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PRESS RELEASE

EUROPEAN COMMUNITY INFORMATION SERVICE

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FOR IMMEDIATE RELEASE

June 25, 1970

BACKGROUND ON BRITISH NEGOTIATIONS

FOR COMMON MARKET MEMBERSHIP

Next Tuesday, June 30, negotiations begin in Luxembourg between the European Communities and the four countries that have asked to join: the United Kingdom, Ireland, Denmark, and Norway.

The prospect of the Community's enlargement has caused some concern in the United States. In order to put these negotiations into perspective, we are enclosing:

* "Economic Union and Enlargement," containing the European Commission's latest opinion on the Applications for Membership. This study briefly reviews the history of these applications, which were made in 1967, and the main problems to be settled in membership negotiations. It also explains the purposes and the means of the Community's customs union and economic union and examines the effects of the Community's enlargement on relations with both industrialized and developing countries.

* "A British View of the Topics of Negotiations," by Reginald Dale of "The Financial Times" of London outlining the history of Britain's candidature -- her second try --; the probable procedures and transition stages for entry, and the problems for the candidates, for the six current members of the Community, for the United States and for the rest of the world. This article will appear in the July issue of "European Community," the monthly magazine published by the Press and Information Service in Washington. It may be reproduced freely, with credit to the author and "European Community."

* tables showing that many of the effects of enlarging the Community from six to ten will not be damaging to either U.S. or world trade.

Needless Fears

A Community of ten would represent a large part of the world's developed, industrialized nations. This area is both an essential market for manufactured products and an efficient competitor on the world market. Fears have been expressed in the United States that a united Europe is a commercial threat, that it would have a protectionist policy and that this would particularly be true of an enlarged Common Market. While the lowering of tariff barriers as a result of the Kennedy Round has negated this concern as far as industrial products are concerned, Europe's common agricultural policies project an image of protectionism and appear to threaten important U.S. agricultural export markets.

Larger Farm Import Market

However, for the supply of farm products, the situation of the enlarged Community would be slightly altered in favor of the traditional exporters. Among the four applicants there are two small countries with agricultural surpluses (Denmark and Ireland) and one large importing country (the United Kingdom). Consequently, the degree of self-sufficiency of the Six, which is now 90 per cent, will drop to around 85 per cent for the Ten.

Consumer and Industrial Trade Encouraged

Enlargement of the Community by admission of four countries would have repercussions both inside and outside the enlarged Community. It would lead to an expansion of the volume of trade within the enlarged Common Market and with non-member countries as well. The accession of the four would greatly increase the size and access of the single market for U.S. exports and investments. In general, experience shows that a larger and better organized market stimulates a rapid rise in the standard of living, in consumption, and in imports, thus contributing also to the expansion of world trade.

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Black and white photographs and further information may be obtained from the Press and Information Service.

ENLARGEMENT AND RELATIONS WITH DEVELOPED COMMONWEALTH COUNTRIES

The British Government has asked for special trade arrangements only for one developed member of the Commonwealth, New Zealand. As the following figures indicate, the United Kingdom's trade with the other developed Commonwealth members has been decreasing.

Exports from Developed Commonwealth Countries to the U.K.
(as percentage of exports to all countries)

	: 1938	: 1953	: 1960	: 1963	: 1967
Canada	: 37.2	: 16.2	: 17.3	: 13.8	: 10.3
Australia	: 54.7	: 37.9	: 26.9	: 17.4	: 12.7
New Zealand	: 83.4	: 67.1	: 53.0	: 48.4	: 44.8

The tariff reductions agreed upon in the Kennedy Round of negotiations in the General Agreement on Tariffs and Trade (GATT) will reduce the importance of Commonwealth preferences, thus making it easier for the United Kingdom to eliminate them when it applies the Community's common customs tariff. The removal of these preferences should not cause any insurmountable problems if done gradually during the transition period, thus allowing time for adjustments.

Long-term solutions to the problems of the main agricultural commodities can be found only in a world context. The Community is prepared to take further steps to establish world agreements on trade in certain agricultural products, as it suggested during the Kennedy Round.

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ENLARGEMENT AND TRADE

A Community of Ten would account for 25.6 per cent of all international trade, as compared with its present share of 17.2 per cent. It would thus become the world's foremost commercial power.

The table on the next page shows the importance of the Six- and Ten-member Community in the foreign trade of the United States and other countries and areas.

THE COMMUNITY'S FOREIGN TRADE IN 1966 AND 1967

COUNTRIES OR AREAS	IMPORTS				EXPORTS			
	1966		1967		1966		1967	
	\$ mio	%	\$ mio	%	\$ mio	%	\$ mio	%
# UNITED STATES, Total Trade	25,550		28,745		29,899		31,147	
With Community of Six	4,125	16.9	5,387	18.7	5,264	17.6	5,859	18.8
With Community of Ten	6,342	24.8	7,588	26.4	7,318	24.5	8,607	27.6
# CANADA, Total Trade	9,127		10,966		9,551		10,555	
With Community of Six	509	5.6	545	4.9	597	6.3	640	6.1
With Community of Ten	1,164	12.7	1,177	10.8	1,768	18.5	2,019	19.1
# JAPAN, Total Trade	9,523		11,664		9,776		10,441	
With Community of Six	447	4.7	655	5.6	595	6.1	546	5.2
With Community of Ten	700	7.4	974	8.3	991	10.1	1,125	10.7
DEVELOPING COUNTRIES, Total Trade	39,900		41,700		38,300		39,600	
With Community of Six	8,469	21.2	9,029	21.6	11,642	30.4	11,931	30.1
With Community of Ten	12,450	31.2	12,821	30.7	16,699	43.6	17,101	43.2
LATIN AMERICA, Total Trade	9,740		10,290		11,040		11,030	
With Community of Six	2,137	21.9	2,296	22.3	2,902	26.3	2,902	26.3
With Community of Ten	2,997	30.8	3,162	30.7	4,227	38.8	4,285	38.8
MIDDLE EAST, Total Trade	6,360		6,010		7,770		8,450	
With Community of Six	1,258	20.1	1,298	21.6	2,605	33.5	2,911	34.4
With Community of Ten	2,001	32.0	1,987	33.1	3,687	47.5	4,131	48.9