

EUROPEAN PARLIAMENT

EUROPEAN PARLIAMENT DELEGATION

for relations with

THE UNITED STATES

Summary record of 24th meeting

7 - 9 January 1985

BRUSSELS

DIRECTORATE-GENERAL FOR COMMITTEES
AND INTERPARLIAMENTARY DELEGATIONS

21 March 1985

PE 96.277

I. INTRODUCTION

1. Programme of the visit

Monday 7 January 1985

12.15 p.m. Arrival by air of US delegation
Transfer to
Hotel Royal Windsor
rue Duquesnoy 5
B-1000 Brussels
Tel. 02-511 42 15 Telex 62905

lunch Own arrangements

2.0 p.m. US delegation departs Hotel Royal Windsor for
European Parliament
97-113 rue Belliard
B-1040 Brussels
Tel. 02-234 21 11 Telex 25641

2.15 p.m. US delegation only
Internal meeting in Room 71

2.40 p.m. EP delegation only
Internal meeting in Room 62

3.25-5.45 p.m. First working session of delegations (Room 62)
Economic and trade issues
(See draft agenda PE 94.258)

5.45 p.m. Return to Hotel Royal Windsor

6.45 p.m. Depart Hotel Royal Windsor (US delegation)
Depart rue Belliard (EP members and secretariat)
for

7.0 p.m. Buffet reception offered by H.E. Mr George Vest,
US Ambassador to the EC at the Ambassador's
residence (invitation only)
Return to hotel

Tuesday 8 January 1985

8.45 a.m. Depart Hotel Royal Windsor for the
European Parliament

9.10 a.m.-12 noon Second working session of delegations (Room 62)
Economic and trade issues (conclusion)
Political issues
(See draft agenda PE 94.258)

12.45 p.m. Working lunch offered by Mr Piet Dankert,
Chairman of the EP delegation at
Restaurant "chez Callens"
73 rue du Commerce
Brussels Tel. 02-512 08 43

3.15-5.30 p.m. Third working session of delegations (Room 62)
 Political issues
 (See draft agenda PE 94.258)

5.30-6.15 p.m. Meeting with Mr Willy De Clercq, Member of
 the Commission of the European Communities

6.0 p.m. Chairman Lantos and Co-Chairman Gilman
 Meeting with EP President Pierre Pflimlin

6.15 p.m. Return to Hotel Royal Windsor

7.0 p.m. Reception given by the America-European
 Community Association (invitation only) at
 Hotel Royal Windsor
 Cocktail Lounge
 (Hosts: Mr Lucien Lelievre, Director,
 AECA - Belgium, and Mrs Lelievre)

8.0 p.m. Depart Hotel Royal Windsor for

8.30 p.m. Dinner offered by Mr Pierre Pflimlin,
 President of the European Parliament
 (invitation only) at
 Chateau du Val Duchesse
 259 Boulevard du Souverain
 B-1160 Brussels
 Tel. 672 73 50/51

Return to hotel

Wednesday 9 January 1985

8.45 a.m. Depart Hotel Royal Windsor for
US delegation only

9.45-10.30 a.m. Meeting with Mr Leo Tindemans, Minister of
 Foreign Affairs of the Kingdom of Belgium, at
 Ministry of Foreign Affairs
 2, rue des quatre Bras
 Brussels

10.30 a.m. Depart for the European Parliament (Room 63)

11.0 a.m.-12 noon Meeting with Mr Mario Fioret, President-in-Office
 of the Council of the European Communities

12 noon Press conference (Press Room, ground floor,
 rue Belliard)

1.0 p.m. Depart European Parliament for airport
 Departure by air of US Congress delegation

EUROPEAN PARLIAMENT DELEGATION

110
26.4.13¹²

LIST OF MEMBERS PARTICIPATING

Mr Pieter DANKERT, Chairman	SOC, Netherlands
Mr Vincenzo GIUMMARRA, 1st Vice-Chairman	PPE, Italy
Mr René PIQUET, 2nd Vice-Chairman	COM, France
Mr Heinrich AIGNER	PPE, Germany
Lord BETHELL	ED, UK
Mr Erik BLUMENFELD	PPE, Germany
Mr Aldo BONACCINI	COM, Italy
Mr Elmar BROK	PPE, Germany
Sir Fred CATHERWOOD	ED, UK
Mr Mark CLINTON	PPE, Ireland
Mr Mario DI BARTOLOMEI	LIB, Italy
Mr Fritz GAUTIER	SOC, Germany
Mr Ernest GLINNE	SOC, Belgium
Mr Benedikt HARLIN	ARC, Germany
Mrs Magdalene HOFF	SOC, Germany
Mr Stephen HUGHES	SOC, UK
Mr Ray MacSHARRY	RDE, Ireland
Mr Didier MOTCHANE	SOC, France
Mr Jean PENDERS	PPE, Netherlands
Mr Leonidas LAGAKOS	SOC, Greece
Mrs Christiane SCRIVENER	LIB, France
Mr Ioannis TZOUNIS	PPE, Greece
Mr Michael WELSH	ED, UK
Mr Mario ZAGARI	SOC, Italy

Other Members participating

Mrs Simone VEIL, Chairman, Liberal and Democratic Group	
Dame Shelagh ROBERTS, Chairman, Committee on External Economic Relations	
Mr Hans-Gert PÖTTERING, Chairman, Sub-Committee on Disarmament and Security	
Mr Philipp von BISMARCK	PPE, Germany
Mr Manfred EBEL	PPE, Germany
Mrs Anne-Marie LIZIN	SOC, Belgium
Mr Thomas RAFTERY	PPE, Ireland
Mr Richie RYAN	PPE, Ireland
Graf von STAUFFENBERG	PPE, Germany
Mr Karl von WOGAU	PPE, Germany

LIST OF STAFF

Secretariat of Interparliamentary Delegations

Mr Théo JUNKER
Mr Chris PIENING
Mr James SPENCE
Mrs Penny WATSON
Mr Regnar BUCH
Miss Michèle DELACOUR
Miss Anne Marie GENSØ
Miss Elaine WHITWORTH

Secretariats of Committees

Mr Claude BRULANT, Mrs Thérèse VERBEKE-DUMOULIN, Economic and Monetary Affairs
and Industrial Policy

Mr Carlo CHICCO, External Economic Relations

Directorate-General for Information and Public Relations

Mr Guy VANHAEVERBEKE

Mr James POND

Directorate-General for Administration, Personnel and Finance

Miss Annie GEERINCK - Protocol

Directorate-General for Research and Documentation

Mr Robert McDONAGH

President's Cabinet

Mr Pascal FONTAINE

Group Secretariats

Socialist Group: Mr Norbert GRESCH

Mr Rob VAN DE WATER

Mr Dick TOORNSTRA

Mr KOLIATSOS

PPE Group: Mr STAVRIANIDIS, assistant of Mr Gazis

Mr PAPAGEORGACOPOULOS

Mr Bruno OHLS

Mr Jan WESTENBROEK

Mr NONCIC

ED Group: Mr Michael PARSONS

Communist Group: Mr Gérard LAPRAT

Miss Elisabetta FORCELLINI-OLIVI

Liberal Group: Mr Massimo SILVESTRO

Mr Yvon THIEC

Mr Richard MOORE

RDE Group: Mrs Christine LELIEVRE

Mr Jean-Jacques GAY

Council of the European Communities

Mr MESTDAGH

Mr GUYOT

Mr RUNGE

Mr WILLEAMS

Commission of the European Communities

Mr VIBERG

EC Delegation, Washington

Mr Denis CORBOY

US Mission to the EC

Mr David LOVING

UNITED STATES CONGRESS DELEGATION

LIST OF MEMBERS

Mr Tom LANTOS, Chairman of the Delegation	Dem., California
Mr Benjamin A GILMAN, Co-Chairman	Rep., New York
Mr J J PICKLE	Dem., Texas
Mr Gus YATRON	Dem., Pennsylvania
Mr Les AU COIN	Dem., Oregon
Mr Harry M REID	Dem., Nevada
Mr Thomas COLEMAN	Rep., Missouri
Mr Robert BADHAM	Rep., California
Mr William F CLINGER	Rep., Pennsylvania
Mr Douglas K BEREUTER	Rep., Nebraska
Mr Mark D SILJANDER	Rep., Michigan
Mr Alfred A McCANDLESS	Rep., California

LIST OF STAFF

Mr Bob HUBER, Consultant	Committee on Foreign Affairs
Ms Elizabeth DAOUST, Staff Coordinator/Protocol	Committee on Foreign Affairs
Mr Kenneth MOSS, Staff Consultant	Subcommittee on Europe/ Middle East
Mr Richard J GARON JR, Minority Staff Consultant	Committee on Foreign Affairs
Ms Roxanne PERUGINO, Staff Assistant	Subcommittee on Europe/ Middle East
Ms Dawn JACKSON, Staff Assistant	Committee on Foreign Affairs
Ms Carol GLASSMAN, Staff Assistant	Committee on Foreign Affairs
Mr Lewis MURRAY	Department of State
Mr Leon PFEIFFER	Department of Defense
Mr Mark TAVLARIDES	Committee on Foreign Affairs

Military Escort

Col. BLACK
Major SCOOG
Staff Sgt. WILLIAMS
Staff Sgt. HARDING

SUMMARY OF WORKING MEETINGS

1. First working meeting of the delegations - Monday, 7 January 1985 3.30 p.m. - 5.45 p.m.

Economic and commercial problems

Mr GAUTIER pointed out the principal characteristics of the present situation of world trade, in particular the effect of the very high rate of the dollar on the American trade deficit and on the debt burden of the developing countries. He stressed the need for full application of the commitments undertaken during the Tokyo Round and thought it advisable for new negotiations to be held within GATT relating to the services and agriculture sectors.

Then, in a sectoral analysis, he stressed firstly the considerable reorganization carried out by the EEC in the iron and steel sector (30 million tonne reduction in production; application of the aids code). As regards the question of European exports of steel tubes to the United States, the EEC was not the only one to increase the volume of its exports - other countries, such as Brazil and South Korea, had done the same. For this reason the Community's proposal to reduce the share of European exports from 14% to 7.6% was reasonable, though one could well wonder what attitude the other exporting countries would adopt later.

In the field of agriculture, Mr GAUTIER also stressed the effort made by the Community to reduce its production of milk (quotas), sugar and wine. The application of these courageous and difficult measures would take time.

Despite the real efforts the Community had made, the United States, in the person of the Secretary of Agriculture, Mr BLOCK, envisaged pursuing an offensive agricultural policy. In addition, the implementation of the Wine Equity act posed the general problem of reciprocity agreements. This legislation, its application and possible extension to other sectors, gave rise to much concern. The Community preferred an overall, multilateral approach within GATT, rather than a product-by-product approach.

However, Mr GAUTIER felt that, overall, and setting aside some short-term points of disagreement, trade relations between the United States and the Community were relatively satisfactory.

Mr COLEMAN was of a different opinion. He observed that the EEC had become the world's second exporter of meat and of refined sugar and that Community over-production, encouraged by the CAP, was seriously prejudicial to the economies of the United States and the developing countries. He laid particular emphasis on the case of subsidized sales of sugar and of the sales of butter to the Soviet Union, which, in his view, were in violation of the rules of GATT.

The accession of Spain and Portugal was also a subject of grave concern since it would result in the loss of these two markets for American agriculture. This overall situation, together with the very serious difficulties encountered by American farmers, justified the passing of new laws in the agricultural field, such as the Wine Equity Act, and others currently in preparation. The Community would be wrong, in his view, to continue blaming the United States for its own difficulties.

Mr WELSH, like Mr GAUTIER, asked his hearers to appreciate to the full the revision of the CAP, in particular in the dairy sector. He asked the United States to be more understanding about the subjects mentioned earlier, such as sales of butter to the Soviet Union, the entry of Spain and Portugal to the Community, or gluten imports, the volume of which was already very appreciable.

The development of protectionism in the United States represented a very considerable threat to trade. In addition, the United States should specify their proposals regarding new GATT negotiations, particularly on services, and reduce their demands within the framework of the negotiations currently being carried out for the renewal of the 'multi-fibre' arrangement.

Mr BEREUTER felt that it had become impossible to continue with subsidized agricultural policies, and called for coordination of these policies on both sides of the Atlantic. He then raised the question of laws on exports (Export Administration Act). He justified American legislation in this field and advocated, in particular, constant revision of the lists of products established by COCOM in the light of technological developments. The conditions under which export licences were granted in the United States were too liberal. He was in favour of new negotiations within GATT, in particular on agricultural products, services, advanced technology and investment. He approved the compromise reached on steel tube exports and expressed concern at the Community's projects in the field of telecommunications and at the accession of Spain and Portugal to the Community.

For Sir Fred CATHERWOOD, the cause of the United States' commercial difficulties lay mainly with the high interest rates and the exchange rate of the dollar, which was 30 to 40% higher than its real value. No real rapprochement between the United States and the Community would be possible so long as the dollar remained at such a high rate, as a result of American monetary policy. The issue was not the Community's agricultural or commercial policy but the United States' monetary policy. Sir Fred CATHERWOOD also mentioned his preference for the application of the rules of GATT and the rules of the market over subsidizing practices.

Mr BEREUTER stressed the harmful commercial consequences for the United States of the accession of Spain and Portugal. He referred to the precedent of Greece.

Mr PIQUET was concerned at the agricultural laws being prepared in the United States and by Secretary BLOCK's declarations in favour of an aggressive agricultural exports policy. He pointed out that the United States exported 50% of their agricultural production and that the European Community took 15 to 20% of those exports. After ten years of deficit in trade between the United States and the Community, the recent reversal of this trend was not to the detriment of American trade which had also increased. Mr PIQUET

called for a constructive dialogue to find solutions to these problems and avoid the dangerous temptation of confrontation.

Mr COLEMAN pointed out that although the agricultural population represented only 3% of the working population of the United States, it represented 20% of job creation and made a notable contribution to American GNP. The situation of American farmers could therefore not be underestimated.

Mr GAUTIER accepted that the United States and the Community shared responsibility for agricultural overproduction and consequently that they needed to act jointly to remedy this situation, as the Community had done, in particular by adopting milk quotas. As for commercial problems resulting from the accession of Portugal and Spain, they could possibly be examined within GATT.

Mr SILJANDER pointed out that for more than ten years American policy had been faced with surpluses. The budget could no longer subsidize the disposal of these products. New markets therefore had to be found.

To Mr PICKLE who stressed the seriousness of the United States trade balance situation, Mr GAUTIER retorted that priority should be given to reducing the American budget deficit. It was the volume of this budget deficit which was behind the increase in interest rates and the exchange rate of the dollar, which in turn led to the trade balance deficit. Mr GAUTIER also observed the current contradiction in the field of the transfer of technology, between the international approach within COCOM, which had made some progress, and the national approach, which continued to prevail in the granting of export licences in the United States.

Mr CLINTON noted that the level of aid to agriculture was higher in the United States than in the Community. He pointed out that surplus production in the Community was the result in part of American soya exports.

Mr LANTOS pointed out the importance of the question of human rights and its unavoidable implications in the commercial field.

Mr WELSH, while sharing this opinion, expressed some reservations about the variable definitions of human rights and the fact that this question was sometimes used for commercial ends. He warned the United States against the temptation of protectionism, whose consequences would be disastrous.

Mr PICKLE expressed agreement with this opinion.

Mr BEREUTER justified the Export Administration Act which would strengthen the United States' competitive position against the EEC in the field of advanced technology, as well as on the markets of Eastern Europe. Mr GAUTIER expressed reservations about the effectiveness of such widespread protection. He thought it would be better to provide strong protection for a limited number of products. He also wondered about the transparency of the lists drawn up by COCOM.

2. Second working meeting - Tuesday, 8 January - 9.00 a.m. - 12.15 p.m.

Economic and commercial problems (continued)

Mr BLUMENFELD was in favour of new negotiations within GATT. In the agricultural field, he referred to the European Parliament's resolution which proposed, with a view to reducing surpluses, mutual consideration of subsidies granted in this sector. As regards exports of high-technology products and the reconsideration by Congress of the Export Administration Act, he suggested that a select committee composed of Members consider these matters. In conclusion, Mr BLUMENFELD felt that the state of commercial relations on both

sides of the Atlantic would depend largely on whether the United States had the will to reject protectionism and to act to bring the dollar down to a lower level.

Mr BONACCINI put three questions. The first concerned the mutual strengthening of the Western economies, in particular by means of multilateral negotiations within GATT, rather than unilateral measures. The second question dealt with the financing of the world economy. In this connection, Mr BONACCINI advocated a new international monetary agreement which would be sufficiently flexible but would at the same time ensure the minimum of stability necessary for trade. His last question concerned the need to find a lasting solution to the problem of the developing countries' debt burden.

Mr BEREUTER was happy with the interest shown in new GATT negotiations. He mentioned his concern at the Community's projects in the telecommunications field. The new Export Administration Act, though it took account of the Community's observations, in particular as regards extraterritoriality, would also enable American companies to be more competitive, particularly on Eastern European markets.

Mr GILMAN shared Mr BONACCINI's concern about the debt burden and mentioned the efforts being made in this direction by the United States in the IMF.

Sir Fred CATHERWOOD stressed that the European Parliament's resolution called for an agreement to be reached between the United States and the Community on the mutual reduction of subsidies. Moreover, according to a study by the Food Policy Institute in Washington, American and European subsidies to agriculture tended to depress world prices and contributed to the bankruptcy of the economies of the developing countries. Consequently, it was necessary to discontinue these subsidies.

For Mr BEREUTER, the discontinuation of American subsidies depended on the abolition of European subsidies for exports of agricultural products. As regards the reduction of food production in the African states, this resulted less from the subsidies granted to American or European products than from the drift of the rural populations to the large towns of Africa.

Mrs ROBERTS pointed out to Members of the American delegation that they should seek first of all the causes of the American trade deficit, principally the interest rates which led to the overvaluation of the dollar. These interest rates attracted capital, in particular European capital, and the Community was thus financing the United States trade deficit.

Sir Fred CATHERWOOD reasserted the need for agreement on the limitation of subsidies between the United States and the Community. This agreement would lead to an increase in world prices.

Mr COLEMAN, who was in favour of a drop in American interest rates, said that American farming circles themselves were aware of the dangers of protectionism in the long term.

Mr AIGNER said that, although subsidies had to be reduced on both sides of the Atlantic, the milk quota measures already taken by the Community resulted in a reduction of 19.5% in farmers' incomes in the Federal Republic of Germany.

Mr AU_COIN called for appreciation of the efforts already made by the American administration to reduce the budget deficit, which was the cause of the trade balance deficit, in particular by the reduction of social programmes. The United States bore the burden of the defence budget and the Allies had entered into a commitment in 1978, which they had not kept, to contribute to this expenditure by increasing their own defence budgets by 3%.

Mr CLINTON said that 50% of the Irish economy depended on the agricultural sector and that farm incomes in Ireland had fallen by 55% in two years. He also remarked that where the average size of a farm in the USA was 270 hectares, it was only 27 hectares in the Community, which implied a different approach to the question of subsidies.

Mr CLINGER noted that the high exchange rate of the dollar favoured the competitive position of European agriculture and that a fall would automatically result in the Community reducing its production.

Mr WELSH, in reply to Mr AU COIN's remarks, said the American budget deficit was clearly caused by the tax reduction measures adopted by the American administration to stimulate growth, and by the defence programmes. This defence expenditure was subsidizing American industry. In addition, the Community bought a large part of its military equipment from the United States (1/5 in the case of Great Britain). As regards tax reductions, they had no doubt reached their ceiling in the United States and in Great Britain.

Mr LANTOS deemed it necessary to distinguish between the economic and social aspects of these matters. From the purely economic point of view, the United States could abolish subsidies and encourage farmers to increase areas under cultivation. such a policy would lead to large surpluses, a slump in world prices and the correlative collapse of the common agricultural policy. In reality, no democracy could afford to underestimate the social aspects of economic problems. We therefore had to take account of the opinion of farming circles. To be sure, the budget deficit had to be reduced, that is to say that national programmes and military programmes had to be reduced and we had to return to a reasonable tax policy. It was no doubt true that Europe partly financed the American budget deficit; however, this deficit had led to harsh reductions in social programmes in the United States, in particular in the field of housing.

Development problems: food aid, debt burden of development countries

Mr GILMAN spoke of the tragic situation of famine in the world: 500 to 1000 million human beings were affected by famine, 40,000 children under 5 died every day and between 100,000 and 200,000 children became blind every year through vitamin A deficiency.

World food production had, however, increased by 2% per capita since 1980. World grain production should suffice to feed a world population 1000 million greater than today's. However, despite this progress, the decline of food production continued in the countries of the Sahel and desertification was spreading.

To meet this situation, the United States and the EEC had implemented food aid programmes. In 1981, the United States allocated 1,700 million dollars to this aid programme, half of it in the form of grants, the other half in the form of long-term loans for the purchase of foodstuffs. Since its introduction, the American food-aid programme had permitted 300 million tonnes of foodstuffs to be sent. Concurrently with this food aid programme, the United States had also introduced integrated aid programmes centred on rural development and vocational training. This aid also sought to encourage the role of the private sector and market forces in the development of these regions.

The EEC, with an aid programme of 700 million dollars and 300 million dollars coming from its Member States, was in second position after the United States. The principles followed by the EEC's aid programme were similar in many respects to those of the United States. Like the United States, the EEC also endeavoured to accentuate its long-term development policy in the countries concerned.

The success of these development programmes was also linked to the solving of the problem of the developing countries' debt burden. The debt burden of the non-oil-producing countries was thought to be 640,000 million dollars at the present time. The commercial banks, which had deliberately encouraged loans to the developing countries, had a share of responsibility for their present indebtedness. The economic policies pursued by certain developing nations had also contributed to this situation. Fortunately, international solutions had been found on the basis of case-by-case approaches to alleviate the tragic consequences of this debt burden, as in Argentina. In 1983, the IMF fund for assistance to debtor countries had been increased by 43,000 million dollars, to which the United States had contributed 8.4 thousand million dollars.

Famine and the indebtedness of many developing countries were a threat to international stability. A summit conference of the industrialized nations on the problem of hunger and the measures to be taken was necessary. The conference should show the political will to raise the means necessary to combat famine.

Mr WELSH concentrated on the famine in Ethiopia and particularly the lack of coordination between the United States and the EEC over aid programmes, of which there were 15. He suggested that in future the World Food Programme should have sole responsibility for the distribution of food aid.

Regarding the debt burden of the developing countries, the solution of a moratorium, advocated two years ago by Mr PAPANDEOU, seemed artificial. It would be better to take the necessary measures to stimulate economic growth in the developing countries. It was to be regretted in this connection that the new Convention of Lomé III had not been more concerned with the liberalization of markets in agricultural products. Mr WELSH also regretted the restrictive attitude of the United States within the World Bank and IDA, international organizations which financed the infrastructure which was so necessary to the developing countries. This type of aid to developing countries was such as to contribute to economic development and, in doing so, help them to escape from their situation of indebtedness. Tax rebates should also be granted to companies which invested in the developing countries.

Lord BETHELL stressed the responsibility of the Ethiopian Government in the famine which affected that country. He mentioned in this connection the improvidence of the Ethiopian Government, the obstacles it placed in the way of the delivery of aid in certain regions, particularly in the North, and to Eritrea, the hijacking of convoys and the deportation of starving populations.

Mr MOTCHANE wondered about the sense of the liberalization of trade as a long-term solution to the problems facing the countries of the Sahel, for example. Experience showed that changing the agricultural structure of the developing countries, in particular abandoning traditional crops, rapidly lead to the disappearance of the social structures and contributed to the appearance of famine situations. He did not rule out the solution of the moratorium as regards the developing countries' debts; he stressed, in addition, the extent to which the debt question and its corollary, preservation of the banks' assets, was political in nature.

Mr BEREUTER readily accepted Mr WELSH's proposal about the World Food Organization. In addition, the countries of black Africa should be encouraged to produce more agricultural products. He suggested finally that Portugal might play a particular role in the organization and delivery of food-aid because of the experience of its officials and its administration in Africa.

Mr PENDERS stressed the need for the African countries to produce more themselves; this was the only real way of solving the continent's food problems. But the prices paid to farmers must offer sufficient incentive. African governments had to be persuaded to concentrate their efforts on a food production policy. The industrialized countries should also support the action of the World Bank and try to achieve the objective for aid to developing countries of 0.7% of GNP, which, to date only the Netherlands, Sweden and Norway had achieved.

Mr WELSH suggested, in view of the difficulties of organization and transport currently confronting the African countries, that an international organization responsible for crisis management, be set up. He also suggested to the African

countries that they devise a common agricultural policy. It was thanks to the Common Agricultural Policy that Europe had succeeded in becoming self-sufficient in food.

Mr GILMAN wound up the discussion by saying that, although it was necessary to continue the food-aid programme, it was the American Government's intention, -and moreover it was necessary- to envisage longer-term solutions.

Third Working Session of Delegations, Tuesday 8 January 1985,
15.00 - 17.00

The third working session was devoted to political issues. In the limited time available, the following topics were discussed: (1) US and EEC relations with Eastern Europe and the Soviet Union (2) Central America (3) Drug trafficking. Relations between the US and Western Europe in the political/security field were discussed briefly and it was agreed that these would be discussed extensively at the next meeting of the delegations.

Mr SILJANDER presented a paper to introduce the discussion on US and EEC relations with Eastern Europe and the Soviet Union. In his paper he argued that the goal of a common US and European policy towards Eastern Europe should be one of sustained and secure peace that would allow a demonstration of the benefits of democracy and opportunity economics. He said that the goals of the Soviet Union had not changed but that the ability of the United States and the European Community to do something about them had. The United States and the European Community were economically and militarily stronger than a few years ago and the Soviet Union now seemed to realize that it was in its own self-interest to negotiate a meaningful arms control agreement. In his paper he outlined the essential elements of an arms control agreement as well as summarizing the principles of President Reagan's foreign policy.

Mr PENDERS said that full consultations within NATO on the forthcoming arms control negotiations were very important. He hoped that the talks initiated in Geneva, whatever form they might take, would cover INF (Intermediate Nuclear Force) weapons and that a mutual moratorium on the further stationing of such weapons might, on certain conditions, be possible. He said that the militarisation of outer space was a key point for the Europeans who were afraid lest a tendency towards the decoupling of Europe from the United States might result from the development of such weapons. He spoke of the particular dangers of developing anti-satellite weapons with a range enabling them to hit satellites in high orbit. They might undermine the principle of mutual assured destruction. Mr MOTCHANE said that a decoupling of Europe from the United States was already developing and that the question was not how to avoid it but how the Europeans should face up to their responsibility. He asked whether US military doctrine was to achieve a military balance

with, or military supremacy over, the Soviet Union.

Mr AIGNER said that there would be a permanent conflict with Soviet imperialism and that the free world was therefore dependent on the NATO alliance which must be reinforced. He said that the Soviet economy was in a process of deterioration and that the negotiating position of the west had therefore become stronger. Mrs WEIL said that in the European Community there was more and more talk about defence. She stressed that for many political parties and for much of public opinion such discussions about European defence were seen quite clearly in the context of Europe as a pillar of NATO.

Mr PÖTTERING said that the European Parliament had decided unanimously after the 1984 election to set up a sub-committee on security and disarmament, something which would have been unthinkable five years previously. He said that the European Parliament would press the foreign ministers of the Ten meeting in political cooperation to consider disarmament matters. A resolution had been adopted by the Parliament in December 1984 concerning the Schultz/Gromyko meeting in Geneva. Sir Fred CATHERWOOD pointed out that the Parliament did not pass resolutions on defence and Mr DI BARTOLOMEI asked the US delegation for their views on a non-nuclear defence doctrine.

Mr DANKERT said that Europe had been trying more and more to develop its own identity within NATO. He said that although there was some anxiety in Europe about the dangers of decoupling, the worry would remain less as long as there were 350,000 US troops in Europe. He said that he was somewhat more pessimistic than the US delegation about the possibility of bringing about change in Eastern Europe. In relation to the arms control talks in Geneva, he said that the idea of balancing SS 18s with Pershing missiles was an interesting one although there was a danger that this could lead to supremacy of the SS 20. He said that the French and UK nuclear forces would have to be included at some stage of the process. Mr SILJANDER said that the goal of US foreign policy was to maintain world peace through strength and deterrence and not necessarily through superiority. Even after intense US rearmament over the past 4 years, US strength was now, at best, only even with that of the Soviet Union.

Mr YATRON introduced a paper on human rights in the Soviet Union in which he outlined several extensive hearings which had been held in the 98th Congress relating to abuse of Soviet psychiatry, forced labour and anti-semitism. He said that the CSCE process was important because it gave signatories a legitimate right to confront the Soviet Union about human rights abuses in international fora and because the citing of specific human rights cases and their relevance to international human rights agreements had occasionally been effective. Lord BETHELL welcomed Mr YATRON as the chairman of the US Congress subcommittee on human rights. He spoke of the importance of the CSCE meeting on human rights which will take place in Ottawa in 1985. He hoped that representatives of Congress and of the European Parliament would be able to participate at the Ottawa meeting. He understood that some congressmen would be present and he hoped that some members of the European Parliament would be able to attend. He said that it was dangerous to leave human rights matters to diplomats because one had essentially to be undiplomatic and to interfere in the system of other countries. He said that Congress, the European Parliament and the Netherlands Parliament were the only three parliaments in which serious attention was paid to human rights. He said that in raising human rights questions with the Soviet Union one had to be prepared for their side to raise what they alleged were human rights abuses in our own countries. He said that our countries would also be accused about human rights abuses in, for example, South Africa and Central America and that our relations with 'finger-nail-pulling' governments was a source of potential embarrassment. He outlined the difference of emphasis of the US and of Western Europe in their assessment of the human rights situation in Turkey.

Mr HARLIN said that it was not accurate to say that the Soviets only understood the language of strength. In fact, he said, all military men only understood the language of strength. It did not matter to him whether it was a Pershing or an SS 20 which destroyed him. He suggested that the scrapping of all nuclear weapons might be the best approach to our security. Mr LANTOS criticized the philosophy of 'equidistance' and said that it was a bankrupt notion to say that we must clean up our own act before we can criticise human rights abuses in Eastern Europe.

Mr REID and Mr COLEMAN presented papers on Central America. Mr COLEMAN strongly supported President Reagan's policies in Central

America. He expressed satisfaction that, although there was not a bipartisan approach to Nicaragua, the Democrats had not made this into a major issue during the presidential campaign. He stressed that the United States supported President Duarte of El Salvador against the extremists of both left and right. Mr REID's paper amounted to a strong criticism of the use by the United States of covert aid in Nicaragua. Mr BROK said that the best way to achieve peace in the region was to concentrate on social justice and freedom. The San José conference was a good point of departure and the Contadora initiative should be supported and developed. He said that the original principles of the Nicaraguan revolution should be implemented. He complimented the Sandinista regime on its many positive achievements in the health and education fields but criticised aspects of the conduct of the elections. Mr GLINNE acknowledged that there were a number of deficiencies in the conduct of the elections in Nicaragua but pointed out that they had been held in a civil war situation. He said that the regime was not an ideal democracy but that it clearly had majority support. He said that pluralism could be seen, both within the FSLN itself and in the fact that 7 political parties had participated in the elections. Nicaragua was at a crossroads and should not be seen in the same terms as Eastern Europe. The International Court of Justice, he said, would not be able to accept actions against a democratically recognised government. He said that a great majority in Europe favour the Contadora process. He praised Costa Rica and said that, in the context of the region, it should benefit from special economic assistance.

Mr CLINGER briefly introduced a paper on NATO and the future of US-Western European relations. He said that while he had not himself supported the Nunn-Roth amendment concerning a possible reduction of US troop levels in Europe, it had received significant support. He said that it was important that the reason the amendment had received sustained and serious consideration should be understood. It was agreed that there would be a more extensive discussion of East-West issues at the next meeting of the delegations and that the question of visa reciprocity would also be raised on that occasion.

Mr GILMAN introduced a paper on the problems of narcotics trafficking and drug abuse. He called for contributions to the United Nations Fund for Drug Abuse Control, supported uniform narcotic laws for extraditing offenders and said that there was a need to heighten public awareness about the dangers of drug abuse.

Mr BLUMENFELD said that before the next full meeting of the delegations, there should be a preparatory sub-committee or meeting to draw up joint papers and thereby to facilitate the most effective functioning of the meeting of the two delegations.

Meeting with Mr DE CLERQ, Member of the Commission of the European Communities, 8 January 1985, 5.30 - 6.15 p.m.

Mr De CLERQ welcomed the delegation from the United States Congress and conveyed to them the best wishes of the new Commission. He stressed the importance of both the economic and political relations between the United States and the European Community. He welcomed the fact that in spite of the differences of perception and interests which sometimes arose between the United States and the European Community, it had been possible to manage relations in a sensible manner. He promised to visit the United States at the earliest mutually convenient date. He said that because of their open bilateral dialogue, the United States and the European Community had been able to exert considerable influence on international bodies such as GATT and the OECD. He said that, in international relations, the Community the more unified it became the more trusted a partner it would be. The new Commission, while recognizing that the way ahead was difficult, intended to press ahead with schemes to make Europe a stronger partner for the United States. He said that the Commission was worried by growing protectionist pressures on both sides of the Atlantic, especially in the United States.

Mr LANTOS promised full cooperation with the new Commission. Mr BLUMENFELD advocated a new GATT round as soon as possible provided that the Tokyo round was followed up. Mr DE CLERQ said that there was no doubt about the necessity of a new round, but that it must be well prepared both with regard to the participation by as many countries as possible and with regard to the conclusions of such a round.

Meeting with Mr. FIORET, President-in-Office of the Council of the European Communities, 9 January 1985, 11 a.m. - 12 noon

Mr FIORET said that the economic situation in the European Community was improving and that international trade had recovered during 1983 and 1984. He said that except in a few isolated cases, the Community had resisted the temptation to adopt protectionist measures. He hoped that the details of a possible new trade round would emerge during 1985. He said that sometimes there were differences of view between the United States and the European Community in the trade sector with regard to both industrial and agricultural products. He said that there had been certain moves towards protectionism in the United States and that the US Congress and administration had not reacted forcefully enough to these moves. He said that the steel sector was one which had been causing the European Community considerable concern. He expressed satisfaction with the agreement which had been reached and hoped that it would be implemented as soon as possible. He said that certain aspects of the US Trade and Tariff Act conflicted with international commitments. He drew attention to the particular concern in Europe about the Act's provisions concerning wine, which constituted the largest element in European agricultural exports to the United States. He said that there was frequently a lack of understanding in the United States for the mechanisms of the European Community. He stressed that, whereas he had emphasised a number of bilateral problems, the positive aspects of EEC-US relations far outweighed the negative ones.

Mr LANTOS welcomed the frankness of Mr FIORET. He said that a valid point had been made with regard to criticism of the Wine Equity Act. Congress and US public opinion were more naive about international trade issues than their counterparts in Europe. Trade was historically more important to Europe than to the United States where public opinion tended to be underdeveloped in terms of sensitivity to international trade issues. Mr GILMAN looked forward to an improvement in EEC-US relations. Mr BEREUTER spoke of the enormous problems facing US agriculture and hoped that protectionist tendencies would not be strengthened by anything said on either side of the Atlantic.

Mr FIORET said that the United States and the European Community must open up trade between themselves. He asked the US delegation to think of the negative effects which problems relating to wine might have on European public opinion and asked the US delegation to be sensitive to European problems.

