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"SOME REMARKS ON US-EC-RELATIONS: RETROSPECT AND PROSPECTS"

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The programm of this Symposium says,

that I would deliver the closing address on Saturday, 15th.

Unfortunately I will not be able to do so.

The reason is that I have to participate the same day in a meeting of trade ministers of industrialized and developing countries in Rio de Janeiro.

I got the invitation for this meeting only a fortnight ago when the programme of the Symposium had already been distributed.

I want to take this opportunity

to make a few personal remarks relating to my work and experience with US-relations in my capacity as EC-Commissioner in charge of External Relations,

a job that I have had for almost eight years.

Let me say, at the outset,

that any EC-External-Relations-Commissioner cannot help becoming deeply involved in US affairs.

However hard he may try to concentrate on other parts of the world or other issues,

he simply cannot ignore what is going on on the other side of the Atlantic and between the two shores.

This may appear to be a truism.

It is nevertheless a fundamental expression of the nature and the priorities of Community's external relations.

The nature of EC external relations, as they stand, is essentially economic.

It is with economics and trade that we deal,  
even when we pursue overall foreign policy objectives.

We do not deal in what may be called pure politics,  
and we do not at all deal in security matters.

This may partially explain the fact

that we have practically no business with the super-power  
on our Eastern front, the Soviet Union.

In my eight years of service

I have certainly met more than 20 different US Cabinet officers  
both under democratic and republican administration;

but during the same time I have met no Soviet Minister.

What is true at ministerial level applies, of course, also to  
contacts at official level:

Community and US administration officials deal with each other  
almost daily and as a matter of routine.

Issues vary from Central America to agricultural exports,  
energy research,  
banking legislation,  
taxation  
and Polish debt.

With the Soviet administration, however

(with whom we do not have any diplomatic relations),

contacts are extremely rare and may come up only on occasion  
of some anti-dumping-proceedings.

I draw this comparison in order to underline the self-evident.

We have become so closely interwoven with the US economy  
and society

that we simply cannot distract ourselves from it.

Our "East-West-relationships" are therefore profoundly asymmetrical.

We may regret this,

but I do not see prospects for a more symmetrical relationship  
ahead of us,

at least not in the near future.

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Public opinion,

probably more on our than on the US side,  
tends to perceive US-EC-relations as fraught with tension and conflict.

Sometimes the political observer may get the impression

that our relationship is basically marked by disharmony.

He is impressed by recurrent discussions about

trade wars,

protectionism,

violation of sovereignty

or the damaging effects of US economic policy on

European prosperity.

This perception, however, does not correctly reflect reality  
(just as the media reflect also a rather distorted image  
of the European Community).

We tend to overstate any departure from normal.

We do not, for very good reasons, register the smooth day-to-day  
operations of some economic or social process:

smooth-running means no news.

We rather tend to focus

- with a powerful laser-beam -

public attention on minor items

which give rise to divergencies of view,

and we thus lose sight of the overall perspective.

Let me illustrate this by a very simple example:

In 1984 our bilateral trade with the US is likely to exceed  
100 billion dollar

(three times more important than our trade  
with either the Soviet Union or Japan).

This trade is being carried on basically free of obstacles,  
there are only very low duties,  
on a substantial part of trade there are none at all,  
there are no quantitative restrictions.

We have no specific bilateral trade agreement,  
we simply apply the general rules of the GATT.

And still many people have the impression  
that US-EC-trade is a mine-field of protectionism  
and not at all as free as it should be.

However,

if you look at the amount of trade  
that (during the last eight years) was really hurt  
by protectionist measures on either side,  
the percentage will not exceed one or two percent  
of total trade.

Indeed, I must search hard in my memory to recall striking examples  
when trade has been affected.

This may appear implausible to many among you.

Don't we constantly talk about the danger of US protectionism,  
don't we talk about Community threats to US agricultural exports,  
don't we address reciprocal warnings to each other?

All this is true and it also explains what may seem to be a paradox.

Indeed,

with so much trade and so much economic involvement it would  
be miraculous

if there were not constantly frictions or threats  
of conflict.

But - and this is an essential but -

our relationship is such that mostly we manage to avert frictions from becoming open conflicts.

We know about the sensitivity of issues on the other side; we tell each other in advance that some measures may be bound to provoke counter-measures;

we rattle a lot and in doing so

we avoid taking action that would be prejudicial to the other side.

The fact that we have gone through the deepest recession without resorting to any significant extra protection of our respective markets

must be seen - in retrospect - as major political achievement during the last 10 years:

It was possible only

because on both sides those in charge of external economic policy had some recollection of the 30 % shrinking of world trade 50 years ago,

when European countries and the United States resorted to protectionism and "beggar thy neighbour"-policy.

It was also possible

because we managed to establish a personal relationship both at the political and at the administrative level, based on common convictions and mutual confidence.

Our common conviction was the belief

in the merits of an open economic system and in the mutual advantages of economic interdependence between Europe and the US.

In the trade field we have made great strides in that direction.

We have managed

to deal with each other as partners with equal rights,  
knowing about the other's sensitivities  
and trying to take into account these sensitivities in our  
political processes.

It did not always function perfectly,

but even when accidents occurred,

as in that unfortunate summer of 1982 with the steel  
and the export embargo crises combined,

we managed to overcome these crises and quickly repair  
whatever damage may have occurred.

In the economic policy field,

the situation has been so far less satisfactory.

Unlike in the trade field there is a fundamental asymmetry:

Europe is much more dependent on US economic policy  
than the other way round.

Fundamentally because there is no single European economic policy.

The lack of effective Community responsibility in this field  
partially explains the fact

that there is no real economic policy dialogue going on  
between the US and the Community.

On both sides

domestic policy considerations determine the economic  
policy priorities.

Neither side takes into account the effects of its policies  
on the outside.

Within the Community,

we have of course made some progress towards consulting  
each other on the objectives of our respective policies.

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Thus, in the Community,

budget deficits,  
exchange rates,  
current account deficits

are no longer regarded as purely domestic affairs.

We recognize a certain Community dimension.

This is not true if we look beyond the Atlantic.

This may be tolerable on our side,

because of the limited impact of our national economic policy decisions.

It is not tolerable for the dominant world economy  
whose decisions affect the whole world economy,  
not only marginally  
but in a substantial way.

I do believe therefore - and I have said so before -

that we need a substantive transatlantic economic policy dialogue

We need some type of machinery,

as we have created it within the EC,

which allows for regular reviewing of the main issues  
in monetary, budgetary incomes and exchange policy.

The faster we will progress with intra-European economic policy cooperation,

the easier it will be

to impress upon the US side the need for such a dialogue  
and to prove our credibility.



Let me , in conclusion, make a more general point on the European-American relationship.

In recent years there has been a rather general tendency in Europe - in some countries more than in others -

to attribute European troubles to American policies.

Whatever policy the US followed in the economic field,

it did not live up to European expectations:

Either the dollar was too cheap or too expensive.

The high US interest rate has been made responsible for our weak propensity to invest and, following, for our low growth rates etc.

I think we must stop looking across the Atlantic for scapegoats.

We must not continuously bemoan our economic destiny and live under the - false - impression

as if our destiny were determined in New York or in Washington D.C.

It is definitely not!

Indeed, if we look at the European picture, we find

that some countries have been doing much better than others,

despite the high US interest rate or the high dollar.

We can and we should do much better in Europe,

provided

- we wasted less of our resources in intra-European quarrels and by duplication of efforts;
- we really pushed ahead towards one big single industrial market with no artificial barriers
  - \* through customs procedures,
  - \* different national standards,
  - \* restrictive government procurement policies
  - \* and the inhibiting effects of 10 national currencies;

- we demonstrated determination and willingness
  - to cope with the changing world environment
  - and to face our future with courage instead of pessimism.

Some months ago Lawrence Eagleburger, the US Under-secretary of State made some critical remarks about the growing perception in the US of a Europe

- that is not living up to American hopes,
- is lacking dynamism
- and fails to play the role it should in world affairs.

And he summoned the vision of a dawning Pacific region,  
 full of dynamism and vitality,  
 contrasted with an eclipsing Europe,  
 marked by despondency and pessimism.

I think we should take Eagleburger's warning serious.

Indeed,

it is with us,

with our parochialism and our lacking vitality,  
 that I see the greatest dangers for the future of transatlantic relations.

Unless there is more determination on the European side  
 to tackle our own economic and political problems  
 - including security -

we run the risk of being sooner or later relegated  
 to secondary rank.

Let me therefore conclude with the hope

that,

when the College of Europe 10 years from now, will  
 organize another workshop on European-American relations  
 such gloomy speculation will have proved unjustified.

Instead, I definitely hope

that by 1994 we shall have made further progress

towards establishing a truly cooperative transatlantic  
partnership

between a more united and stronger Europe on one side  
and a powerful US on the other side.