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## INFORMATION

EXTERNAL RELATIONS

THE EUROPEAN COMMUNITY AND THE UNITED STATES IN 1973

52/73

The enclosed information note was prepared by the Spokesman's Group of the Commission of the European Communities. As the subject is important and topical, we are adding it to our series.

The document, a revised version of a similar note published in June 1972, seeks to provide a factual account of the relations between the European Community and the United States, on the eve of the world trade negotiations in the GATT.

The note, drafted before the latest energy crisis, does not deal with political aspects of the relations between the European Community and the United States.

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**THE EUROPEAN COMMUNITY AND THE UNITED STATES IN 1973**

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## INTRODUCTION

Several major negotiations to be conducted during the next few years will seek to evolve a modified structure of economic relations among nations. The economic system established at the end of World War II has undergone change, and new elements more in conformity with the situation, needs and goals of the 1970s and 1980s are being worked out. An international economic and monetary system which works well is essential both for the continued growth and prosperity of the industrialised countries and for the economic take off and progress of the developing countries.

The relationship between the European Community and the United States is a vital element in international economic relations. But that relationship is constantly evolving as each party redefines both its own political identity and its own role in world affairs. As Commission President François-Xavier Ortoli recently said: "Without a doubt the objective facts have changed; the relations between the United States and Europe are no longer and can no longer be what they were. But there exists a very strong inherent necessity in favour of an ample and determined collaboration between our two entities."

It is with a view to contributing to a more thorough understanding of the issues being discussed between the United States and the European Community in this period of change that this note has been prepared. The method chosen in this paper is a factual comparative presentation. The note is specifically limited to matters within the direct competence of the European Community and in particular that of the Commission.

### I. General Trade Development

Since the establishment of the European Community in 1958, trade between the Community and the United States has developed at a brisk pace to the benefit of both trading partners. The rising standard of living in the vast outlet of the European Common Market and the diminishing barriers to trade within Europe have made this an attractive outlet for American products. Similarly there has been substantial growth in Community exports to the United States.

An additional factor behind the spectacular growth of American exports to the European Community is the low level of the Community's common external tariff. The Community's common tariff was established, with a few minor exceptions, as an average of the previously existing tariffs of the Six Member States. This resulted in a low and more consistent tariff for the Community as a whole. Since then this tariff has further been lowered as a result of the Kennedy Round negotiations.

Only 13.1% of EEC tariffs on industrial goods exceed 10% and 2.4% exceed 15%, while 38.3% of American industrial tariffs exceed 10% and 23.7% exceed 15%.

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<sup>1</sup>This note is an updated version of the note "The European Community and the United States : 1972", published by the Spokesman's Group in June 1972.

Average Tariffs on Industrial Products  
and Raw Materials (percentages)<sup>1</sup>

	<u>Raw Materials</u>	<u>Semi-Manuf. Products</u>	<u>Finished Products</u>	<u>All Industrial Products</u>
EEC (Six)	0.6	6.2	8.7	6.0
United States	3.8	8.3	8.1	7.1
Japan	5.5	9.3 <sup>2</sup>	12.0	9.7

As a result of the enlargement of the Community through the entry of Denmark, Ireland and the United Kingdom, the latter countries will adopt the common external tariff in four stages between 1 January 1974 and 1 July 1977. This will result in many instances in a further lowering of tariffs since the British and Irish tariffs are generally somewhat higher than the common external tariff. The British tariff on industrial products for example, averages 7.6%, compared with the Community's 6.0%.

Since 1958 the Community has been a dynamic fast-growing market for American exports. In 1958 the Community imported 2,808 million units of account<sup>3</sup> worth of goods from the United States, while exporting 1,664 million u.a. there. In 1972 the Community of Six imported 8,585 million u.a. from the U.S. and exported goods to the value of 8,321 million u.a. to the U.S. For the enlarged Community the corresponding figures in 1972 were imports of 11,900 million u.a. from the U.S. and exports of 11,713 million u.a. to the U.S.

The rate of growth of American exports towards the Community has been faster than the increase of American exports to many other areas of the world. According to American statistics, from 1962 to 1972 American exports to the Community grew by 143%. During the same period American exports rose by 127% to all other areas and by 132% towards the original seven countries of EFTA.

Since 1958 the Community has run a continuous and substantial trade deficit with the United States, averaging 1,569 million u.a. annually (see Annex, table 1). In 1972 the trade deficit was 264 million u.a. for the Six and 187 million u.a. for the Nine<sup>4</sup>. Community-American trade in 1972 was affected by several temporary phenomena that raised American imports from Europe while lowering American exports to Europe. The first was the aftermath of the December 1971 Smithsonian agreement. The immediate effect of a devaluation is to increase the value of imports of the devaluing country since the cost of goods already ordered or shipped is raised by the value of the devaluation. Another factor was that European and American economies were out of cycle with each other. The American economy was booming in 1972 with a real growth of 6.5%, thus pulling in large imports from Europe and elsewhere and keeping potential exports at home. The European economies, on the other hand, were suffering low growth, 3.7% on average in the Community, which tended to restrain imports.

<sup>1</sup>Source: "Basic Documentation for the Tariff Study", GATT 1971.

<sup>2</sup>A reduction of about 2 to 3 "points" came into effect at the end of 1972 (i.e. a reduction of about 20% for 1,865 products). There was another less important reduction in April 1973 on 102 products.

<sup>3</sup>The Unit of Account (hereafter u.a.) is the accounting instrument used by the European Communities. It has a value to 0.88867088 grammes of fine gold or the value of the dollar prior to 15 August 1971.

<sup>4</sup>According to American trade statistics, the Community in 1972 had a surplus in trade with the United States. The disparity was due primarily to differing methods of statistical evaluations. The United States and Canada are the only countries which calculate imports "free on board" (FOB) rather than "cost; insurance, freight" (CIF). The Community and most countries calculate exports FOB and imports CIF.

## II. Agriculture

The Community's agricultural policy has often been criticised as being harmful to American interests. A review of the development of American agricultural exports to the Community, however, does not support such charges.

The European Community is the most important market for American agricultural exports, and since its establishment the Community's share of total American agricultural exports has actually increased slightly. In 1958 the EEC accounted for 21.3% of total American agricultural export sales, in 1964 for 21.7% and in 1972 for 23%. In 1964, the last full year before the introduction of the common agricultural policy, U.S. agricultural exports, excluding cotton, amounted to \$1,227 million. By 1972 these had risen to \$2,049 million. During these eight years American agricultural exports have increased 67% to the Community while exports to the rest of the world increased by only 55%, even including the spectacular sales of cereals to the Soviet Union in 1972.

The growth of American agricultural exports to the Community of Six was greater than that towards the three new Community members, which up to now applied different agricultural policies. Taking the development between a representative period prior to the introduction of the common agricultural policy (1961-1963) and a recent reference period (1969-1971), American agricultural exports increased by 51% to the Six, but only by 11% to the United Kingdom, by 43% to Denmark and by 47% to Ireland.

There have, of course, been shifts in the product mix of Community agricultural imports from the United States. Some products have advanced faster than others. The increase of maize and wheat imports, for example, has been slower than the phenomenal growth in imports of soya beans and soya products<sup>2</sup>. This is primarily due to changing livestock feeding techniques, with a much greater use of high protein soya products and a declining use of such products as maize.

Community agricultural exports to the United States, on the other hand, are much smaller than those in the reverse direction. In 1958 the Community exported \$205 million worth of farm products to the United States; by 1972 these exports had risen to \$531 million. Many of the most important Community agricultural exports, such as dairy products, are subject to quantitative restrictions in the United States, which limits their export possibilities. With imports of \$2,049 million and exports of \$531 million, the Community in 1972 thus had an agricultural trade deficit of \$1,518 million with the United States.

All industrialised countries have special agricultural programmes suited to their structures and climate which aim at integrating this important sector into the structure of the whole economy after reorganising it as appropriate and guaranteeing agricultural workers a reasonable income in comparison with industrial workers. For the Community agriculture is especially important, since some 10.5% of the enlarged Community's active population is employed in agriculture; in certain regions of Southern Italy over 50% of workers are on the land. Agriculture accounts for approximately 4% of the active population of the United States.

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<sup>1</sup>The source of all statistics used here is the U.S. Department of Commerce.

<sup>2</sup>See also the last paragraph of page 5.

Trade in agricultural products has consequently always been more restricted than trade in industrial products, and no industrial country allows free and unhindered agricultural commerce. The American Government, for example, guarantees its farmers' income and protects its agriculture by means of the income support system and quantitative import restrictions on many products. The U.S. maintains quotas or asks for "voluntary" restraint by the exporting countries on sixteen products, including wheat, sugar, cotton and most milk products. The restrictions are applied under a 1955 derogation clause in the GATT rules, which allows the United States to restrict imports of most agricultural products. According to GATT studies, nearly one half of American agricultural production is shielded through these quantitative restrictions.

The Community uses a different system to guarantee agricultural income. For some important commodities such as wheat, maize and milk products, farmers are given a guaranteed minimum price and a variable levy is applied to imports. Fixed import duties are applied to many other commodities, such as mutton, tobacco and fruits and vegetables. All the products covered by the common agricultural products, or 95% of total agricultural production are free of quantitative restrictions. The only exception is fruit and vegetables which at certain times of the year are subject to timetables. Moreover, over 40% of American agricultural exports to the Community such as soyabeans and soya products which last year accounted for nearly \$300 million in sales in the Six and \$1,600 million in the Nine, today enter the Community free of any tariff or restriction. On the other hand, on 27 June 1973, the U.S. Department of Commerce announced a total embargo on exports of soyabeans and soyabean oil-cakes and meal and on 3 July announced that export licences would be issued covering 50% of outstanding contracts for soyabeans and 40% for soyabean oil-cake and meal. On 7 September, the Department of Commerce announced the liberalisation of export restrictions on all the agricultural commodities affected.

More important than the method of income support for agricultural workers, however, is the result. An independent study in 1971 estimated that the Community supported each farmer to the tune of some \$860 annually. The corresponding figure for the U.S. was \$1,320<sup>1</sup>.

European agriculture, finally, must be viewed in its social context. Although the green revolution has reached Europe in recent years, raising productivity in some areas and for some products to levels comparable to those in the United States and Canada, European agriculture is by and large still backward by international standards. Too many workers are still tilling small inefficient farms that are incompatible with today's modern, mechanised agriculture.

The average size of a farm in the enlarged Community in 1972 was an estimated 15 hectares; the average American farm last year was 154.2 hectares. The Community proportionately has nearly three times more of its working population on the farm than the United States. There already exists a clear trend within the Community, however, towards larger agricultural holdings and a declining agricultural population. In 1950, 20 million persons were employed on the farm in the Six; by 1970 they had dropped to 10 million, and it is estimated that by 1980 they will be only 5 million. As a share of the total active population, farm workers in the Six declined from 28% in 1950 to 13% in 1970 and will form an estimated 6% in 1980.

<sup>1</sup>"Comparaison entre le soutien accordé à l'agriculture aux Etats-Unis et dans la Communauté" by Professors G. Vandewalle and W. Meeusen.

The Community's goals in agriculture according to Article 39 of the EEC Treaty are to increase agricultural productivity, ensure a fair standard of living for the agricultural community, stabilize markets, and assure both that supplies are available and that they reach consumers at reasonable prices.

Europe's social problem in agriculture should not be solved by drastic measures but only through social evolution. In March 1970 the EEC Council of Ministers adopted the first directives under the so-called "Mansholt Plan" for the modernization of European agriculture. These call for the spending of 830 million u.a. from Community funds over the next five years to encourage the formation of larger farms and to give income support to farmers wishing to leave the land. A resolution to help farmers at a geographical disadvantage, such as in hill regions, was approved last May by the Ministers.

It was likewise with a view to improving the operation of the common agricultural policy that the Council decided that it would very shortly review certain of its rules, on proposals from the Commission, without questioning either the principles or the machinery of the policy. Even recently it was still found that despite a difficult world market situation the common agricultural policy was helping to stabilize markets and to secure Community supplies; it protects consumers against the sudden impact of sharp world market price increases and guaranteed its food supplies.

On the other hand, the Community has a duty not only to maintain guaranteed supplies while at the same time assuring its farmers of a fair income but also to maintain a state of equilibrium between its industrial areas and its farming areas by means of general economic policy reflecting the legitimate aspirations of the whole of the population in the field of the environment and the quality of life.

As Commissioner Lardinois recently said, the common agricultural policy must also be implemented as a part of a world agricultural policy, contribute towards stabilizing markets in the main commodities through international agreements and thus enable the growing food requirements of the world's people to be met.

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<sup>1</sup>The current world market price of common wheat is 35% higher than the Community price, while the price of durum wheat is double the Community price.



### III. Non-Tariff Barriers

The post-war movement of trade liberalization has been successful in lowering the high walls of industrial tariff protection built during the 1920s and 1930s. As industrial tariffs have come down, though, non-tariff barriers to trade such as licensing systems, customs valuation and labelling and packaging standards have taken on greater significance.

The GATT has drawn up an inventory of more than 800 non-tariff measures. This GATT inventory shows that all countries have extensive non-tariff barriers. The U.S. is among the countries against which the most complaints have been levelled. One of the major tasks of the new round of multilateral trade negotiations will be to seek a reciprocal dismantling on non-tariff barriers by all countries (See section VIII also).

Economic integration within the Common Market has already decreased the number and magnitude of non-tariff barriers previously erected by the Six. Since 1958 such technical barriers to trade as national subsidies to shipbuilding, the Italian statistical tax and various national and technical norms and standards have been harmonized, reduced or removed at Community level as part of the process of establishing a truly common market among the Six. This action was taken to facilitate intra-Community trade, but the effects are also beneficial for exports from all non-member countries.

The Community's tax system based on value added tax (VAT) has sometimes been misunderstood and regarded as a non-tariff barrier. The VAT has been adopted by the Community as the most appropriate means of harmonizing the existing disparate European systems of indirect taxes, many of which had features which might have laid them open to being called non-tariff barriers. At the present time the member states apply differing VAT rates, but eventually these will be harmonized. The VAT, like the sales tax which is used in 46 of the 50 American states, is an indirect tax. The trading rules of GATT permit border adjustments on indirect taxes so that foreign and domestic products compete on an equal footing. Thus both locally produced and imported goods are equally taxed when sold within the state or country, and taxes need not be paid on goods exported outside the state or country. This applies equally for the American state sales taxes, such as the 6% tax of Pennsylvania, and for the VAT.

Moreover, both the GATT and the OECD have made extensive enquiries into the trade effects of the VAT, which is now also used by many non-Community countries. Both organizations concluded that the tax was neutral and did not distort competition between domestic and imported goods.

#### 1. Quantitative restrictions

Quantitative restrictions, which set absolute limits on the amount of an item that can be imported, are generally much more harmful to free trade than tariffs. Quantitative restriction can take place either via quotas or via so-called "voluntary self-limitations" whereby the exporting country restricts the level of its exports. In recent years Community member states have been steadily abolishing their quantitative restrictions. Over the past five years the Community member

states decreased the number of their quotas according to the following table. In both sets of figures there is extensive duplication since the same products may be subject to restriction in more than one member state.

	<u>1 June 1968</u>	<u>1 June 1973</u>
Benelux	56	31
France	113	64
Germany	59	30
Italy	129	58

In the United States, on the contrary, the trend has been exactly the opposite. The United States has been making increasing use of quantitative restrictions, especially through the use of "voluntary self-limitations" and now has more than any Community member state. In 1963 the United States had only 7 quantitative restrictions, in 1971 it had 67 and in March 1973 it had 77.

## 2. Valuation practices

The "American Selling Price" is a method of customs valuation used by the United States on such benzenoid chemicals and their derivatives like dyes, pesticides, pharmaceuticals and plastics. Under this practice duties are established not according to the value of the product itself but according to the price of the same product manufactured in the United States; this eliminates any competitive advantage the import might have. Although removal of the American Selling Price was part of the supplementary Chemicals Agreement negotiated in the Kennedy Round, the American Congress never took the necessary action to repeal the measure. In addition to the American Selling Price, other methods of customs valuation such as those applied under the "Final List" are extremely complicated and create uncertainty. The United States is likewise one of the few countries which does not apply the standard internationally accepted tariff nomenclature, which can also complicate and hinder trade.

## 3. Government Procurement

Through a variety of state and national measures, government purchases of American-produced rather than imported goods are encouraged. The Buy American Act, 1933 requires that national government purchases must be American-made products unless the American equipment is either not available or costs 6% (in some areas 12%) more than the foreign-made product. The American Defence Department demands that foreign products must cost 50% less than the American product if they are to be purchased. The Department also maintains a long list of products, including food, clothing, special steels and products made from them, which cannot be purchased at any price if they are foreign. Nearly half of the American states have Buy American Acts.

## 4. Administrative obstacles

A wide variety of administrative controls likewise impede or complicate Community exports towards the United States. No foreign-made vessel,

for example, can ship goods between ports along the American coast. Another American Act requires "marks of origin" such as "Made in Italy" or "Made in Japan" on all products. This complicates production and can also result in discrimination by buyers against foreign goods. The United States furthermore does not conform to the accepted international rules on dumping. Although the United States took part in drawing up the international anti-dumping code during the Kennedy Round, it has never applied the criteria of the code. Special American rules and their excessive use can have the effect of becoming a barrier to trade. From 1 July 1971 to 30 June 1972, for example, the United States, applying its own rules, opened 39 anti-dumping cases and levied special dumping duties in 16 cases. During the same period the Community, applying the stricter international code, opened only 11 cases and applied no dumping duties. In addition, national escape clauses and countervailing duties are being applied in the United States. In a certain number of escape clause procedures, tariff concessions made in the Kennedy Round are being nullified then they lead to growing import competition.

#### 5. Domestic International Sales Corporations (DISC)

In December 1971 the American Congress passed an Act permitting the establishment of DISC companies, which are allowed to defer payment of 50% of the tax on their export profits. The 50% tax deferment then becomes tax exemption since it is never taxed as long as the profits are not distributed to stockholders but instead are reinvested for export development. Some 3,000 DISC companies have been established since December 1971.

The Community, Canada and (before it joined the Community) the United Kingdom have all protested to the United States that the DISC tax arrangement is an export subsidy designed to give American companies a competitive advantage. They will be able to reduce prices since they are not carrying the normal tax load. Export subsidies are in violation of the GATT and the Community has initiated proceedings under GATT rules concerning the DISC.

#### IV. American investment in Europe

American investment in Europe today is an important element in the complex kaleidoscope of Atlantic and monetary relations.

In 1958 American investment in the Community of Six totalled \$ 1,908 million; at the end of 1971 it stood at \$ 13,574 million. In addition to this there was also \$ 8,941 million of American investment in the United Kingdom. Total American investment in the Nine at the end of 1971 was \$ 23,087 million. All figures given here are based on book value; real or replacement value would be three to four times greater. Such figures also take into account only investments by American firms directly from the United States and do not include investments by American holding companies located for example, in Switzerland, Luxembourg or the Bahamas.

Since its establishment the Community has been one of the fastest growing regions for American direct investment. The perspectives of a large, more unified and affluent market encouraged many American companies to establish manufacturing plants in Europe. In 1958 investment in the Community comprised only 7% of total American investment abroad. By 1971 the Community proportion had risen to 15.8%, and 26.8% of American investment abroad in 1971 was in the Community of Nine. The largest part of American investment in Europe, in contrast to that in most other areas, is in manufacturing industries rather than in petroleum or mining.

The volume of direct American investment is perhaps more accurately seen from the annual expenditure of American companies on plant and equipment. Capital expenditure comprises capital transferred from the United States, capital raised in European money markets, and reinvested earnings. Annual capital expenditures in the Six by American firms totalled \$ 420 million in 1958 but is likely to be \$ 3,500 million for 1973. Capital expenditure in Britain is expected to be \$ 1,600 million in 1973.

This American direct investment, has had an important impact on trade relations between the Community and the United States. As the multinational American corporations themselves often state, they have built plants in Europe in order to be closer to the markets to which they are selling. The United States, to take but one example, exports relatively few automobiles to Europe. This is not due to European barriers against American cars but primarily because the subsidiaries of the major American automobile firms are manufacturing cars in Europe made for European specifications and tastes. Today more and more American products whether computers or detergents, which might have been formerly manufactured in the United States and then exported to Europe are now being produced in Europe itself.

This development, of course, has had an impact on the level of American exports to Europe. It is impossible to ascertain the exact amount of American exports which are displaced by production in Europe. It is estimated, however, that today sales of American manufacturing subsidiaries in the Community are some three to four times greater than the value of

exports of American manufactured exports. U.S. direct investments in Europe have, however, also generated American exports, especially of capital equipment, from the mother company in the U.S. to the Community-based subsidiary. The output of these subsidiaries is however entirely produced for markets in Europe. This phenomenon is in contrast to that in other parts of the world, where output is often re-exported back to the United States.(1)

Community direct investment in the United States has always been much smaller than American investment in Europe. The book value of Community investment in the U.S. in 1960 was \$ 1,446 million and at the end of 1971 was \$ 3,757 million plus an additional \$ 4,435 million of investment in Great Britain.

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(1) The repatriation of profits from American investment abroad, especially in Europe, has in recent years become an important factor in the American balance of payments. For a full treatment of this see section VII below.

## V. Preferential Agreements

The European Community is a new unit in international trade. Yet at the same time the Community has inherited the economic and political ties of its member states. Part of this inheritance consists of the close trading links with many developing countries which are in many cases still vitally dependent on Community markets as an export outlet for their raw materials and agricultural products. The Community has constantly received requests from these developing countries to grant their exports special treatment. The Community and its member states thus have a particular responsibility to ensure the economic stability and development of these countries, some of which are among the least developed in the world.

This responsibility has found its expression through a policy of cooperation and development and was given practical form in the first and second Yaoundé Conventions concluded with 17 African States and Madagascar, joined in 1972 by Mauritius. These agreements, which make important provisions for development and also establish arrangements based on the concept of free-trade without, however, involving the automatic grant of preferential treatment for Community exports. Furthermore, the 1969 Arusha Convention establishes a similar association between the Community and Kenya, Uganda.

Under Protocol 22 of the Treaty of Accession, the Community agreed to offer the twenty independent Commonwealth countries, which are at a stage of economic development similar to that of the original eighteen, a choice of trading arrangements including the same type of arrangement with the enlarged Community as that already enjoyed by the original eighteen countries. This offer was subsequently extended to a certain number of developing countries south of the Sahara.

In October 1973 the Commission began negotiations with 42 developing countries, some associated and some not.

The Community has also signed a series of agreements with most of the countries in the Mediterranean basin. The purpose of these agreements, most of which are currently being renewed, was to safeguard the traditional economic and commercial equilibrium in this area where, once again, member states of the Community had close historical and economic ties.

In the case of some of the countries on the northern shore of the Mediterranean, these agreements are aimed at bringing the economies of the countries up to the level of development that will enable them eventually to join the Community as full members, provided their political systems are compatible with democratic principles. For all the developing countries of the Mediterranean basin the Community market is vitally important. They all send over half of their total exports to the enlarged Community, and for some countries such as Algeria (80%) and Morocco (70%) the figure is even higher. Especially for such agricultural exports as tomatoes, citrus fruit and wine, the enlarged Community is their main customer.

In addition, the enlargement of the Community made it necessary for the Nine to come to some special arrangements with the members of the European Free Trade Association (EFTA) who were not joining the Community. Since 1960 EFTA had established an industrial free trade area among its members. The entry of Britain and Denmark into the Community, however, would have necessitated the re-establishment of tariff barriers between those countries and their former EFTA partners, a development which would have gone against the whole post-war movement towards freer world trade. The remaining EFTA countries, in addition, did from 40% to 60% of their trade with the enlarged Community. During 1972 and early 1973 industrial free trade agreements were therefore negotiated with the remaining seven EFTA countries. These will progressively establish free trade for industrial products between each country and the Community.

The Commission has stated that it has no intention of proposing preferential agreements with any other countries. Sir Christopher Soames said in April, "I must also make it clear that the Community does not seek to extend its policy of association and preferential trade agreements beyond the limits which history and close geographical links have made necessary. In fact, I say quite categorically that the Commission, having considered this question, has no intention of proposing any additional agreements of a preferential kind with countries which lie outside Africa or the Mediterranean basin".

One particular aspect of these preferential agreements has recently drawn criticism - the so-called "reverse preferences".

In reality, criticism based on this notion proceeds from a misunderstanding, provided by the reference to the free-trade arrangements aimed at by international trade agreements (GATT agreements). The reference was necessary in order to protect the parties from legal criticisms in the light of GATT rules.

In its Memorandum of April 1973 the Commission explicitly stated that it would not ask for reverse preferences from its future partners. It remains clear that the countries already associated will maintain the concessions granted to the Community (certain countries, such as Zaïre and Togo, have offered none). It is worth remembering the scale of the trade involved: in 1971 the United States exported goods worth 950,000 million dollars to the associated or associable countries (including the Maghreb countries), 600,000 million to South Africa alone and 43,000 million to all other countries; in other words, Community association arrangements will affect, at worst, 2% of American exports.

The Community's primary goal with the preferential agreements is to ensure that its market remains open to the developing countries, whose livelihood depends so heavily on it. The preferential agreements are the best method that has so far been found to accomplish that goal.

## VI. Japanese-Community Trade Relations

Trade relations between the United States, Japan and the European Community are closely interrelated. The bilateral relations between any two of them are of importance for all three and for the well-being of world trade as a whole. American officials have complained that the Community is protectionist against Japanese products and that this situation has forced the Japanese to concentrate more heavily on the American market. This argument is not confirmed by the facts.

In recent years Japanese exports to the Community have been increasing at a rapid pace. In 1958 the Community exported 139 million u.a. worth of goods to Japan and imported 117 million u.a. from Japan. In 1972 the Community of Six imported 1,876 million u.a. from Japan and exported 1,080 million u.a. to that country. Corresponding figures for the enlarged Community in 1972 were imports of 2,752 million u.a. and exports of 1,544 million u.a. In 1971 Community imports from Japan were up 25% over the previous year, and in 1972 they were up an additional 22% over 1971. It is clear that Japanese exporters, finding the American market more restricted to them and their export potential there exhausted have turned increasingly towards the European market.

Before 1967 the Community had regular trade surpluses with Japan, but since then it has had an annually increasing deficit. In proportion to the amount of trade, this deficit is even higher than the American trade deficit with Japan. In 1972 the Community of Six had a trade deficit of 795 million u.a. with Japan. The Nine in 1972 had a deficit of 1,207 million u.a.

Japanese-American trade has always been much more extensive than Japanese-Community trade. In 1955, for example, 22.7% of Japanese exports went to the U.S. market and only 4.0% to the market of the countries of the Community of Six. In 1972, 31.1% of Japanese exports went to the U.S. and 7.7% to the Community of Six and 11.5% to the Nine. The same situation exists for Japanese imports: in 1955 31.3% came from the U.S. and 3.8% from the Common Market Six, while in 1972 24.9% came from the U.S., 5.9% from the Six and 8.4% from the Nine. The Japanese have clearly concentrated their export interests on the closer and already familiar American market with its unified economy with no barriers to trade, one language, and 210 million consumers with just about the highest standard of living in the world.

There were various reasons for the lower level of Community-Japanese trade in comparison to American-Japanese trade. Perhaps the most important is the simple factor of distance, which causes much higher transport costs and complicates both marketing and after-sales servicing. The distance between Tokyo and San Francisco, by air, is 8,200 km; the distance between Tokyo and Rotterdam, also by air, is 12,700 Km. This natural barrier of crossing two oceans rather than only one has limited trade between Asia and Europe. This is true not only for Community commerce with Japan but also for that with other Asian nations such as China, India, and Hong Kong.

Another factor which limits trade between Europe and Japan is the similar structure of export industries in the two areas. American-Japanese commerce is broadly complementary, with the U.S. exporting



large quantities of agricultural products, raw material and high technology products to Japan, while the U.S. imports manufactured products, especially consumer goods and automobiles from Japan. Japanese and European industries, on the contrary, are often specialized and have their competitive trade advantage in exactly the same fields. They export, and are competitors in, such products as consumer electronics, chemicals, traditional capital goods and small automobiles. In America, for example, the major competition in such fields as small cars and tape recorders comes not from American products but from European products. When Japanese-European competition takes place in Europe, the European producer with low or nil transport costs has an obvious and important advantage over the product that must be transported 12,700 Km.

To take one important example, automobiles: Japan in 1972 exported an estimated \$ 1,112 million worth of passenger cars to the U.S., with a large proportion of these being sold in the geographically closer Pacific Coast area. In the American market one of the major competitors for Japanese cars are European exports. While during the past few years sales of Japanese cars have increased rapidly in Europe, they started from a very low base and in 1972 Community imports from Japan amounted to only \$ 146 million. Restrictions on importing Japanese automobiles into the Community, however, exist only in Italy. The explanation for the wide difference between Japanese car exports to Europe and to the U.S. is obviously found in the stronger competition in Europe in the field of small cars, where European manufacturers have much larger experience.

## VII. Trade and the monetary situation

International trade is ultimately dependent upon the smooth working of the international monetary system. Yet over the past two years that system has been repeatedly buffeted by crises of confidence in the stability of the system itself. The European Community and its member states have played a cooperative and constructive role during those recurring crises. The member states of the Community have also accepted substantial devaluations of the U.S. dollar vis-à-vis their currencies. After March 1973 the currencies of six Community Countries (1) have been floating jointly in relation to the dollar. Since the monetary crisis of May-August 1971 the currencies of Community members have been modified by approximately the following amounts vis-à-vis the dollar as of 1 July 1973: (+ = revalued, - = devalued)

Germany	+ 53.7%
Netherlands	+ 40.2%
Belgium-Luxembourg	+ 39.6%
Denmark	+ 32.2%
France	+ 35.3%
Italy	+ 8.0%
Ireland )	
United Kingdom)	- 7.6%

These heavy revaluations in relation to the dollar have resulted in a commercial handicap for the Community member states and a weakening of their international competitive position during a period when a less favourable economic situation and lower economic growth existed in the Community than in the United States.

Trade is an important element in the balance of payments of any country, but it is not the only factor to be taken into consideration. And while American officials have stressed the trade aspect of the recent American balance of payments deficits, the American payments account must be examined as a whole, especially in view of its rapidly changing structure. In the early 1960s, the United States regularly ran large trade surpluses, reaching a peak of \$ 6, 831 million in 1964. During the latter 1960s, however, this trade surplus declined, and the trade account went into deficit in 1971 and 1972. This phenomenon was caused by a variety of factors. Persistent and high domestic inflation and very low productivity gains weakened the competitive position of American exports. The rapid spread of technology around the globe led many countries in Europe and Asia into fields which had been previously the private domain of American industry. The big increases in American raw material imports, especially of oil, was another factor.

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(1) Belgium, Denmark, France, Germany, Luxembourg, Netherlands

In 1965 the United States imported energy products worth \$ 2,181 million but by 1972 these imports had increased to \$ 4, 814 million worth. And lastly, as pointed out above in section IV, American multinational corporations have begun manufacturing abroad many products which were previously exported from the United States.

side

On the credit/of the balance of payments account invisible earnings have become an increasingly important factor. The United States has developed a post-industrial service economy, with American firms increasingly serving their foreign markets primarily through direct production abroad. This is the phenomenon that economists call the "mature" economy, in which earnings from investment and services play an important role in the overall payments situation.

In recent years the repatriation of profits from American subsidiaries abroad has become a major new source of revenue. Remitted income on total U.S. direct investment abroad rose from \$ 2,395 million in 1960 to \$ 10,293 million in 1972. Last year 2,395 American firms repatriated \$ 1,460 million in profits from investment in the Six and an additional \$ 836 million from investment in the United Kingdom. Any analysis of the American balance of payments must take into consideration its changing structure and the importance of earnings from U.S. investment abroad. Concentrating on the trade account alone results in a distorted view.

The turbulent international monetary scene of the past few years can only be calmed, however, by a far-reaching reform of the international monetary system. At the Paris Summit Conference last October the Community declared that the following principles should be the bases for the new system:

- fixed but adjustable parities
- general convertibility of currencies
- effective international regulation of the world supply of liquidities
- reduction in the role of national currencies as reserve instruments
- effective and equitable functioning of the adjustment process
- equal rights and duties for all participants in the system
- lessening of the destabilising effects of short-term capital movements
- consideration for the interests of the developing countries.

The Community and its member states have been playing an active role in the negotiations for the reform of the monetary system with a view to achieving a successful conclusion without delay. At the same time, the Community does not believe that there should be any forced connection between these negotiations and the other talks concerning trade or defence matters. Such connections could delay and complicate the achievement of solutions in all these fields. Concerning this issue, Sir Christopher Soames recently said:

"It would be mistaken to argue, because these problems are interrelated, that they should therefore all be lumped into one big basket and dealt with together in a single negotiation; that all issues, regardless of their intrinsic time scales, have to be tied up in a single deadline; that every solution for any one must be conditional on solutions for them all; and that the difficulties in any one should block progress in the others. Certainly all these problems call for overall political

direction and management. But to force into a single forum all the diverse questions we confront, far from simplifying their solution, could complicate and exacerbate them."

The monetary and trade negotiations will be seen as a coherent entity, and progress must be made on both sides at the same time. Efforts in the two fields will help to improve economic relations.

In the introductory section to the document setting out the Community's overall approach to the forthcoming multilateral trade negotiations in GATT it is pointed out that the policy of liberalizing world trade cannot be carried out successfully "unless parallel efforts are made to set up a monetary system which shields the world economy from the shocks and imbalances" which occurred during the first half of 1973. The Community will assess the progress of the GATT negotiations in the light of the progress made in the monetary field and will take such progress into account both at the beginning and throughout the negotiations and when taking a decision on their results.

## VIII. The New Round of Multilateral Negotiations

This September in Tokyo a new round of GATT multilateral trade negotiations began. This is the seventh round of tariff reductions since GATT was founded in 1947 and the first since the 1967 conclusion of the Kennedy Round. Sir Christopher Soames outlined the Community's broad objectives in these negotiations, saying, "Between the industrialized countries we must consolidate and continue the process of liberalization, and do so on a reciprocal basis to our mutual advantage. For the less-developed world we must ensure not simply that their interests are not damaged, but, on the contrary that they secure greater opportunities for their economic expansion as a result of what we do".

The Community in June adopted its overall position on the new multilateral round. The following is only a very brief resumé of the most important elements of that overall position.

### 1. Industrial tariffs

The new round should lead to a significant lowering of customs tariffs. The formula eventually adopted for lowering customs tariffs must also take account of the considerable disparities which exist among national tariffs. As pointed out in section I of this background note, the Community has a fairly even and fairly low tariff. Other countries such as the United States have many zero tariffs but also have many very high duties. The Community has adopted the principle that the higher the tariff the greater the reduction that should be made in it. It also upheld the notion that there should be a threshold tariff level below which the Community should not insist on any tariff reductions. One of the advantages of this approach would be that the generalized preferences which the Community and Japan give to developing countries would remain beneficial to them.

### 2. Agricultural trade

Previous GATT rounds have concentrated mainly on industrial tariffs. The new round though, will also deal with agricultural trade. Negotiations in this field will be much more complicated than those in industrial products because, as mentioned above, the methods of agricultural protection vary markedly from country to country. The Community has made it clear that neither the principles nor the mechanisms of the common agricultural policy are up for negotiation. However, the Community is ready to discuss the practical application of the rules on a basis of reciprocity. The Community's objective in these negotiations is to expand trade in stable world markets while respecting existing agricultural policies. It is hoped that the negotiations will secure multilateral agreements for certain products such as wheat, flour and feed grains, rice, sugar and certain homogeneous milk products. These agreements could include maximum and minimum prices, stockpiling measures and food aid. Where such agreements are reached the way the Common Agricultural Policy is implemented will obviously be adjusted accordingly.

### 3. Non-tariff barriers

The new multilateral round should also make a concerted effort to dismantle some of the non-tariff hinderances to trade. The Community feels that the new round should take account of this work and draw up general principles or codes of behaviour in this field.

For certain measures used by only a few countries ad hoc solutions could be reached. The Community will specify the non-tariff barriers it wishes to see dealt with in the negotiations and is ready to negotiate in return on some of the measures which the member States themselves apply.

### 4. Developing countries

The new multilateral round should in no way undermine the position of the developing countries. The Community and other developed countries, on the contrary, have already pledged themselves to take particular account of the interests of the developing countries during the negotiations. In addition to the world agricultural arrangements described above, mesurer should be considered for products of particular interest to developing countries so that they can maintain or increase their export revenue. The Community also hopes to improve its system of generalized preferences for developing countries for their exports of industrial goods and the inclusion of processed agricultural products in the scheme.

### 5. Safeguard clause

As tariff and non-tariff measures are gradually lowered or abolished, countries may increasingly feel the need for safeguard clauses to adapt to and overcome purely transitory difficulties caused by an import influx of certain specific goods. The Community holds that the present safeguard provisions of Article XIX of the GATT code form a good basis and should be maintained as they are. It may however be that certain countries will wish Article XIX to be supplemented so as to make it operate more effectively, and the Community is willing to enter negotiations to this end. But whatever changes are made should not result in more restrictive safeguards nor make safeguards easier to apply or limit the right to retaliate, unless the conditions are set down with great precision and subject to firm international control.

### 6. Reciprocity

The post-war movement of freer world trade has been firmly based on the principle of "reciprocity and mutual advantage". The practice in trade negotiations of mutual concessions in the quest of mutual advantage has led to a general lowering of trade barriers and furthered the prosperity of all participating countries. While it is impossible, of course, for the developing countries to grant reciprocity, the Community maintains that the principle of reciprocity must be accepted by all industrialized countries if the new multilateral round is to be successful.

### Conclusion

The member states of the European Community and the Community itself have taken an active part in the post-war movement towards freer world trade. The very existence of the Community has been a stimulus for more liberal trade in Europe and in the world. The Dillon Round and the Kennedy Round in GATT, where the Community played a major and constructive role, took place primarily because of the establishment and development of the Community. Following the completion of the Kennedy Round tariff cuts the Community emerged with the lowest customs tariff of any major trading entity, at a level only half that of the average tariffs of the original member states.

During the forthcoming negotiations in GATT and in the International Monetary Fund and in the areas of future cooperation between the United States and the Community in trade, monetary reform, energy supply, defence, industrial relations or any other field, the overall political objective of relations between Europe and America must be kept clearly in focus. This note itself has often dealt with some of the technical details of Atlantic relations. But these technical details should not lead to an eclipse of the shared common interest in developing and supporting an international economic system that will further the prosperity not only of the citizens of both Europe and America but also that of the whole world, nor to an overlooking of the many interests and ideals that Europe and America have in common far beyond the economic domain.

TABLE ITRADE BALANCE BETWEEN THE EUROPEAN COMMUNITY  
AND THE UNITED STATES (in million U.A.)

	<u>Export</u> <u>Dest. USA</u> (FOB)	<u>Import</u> <u>Origin USA</u> (CIF)	<u>Community Trade</u> <u>Balance with the U.S.</u> (negative = U.S. surplus)
1958	1,664	2,808	- 1,144
1959	2,371	2,651	- 280
1960	2,242	3,830	- 1,588
1961	2,232	4,054	- 1,822
1962	2,447	4,458	- 2,011
1963	2,563	5,051	- 2,488
1964	2,849	5,438	- 2,589
1965	3,425	5,693	- 2,268
1966	4,098	6,022	- 1,924
1967	4,424	5,898	- 1,474
1968	5,769	6,393	- 624
1969	5,958	7,335	- 1,377
1970	6,634	9,040	- 2,406
1971	7,694	8,976	- 1,282
1972 (Six)	8,321	8,585	- 264
1972 (Nine)	11,713	11,900	- 187

Source: Statistical office of the European Communities.



TABLE II

I. Book value of Direct American Investments in the EEC at year's end  
(in \$ million)

	<u>1958</u>	<u>1965</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
Germany	666	2,431	4,276	4,597	5,214
France	546	1,609	2,122	2,590	3,013
Italy	280	982	1,422	1,550	1,860
Netherlands	207	686	1,227	1,508	1,672
Belgium/Luxembourg	208	596	1,214	1,529	1,815
<b>EEC Total (Six)</b>	<b>1,908</b>	<b>6,304</b>	<b>10,255</b>	<b>11,774</b>	<b>13,574</b>
United Kingdom	2,147	5,123	7,190	7,996	8,941
Ireland	n.a.	n.a.	n.a.	188*	215*
Denmark	49	200	309	362	357
<b>EEC TOTAL (Nine)</b>				<b>20,320</b>	<b>23,087</b>

II. Book value of Direct Community Investments in the US at year's end  
(in \$ million)

	<u>1960</u>	<u>1965</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
Germany	103	209	617	680	767
France	168	200	319	286	315
Italy	71	87	95	100	109
Netherlands	947	1,304	1,966	2,151	2,225
Belgium/Luxembourg	157	175	309	338	341
<b>EEC Total (Six)</b>	<b>1,446</b>	<b>1,975</b>	<b>3,306</b>	<b>3,555</b>	<b>3,757</b>
United Kingdom	2,248	2,852	3,496	4,127	4,435
Ireland	neg.	neg.	neg.	neg.	neg.
Denmark	(1959 = 30)	-	-	-	90*
<b>EEC TOTAL (Nine)</b>					<b>8,282</b>

Source: "Survey of Current Business" and US Department of Commerce.

\* = Estimate  
n.a. = Not available  
neg. = Negligible

TABLE III

STRUCTURE OF THE OFFICIAL POSITION OF THE RESERVES AT THE END OF 1972  
OF THE PRINCIPAL INDUSTRIALISED COUNTRIES-

(in millions of US Dollars, units of account or special drawing rights)

	TOTAL		GOLD VALUE		SDR VALUE		RESERVE POSITION IN I.M.F. VALUE		FOREIGN CURRENCY			
	u.a. or SDR	\$	\$	in %	\$	in %	\$	in %	Value \$	in %	including \$	% of total
Belgium/ Luxembourg	3,565	3,870	1,638	42.3	568	14.7	560	14.5	1,104	28.5		
Germany	21,453	23,292	4,336	18.6	893	3.8	1,238	5.2	16,825	72.2	16,113	69.2
France	9,224	10,015	3,826	38.2	630	6.3	499	5.0	5,060	50.5		
Italy	5,599	6,079	3,130	51.5	371	6.1	359	5.9	2,219	36.5		
Netherlands	4,407	4,785	2,059	43.0	705	14.7	601	12.6	1,420	29.7		
Europe of the Six	44,248	48,041	14,989	31.2	3,167	6.6	3,257	6.8	26,628	55.4		
Denmark	787	854	69	8.1	78	9.1	71	8.3	636	74.5		
United Kingdom	5,199	5,645	800	14.2	656	11.6	126	2.2	4,063	72.0		
Ireland	1,037	1,126	17	1.5	43	3.8	44	3.9	1,022	90.8		
Europe of the Five	51,271	55,666	15,875	28.5	3,944	7.1	3,498	6.3	32,349	58.1		
Norway	1,220	1,325	37	2.8	95	7.2	75	5.6	1,118	84.4		
Canada	5,572	6,050	834	13.8	505	8.3	343	5.7	4,368	72.2	4,355	
Switzerland	6,897	7,488	3,158	42.2	-	-	-	-	4,330	57.8		
Japan	16,915	18,365	801	4.4	461	2.5	620	3.4	16,483	89.7		
Sweden	1,451	1,575	217	13.8	116	7.4	98	6.2	1,144	72.6		
United States	12,112	13,150	10,490	79.8	1,960	14.9	460	3.5	240	1.8		

<sup>1</sup>Source : IMF (International Financial Statistics)

1 u.a. = 1 SDR = \$ 1.08571

<sup>2</sup>51,965 million DM converted into US dollars at the central rate of \$1 = 3.225 DM (Dundcsbank).

TABLE IV  
General Statistics

	SIX	NINE	USA	USSR	JAPAN
Population (1,000) at 30.6.1971	189,638	253,247	207,049	245,066	104,606
GNP (1,000 mil. u.a.) (1971)	536.2	693.2	1,066.1	-	219.8
Imports (% world total)(1972)	15.0	19.3	14.7	4.2	6.2
Exports (% world total)(1972)	17.3	20.6	14.0	4.3	8.0
Total cereals production (1971) (1,000 metric tons)	77,034 <sup>1</sup>	100,604 <sup>1</sup>	232,326 <sup>1</sup>	171,601 <sup>1</sup>	1,068 <sup>1</sup>
Total meat production (1970) (1,000 metric tons)	13,735	18,344	23,775	10,165	1,373
Milk production (1970) (1,000 metric tons)	72,448	93,637	53,268	82,900	4,766
Total primary energy production (1971) (1,000 tce)	335,856	507,736	2,091,350	1,392,800	70,154
Total domestic consumption of primary energy and equivalent sources (mil. tce.) (1971)	862.2	1,205.4	2,409.4	-	405.2
Total production of petroleum products (1,000 metric tons) (1972)	428,454	537,396 <sup>2</sup>	-	-	-
Total gross production of electrical energy (GWh) (1972)	670,300	961,333	1,974,000 <sup>3</sup>	845,000 <sup>3</sup>	412,000 <sup>3</sup>
Steel production (1,000 metric tons) (1972)	113,147	139,109	123,770	126,000	96,900
Car production (private and commercial vehicles) (1972)	8,559,000	10,480,000	8,828,000	730,000	4,022,000
Transport-Railways Passenger Kms. (mil.)(1971)	127,252	161,645	11,167	274,600	190,321
Total merchant fleet on 1 July 1971 (1,000 GRT)	30,281 <sup>4</sup>	61,136 <sup>5</sup>	16,265	16,194	30,509

<sup>1</sup>Not including rice. Figures including rice as follows:

77,809	101,379	235,382	172,356	12,379
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<sup>2</sup>Not including Ireland.

<sup>3</sup>Provisional figure.

<sup>4</sup>Not including Luxembourg.

<sup>5</sup>Not including Ireland or Luxembourg.

TABLE V a.)

DEVELOPMENT OF TRADE BETWEEN THE EEC (SIX) AND ITS  
PRINCIPAL TRADING PARTNERS

1958 - 1972

\$ million

Year	Origin	Imports (all products)				Rest of world
	Intra EEC	USA	Canada	Japan		
1958	6790	2808	430	117	12801	
1959	8082	2651	327	115	13113	
1960	10150	3830	450	163	15002	
1961	11718	4054	485	204	15712	
1962	13416	4458	452	257	17185	
1963	15737	5051	451	335	18840	
1964	18054	5438	500	358	20560	
1965	20442	5693	588	454	21847	
1966	22922	6022	634	528	23572	
1967	24173	5898	641	538	23818	
1968	28422	6393	731	653	25790	
1969	36341	7385	823	890	30205	
1970	42824	9040	1260	1233	34105	
1971	49410	8984	1198	1542	37475	
1972	55993	8549	1088	1876	41013	

TABLE V b)

DEVELOPMENT OF TRADE BETWEEN THE EEC (SIX) AND ITS  
PRINCIPAL TRADING PARTNERS  
1958 - 1972

\$ million

Year	Destination				
	Intra EEC	Exports (all products)			
		U S A	Canada	Japan	Rest of world
1958	6864	1664	237	139	13870
1959	8168	2371	295	167	14217
1960	10246	2242	293	209	16739
1961	11893	2232	308	306	17592
1962	13553	2447	312	307	17570
1963	15926	2563	309	358	18399
1964	18383	2849	372	394	20564
1965	20822	3425	480	342	22846
1966	23230	4098	529	412	24300
1967	24509	4424	545	584	26076
1968	28914	5769	611	637	28275
1969	36463	5958	713	740	31817
1970	43308	6634	728	987	36853
1971	49616	7701	941	937	41191
1972	56258	8321	1021	1080	46259

TABLE V c)

DEVELOPMENT OF TRADE BETWEEN THE EEC (SIX) AND ITS  
PRINCIPAL TRADING PARTNERS

1958 - 1972

\$ million

Year	Origin	Imports (industrial products)			
	Intra EEC	USA	Canada	Japan	Rest of world
1958	5544	1919	255	77	6549
1959	6536	1751	177	74	6825
1960	8365	2632	279	96	8177
1961	9751	2740	291	140	9003
1962	11195	3159	255	180	9835
1963	13240	3693	253	246	11047
1964	15224	3811	299	273	12321
1965	17098	3971	353	368	13323
1966	19311	4135	379	451	14589
1967	20324	4274	421	459	15233
1968	23865	4759	543	566	17357
1969	30541	5736	617	802	20613
1970	36326	7058	934	1138	23993
1971	41619	6821	790	1429	27132
1972					

TABLE V d)

DEVELOPMENT OF TRADE BETWEEN THE EEC (SIX) AND ITS  
PRINCIPAL TRADING PARTNERS

1958 - 1972

\$ million

Year	Destination	Exports (industrial products)			
	Intra EEC	USA	Canada	Japan	Rest of world
1958	5651	1459	210	120	12200
1959	6642	2146	266	152	12585
1960	8471	2007	264	203	14920
1961	9928	1991	281	287	15646
1962	11363	2197	281	287	15621
1963	13439	2302	279	332	16252
1964	15597	2578	337	366	18251
1965	17414	3134	343	316	20382
1966	19657	3772	484	371	21064
1967	20626	4077	497	529	23628
1968	24298	5368	562	569	24738
1969	30637	5577	654	663	29158
1970	36777	6197	665	902	33754
1971	41832	7251	859	861	37665
1972					

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TABLE V e)

DEVELOPMENT OF TRADE BETWEEN THE EEC (SIX) AND ITS  
PRINCIPAL TRADING PARTNERS

1958 - 1972

\$ million

Year	Origin	Imports (agricultural products)				Rest of world
	Intra EEC	USA	Canada	Japan		
1958		1246	889	175	40	6252
1959		1546	900	150	41	6288
1960		1785	1198	171	67	6825
1961		1967	1284	194	64	6709
1962		2221	1299	197	77	7351
1963		2497	1358	198	89	7793
1964		2830	1627	201	85	8239
1965		3344	1722	235	86	8524
1966		3611	1887	255	77	8933
1967		3849	1624	220	79	8535
1968		4557	1634	188	87	8433
1969		5800	1599	206	81	9592
1970		6498	1982	326	95	10112
1971		7791	2163	408	113	10343
1972						



TABLE V f)

DEVELOPMENT OF TRADE BETWEEN THE EEC (SIX) AND ITS  
PRINCIPAL TRADING PARTNERS

1958 - 1972

\$ million

Year	Exports (agricultural products)				
	Intra EEC	USA	Canada	Japan	Rest of World
1958	1213	205	27	19	1670
1959	1526	225	29	15	1632
1960	1775	235	29	16	1819
1961	1965	241	27	19	1936
1962	2200	250	31	20	1949
1963	2487	261	30	26	2147
1964	2786	271	35	28	2313
1965	3348	291	37	32	2464
1966	3573	326	45	41	2416
1967	3883	347	48	55	2448
1968	4616	381	49	68	3537
1969	5326	381	59	77	2659
1970	6531	437	63	85	3099
1971	7784	450	82	76	3526
1972					

TABLE V E)DEVELOPMENT OF TRADE BETWEEN THE EEC(SIX) AND ITS  
PRINCIPAL TRADING PARTNERS

1958 - 1972

\$ million

	Trade Balance			Rest of world
	USA	Canada	Japan	
1958	-1144	-193	22	1069
1959	-280	-32	52	1104
1960	-1583	-157	46	1737
1961	-1822	-177	102	1870
1962	-2011	-140	50	384
1963	-2488	-142	23	-441
1964	-2589	-128	36	4
1965	-2268	-108	-112	999
1966	-1924	-105	-116	808
1967	-1474	-96	46	2258
1968	-624	-120	-16	2435
1969	-1377	-110	-150	1612
1970	-2406	-532	-245	2743
1971	-1283	-257	-605	3716
1972	-228	-67	-796	5246