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Report

drawn up on behalf of the Committee on
External Economic Relations

on economic and commercial relations between the
European Community and the United States of
America

Part A: Motion for a resolution

Rapporteur: Helmut Martin RIEGER

PE 84.569/fin.

At its sittings of 8 March 1982, 14 October 1982 and 10 October 1983 respectively, the European Parliament referred to the motions for resolutions tabled by Mrs Poirier (Doc. 1-1091/81), Mr de la Malene (Doc. 1-732/82) and Mrs Duport and others (Doc. 1-720/83) pursuant to Rule 47 of the Rules of Procedure to the Committee on External Economic Relations as the committee responsible and to the Committee on Economic and Monetary Affairs for an opinion.

At its meeting of 18 October 1982, the Committee on External Economic Relations decided to draw up a report on economic and commercial relations between the European Community and the United States of America, and appointed Mr Rieger rapporteur.

The committee considered the draft report at its meetings of 27 May, 22 September, 24 November and 1 December 1982, 27 January, 23 June, 28 September, 19 October and 24 November 1983, and 25 January, 22 February and 29 February 1984. At the last meeting it unanimously adopted the motion for a resolution as a whole.

The following took part in the vote: Sir Fred Catherwood, chairman; Mrs Wieczorek-Zeul, vice-chairman; Mr Rieger, rapporteur; Mrs Baduel Glorioso, Mr Blumenfeld, Miss Hooper, Mr Pelikan, Mr Pasmazoglou, Mr Radoux, Mr Rivierez, Mr Seeler and Mr Spencer.

The opinion of the Committee on Economic and Monetary Affairs is attached.

The report was tabled on 20 March 1984.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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Opinion of the Committee on Economic and Monetary Affairs

The Committee on External Economic Relations hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on economic and commercial relations between the European Community and the United States of America

The European Parliament,

- having regard to the motion for a resolution tabled by Mrs POIRIER and others (DOC. 1-1091/81),
 - having regard to the motion for a resolution tabled by Mr de la MALENE and Mr MOUCHEL (Doc.1-732/82),
 - having regard to the motion for a resolution tabled by Mrs DUPORT and others (Doc. 1-720/83),
 - having regard to the report by the Committee on External Economic Relations and the opinion of the Committee on Economic and Monetary Affairs (Doc. 1-37/84),
 - having regard to the most important of the numerous resolutions it has adopted on reciprocal Community-US relations¹ and furthermore having regard to its reports on
 - the delineation and further development of GATT and of the free trade principle underlying the GATT system and possible consequences for the EEC and GATT (Doc. 1-493/83),
 - the effects of the CAP on external relations of the EC (Doc. 1-248/83),
 - EEC-USA trade relations in the steel sector (PE 86.030/fin.),
- A. recalling the common cultural, political and economic foundations of the European Community and the United States of America,
- B. pointing out that EEC-US economic and trade relations cannot be considered in isolation from the security policy enshrined in the Atlantic Alliance; stressing, nevertheless, that security questions should not be used as the basis of political or economic pressure on one of the alliance partners,
- C. recognizing the growth in the economic and trading power of the European Community since its inception, which demands the conduct of trade relations between the Community and the USA on the basis of equal partnership,
- D. having regard to the fact that, with its 17.4% share in Community imports and 13.8% share in Community exports, the United States is the Community's biggest trading partner, just as the Community, with a 17% share in US imports and

¹ OJ No. C 82, 26.7.1972; OJ No. C95, 10.11.1973;
 OJ No. C 30, 7.2.1977; OJ No. C 238, 19.9.1982

a 23% share in US exports is in turn the major economic and trading partner of the United States,

- E. noting that the Community has greatly broadened the range of its Treaty relationships since the immediate post-war period, thus lowering its dependence on trade with the United States,
- F. emphasizing in this connection the particular importance of East-West trade for the Community, having regard to the CSCE Final Act,
- G. having regard to the negative effect on the world economy of American exchange and interest rate policy, which has hitherto failed to help either to secure more stable exchange rates, or to facilitate international investment activity,
- H. having regard to the extraordinary impact that the European Community and the USA can make on world trade by reason of their economic potential, and the attendant responsibilities,
- I. concerned at the increasing confrontation in external trade policy between the USA and the Community as a result of which agreed bilateral and multi-lateral arrangements are unfortunately tending to be more and more ignored, and mutual interests disregarded,
- J. stressing the need for close cooperation between the European Community and the USA within the framework of international institutions, in particular in sustaining and expanding the system of international trade within GATT,
- K. noting that the Community and the USA together have a great interest in a functioning world trade system, and emphasizing the need for coordinated action by the Community and the USA :
 - to overcome the world-wide economic crisis and its associated problems,
 - to combat the ever-increasing trend towards protectionism and to preserve and expand world free trade,
 - to solve the disquieting problems caused by the heavy indebtedness of the countries of the Third World and to maintain a functioning world economic system,

Bilateral questions

1. Shares the fears of the Council of the EEC on the growth of protectionist tendencies in the United States;
2. Recalls that the parity of the dollar has had a major influence on the trade balance of the United States with the Community, producing a serious Community deficit when undervalued in 1980/81, and a broad balance when overvalued in 1983; believes that this relationship reinforces the case for a high degree of cooperation in the management of international money markets;
3. Regrets that since the 1982 EC-US agreement on carbon steel, which was conditional on the withdrawal of legal actions by the American steel industry, certain US producers have lodged petitions with the I.T.C. seeking further protection from imports;
4. Regrets that their respective agricultural policies have increasingly become a bone of contention between the Community and the United States, making cooperation in the management of world trade impossible; calls on the Commission and the United States Administration to make a major effort to cooperate in the regulation of agricultural trade in a manner which protects the legitimate interests of all parties and promotes the smooth operation of international trade in agricultural products;
5. Welcomes the lifting of the US embargo measures against European industry in the case of the European gas pipeline project, but regrets the intention to retain the claim to extraterritoriality in the new version of the Export Administration Act, the proposed new text of which still holds out the danger that the claims of the American authorities to supra-national controls will lead to conflict in transatlantic relations; calls for a renewed effort to improve the operation of COCOM so that extraterritorial legislation which infringes the sovereignty of the Member States will be seen to be unnecessary;
6. Points, in the interests of the world economy and international trade, to the importance of stabilizing the dollar exchange rate and of taking the pressure off capital markets by limiting the high American budget deficit; takes the view that a reduction in American interest rates will produce a fundamental additional impetus to the recovery of the world

economy and the reduction of unemployment, and appeals in this connection to the USA's sense of global economic responsibility.

7. Recalls that problems still exist in various other bilateral areas, such as fiscal policy (unitary taxation), the agricultural sector, (e.g. the Wine Equity Act) and as regards the conformity of American export promotion measures (DISC System or Foreign Sales Corporation Act) with GATT, for which a solution needs to be found;
8. Takes the following view of these problems:
 - (a) that the endeavours of individual US states to extend the tax burden of undertakings operating internationally infringe a consensus of many decades' standing, and hopes that the American government will avoid discrimination of this kind;
 - (b) that the Commission's proposals to negotiate through GATT a limit on maize gluten feed imports could help to reduce export pressure on the Community, thereby defusing certain agricultural conflicts with the United States;
 - (c) that the bill tabled in the US Congress for a Wine Equity Act should be rejected as contrary to GATT, since it amounts to an attempt to create bilateral reciprocity in the trade in wine between the USA and the Community;

Multilateral questions

9. Recalls that it proved possible to avoid a fundamental weakening of GATT at the November 1982 Conference of Ministers, and welcomes the setting up of working parties on services and investment, and of the newly created Agricultural Committee within GATT; supports the proposal to include new fields such as services and the transfer of technology in a new GATT round as from 1985, but insists firstly on a review of implementation of the arrangements agreed in the Tokyo Round and the results to date, before any new round of negotiations on the further abolition of obstacles to trade is commenced;
10. Perceives the need for closer cooperation between the Community and the USA to solve the increasingly pressing problems involved in the North-South Dialogue, as evidenced in the growing indebtedness of the Third

World, the decline of raw materials prices and increasingly protectionist tendencies in world trade;

11. Welcomes the recent approval by the US Congress of the American IMF contributions, but considers that further efforts by leading industrialized nations to strengthen the International Monetary Fund and to prevent a collapse of the international borrowing system will be necessary;
12. Welcomes the OECD consensus, achieved after months of negotiations, on export credits, providing for an automatic adjustment mechanism for minimum rates, thereby helping to forestall a 'credit competition war';

European Community policy

13. Welcomes the proposals by the Commission to strengthen the Community's external trade instrument, which seeks only to improve the Community's ability to ensure its rights under existing international agreements and which will enable GATT rights to be better safeguarded, and awaits an early decision from the Council;
14. Approves the Commission's proposals and plans for a new industrial policy, and points also to the enormous importance that attaches to the abolition of excess capacity on both sides of the Atlantic as a means of solving bilateral EEC-USA trade problems and of overcoming the structural crisis in the steel sector on both sides;
15. Supports the Commission in its efforts to reach viable agreements with the USA on points still in dispute, and considers it desirable in the mutual interest for assurances to be given concerning the synchronized abolition of surplus production and subsidies, as a means of combating the root causes of the trade conflict;
16. Reiterates its support for the Catherwood report on agricultural trade, approved at the July 1983 part-session, which calls for a mutual de-escalation of agricultural subsidies on both sides of the Atlantic;
17. Stresses the need to secure more effective coordination of interest and exchange rate policies with the two major trading partners, the USA and Japan;

18. Calls for continued adherence to the Community's existing development policy which has prevented the Community's relations with Third World countries. from being shaped by the same underlying assumptions as the East-West conflict, and presumes that the USA, like the Community, will promote a further expansion of development aid for own-initiative and self-help actions in the Third World;
19. Recommends a review of the Community's position and its scope for initiative in the GATT system in terms of agreements on stricter directives on non-tariff obstacles to trade, having regard to the US initiative for a new round of GATT negotiations;
20. Recommends that a regular, institutionalized dialogue be developed between the Community and the USA so as to avert present and possible future tensions;
21. Instructs its President to forward this resolution to the Commission, the Council and the United States Congress.

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