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BACKGROUND INFORMATION

A REVIEW OF THE COMMERCIAL AND MONETARY RELATIONS BETWEEN THE UNITED STATES AND THE EUROPEAN COMMUNITY

NOTE: This background paper contains a current report by the Commission of the European Communities on issues confronting the United States and the Common Market. The release of the report coincides with talks being held in Washington this week between Community leaders and U.S. Administrative officials on major trade and economic issues. The report is limited to areas that fall within the competence of the Community itself and particularly of the Commission. It covers general trade development, agriculture, the growth of investments, and issues under discussion such as non-tariff barriers, preferential agreements, and relations between the Community and Japan. A resume is also included of U.S. trade measures vis-a-vis the General Agreement on Tariffs and Trade, and of the relationship between the monetary and commercial situations.

I. General Trade Development

Since the establishment of the European Common Market, trade has been extremely beneficial for the two partners on both sides of the Atlantic. The rapid rise in the standard of living in the Community and the diminished barriers to commerce inside Europe has made it an attractive export market for American consumer products and capital goods.

Another major reason for the spectacular growth of American exports to Europe has been 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 per cent of EEC tariffs are over 20 per cent compared to 13.6 per cent of American tariffs. The European Community today has the lowest tariff of the major industrial trading 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
U.K.	1.2	8.3	10.4	7.6
Japan	5.5	9.3	12.0	9.7

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

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 -- giving the U.S. a $2.4 billion trade surplus with the Community. For the first six months of 1971, while the American trade position deteriorated towards many other markets, it continued to show a large surplus towards the Community. For the first six months, Community imports from the United States totaled $4.8 billion and exports totaled $3.7 billion.

The growth of American exports to the Community has been faster than toward 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 111 per cent.

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, 62 per cent of the total American trade surplus came from its trade with the Community. The corresponding figure in 1960 was only 25 per cent.

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

1970 (in millions of dollars)

	EEC	France	Bel-Lux	Netherlands	Germany	Italy
Imports	9,038	1,896	998	1,308	3,293	1,543
Exports	6,633	954	696	502	3,124	1,354
	-2,405	-942	-302	-806	-169	-189

II. Agriculture

In all industrial nations, agriculture is the "problem child" of development. All governments seek to integrate agricultural workers into an industrial society and assure them an adequate income. Farming is an important sector of the Community's economy and social structure. Thirteen per cent of the population is employed in agriculture and in Southern Italy, the figure is 40 per cent. Agriculture comprises only 4.5 per cent of the American labor force.

In recent years, American administrations have complained that the Community's common agricultural policy is protectionist and harmful to American interests. Yet figures do not support the charge. In fact, the common agricultural policy is less restrictive than the six national agricultural policies which it replaced.

The European Community is the United States' foremost market for its agricultural exports. In 1958, U.S. farm 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 per cent to the Community, compared to only 20 per cent to the rest of the world.

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 per cent, in 1964 2.7 per cent, and in 1970 22.6 per cent of the total American agricultural exports.

American agricultural exports to EFTA, where on the contrary there is no common agricultural policy, have grown slowly and have declined relative to total farm exports. According to U.S. statistics, in 1958 these amounted to $585 million and in 1970 to $710 million. As a portion of total American agricultural exports, they declined from 15.2 per cent in 1958 to 10.4 per cent in 1970.

All major industrial countries support the incomes of agricultural workers by various methods. In the United States, the income support method combined with quantitative import restrictions is used. The U.S. maintains quantitative restrictions on many agricultural products, including: wheat, sugar, cotton, peanuts, most milk products, beef and mutton. These amount to nearly one-half of total American agricultural production.

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. But virtually no quantitative restrictions any longer exist.

The difficulty in comparing the various methods of agricultural protection and farm income support can best be illustrated by two examples.

- The Community's varibale levy on butter during certain periods was higher than 300 per cent. The American duty on butter is

10-15 per cent. Despite American internal prices being higher than those of the Community, the American market is protected by an almost total prohibition on imports. The Community imports ten times more butter than the United States.

- The Community applies a variable levy on wheat of approximately 70 per cent. The U.S. applies a duty only one-sixth as high, yet it restricts amounts that can be imported. In 1969, the Community imported $280 million worth of wheat; the United States, $1 million.

The Community's support for each agricultural worker comes to $863 annually. The U.S. per capita support to the farmer is $1,322. If all subsidies were removed, the result would be an income decrease of 50 per cent for EC farmers and 44 per cent for American farmers. These figures shatter the illusion of a free market for agriculture either in Europe or the United States.

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

III. <u>Non-Tariff Barriers</u>

The post-war movement toward trade liberalization has been successful in removing the high tariff walls built during the heyday of protectionism in the 1920's and 1930's. Yet as 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 U.S. spokesmen have complained widely about "unfair trading practices" by its trading partners. Yet according to the GATT, all are "sinners" in the field of non-tariff barriers. There is no country against which complaints in the GATT are not leveled. The GATT inventory of complaints shows the U.S. to be among the countries against which the most charges have been leveled. "Unfair trading practices" exist on all sides, and a major task of any new trade negotiation would be a reciprocal dismantling of non-tariff barriers by the United States, the Community, Japan and other trading countries.

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 trade 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 seven 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. However, there are 37 restrictions levied by one or another member states of the Community against specific Japanese import items. In addition, seven Japanese products are generally restricted by all the member states.

Nearly one-fifth of all American industrial imports are covered by quantitative restrictions, which includes a wide range of products 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 practices is the proliferation of "voluntary" restraints, which the United States has sought from its trading partners for a growing-number of important products. "Voluntary" restraints by Japanese and European steel makers and the one recently-signed on man-made fibers and woolen textiles are but two examples.

Valuation Practices. 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 benzenoid chemicals, some rubber footwear, canned clams and wool-knit gloves are established not according to the value of the product itself but according to the price of the same domestically 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 six per cent more expensive. The Pentagon applies a 50 per cent price differential and also maintains a long list of products, including food and clothing, which cannot be purchased at any price. Other countries, including those in the European Community practice "administrative discretion" in their public public purchases. In the United States, this is done particularly at the state and local levels.

Administrative Obstacles. A wide variety of administrative controls also impede or complicate Community exports to the United States. No foreign-made vessel, for example, can engage in shipping between two ports along the U.S. 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 constitute a barrier to the export of quality European wines.

IV. U.S. Investment in Europe

U.S. 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 U.S. 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 seven per cent of the total American investment abroad. By 1969, these investments had grown to over 14 per cent of the total and was now nearly 60 per cent in manfacturing.

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 $13.1 billion in 1970.

Direct U.S. investment has an important effect on exports and thus on the U.S.-Community balance of trade. More and more U.S 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 sale 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. Thus, for 1968, the sales of manufacturing subsidiaries were more than twice the value of total American exports to the Community and nearly four times the value of exports of manufactured products.

On the other hand, European direct investment in the United States has never been large. The book value was $1.4 billion in 1960 and $3.3 billion in 1969. Moreover, foreign investment is forbidden by law in a series of U.S. service and production industries.

The repatriation of profits from American subsidiaries abroad has become a major element in the American balance of payments. From 1960 to 1970 repatriated profits rose annually from $2.9 billion to $7.9 billion all over the world. The Commission estimates that in 1970, American firms in the Community repatriated $1 billion, reinvesting the remaining profits in plant expansion in Europe.

(Source: for all statistics except where otherwise noted, U.S. Department of Commerce, "Survey of Current Business.")

V. Preferential Agreements.

Since its establishment the European Community has had an association agreement involving preferential treatment with 18 African countries and Madagascar. Other association agreements leading to eventual membership were later concluded with Greece and Turkey. Preferential trade agreements have also been signed with other Mediterranean countries including Tunisia, Morocco, Spain, Israel and Malta and with three East African countries -- Kenya, Uganda and Tanzania.

For about two-thirds of these countries, the association or preferential treaty evolved from the historic ties between these countries and certain Community member states. The continuation of previously-existing trade agreements was an economic necessity for these countries as well as a political responsibility for the Community. Many of these nations depend on access to the European market for more than ahlf of their exports.

Other countries, which had no special historic links with Community member states, sought and received special trade relations with the Community. Three principle reasons led the EC to respond 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, for the sake of equity, to accept requests for special trade relations from less-advanced countries which are in a comparable economic state to other less-developed African countries already associated with the Common Market.
- In the case of Spain, Israel and Malta, special trade arrangements are regarded by the Community as essential in order to maintain the economic and commercial equilibrium among nations in the Mediterranean Basin.

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 per cent for the Community and by 17 per cent for the United States. Exports to these countries, on the contrary, rose by 91 per cent for the United States but by only 57 per cent for the Community.

The Mediterranean agreements have been strongly contested by the United States. This area, however, is of minor importance in U.S. trade. The total Mediterranean area, excluding Italy and France, accounts for only six per cent of U.S. exports and three per cent of imports. The agreements with Greece, the oldest dating from 1962, show no effects of discrimation against American exports. From 1963 to 1969 the growth of American exports to Greece averaged 10.5 per cent compared to 5.8 per cent for the total Mediterranean area. The aim of preferential agreements is simply the economic development of these countries. However, their markets, because of the trade-creating effects of the Community's actions, are becoming more attractive to export and investment interests of the U.S. and other countries.

In July, the Community in a unilateral gesture to the U.S, decreased its tariff on citrus fruits from 15 per cent to 8 per cent during the four months of June through September, when 85 per cent of annual American orange exports go to Europe -- thus improving U.S. conditions of access to the Community.

A last element is the contribution which the Community can make in this troubled, and potentially explosive part of the world. Commission President Franco Mari Malfatti recently said: "It is difficult for us to understand why there is criticism of the Community's policy in the Mediterranean area ... 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 U.S. spokesmen recently have claimed that rapidly rising Japanese exports to the American market are due to Community protectionism against Japanese products. This is not borne out by facts.

Since 1958 exports of Japan to the Community have expanded more than tenfold, 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 have in the Community the export market that it has in the U.S. In 1970, 30.7 per cent of Japanese exports went to the United States, and only 6.7 per cent 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, including the advantage of quicker deliveries and better service networks. 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.

Another limitation on Japanese exports to Europe is the natural barrier of distance. Separating the American market from Japan is one ocean; separating the European market from Japan are two ocean. The additional transportation cost, above and beyond the high competition, makes the European market much less attractive for Japan.

Some quantitative restrictions by member countries of the Community still exist against Japanese products as is also the case for the United States. The Community is now 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 per cent reduction in the number of quantitative restrictions.

VII. Trade and the Monetary Situation.

During the special GATT Council of August 24, 1971, 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. He said: "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 partial answer. The origin of the disequilibrium must be found mainly in the continuing large deficit in capital expenditure.

During the period 1960-64, the American balance of trade surplus was large, averaging $5.4 billion annually. But during the period 1965-70 this trade surplus declined, although in 1970 it still amounted to $2.1 billion. The decline in the trade surplus was due primarily to domestic inflation and low productivity. Inflation in the U.S. reached a high of eight per cent this year, compared to 1-2 per cent during the early and middle sixties. 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
Other Services	3.0	Other Services	5.7
Total	71.6	Total	81.4

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

The deficit in the American official reserve transactions, which was large even in the early sixties, had to be financed by limited sales of gold and the accumulation of large dollar holdings by foreign central banks or liquid balances in the private sector, Eurodollars. (See Annex, Table Two.)

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 special 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 per cent in added discrimination.

The measures:

Surtax. A surtax of 10 per cent is placed on imported products. The Commission estimates that 87 per cent, or $5.7 billion, of its exports to the United States are affected by the surtax. Industries most affected are: automobiles, 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 per cent surtax was 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 seven per cent of the cost of new machinery and equipment produced in the United States The proposed tax credit was originally 10 per cent for the first year and five per cent thereafter. The House of Representatives' Ways and Means Committee, however, changed this to a standard seven per cent.

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 U.S. made machinery, it is in clear violation of Article 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 Article 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 subsidizing exports in the form of exemption from direct taxes for an indefinite period."

The Community 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 -- as do the sale taxes of individual American states. Furthermore, corporate income taxes in many European countries, such as the Netherlands and Germany, 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 entire international economy.

The Community rejects any U.S. charges of "unfair trading practices." In a communique of August 17, it was stated: "The Commission does not consider that the 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. This is true in all fields, whether in general trade, agriculture, or direct American investment in Europe.

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ANNEX II

I. BOOK VALUE OF DIRECT AMERICAN INVESTMENTS IN THE EEC, 1958-1969

(in millions of $)

	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
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
The Netherlands	207	245	283	309	376	446	593	686	859	942	1,073	1,218
Belgium/Luxembourg	208	211	231	262	286	356	455	596	748	867	963	1,210
European Community (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 UNITED STATES, 1960-1969

(in millions of $)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
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
The Netherlands	947	1,023	1,082	1,134	1,231	1,304	1,402	1,508	1,750	1,966
Belgium/Luxembourg	157	151	158	161	175	175	193	228	273	309
European Community (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 1960-64, September 1965-67, October 1968-1969-1970.

ANNEX I

TRADE BALANCE BETWEEN THE EUROPEAN COMMUNITY AND THE UNITED STATES

1958-1970
(in millions of $)

	EXPORT f.o.b. Dest. USA	IMPORT c.i.f. Orig. USA	COMMUNITY TRADE BALANCE WITH THE 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: Statistical Office of the European Communities.

ANNEX III

OFFICIAL RESERVE SITUATION OF THE EUROPEAN COMMUNITY, JULY 1, 1971 (1)

(in billions of U.S. dollars)

	TOTAL	OR	en% du total	SDR	en % du total	IMF	en % du total	DEVISES	en % du total	DONT: U.S. dollar	en % du total
Belgium/Luxembourg	3,196	1,584	49.6	0,355	11.1	0,517	16.2	0,740	23.2		
Germany	16,701	4,046	24.2	0,453	2.7	0,998	6.0	11,204	67.1	10,644 (4)	63.7
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		
COMMUNITY	35,158	13,904	39.5	1,850	5.3	2,369	6.7	17,035	48.5		

(1) SOURCE: I.F.S. (International Financial Statistics).

(2) Bank of France and Exchange Rate Stabilization Fund.

(3) Bank of Italy and Exchange Office.

(4) 38,957 million Deutchmarks at dollar parity.

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