHILOSOPHICAL DIFFERENCES OVER THE ROLE OF THE STATE, THE USE OF SUBSIDIES AND THE PACE OF STRUCTURAL CHANGE.

IF TRADE DISPUTES ARE INEVITABLE THEN, THE QUESTION IS WHY HAVEN'T WE MANAGED THEM BETTER? WAS A "CHICKEN WAR" NECESSARY? OR A "PASTA WAR"? WE NOW FACE AN "ENLARGEMENT WAR," WHICH POTENTIALLY COULD DWARF THE OTHER TWO. LET'S HOPE IT WON'T.

HOW DO WE DO BETTER HENCEFORTH? LET ME SUGGEST THREE KEY ELEMENTS: 1) A GREATER RESPECT FOR THE INTERNATIONAL RULES WE ALREADY HAVE, NAMELY THE GATT; 2) GREATER REALISM ABOUT EACH OTHER'S CONCERNS; AND, 3) LESS "DIALOGUE OF THE DEAF", MORE GENUINE COMMUNICATIONS.

FIRST THE INTERNATIONAL RULES:

THE UNITED STATES, THE EUROPEAN COMMUNITY AND THE EC MEMBER STATES ARE CONTRACTING PARTIES OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE OR "GATT". ADMITTEDLY IMPERFECT AND IN NEED OF STRENGTHENING -- WHICH WE HOPE TO DO IN THE NEW TRADE ROUND -- IT CONSTITUTES THE BASIC RULES OF INTERNATIONAL TRADE. WITH THIS GLOBAL TRADE NOW AT AN ANNUAL LEVEL OF \$4 TRILLION, LET US ALL PAY TRIBUTE TO THOSE WISEMEN WHO WITNESSED THE DISASTROUS RESULTS OF THE TARIFF WARS OF THE 1930S, AND IN THE IMMEDIATE POST WORLD WAR II PERIOD BROUGHT ORDER OUT OF CHAOS. IN ADDITION TO RULES OF TRADE, THE GATT FOUNDERS CREATED A FORUM FOR DEBATE, MECHANISMS TO SETTLE TRADE DISPUTES, AND AN ENDURING INSTITUTION -- WHOSE MEMBERSHIP HAS EXPANDED TO 90 NATIONS. UNDER ITS AEGIS WE HAVE SEEN 7 ROUNDS OF TARIFF CUTTING AND THE NEGOTIATION OF VITAL NEW CODES OF CONDUCT IN AREAS OF NON-TARIFF BARRIERS.

ARTICLES XXII AND XXIII OF THE GATT DEAL WITH DISPUTE SETTLEMENT. AS MOST OF YOU MAY KNOW, THE ARTICLES TELL TWO PARTIES TO A DISPUTE TO TRY TO SETTLE THE ISSUE BETWEEN THEMSELVES. IF THE PARTIES CAN'T DO THAT, THEY CAN SEEK A DISPUTE SETTLEMENT PANEL OF TRADE EXPERTS FROM THE MEMBERSHIP. AFTER HEARING ARGUMENTS FROM BOTH SIDES, THE PANEL GIVES ITS OPINION ON THE VALIDITY OF THE DISPUTANTS' POSITIONS UNDER THE

APPROPRIATE GATT RULES, AND OFFERS SUGGESTIONS FOR A SETTLEMENT. THE PANEL'S CONCLUSIONS MUST BE APPROVED BY THE CONTRACTING PARTIES BEFORE THE PARTIES ARE REQUIRED TO FOLLOW THEM.

OVER THE PAST SEVERAL YEARS THE U.S. HAS BEEN UNABLE TO RESOLVE DISPUTES BILATERALLY WITH THE EC, AND WE HAVE THEN BROUGHT THE CASES TO GATT. WE HAVE HAD GATT PANEL FINDINGS IN OUR FAVOR FOR EXAMPLE IN THE CASES OF PASTA, CITRUS AND CANNED FRUIT. IN VIRTUALLY EVERY CASE, HOWEVER, THE EC EFFECTIVELY BLOCKED APPROVAL OF THE PANEL'S FINDINGS. THE EC HAS ALSO BROUGHT CASES AGAINST THE U.S., -- WHAT IS OUR RECORD OF COMPLIANCE? OUR POLICY IS TO SUPPORT THE PROCESS. IN SOME CASES, EXISTING LEGISLATION HAS BLOCKED US AND WE HAVE SOUGHT TO TERMINATE THE LEGISLATION. ONE WELL-KNOWN INSTANCE IS THE "MANUFACTURING CLAUSE" TO U.S. COPYRIGHT LAW, WHICH DOES NOT ALLOW THE ENTRY OF BOOKS PUBLISHED BY U.S. AUTHORS ABROAD IF COPYRIGHTED IN THE U.S. CONGRESS OVERRODE AN EARLIER PRESIDENTIAL VETO OF AN EXTENSION OF THE CLAUSE. THE ADMINISTRATION IS NOW MAKING EVERY EFFORT TO PREVENT THE PASSAGE OF LEGISLATION CONTINUING THE MANUFACTURING CLAUSE BEYOND JUNE 30, ITS DATE OF EXPIRATION.

SO, WE AREN'T PERFECT, BUT WE ARE TRYING TO SUPPORT A CONSISTENT ACCEPTANCE OF THE RULES OF THE ROAD. MY POINT IS LESS TO CRITICIZE THE EC, THAN TO SUGGEST THAT ARBITRATED

DISPUTE SETTLEMENT DOESN'T MEAN MUCH IF THE RESULTS OF ARBITRATION ARE PERSISTENTLY IGNORED. THE REPEATED FAILURE OF THE PROCESS HAS ERODED DOMESTIC SUPPORT IN THE U.S. FOR THE GATT, AND UNDERCUTS THE BATTLE AGAINST PROTECTIONISM.

LET ME ILLUSTRATE FURTHER WITH THE NOW FAMOUS CITRUS-PASTA CYCLE. WE BEGAN TALKS WITH THE EC IN 1969 OVER THE LOSSES TO OUR CITRUS INDUSTRY FROM THE EC'S MEDITERRANEAN PREFERENCES. AFTER SOME 12 FRUSTRATING, AND, PARDON THE PUN, FRUITLESS YEARS OF BILATERAL NEGOTIATIONS, IN 1981 WE DECIDED TO TAKE THE CASE TO THE GATT.

IN 1984 THE GATT PANEL FOUND THAT THE UNITED STATES WAS SUFFERING INJURY IN THE CASES OF ORANGES AND LEMONS. THE EC THEN BLOCKED GATT COUNCIL APPROVAL OF THE FINDING. AFTER A YEAR WE HAD HAD ENOUGH AND RETALIATED BY INCREASING TARIFFS ON EC PASTA. WHY PASTA? AS YOU KNOW, A GATT PANEL HAD FOUND THAT THE EC'S SUBSIDIES ON PASTA VIOLATED THE GATT BUT, AS I MENTIONED EARLIER, THE EC BLOCKED ADOPTION BY THE CONTRACTING PARTIES. IN RESPONSE TO OUR INCREASE IN PASTA TARIFFS THE EC RETALIATED AGAINST U.S. EXPORTS OF LEMONS AND WALNUTS. I AM GLAD TO REPORT THAT AFTER 16 YEARS WE ARE FINALLY ENGAGED IN SERIOUS NEGOTIATIONS.

THE CITRUS PROBLEM ILLUSTRATES ANOTHER WAY THE INTERNATIONAL TRADE ORDER CAN BE WEAKENED, NAMELY BY THINKING

UP ONE'S OWN RULES AND UNILATERALLY IMPOSING THEM. THE EC HAS ARGUED THAT SINCE THE PURPOSE OF ITS MEDITERRANEAN PREFERENCES IS TO PROMOTE STABILITY IN NORTH AFRICA, AND SINCE THE U.S. SUPPORTS THIS GOAL, THE U.S. SHOULD ACCEPT WITHOUT QUESTION ANY TRADE LOSS AMERICANS SUFFER AS A CONSEQUENCE OF THE PREFERENCE. WE WERE NEITHER CONSULTED NOR OFFERED ANY MECHANISM FOR REDRESS. THE APPROACH IS A UNILATERAL IMPOSITION OF AN ARTIFICIAL TRADE BARRIER.

DOES THE U.S. DO ANY BETTER WHEN ITS OWN BACKYARD IS AT STAKE? YES, IN THE CASE OF THE CARIBBEAN BASIN INITIATIVE (CBI), WE OBTAINED A FORMAL GATT WAIVER, AND MOREOVER WE PROVIDED FOR CONSULTATION ON TRADE LOSSES THAT THIRD COUNTRIES MIGHT SUFFER FROM PREFERENCES GIVEN BY THE U.S. TO THE CBI COUNTRIES.

THE REQUIREMENTS OF REALISM AND SENSITIVITY

THIS LEADS TO MY SECOND POINT: THE U.S.-EC RELATIONSHIP DEMANDS A RECIPROCAL AND REALISTIC APPRECIATION OF EACH OTHER'S INTERESTS. WE IN THE U.S. KNOW THAT EC ENLARGEMENT IS A VERY POSITIVE THING. WE ALSO KNOW THAT IT COMES AT THE COST OF INCOME TRANSFERS FROM THE EC-10 TO IBERIA, AS WELL AS INCREASED COMPETITION FOR WEAKER ELEMENTS OF THE COMMUNITY'S SOUTHERN AGRICULTURAL SECTORS.

WE RECOGNIZE THE POLITICAL BENEFITS AND UNDERSTAND THE ECONOMIC COSTS. WHAT WE REJECT IS THE UNILATERAL EFFORT TO TAKE ADVANTAGE OF THE EVENT TO PUSH THE U.S. OUT OF ITS MAJOR AGRICULTURE MARKETS IN SPAIN AND PORTUGAL. ULTIMATELY, WE SEE THE PROBABLE LOSS OF CORN AND SORGHUM SALES IN SPAIN OF PERHAPS SOME \$600 MILLION, AND GRAIN SALES IN PORTUGAL OF SOME \$350 MILLION. AS WE SEE IT THE EC HAS IN EFFECT DUCKED ADVANCE CONSULTATION AND IMPOSED A SET OF MEASURES WHICH NOT ONLY STRIKE AT OUR MOST SENSITIVE SECTORS BUT DO SO IN A WAY THAT PAYS LITTLE ATTENTION TO THE PRINCIPLES OF THE INTERNATIONAL ORDER I HAVE MENTIONED ABOVE.

WHAT IS THE EC POSITION ON THE ECONOMIC BALANCE SHEET? IT TELLS US TO SWALLOW THE LOSS OF AGRICULTURE MARKETS BECAUSE ULTIMATELY WE STAND TO GAIN INDUSTRIAL SALES THROUGH LOWER IBERIAN INDUSTRIAL TARIFFS.

ASIDE FROM THE QUESTION OF PRINCIPLE INVOLVED IN COUNTING INDUSTRIAL TRADE BENEFITS AS OFFSETS FOR AGRICULTURAL TRADE LOSSES, THE FACT SEEMS TO BE THAT THE U.S. STANDS TO LOSE ON BOTH COUNTS. OUR ANALYSIS SHOWS THAT OUR OVERALL TARIFF DISADVANTAGE ON THE INDUSTRIAL SIDE WILL GROW SIGNIFICANTLY.

IN THE CASE OF SPAIN AND PORTUGAL, TWO-THIRDS OF CURRENT U.S. NON-AGRICULTURAL EXPORTS COMPETE AGAINST GERMAN, FRENCH AND OTHER EC COMPANIES. IN SPAIN, FOR EXAMPLE, THE

TRADE-WEIGHTED DUTY ON U.S. MANUFACTURES BEFORE ENLARGEMENT WAS ABOUT 11 PERCENT, OR 3 PERCENT WORSE THAN EC COMPETITORS WHO WERE PAYING ABOUT 8 PERCENT. AFTER ENLARGEMENT U.S. FIRMS WILL BE PAYING ABOUT 5 PERCENT VERSUS 0 PERCENT FOR EC COMPETITORS -- WE THUS GO FROM A 3 PERCENT COMPARATIVE DISADVANTAGE TO A 5 PERCENT SHORT END OF THE STICK.

MOREOVER, A POTENTIALLY EVEN LARGER COST TO U.S. MANUFACTURED EXPORTS WILL OCCUR AS THE NEW EC-12 COMMON TARIFF IS IMPLEMENTED. THIS CHANGE -- WHICH IS A WEIGHTED AVERAGE OF DUTIES OF THE OLD EC-10 AND OF SPAIN AND PORTUGUAL -- WILL LIKELY INCREASE INDUSTRIAL DUTIES FROM THE OLD EC-10 LEVEL OF ABOUT 4.7 PERCENT TO A NEW AVERAGE OF 6 PERCENT. IN SOME CASES, IT WILL BE MUCH LARGER, FOR INSTANCE DUTIES ON U.S. MACHINE TOOLS STAND TO GO FROM 5 TO 12 PERCENT.

THOSE ARE SERIOUS TRADE DISADVANTAGES FOR U.S. FIRMS. WHATEVER THE FINAL FIGURES MAY BE, THE COMMISSION HAS HANDLED THE ISSUE BY MAKING ASSERTIONS WITHOUT ADVANCING SERIOUS ANALYSIS BACKED BY HARD DATA.

LET US LOOK AT ANOTHER PART OF THE ENLARGEMENT DISPUTE IN THE CONTEXT OF SENSITIVITY. IT IS A SECRET TO NO ONE THAT THE EC'S ZERO DUTY ON SOYBEANS, WHICH WAS DULY NEGOTIATED IN PREVIOUS TRADE ROUNDS, IS OF VITAL IMPORTANCE TO THE U.S.

AGRICULTURAL SECTOR. EVERYONE WHO FOLLOWS TRADE ALSO KNOWS THAT THE U.S. SOYBEAN INDUSTRY IS A BASTION AGAINST PROTECTIONISM. MORE THAN ONCE THE SOYBEAN INDUSTRY HAS GONE TO BAT TO TRY TO PREVENT LEGISLATION THAT WOULD ADVERSELY EFFECT EC EXPORTS TO THE U.S.

NEVERTHELESS, THE ENLARGEMENT TREATY IMPOSES CONSUMPTION AND IMPORT CONTROLS ON OILSEEDS IN PORTUGAL. THE COMMISSION'S INITIAL RESPONSE TO OUR PROTEST WAS THAT WE SHOULD NOT WORRY, THE MEASURES ARE ONLY TRANSITIONAL. THEY WOULD TERMINATE IN FIVE YEARS. FURTHERMORE, PORTUGAL, SAYS THE EC, ALREADY HAD RESTRICTIONS ON OILSEEDS.

THESE EC ARGUMENTS FINESSE THE PRINCIPLES INVOLVED. JUST BECAUSE THE IMPACT WILL BE INITIALLY SMALL DOESN'T MAKE A GATT ILLEGAL MOVE LESS ILLEGAL. MOREOVER, THE PREVIOUS PORTUGUESE MONOPOLY QUOTA SYSTEM HAD BECOME MORIBOUND AND UNUSED. GIVEN OUR MAJOR SOYBEAN MARKET THROUGHOUT EUROPE, THE EC'S MEASURES WHICH BEGIN TO ERODE THAT MARKET IN VIOLATION OF THE GATT CAN ONLY RAISE QUESTIONS IN OUR MINDS ABOUT ULTIMATE EC INTENTIONS. EARLY CONSULTATIONS WOULD HAVE BEEN EXTREMELY USEFUL.

COMMUNICATION

LET ME NOW TURN MY ATTENTION TO THE PROBLEM OF COMMUNICATION; HOW TO AVOID THE "DIALOGUE OF THE DEAF" THAT WE ENGAGED IN LEADING UP TO ENLARGEMENT. THE FACT OF THE MATTER

IS THAT WE SAID REGULARLY FOR MANY, MANY MONTHS THAT WE WELCOMED ENLARGEMENT, BUT HAD CONCERNS ON THE ECONOMIC SIDE WHICH WE LOOKED FORWARD TO DISCUSSING WITH THE EC. WE EXPECTED THE EC TO INVITE US TO THE TABLE WHEN IT HAD THE NECESSARY DATA AND INFORMATION IN HAND. THE INVITATION NEVER CAME. NOW THE EC SAYS ITS OUR FAULT THAT WE DIDN'T DRAG THEM TO THE TABLE. MAY I ALSO NOTE THAT THE INFORMATION NEEDED FOR GATT NEGOTIATIONS IS, I BELIEVE, STILL NOT IN.

ENLARGEMENT ASIDE, WHAT CAN WE DO FOR THE FUTURE? FIRST, THE U.S. AND THE COMMISSION HAVE TO WORK TOGETHER TO DEAL WITH ISSUES WELL BEFORE THEY BECOME FULL-BLOWN CONFLICTS. WE'VE BOTH SAID THIS BUT WE HAVEN'T DONE IT. ONE UPCOMING EXAMPLE IS THE COMMON INTERNAL MARKET. THE EC, UNDER THE LEADERSHIP OF LORD COCKFIELD, WILL, OVER THE NEXT SEVERAL YEARS, BE REMOVING BARRIERS TO THE FREE MOVEMENT OF GOODS AND SERVICES THROUGHOUT THE COMMUNITY. THIS PROCESS HAS SOME POTENTIAL CONCERNS FOR EXTERNAL TRADING PARTNERS, NOT THE LEAST OF WHICH IS THAT COMMON STANDARDS CAN EITHER FACILITATE TRADE OR HINDER IT AS A NON-TARIFF BARRIER. BY CLOSE CONSULTATIONS EARLY ON WE SHOULD BE ABLE TO AVOID SERIOUS PROBLEMS IN THE FUTURE.

IN THIS CATEGORY OF RESOLVING ISSUES BEFORE THEY BECOME CONFLICTS, I MUST ALSO PLACE THE BIG AGRICULTURAL QUESTIONS OF ACCESS TO MARKETS AND EXPORT SUBSIDIES. OUR PROBLEM IS WITH

THE ENORMOUS GROWTH OF EC AGRICULTURE BASED ON HIGH SUPPORT PRICES, PROTECTED MARKETS AND MASSIVE EXPORT SUBSIDIES. BOTH THE U.S. AND THE EC HAVE SERIOUS DIFFICULTIES IN THEIR FARM SECTORS THAT MUST BE DEALT WITH. THE U.S. IS ADJUSTING TO THE REALITIES OF THE WORLD MARKET AT SOME CONSIDERABLE PAIN TO OUR FARMERS. WE ARE NOT YET PERSUADED THAT THE EC IS DOING THE SAME. MY POINT IS THAT WHEN THE DIALOGUE ON AGRICULTURE IS OPENED IN THE NEW TRADE ROUND, THE U.S. AND THE EC WILL BE ON CENTER STAGE. IF THE NEW ROUND DOES NOT BRING FORTH NEW RULES ON TRADE IN AGRICULTURAL PRODUCTS, WHICH TAKE INTO ACCOUNT MARKET REALITIES AND COMPARATIVE ADVANTAGE, U.S.-EC CONFLICTS COULD DWARF ANY WE HAVE SEEN UP TO NOW.

SECOND, BECAUSE WE ARE SO IMPORTANT TO EACH OTHER, ONE SIDE SHOULD NOT TRY TO SLIP SOMETHING BY THE OTHER. I PLACE THE 15.5% GRAIN SET-ASIDE IN PORTUGAL IN THIS CATEGORY. WE WERE PRESENTED AS A FAIT ACCOMPLI A GATT-ILLEGAL MEASURE. IN SUCH MAJOR QUESTIONS, HOWEVER, THERE WILL ALWAYS BE A DAY OF RECKONING AND NEITHER THE U.S. NOR THE EC CAN BE "WINNERS" AGAINST EACH OTHER.

A THIRD AND FINAL POINT: THE U.S.-EC DIALOGUE IS TOO IMPORTANT TO BE HANDLED SOLELY AS AN ADVERSARIAL PROCESS CONDUCTED BY TECHNICIANS AND LAWYERS ARGUING CONFLICTING HISTORICAL ANALYSIS, AND DIFFERING INTERPRETATION OF GATT

PRINCIPLES. BY THE NATURE OF THE ANIMAL, SUCH A PROCESS ADDRESSES PROBLEMS AS A ZERO-SUM GAME. A BROADER ENGAGEMENT IS NECESSARY TO FACTOR IN OTHER, RELEVANT INTERESTS AND STRIVE FOR COOPERATIVE SOLUTIONS.

I HAVE TRIED TO TELL IT LIKE IT IS. WE SEE A LOT OF DIFFICULTY THAT SHOULDN'T BE THERE. LET ME CLOSE BY SAYING THAT WE CAN DO BETTER -- THROUGH CONSULTATION, NEGOTIATION, AND MUTUAL ACCOMODATION BASED ON LONG TERM SELF-INTEREST, THE U.S. AND THE EC CAN MOVE THE WORLD TOWARD INCREASINGLY LIBERAL TRADE AND GREATER PROSPERITY. TO DO OTHERWISE INSURES CONFLICT AND A WEAKENING OF THE TRANS-ATLANTIC ALLIANCE THAT IS CRUCIAL NOT ONLY FOR OUR OWN CONTINUED WELL-BEING AND SECURITY, BUT ALSO TO POINT THE WAY FOR THE REST OF THE WORLD.

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