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FOR IMMEDIATE RELEASE

**COMMON MARKET REPLIES TO CRITICAL REMARKS BY  
U.S. COMMERCE DEPARTMENT OFFICIAL**

WASHINGTON, D.C., March 11 -- Following is the text of a statement issued in Brussels today by the Spokesman of the European Communities Commission.

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In view of the press comments and reports concerning statements attributed to the U. S. Assistant Secretary of Commerce, Mr. Kenneth Davis, in connection with the recent visit to the United States of a Community delegation, the Spokesman for the Commission wishes to make clear that it is inaccurate to say that a list of grievances was handed to M. Jean-François Deniau, leader of the delegation, by the Department of Commerce.

The Community delegation had conversations with officials of various departments in Washington, including the Department of Commerce, in accordance with a program drawn up by United States authorities.

These talks result from the desire to maintain close contacts on questions which arise in trade relations between the United States and the Community. The Commission has no intention of becoming involved in polemics in the form of public declarations on these matters, for which reasonable solutions can be found only by a continuing effort of co-operation and mutual understanding.

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However, certain statements attributed to Mr. Davis call for clarification, which is given in the following paragraphs:

(1) It is incorrect to look upon the added value tax (TVA) which is imposed equally on domestic and foreign products consumed in a country as a "border tax" and thus a non-tariff barrier. A better understanding of the operation of this system has resulted from the very thorough studies carried out by the General Agreement on Tariffs and Trade (GATT) and other international organizations in which U.S. experts have taken an active part.

(2) As regards the chances that the U.S. Congress will adopt the proposal for "The Trade Act of 1969", which includes abolition of the American selling price (ASP), it should be recalled that elimination of the ASP by the United States was negotiated in the Kennedy Round in return for tariff and non-tariff concessions offered by the Community and other European countries. It would therefore be very surprising if its abolition were to be linked to new conditions.

(3) The Community has no intention of interfering in bilateral relations between the United States and other countries as regards voluntary restriction of textile imports. However, being one of the leading importers and exporters of these products, it cannot be disinterested in the world textile market and would be content if a generally acceptable solution were in view.

(4) The Community realizes that the United States is concerned about the agreements being negotiated between the Community and some Mediterranean countries. These agreements will be submitted to the GATT contracting parties to be examined in the light of the GATT rules.

(5) The effort presently being made by manufacturers in France, Germany and the United Kingdom to standardize electronic components is no different in character from standardization efforts being made in other industries and other countries.

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(6) In the Community, which is the major importer of U.S. agricultural products, it is recognized that the problems raised by international trade in these products can be resolved only through an effort of cooperation and mutual understanding. One of the aims of the visit to the United States authorities was to promote such an effort.

(7) By the active part it takes in the work done in the GATT on non-tariff barriers, the Community has shown the great importance it attaches to this problem. The technical difficulties resulting from the diversity of industries and problems should not be underestimated. It should also be remembered that the first round of negotiations on non-tariff barriers (the chemicals agreement in the Kennedy Round, which involved ASP and European automobile taxes) has not yet been put into effect.

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