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THE MONETARY AND COMMERCIAL RELATIONS
BETWEEN THE COMMUNITY AND THE UNITED-STATES :
FACTS AND FIGURES

INTRODUCTION

Millions of words have been written and still more millions have been spoken since mid-August concerning the monetary and commercial relations between the Community and the United States. Many of these reports and commentaries have been contradictory and in other cases dealt with only a part of the broader picture of Community-American relations.

Our major preoccupation, and that of all those with responsibility and who are concerned with relations between the two sides of the Atlantic, is providing the facts and figures, the necessary information to a concerned public opinion. This is an essential precondition for mutual understanding.

For this reason the method of a factual comparative presentation of the commercial and monetary situation between the United States and the Community has been adopted. The following report has been limited to the areas of direct competency of the European Community itself and in particular to those of the Commission.

This report deals with the various issues which have been raised during the discussion the past few weeks. These include the general trade development between the Community and the United States, agricultural relations and the growth of American investment in Europe. Questions raised most recently such as non-tariff barriers, the Community's preferential agreements and commercial relations between the Community and Japan are also treated. Finally, a brief resume is made of the monetary and commercial situations and of the American trade measures and the GATT.

I. General Trade Development

Since the establishment of the European Community in 1958, trade between the two partners has been extremely beneficial for both sides of the Atlantic. The rapidly rising standard of living in the vast market of the European Common Market and the diminishing barriers to commerce in Europe made it an attractive export market, especially for American consumer products and capital goods.

A major reason, in addition, for the spectacular growth of American exports to Europe was the low level of the Community's common external tariff. The Community's external tariff was established as an average of the previously existing tariffs for the six member states, resulting in a more uniform and lower tariff for the Community as a whole. In post-Kennedy Round rates, for example, only 0.4 % of EEC tariffs are over 20 % compared to 13.6 of American tariffs. The European Community today has the lowest tariff of the major industrial areas :

Average Post-Kennedy Round Tariffs (percentages)

	Raw Materials	Semi-manuf.	Fin.-manuf.	Average
EEC	0.6	6.2	8.7	6.0
U.S.	3.8	8.3	8.1	7.1
Japan	5.5	9.3	12.0	9.7
U.K.	1.2	8.3	10.4	7.6

(Source : "Tariff Study", GATT, 1971)

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Since 1958 the Community has been a rapidly growing market for American exports. In 1958 the U.S. exported \$ 2.8 billion worth of goods to the Community and imported \$ 1.7 billion worth from it. By 1970 American exports had grown to \$ 9.0 billion and imports had risen to \$ 6.6 billion. For the first six months of 1971, while the American trade position deteriorated towards many other markets, it continued to be strong and in large surplus towards the Community. For the first six months Community imports from the United States totaled \$ 4.8 billion and exports to the U.S. totaled \$ 3.7 billion.

The European Community has consequently had a continuous and major balance of trade deficit with the United States, averaging nearly \$ 2 billion annually since 1958. (see annex, table one). In 1970 the deficit in trade was \$ 2.4 billion, and last year 62 % of the total American trade surplus came from its trade with the Community. This corresponds to only some 25 % in 1960.

In 1970 the trade balances of the Community and the individual member states with the United States were :

<u>1970 (in millions of dollars)</u>						
	EEC	FRANCE	BEL-LUX	NETHERLANDS	GERMANY	ITALY
Imp.	9,038	1,896	998	1,308	3,293	1,543
Exp.	6,633	954	696	502	3,124	1,354
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	- 2,405	- 942	- 302	- 806	- 169	- 189

The growth of American exports to the Community has been faster than towards many other areas of the world. According to American statistics, from 1960, the first year of EFTA, to 1970 American exports to that area grew by 83 %. During the same period American exports to the Community rose by 111 %.

II. Agriculture

In all industrial nations agriculture is the "problem child" of development, as governments seek to integrate agricultural workers, with a just income, into society as a whole. This is an extremely important sector of the Community's economy since 13 % of the population is employed in agriculture and in Southern Italy, for example, the figure is 40 %. Agriculture comprises only 4.5 % of the American labor force.

For several years American administrations have complained repeatedly that the common agricultural policy is protectionist and harmful to American interests. The figures of American agricultural exports to the Community, however, do not support such charges. It should also be noted that the common agricultural policy is a more liberal policy, as a whole, than the six national agricultural policies which it replaced. Today 40 % of American agricultural exports enter the Community free of any duties or quantitative restrictions.

The European Community is the most important market for American agricultural exports. In 1958 U.S. agricultural exports amounted to \$ 885 million. By 1970 they had more than doubled to \$ 1,982 million. During the past six years American agricultural exports have gone up 25 % to the Community, compared to only 20 % to the rest of the world.

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Since the establishment of the Community its percentage of the total American agricultural exports has remained relatively stable. In 1958 exports to the EEC comprised 21.3%, in 1964 22.3% and in 1970 22.2% of the total American agricultural exports.

American agricultural exports to EFTA, where on the contrary there is no common agricultural policy, have grown only slowly and have relatively declined. According to American statistics, in 1958 these amounted to \$ 585 million and in 1970 to \$ 724 million. As a portion of total American agricultural exports, they declined from 15.2% in 1958 to 10.1% in 1970.

All major industrial countries support the incomes of agricultural workers via one method or another. In the United States the income support method combined with quantitative import restrictions on many agricultural products, including : wheat, sugar, cotton, peanuts, most milk products, beef and mutton. The U.S. utilizes these restrictions via a waiver to GATT articles II and XI, which was granted in 1955. This allows the American government on certain agricultural products to apply tariffs higher than those foreseen under concessions made by the U.S. or to apply quantitative restrictions on imports. Products under quantitative restrictions amount to more than one-fifth of total American agricultural imports.

In the Community the method is price supports via the variable levy for a number of important commodities. For other products there are import duties. There are practically no longer any quantitative restrictions.

The difficulty in comparing the various methods of protection and income support can best be illustrated by some examples. The Community's variable levy on butter during certain periods was higher than 300%. The American duty on butter is 10-15%. Despite American prices being higher than those of the Community, the American market is protected by a quasi prohibition on imports. The Community imports ten times more butter than the United States.

Wheat offers a similar example. The Community applies a variable levy of approximately 70%. The U.S. applies a duty only one-sixth as high, but it restricts the amount that can be imported. In 1969 the Community imported \$ 280 million worth of wheat, the United States \$ 1 million.

More important than the method of income support for agricultural workers, however, is the result. The Community supports each agricultural worker by \$ 863 annually. The U.S. supports each farmer by \$ 1,322.

Community agricultural exports to the United States are much smaller than its imports from the U.S.. In 1958 the Community exported \$ 205 million to the United States, by 1970 this had risen to \$ 437 million. With imports of \$ 1,982 million, the Community thus had an agricultural trade deficit of \$ 1,545 million with the United States in 1970.

III. Non-tariff Barriers

The post-war movement of trade liberalization has been largely successful in removing the high tariff walls built up during the heyday of protectionism during the 1920s and 1930s. Yet as the tariffs have come down, non-tariff barriers to trade have taken on greater significance.

The GATT has drawn up an inventory of more than 800 non-tariff barriers, which are applied by a large number of countries. During the past few weeks various American spokesmen have complained widely about "unfair trading practices". All countries, however, are "sinners" in the field of non-tariff barriers. There is no country against which complaints are not leveled. "Unfair trading practices" exist on all sides, and a major task of any new trade negotiation will be a reciprocal dismantling of non-tariff barriers by the United States, the Community, Japan and other trading countries. It should further be noted that in the GATT inventory the U.S. is among the countries against which the most complaints have been leveled.

Because of the process of integration within the Common Market, the number or the magnitude of non-tariff barriers by the Six has been steadily decreasing. "Obstacles to trade" within the Common Market, such as subsidies to shipbuilding, the Italian statistical tax and technical standards, have been harmonized, reduced or removed to facilitate trade among the Six. But at the same time this has also been beneficial to outside countries.

The purpose here is not to draw up any exhaustive list of complaints of "unfair American trading practices" but rather to illustrate some of the areas of Community concern :

Quantitative restrictions. From 1963 to the end of 1970 the number of categories covered by American quantitative restrictions, whether on the import side or through "voluntary" limitations by exporting countries, rose from 7 to 67. During the same period the number of items covered by restrictions applied by the member states of the Community fell from 76 to 65. In addition, there are 37 restrictions specifically applied to Japan in one or another member state, and seven more Japanese products are subject to restrictions in all member states.

Nearly one-fifth of all American industrial imports are covered by quantitative restrictions, which includes a wide range of goods from brooms to petroleum products. The 1970 value of industrial imports subject to the quantitative restrictions was approximately \$ 5.1 billion for the U.S. but only \$ 0.9 billion for the Community.

One of the disturbing new American practises is the so-called "voluntary" restraints, which the United States has been asking for a growing-number of important products. The "voluntary" restraints by Japanese and European steel makers and the recently signed one on synthetic and woolen textiles are two examples.

Valuation Practises. Although its removal was part of the "chemical package" in the Kennedy Round, the "American Selling Price" is still in use today. Under this method of valuation duties on products such as benzoid chemicals and their derivatives, which are used for example in dyes, pesticides, pharmaceuticals and plastics, are established not according to the value of the product itself but according to the price of the same American produced product.

Other methods of calculation, such as applied under the "Final List", are extremely complicated and generate incertitude.

Government Purchases. The "Buy American" Act requires that national government purchases must be American-made products unless domestic products are not available or unless the domestic product is over 6 % more expensive. For the Pentagon prices must be 50 % higher and it also maintains a long list of products, including food and clothing, which cannot be purchased at any price unless produced in the U.S.

Administrative Obstacles. A wide variety of administrative controls also impede or complicate Community exports to the United States. No foreign-made ship, for example, can do shipping between two ports along the American coast. "Marks of Origin" require labeling of imports such as "Made in Italy" or "Made in Japan", which imposes complications and added costs in production and can also result in discrimination against foreign-made goods. A regulation currently under study, but which has not yet become law, would require all wine bottles to fit American specifications and would be a prohibitive barrier to the export of quality European wines.

IV. American Investment in Europe

American investment in Europe today plays a crucial role in the total picture of monetary and commercial relationships between the two sides of the Atlantic.

Since 1958 the book value of American direct investment in the Community has more than quintupled, rising from \$ 1.9 billion to \$ 10.2 billion in 1969. The Community has been one of the fastest growth areas for American investment. In 1958 investment in the Community, which was largely in the petroleum industry, comprised only 7 % of the total American investment abroad. By 1969 these investments had grown to over 14 % of the total and was now nearly 60 % in manufacturing. (See annex : Table two).

If the annual expenditures of American capital investment in the Community is taken into consideration, the growth is even more striking. Expenditures rose from \$ 420 million in 1958 to an all time high of \$ 3.1 billion in 1970.

This direct American investment has an important effect on exports and thus on the American-Community balance of trade. More and more American products, whether computers or detergents, are today produced in Europe and are no longer exported from the United States. In 1968, the last year for which figures are available, the sales of American manufacturing subsidiaries located in the Community were \$ 14 billion. This was an increase from \$ 12 billion in 1967 and \$ 4.8 billion in 1961. For 1968, thus, the sales of manufacturing subsidiaries were nearly 2.5 times the value of total American exports to the Community and nearly four times the value of exports of manufactured products.

European direct investment in the United States, on the contrary, has never been large. The book value was only \$ 1.4 billion in 1960 and \$ 3.3 billion in 1969. The reason for this lies partly in American policy towards foreign investments, which contrasts to the Community's open policy. As stated in the 1970 "Memorandum on Industrial Policy", the Commission maintains that certain features of American legislation hinder direct investment by Community industries in the United States. In a whole series of industries such as aviation, electrical, insurance and production of alcoholic beverages, no foreign investments are allowed. In addition, the American anti-trust laws are applied not only against the American subsidiaries of foreign firms but also against the parent company, a restriction which has stopped many major European firms from investing in the United States.

The repatriation of profits from American subsidiaries abroad has become one of the major new elements in the American balance of payments. From 1960 to 1970 repatriated profits rose from \$ 2.9 billion to \$ 7.9 billion. The Commission estimates that in 1970 American firms in the Community repatriated \$ 1 billion, reinvesting the remaining profits in plant expansion in Europe.

V. Preferential Agreements

Since its establishment the European Community has had preferential associations with 18 African countries and Madagascar. Further preferential agreements were negotiated with a series of Mediterranean countries (Greece, Turkey, Tunisia, Morocco, Spain, Israel and Malta) and with three East African countries (Kenya, Uganda and Tanzania).

For most of these countries the association agreement with the Community as a whole was a sequel to the historic ties between these countries and certain Community member states. The continuation of the previously existing trade agreements was an economic necessity as well as a political responsibility for the Community. Many of the nations depend for more than half of their exports on access to the European market.

Other countries, which had no special historic links with Community member states, asked for a special relationship with the Community. Three principle reasons led the E.E.C. to respond positively to their requests :

---In the case of Greece and Turkey, which are European countries, the aim of the agreements is to enable these countries to participate as full members in the European Community, when their economies are sufficiently developed. Recently a new step in this direction was taken with Turkey when that country accepted a schedule for gradually establishing a customs union with the Community.

---In the case of the three East African states, it is the declared intention of the Community to accept requests for special relationships from countries placed in a comparable economic situation as the other less developed African countries associated to the Common Market, in the interests of equity.

---In the case of Spain, Israel and Malta, it is necessary in the context of this very specific area, the Mediterranean basin, that the traditional economic and commercial equilibrium, of which the Community is the main pole, be safeguarded.

There is no evidence to date that the trade of any third country has been harmed as a result of these agreements. Since 1958 the total imports from countries covered under these agreements rose by 88 % for the Community and by 17 % for the United States. Exports to these countries, on the contrary, rose by 91 % for the United States but only 57 % for the Community.

The Mediterranean agreements have been most contested by the United States. This area, however, is of minor importance in American trade. The total Mediterranean area, excluding Italy and France, accounts for only 6 % of U.S. exports and 3 % of imports. The agreement with Greece, the oldest dating from 1962, shows no effects of discrimination on American exports. From 1963 to 1969 the growth of American exports to Greece averaged 10.5 % compared to 5.8 % for the total Mediterranean area. The aim of the preferential agreements is the economic development of these countries. Both as a richer market for exports and because of the "trade creating effect" of any free trade area, the markets of these countries have been, and will continue to be, more attractive to United States interests.

In July the Community in a unilateral gesture to the U.S. lowered its tariff on citrus fruits from 15 % to 8 % during the four months of June through September, when 85 % of American oranges are exported to Europe. This thus, decreases the preferential advantage enjoyed by Spain and Israel for this product.

A last important element is the contribution which the Community can make in this troubled, and potentially explosive, part of the world. As President Malfatti recently said, "It is difficult for us to understand why there is criticism of the Community's policy in the Mediterranean area. It is clear that such agreements are a first step towards an increased European presence in the Mediterranean area, as a factor for equilibrium and peace. I do not believe that anyone can contest the constructive role that can be played by Europe in relieving the strains and pressures felt by the countries bordering the Mediterranean. It is true that such a role cannot find full expression merely in giving some tariff advantage for a product such as citrus fruit. For the moment, the Community does not have other instruments for assistance. The Commission is aware of this lack. We are trying and will continue to try to find better and more efficient means to realize our aims."

VI. Japan-Community Commercial Relations

Several American spokesmen during the past few months, as an excuse for the rapidly rising Japanese exports to the American market, have used the argument that the problem is due to European Community protectionism against Japanese products. This, however, is a facile argument not borne out by the facts.

Since 1958 exports of Japan to the Community have gone up more than ten fold, from \$ 117 million to \$ 1.23 billion in 1970. During the same period Japanese imports of Community products rose from \$ 139 million to \$ 986 million. True, Japan does not find the export market in the Community which it has in the U.S. In 1970 30.7 % of Japanese exports went to the United States, and only 6.7 % came to the Common Market. The difference, however, is due to the heavy competition in the European market and to natural barriers, not trade barriers.

Japanese firms and Community firms both concentrate in many of the same industries and produce many of the same products, such as consumer electronics, small automobiles and textiles. The result is much heavier competition for Japanese products in Europe. Japanese goods may be competitive in the U.S. against American products or even against European products. Yet in Europe the domestically produced item has the competitive edge with, in addition, the advantage of quicker deliveries and better service networks.

Limiting the export of Japanese goods to Europe is also the simple natural barrier of distance. Separating the American market from Japan is one ocean; separating the European market from Japan are two oceans. The additional transportation cost, above and beyond the high competition, makes the European market much less attractive for Japan.

It is true that there still exist some quantitative restrictions by member countries of the Community against Japanese products, as also exist by the United States. The Community, however, is currently negotiating its first commercial treaty with Japan to replace the previous four treaties of Benelux, France, the Federal Republic and Italy. The aim of this treaty is a reciprocal 75 % reduction in the number of quantitative restrictions.

Finally it should be noted that the reactions of the major commercial partners of the United States, and particularly of Japan, will not fail to have repercussions on the Community. As President Malfatti said before the "UNICE" : " (these measures ...) could also provoke a diversification of the export flows of the industrialized countries, which hitherto were strongly oriented towards the U.S. market. Japan, for example, might step up its efforts to penetrate our markets."

VII. Trade and the Monetary Situation

During the special GATT Council August 24, the delegate of the Community stated the position of the Six regarding the relationship between the American trade situation and its balance of payments difficulties, saying, "It should be recalled that for the United States the merchandise trade balance is relatively a small item in the balance of payments, particularly when compared with the item covering net receipts from direct investment abroad or the item showing the net outflow of capital to finance these direct investments".

The American explanation that the disequilibrium in its balance of payments is primarily a trade problem provides only a very partial answer. The origin of the disequilibrium must be found mainly in the continuing large deficit in capital expenditure (see table below).

During the period 1960-64 the American balance of trade surplus was large, averaging \$ 5.4 billion annually. During the period 1965-70 this trade surplus declined, although in 1970 it still amounted to \$ 2.1 billion. This decline in the trade surplus was due primarily to domestic inflation and low productivity. Inflation in the U.S. reached a high of 8% this year, compared to 2-3% during the early and middle 60s. Productivity increases remained extremely low, virtually nil in 1969 and 1970. The result was that American exports were placed in a weaker and weaker position vis-a-vis foreign competition. Yet at the same time as the trade surplus was declining, the capital outflow was continuing as rapidly as before despite American programs to slow it. Even the new and growing benefit to the balance of payments in the form of income from American investment abroad was insufficient assistance.

U.S. Balance of Payments 1970

(in billions of dollars)

Inflow		Outflow	
Exports	42.0	Imports	39.9
Capital inflow	7.7	Capital outflow	17.7
Investment income	11.4	Investment income	5.2
Military	1.5	Military	4.9
Tourism	2.3	Tourism	4.0
Transport	3.7	Transport	4.0
Others	3.0	Others	5.7
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Total	71.6	Total	81.4

(Source : U.S. Dept. of Commerce, "Survey of Current Business")

The deficit in the American official reserve transactions, which was large even in the early 60s, had to be financed by limited sales of gold and the accumulation of large dollar holdings, especially by European central banks, or liquid balances in the private sector, Eurodollars. (See annex, table three). Although the large capital flows is the origin of the disequilibrium, American officials have been recently speaking of abolishing controls on the outflow of capital, which have had in any case a very limited efficacy. Referring to this President MALFATTI recently said, "It is not defensible that, at the very time when the Americans are setting themselves the ambitious aim (which in our opinion is to a great extent a theoretical one) of suddenly adjusting their balance of payments, they should want to attain this objective through trading profits at the same time as they are envisaging an annual deficit on long-term capital movements of \$ 6 billion, abolition of the existing controls on outflows of medium and long-term private capital and the absence of any arrangements to regulate short term capital movements".

Trade, thus, does not explain the American balance of payments deficits, which have existed almost every year since 1950. In any case, the United States already has a large trade surplus with the Community, as mentioned above. The Common Market spokesman stated to the August GATT Council: "The Community reiterates its conviction that trade measures were not a suitable means of remedying the serious difficulties facing the U.S. authorities; it cannot agree with the reasons advanced to explain these difficulties. .../.

VIII. U.S. Trade Measures and the GATT

On August 15, the United States announced three new trade measures, which are independent of each other but should be viewed as a whole since they can all affect certain industries. The Community estimates that the cumulative effect of these measures for a large quantity of products is at least 25 % added discrimination.

The measures :

Surtax. A surtax of 10 % is placed on imported products. The Commission estimates that 87 %, or \$ 5.7 billion, of its exports to the United States are affected by the surtax. Industries most affected are : automobile, steel, machinery, textiles and shoes. The American surtax effectively annuls the concessions made by the Community during the Dillon and Kennedy Rounds.

A "working party" in GATT, established after the American measure was taken, concluded that the 10 % surtax was both illegal under the rules of the GATT and inappropriate as a measure to protect the balance of payments in view of the fact that trade played only a very marginal role in the deterioration of the balance of payments.

Tax Credit. This measure will provide a tax credit of 7 % of the cost of new machinery and equipment produced in the United States. The proposed tax credit was originally 10 % for the first year and 5 % thereafter. The House of Representatives' Ways and Means Committee, however, changed this to a standard 7 %.

The Community has protested to the United States government against the "Buy American" discrimination of this proposal. Since the tax credit is available only on American produced machinery, it is in clear violation of Art. III of the GATT, which rules that internal legislation "should not be applied to imported or domestic products so as to afford protection to domestic production."

The Community's exports of machinery and equipment to the U.S. amount to nearly \$ 1 billion. These products suffer from the triple discrimination of the surtax, the tax credit and recent exchange rate modifications. The Community position at the GATT Council stated : "The effect of this measure added to that of the surcharge would virtually eliminate all possibility of trade in this sector."

DISC (Domestic International Sales Corporations). This measure would allow American companies to defer the payment of taxes for all profits from export sales.

The Community has protested that the DISC is a violation of Art. XVI of the GATT, which forbids export subsidies. The Community told the GATT Council : "The DISC tax arrangement is, in fact, purely and simply a device for subsidising exports in the form of exemption from direct taxes for an indefinite period."

The Community strongly refutes any comparison between the DISC and the "tax on value added." The TVA applies to domestic products in exactly the same way as to imported products, just like the sales taxes of individual American states. Furthermore, corporate income taxes in many European countries, such as the Netherlands and the Federal Republic, are as high as in the United States, yet no tax rebates are granted for exports.

Conclusion

The world's two major trading powers have a special responsibility for maintaining stability in the international monetary and trade situation. At stake is the prosperity of citizens of both areas and the structure of the whole international economy.

The Community rejects any charges of "unfair trading practises." In a communique of August 17, was stated : "The Commission does not consider that policies pursued within the Community have created situations of 'unfair competition' in dealings with the United States and other non-member countries."

The Community, on the contrary, firmly maintains that both its establishment and the policies followed by it since 1958 have been beneficial to American interests. As has been shown above, this is true in all fields, whether general trade, agriculture or direct American investment in Europe.

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TABLE ONE : Trade Balance Between the European Community and the United States 1958-70 (in millions of \$)

	<u>EXPORT</u> Dest. USA	<u>IMPORT</u> Orig. USA	Trade Balance E.E.C.-U.S.
1958	1.664	2.808	- 1.144
1959	2.371	2.651	- .280
1960	2.242	3.830	- 1.588
1961	2.232	4.053	- 1.821
1962	2.447	4.453	- 2.006
1963	2.563	5.051	- 2.489
1964	2.849	5.438	- 2.589
1965	3.425	5.683	- 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	7.326	- 1.368
1970	6.633	9.038	- 2.405

Source : O.S.C.E.

TABLE TWO

I. Book value of Direct American Investments in the EEC 1958-1969 (in mil. of \$)

	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
F.R. GERMANY	666	796	1,006	1,182	1,476	1,780	2,082	2,431	3,077	3,486	3,774	4,252
FRANCE	546	640	741	860	1,030	1,240	1,446	1,609	1,758	1,904	1,910	2,091
ITALY	280	315	384	491	554	668	850	482	1,148	1,246	1,272	1,423
NETHERLANDS	207	245	283	309	376	446	593	686	859	942	1,073	1,218
BELGIUM/LUXEMB.	208	211	231	262	286	356	455	596	748	867	963	1,210
E.E.C. (total)	1,908	2,208	2,644	3,104	3,722	4,490	5,426	6,304	7,584	8,444	8,992	10,194

II. Book value of Direct Community Investments in the U.S. 1960-1969 (in Mil. of \$)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
F.R. GERMANY	103	120	152	149	156	209	247	318	387	617
FRANCE	168	175	183	182	197	200	215	265	288	319
ITALY	71	89	100	102	82	87	87	86	92	95
NETHERLANDS	947	1,023	1,082	1,134	1,231	1,304	1,402	1,508	1,750	1,966
BELGIUM/LUXEMB.	157	151	158	161	175	175	193	228	273	309
E.E.C. (total)	1,446	1,558	1,675	1,728	1,841	1,975	2,144	2,405	2,790	3,306

SOURCE : Survey of Current Business, August 1960-1964, September 1965-1967, October 1968-1969-1970

TABLE THREE
 OFFICIAL RESERVE SITUATION (1) OF THE MEMBER STATES
 OF THE ENLARGED COMMUNITY AND OF THE MAJOR INDUSTRIAL COUNTRIES WITHIN THE
 INTERNATIONAL MONETARY SYSTEM (\$ Mio), end-June 1971

	TOTAL	GOLD		SDRs	IMF reserve position		FOREIGN EXCHANGE		\$	%
			%			%		%		
BELGIUM/LUXEMB.	3,196	1,584	49.6	0,355	11.1	0,517	16.2	0,740	23.2	(4)
F.R. GERMANY	16,701	4,046	24.2	0,453	2.7	0,998	6.0	11,204	67.1	10,644
FRANCE (2)	5,655	3,523	62.3	0,351	6.2	-	-	1,781	31.5	
ITALY (3)	6,114	2,884	47.2	0,221	3.6	0,331	5.4	2,678	43.8	
NETHERLANDS	3,492	1,867	53.5	0,470	13.5	0,523	15.0	0,632	18.1	
EUR "6"	35,158	13,904	39.5	1,850	5.3	2,369	6.7	17,035	48.5	
DENMARK	424	64	15.1	45	10.6	26	6.1	289	68.2	
UNITED KINGDOM (5)	3,317	1,124	33.2	482	14.5	-	-	1,711	51.6	
IRELAND	803	16	2.0	26	3.2	33	4.1	728	90.7	
NORWAY	960	32	3.3	55	5.7	89	9.3	784	81.7	
EUR "10"	40,662	15,140	37.2	2,458	6.0	2,517	6.2	20,547	50.5	
CANADA	4,853	792	16.3	353	7.3	505	10.4	3,203	66.0	
SWITZERLAND	4,368	2,857	65.4	-	-	-	-	1,511	34.6	
JAPAN	7,801	641	8.2	277	3.6	645	8.3	6,238	80.0	
SWEDEN	965	200	20.7	73	7.6	92	9.5	600	62.2	
U.S.A.	13,504	10,507	77.8	1,247	9.2	1,428	10.6	322	2.4	

- 1) Source : IFS - International Liquidity
 2) Banque de France et Fonds de Stabilisation des Changes
 3) Banca d'Italia et Office d'Echange
 4) D.M. 38.957 mio. converted into US \$ at par.
 5) March 1971 figures

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NOTE D'INFORMATION • INFORMATORISCHE AUFZEICHNUNG
NOTA D'INFORMAZIONE • TER DOCUMENTATIE • INFORMATION MEMO

Brussels, November 1971

A D D E N D U M

The Monetary and Commercial Relations between the
Community and the United States : Facts and Figures

Certain additional precisions and additions are herewith made to
Information Memo P 36.

Page 5. American Investments in Europe

Following paragraph four : "These figures take into consideration only
investments made by American firms from the United States. Those affected
by American holdings located for example from Switzerland, Luxembourg,
the Bahamas, etc. are included in investments originating from those coun-
tries."

Following paragraph six : "The total profits of direct American investment
abroad in 1970 was \$ 10.8 billion, of which \$ 8.9 billion was from profits
and \$ 1.9 billion from fees and royalties. In addition profits, fees and
royalties repatriated in Switzerland, Luxembourg and the Bahamas are ob-
viously not included in repatriated profits of American firms in the Com-
munity."

Page 7. Japan-Community Commercial Relations

Following paragraph three : "For example, in the Community, only Italy
limits the entry of Japanese automobile imports. In all the other countries
there are no restrictions. Yet Japan exports only \$ 30-40 million in cars
to the Community as compared to more than one-half billion to the U.S."

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Bruxelles, le 4 octobre 1971.

Direction Générale du
Commerce Extérieur

XI-A-1

BILAN DES RELATIONS ÉCONOMIQUES ET COMMERCIALES ENTRE
LES ÉTATS-UNIS ET LA COMMUNAUTÉ

Les relations économiques et commerciales entre les États-Unis et la Communauté continuent de susciter des préoccupations de part et d'autre de l'Atlantique. Des malentendus profonds semblent exister dans certains milieux américains au sujet des politiques de la Communauté et de leurs répercussions sur le commerce extérieur et sur les intérêts des États-Unis.

La présente note a pour objet de rappeler certains faits de nature à aider à corriger voire à dissiper ces malentendus qui n'ont pas manqué de compliquer l'année dernière les difficiles débats qui ont eu lieu au Congrès des États-Unis sur une nouvelle législation commerciale.

I. L'évolution des échanges commerciaux et des investissements directs

L'évolution globale des relations économiques entre les États-Unis et la Communauté - tant dans le domaine commercial que dans le domaine des investissements des firmes américaines en Europe - montre que les États-Unis ont non seulement retiré de substantiels avantages de la création du Marché Commun mais encore qu'ils en ont bénéficié plus largement que d'autres pays tiers.

1. Évolution des échanges commerciaux États-Unis - CEE

Les avantages que les États-Unis ont retirés de l'établissement du Marché Commun apparaissent d'abord sur le plan des échanges commerciaux.

En effet, l'expansion du commerce de la Communauté avec les Etats-Unis a été nettement plus vive qu'avec les autres pays tiers. Entre 1959, première année du Marché Commun, et 1970, les importations communautaires en provenance des Etats-Unis ont augmenté de 341 % tandis que celles provenant des autres pays non membres ont progressé de 269 %. Pendant cette période, l'accroissement des exportations communautaires vers les Etats-Unis (+ 280 %) restait inférieur à celui des exportations américaines vers la CEE.

Les Etats-Unis ont accru leurs exportations vers le Marché Commun tant dans le domaine industriel que sur le plan des produits agricoles. Bien que la croissance des exportations de produits industriels ait été nettement plus dynamique que celle des produits primaires, dans cette dernière catégorie de produits ce ne sont pas les ventes de produits agricoles des Etats-Unis qui ont stagné ou même reculé comme on le pense généralement aux Etats-Unis. En effet, le recul relatif des produits primaires dans les importations de la Communauté en provenance des Etats-Unis a été provoqué par la diminution des achats des produits énergétiques et par la faible progression des achats de matières premières autres qu'agricoles. Par contre, les importations de produits agricoles ont clairement progressé. On constate en effet que, depuis 1964, année à partir de laquelle on peut considérer que le régime et l'évolution des échanges de la Communauté s'inscrivent dans le contexte de la politique agricole commune, les exportations américaines de produits agricoles vers la Communauté ont augmenté de 26 % contre 7 % seulement vers l'AELE dans son ensemble et dans laquelle les importations du Royaume-Uni sont restées stationnaires. A cet égard, on verra plus loin que les statistiques disponibles ne permettent pas de soutenir que ce seraient les exportations agricoles de la Communauté vers les pays de l'AELE qui auraient remplacé les produits américains.

Rien ne permet de penser que cette évolution des exportations américaines vers la CEE ne se poursuivra pas à l'avenir. En effet, en 1970 on constate que les importations de la CEE en provenance des Etats-Unis ont augmenté de 21 % en valeur par rapport à 1969, tandis que les exportations américaines vers l'AELE n'ont progressé que de 11 % et vers le reste du monde de 12 %.

De même, le marché américain reste un débouché d'importance croissante pour la Communauté: les importations des Etats-Unis en provenance de la CEE ont montré en 1970 un taux de croissance de 14 % contre seulement 5 % en provenance des pays de l'AELE et 11 % en provenance du reste du monde. Les données disponibles pour les premiers mois de 1971 confirment la même tendance.

Les données statistiques font donc ressortir que la part des Etats-Unis dans le marché communautaire s'est développé plus favorablement que celle des autres pays tiers. Bien que moins illustrative, puisqu'elle ne traduit guère l'ampleur des relations commerciales, l'évolution du solde va dans le même sens. En termes de balance des paiements, les Etats-Unis sont le seul pays qui, sauf en 1968, a régulièrement enregistré un excédent important dans sa balance commerciale avec la Communauté ¹⁾. Bien que déjà avant la création de la Communauté les Etats-Unis avaient un surplus en compte courant avec les six pays membres, le fait que ce solde favorable se soit maintenu démontre que la Communauté n'a pas poursuivi une politique protectionniste vis-à-vis des Etats-Unis. En 1968, l'excédent enregistré a été plus modéré en raison de l'expansion extraordinaire de la demande intérieure aux Etats-Unis qui a provoqué un accroissement exceptionnel des importations. En 1970, d'après les statistiques américaines, l'excédent sur le compte commercial de la balance des paiements avec la Communauté s'est élevé à un niveau record de plus de 1,7 milliard de dollars.

A la lumière de ces données statistiques, l'on ne peut que conclure que le rôle joué par l'établissement du Marché Commun dans l'évolution des relations commerciales bilatérales n'a pu être que très positif. D'abord l'effet de l'accroissement de la concurrence entre firmes de différents Etats Membres, à la suite de la suppression des droits de douane et d'une série d'autres restrictions, a certainement entraîné une croissance économique beaucoup plus importante que celle qui aurait pu être réalisée en l'absence de l'établissement d'un marché commun. Cette croissance accélérée a créé un besoin accru d'importations, notamment en provenance des pays les plus industrialisés.

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¹⁾ Voir tableau n° 1, annexe statistique.

Par ailleurs, l'établissement du tarif douanier commun et les concessions faites sur la base de ce tarif dans les grands négociations tarifaires ont contribué à la consolidation et au renforcement d'une politique commerciale libérale dans le monde. Lorsque la dernière réduction des droits résultant du Kennedy-Round aura été effectuée le 1er janvier 1972, la Communauté aura le tarif douanier le plus bas de toutes les grandes nations industrialisées.

Dans le domaine industriel, la moyenne arithmétique simple de tous les taux applicables aux lignes tarifaires s'établit à 6,9 % pour la CEE, contre 9,3 % pour le Royaume-Uni, 9,4 % pour le Canada, 10,1 % pour le Japon et 10,9 % pour les Etats-Unis.

Pour ce qui concerne les produits agricoles, leur incorporation dans l'étude tarifaire semble peu significative du fait de la grande diversité des mesures de protection appliquées par tous les pays dans ce secteur. Si les Etats-Unis se servent des restrictions quantitatives et de l'autolimitation de la part des pays exportateurs, la CEE a recouru à des prélèvements variables et d'autres pays à d'autres mesures autres que les droits de douane.

Cependant, le calcul de l'incidence réelle des tarifs demande l'application d'une moyenne pondérée. Différentes méthodes de pondération sont imaginables. La méthode préconisée par les Etats-Unis consiste à pondérer soit par les importations propres du pays au niveau des lignes tarifaires nationales, soit par les importations "mondiales" au niveau des moyennes pour chaque position de la Nomenclature de Bruxelles, ces moyennes étant calculées en pondérant les taux des droits pour chaque ligne tarifaire de la position par les importations propres du pays.

Toutefois, ces deux méthodes de pondération donnent lieu à critique, car elles impliquent une distorsion systématique vers le bas. La méthode la plus précise consisterait sans aucun doute à pondérer par la valeur de la consommation intérieure des produits représentés dans les lignes tarifaires¹⁾ mais elle se heurte à des difficultés statistiques.

..//..

¹⁾ Voir à ce sujet Charles P. Kindleberger; International Economics (Homewood, Ill. Irwin), 4th ed. 1968, p. 196.

La meilleure méthode actuellement disponible et d'ailleurs généralement acceptée consiste à pondérer les moyennes arithmétiques simples des lignes tarifaires par les importations mondiales au niveau de la position NDB.

Ceci donne le résultat suivant :

	<u>Tous produits industriels</u>
C.E.E.	6,1 %
Canada	6,6 %
USA	7,1 %
Royaume-Uni	7,6 %
Japon	9,7 %

Sur cette base, le tarif moyen américain de tous produits industriels se situe donc au-dessus de celui pratiqué par la Communauté. Ce n'est que dans le cas où les matières premières sont exclues de l'exercice et lorsque les méthodes de pondération utilisées aux Etats-Unis au niveau du secteur industriel sont appliquées, que la différence entre la moyenne du tarif de la CEE et celle des Etats-Unis devient petite ¹⁾.

La dispersion des taux des droits individuels est cependant plus significative dans une comparaison tarifaire. La structure tarifaire de la Communauté, résultant à l'origine de la moyenne des tarifs des Etats Membres, est très peu dispersée et ignore les "pointes", atteignant dans un certain nombre de cas plus de 50 %, qui caractérisent encore le tarif américain et qui assurent pour certains produits industriels une protection très considérable. C'est pourquoi, sur ce plan également, le tarif de la CEE se compare très favorablement avec celui des Etats-Unis (comme d'ailleurs avec les autres partenaires commerciaux de la CEE, sauf la Suède et la Suisse). En effet, dans le tarif de la CEE seulement 2,4 % des lignes tarifaires représentant 3,2 % des importations sont frappées de droits supérieurs à 15 % (aucun ne dépassant 30 %), les pourcentages correspondants dans le tarif américain sont 23,7 % des lignes tarifaires, représentant 10 % des importations.

.../..

1) Dans sa déclaration récente devant le "Subcommittee on International Trade of the Senate Finance Committee", M. Samuels a d'ailleurs mentionné que les "Industrial Tariffs of the European Community are, on the average, relatively low, slightly lower than our own average industrial tariffs" (voir p. 13).

Un dernier domaine dans lequel les pratiques parfois employées par les Etats-Unis pouvant entraver la libre circulation des marchandises réside dans le système américain de valeur en douane. En effet, l'on peut considérer que d'une manière générale le système d'évaluation de la valeur des produits aux Etats-Unis est particulièrement compliqué, cause d'incertitude et source d'un certain arbitraire ¹⁾. La méthode d'évaluation constituée par l'American Selling Price ainsi que celle appliquée aux produits repris dans la "final list" constituent des obstacles douaniers importants.

2. Essor des activités de firmes américaines dans la Communauté

Une analyse des relations économiques Etats-Unis/Communauté ne peut passer sous silence le développement de l'activité d'un grand nombre de firmes américaines à l'intérieur même de la Communauté où celles-ci ont trouvé des possibilités additionnelles d'expansion économique ²⁾.

Au cours des années 1958-1969 et en termes de valeur comptables à la fin de l'année, les investissements directs des firmes américaines dans la Communauté ont plus que quintuplé atteignant une valeur d'inventaire de 10,2 milliards de dollars en 1969 comparée à 1,9 milliard de dollars en 1958 ³⁾. Dans aucune autre région du monde, les investissements de firmes américaines n'ont progressé à un tel rythme. En effet, au cours de la même période, on constate seulement un peu plus d'un doublement des investissements des Etats-Unis dans les autres parties du monde (25,5 milliards de dollars en 1958 - 60,6 milliards de dollars en 1969).

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- 1) Voir, p. ex. W.B. Kelly; "Nontariff Barriers" dans B. Balassa (ed), *Studies in Trade Liberalization: Problems and Prospects for the Industrial Countries* (Baltimore, Johns Hopkins, 1967), 284-95 et R.M. Stern et C.I. Smith, "Transatlantic Differences on Trade and Tariff Policy", *Banca Naz. del Lavoro, Quart. Rev.*, N° 86, Sept. 1968, p. 257.
- 2) En effet, M. Samuels est d'avis que "... the Community has pursued a very open and liberal trade policy on the inflow of investment" (Statement de M. Samuels, supra p. 3).
- 3) Voir tableau n° 2, annexe statistique.

Cette valeur en capital correspond aux dépenses nettes en capital des Etats-Unis pour les investissements étrangers, augmentées des bénéfices réalisés à l'étranger, non distribués et réinvestis. La valeur effective des investissements contrôlés par des entreprises américaines est cependant sensiblement plus élevée. En effet ces deux méthodes de financement sont assujetties aux mesures de contrôle destinées à redresser l'équilibre de la balance des paiements, alors que les investissements financés à partir de capitaux européens empruntés y échappent, les statistiques sous-estiment l'importance des investissements. Depuis leur apparition à la fin de 1965 et jusqu'au début de 1971, les émissions de firmes américaines sur les marchés de la Communauté, notamment sur celui des Euro-obligations, ont atteint un montant total de 5 milliards de dollars ¹⁾.

En outre, bon nombre d'investissements sont financés par des emprunts auprès des organismes financiers ou des emprunteurs institutionnels. Dans ces conditions, la valeur d'inventaire effective des investissements contrôlés par des firmes américaines peut être évaluée à 20 milliards de dollars à la fin de 1970.

Mieux encore que les données sur la valeur en capital, les chiffres concernant les dépenses brutes d'implantation et d'équipement dans la CEE fournissent une idée de l'ampleur des investissements américains car ils sont mieux comparables à d'autres données des comptes nationaux. Selon ces données, les firmes américaines en 1970 ont réalisé environ 25 % des investissements neufs de l'ensemble de l'industrie dans la Communauté, ce pourcentage n'étant que de 10 % en 1961. En 1967, année au cours de laquelle les dépenses d'investissements des firmes européennes n'avaient montré qu'une croissance très faible, les investissements des firmes américaines ont contribué à concurrence de 85 % aux dépenses totales d'investissements industriels.

Dans le sens inverse, la valeur en capital des investissements directs des pays de la Communauté aux Etats-Unis, qui était de 1,5 milliard de dollars en 1960, n'a atteint que 3,3 milliards en 1969.

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1) Calculé d'après des informations trimestrielles fournies par la Fédération Bancaire de la CEE à Bruxelles.

Ce faible développement des investissements directs de la Communauté aux Etats-Unis ne peut être attribué que partiellement aux faibles disponibilités des capitaux de la part des Sociétés européennes. En effet, à ces faiblesses intrinsèques s'ajoutent certains obstacles législatifs et réglementaires qui entravent les investissements étrangers et ceci aussi bien sur le plan fédéral que sur le plan des Etats (risques découlant de l'application extra-territoriale de la législation anti-trust, interdiction d'investissements étrangers dans certaines branches, impossibilité de participer aux adjudications publiques en matière de défense, difficulté d'obtenir des visas pour le personnel européen).

Même si à partir de 1965, le taux de croissance des investissements directs de la Communauté aux Etats-Unis s'est accru plus vite que celui des investissements directs des entreprises américaines dans la CEE, l'écart en termes absolus a continué à croître.

3. Conclusion

Les Etats-Unis n'ont cessé d'augmenter progressivement les bénéfices qu'ils retirent de l'intégration européenne, non seulement en termes absolus mais aussi en termes relatifs. En effet, d'une part, les échanges commerciaux entre les Etats-Unis et la Communauté se sont accrus considérablement et nettement plus vite que ceux avec les autres pays non membres, d'autre part, les investissements directs américains dans la CEE représentent un acquis économique très important et les revenus croissants qui en découlent représentent d'ores et déjà un élément positif très substantiel dans la balance des paiements.

Cette vue globale des relations mutuelles démontre suffisamment combien il est erroné de vouloir attribuer à la Communauté une politique fermée, voire protectionniste vis-à-vis des Etats-Unis. Etant la plus grande entité importatrice du monde, que ce soit en provenance des pays industrialisés ou des pays en voie de développement, avec un taux de croissance de son commerce international plus élevé que celui des autres nations de l'Occident, la Communauté se range parmi les entités nettement ouvertes sur le monde extérieur. C'est d'ailleurs son intérêt en raison de sa forte dépendance du commerce mondial pour la formation de son produit national et pour l'augmentation de celui-ci. En effet, les échanges de la CEE représentent près de 20 % de son produit national brut, alors que le chiffre comparable n'est que de 7 % dans le cas des

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Bruxelles, novembre 1971

A D D E N D U M

Relations commerciales et monétaires

entre la Communauté européenne et les Etats-Unis :

Certaines erreurs ou maladroites de traduction s'étant glissées dans la version française de notre note P - 36, il nous a paru utile de présenter en même temps que les rectifications nécessaires, un certain nombre de précisions ou compléments d'information :

page 4, in fine : lire "plus d'un cinquième de l'ensemble des importations agricoles américaines".

page 5, in fine : lire "le Japon et d'autres partenaires commerciaux".

Page 6, "Méthodes d'évaluation", in fine :

lire "du même produit de fabrication américaine".

page 7, "IV - INVESTISSEMENTS AMERICAINS EN EUROPE" :

après le 4ème alinéa, ajouter la note suivante (en bas de page) :

"Ces chiffres tiennent compte exclusivement des investissements effectués par des firmes américaines à partir des Etats-Unis; ceux effectués par l'intermédiaire de holdings situés notamment en Suisse, au Luxembourg, aux Bahamas, etc., sont comptabilisés dans les investissements provenant respectivement de Suisse, du Luxembourg, des Bahamas, etc."

page 8, premier alinéa, in fine : ajouter l'alinéa suivant : "Le montant total des

bénéfices des investissements directs américains à l'étranger, a atteint en 1970, 10,8 milliards de dollars, dont 8,9 correspondent aux bénéfices directs et de filiales et 1,9 aux royalties (redevances pour brevets, marques de fabrique, etc.), et aux paiements pour prestations de services techniques, administratifs et de gestion. D'autre part, les dividendes, intérêts, royalties, etc. rapatriés en Suisse, au Luxembourg, aux Bahamas, etc., ne sont évidemment pas comptabilisés dans le rapatriement des bénéfices des firmes américaines dans la Communauté (voir note (1) en bas de page 7).

page 10, 2ème alinéa : lire "service après vente. Par exemple, dans la Communauté, seule l'Italie limite les importations d'automobiles japonaises. Il n'existe aucune restriction dans les autres pays membres. On peut estimer cependant que la valeur des exportations japonaises vers la Communauté n'atteint que 30 à 40 millions de dollars, pour 1970, tandis que les exportations japonaises vers les Etats-Unis dépassent, dans ce secteur, un demi milliard de dollars".