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EUROPEAN PARLIAMENT

ANNEX

to PULLETIN No. 8/74
from 26 April 1974

DELEGATION FROM THE EUROPEAN PARLIAMENT

having met from

20-22 March 1974 in Florence

WITH A DELEGATION FROM THE UNITED STATES CONGRESS

REPORT ON THE PLENARY SITTINGS

of 21 and 22 March 1974

REPORT ON THE PLENARY Sittings OF THURSDAY 21 MARCH 1974, MORNING, AND
FRIDAY 22 MARCH 1974, MORNING

After a speech of welcome by Mr COUSTE, chairman of the European Parliament Delegation and a reply by Mr GIBBONS chairman of the United States Congress Delegation, the parliamentarians began a general exchange of views on Europe - USA relations. These discussions continued throughout the morning of the 21st and were resumed on the following morning.

1. PRELIMINARY STATEMENT BY MR VALS

Mr VALS had been requested from the European side to prepare a preliminary statement on the main political events which had taken place since the last meeting with the American parliamentarians. In his speech Mr VALS analysed the constituent elements of the uneasiness in the relationship between the United States and the Community, distinguishing between objective difficulties on the one hand and mutual accusations on the other. He was convinced that Europe in the long term would not wish to remain dependent on the United States but was also convinced that only in harmony with the United States would Europe be able to find its identity, its independence and its appropriate role in international affairs. He asked that for a long period of patience to override impatience on individual issues and for a sensible degree of prudence in the détente between East and West. He asked that the American parliamentarians should contribute together with the European parliamentarians to a definition of an American policy for the European Community which expressed both solidarity and common interests while permitting Europe to retain its own personality. It was ultimately a question for the United States of accepting European union with all its consequences and, as a life-long friend, of helping to bring it about.

In the general discussion particular emphasis was given to a number of main themes.

2. POLITICAL CONSULTATIONS

The American delegates explained the need for the United States to be fully informed and consulted on the intentions of the Nine before the Community decided or announced new policies. It was recognised, however, that the most recent disagreement in Europe - USA relations - the particularly controversial issue of European attitudes during the Middle-East war and on the subject of Arab oil -

had not been due to a fundamental opposition between the Community and the United States but to the difficulty experienced by the Nine in reaching agreement among themselves. Some of the European delegates nevertheless considered that a certain amount of progress had been made towards achieving the ability to speak with 'single voice', as shown by the attitude of the Nine in Helsinki and Geneva during the Conference on Security and Cooperation in Europe, which proved that the Europe of the Nine was capable of defining a joint position on certain questions, given the necessary time. Unfortunately, it had not yet set up the political bodies which would enable it to demonstrate a political unity capable of facing up to major and sudden crises. The European delegates expressed the view that the United States would find Europe less 'difficult' when it had made real progress toward political integration and thereby become a valid interlocutor.

Some of the European delegates took exception to the tone of the remarks made in public by the American leaders on the subject of Atlantic relations. The American parliamentarians, without actually defending these attitudes, pointed out that certain European political leaders had not been much more diplomatic in the style of their own public comments. All the participants were convinced that such polemics served no useful purpose and that, in their public statements, European and American statesmen should carefully avoid heightening the tension or exploiting certain political situations.

One of the major political and psychological problems of Europe - USA relations was the 'mythology' existing on each side of the Atlantic concerning those on the other side. Although transatlantic relations as such had not really changed, the United States and Western Europe were simultaneously going through a period of political unrest: the internal political situation of the United States had greatly complicated by the Watergate affair, while Europe was suffering from a lack of political leadership which might partly be explained by the fact that the Europe of the Nine currently contained seven coalition and two minority governments.

Mr KISSINGER's proposal for consultations within NATO at the level of political directors had raised numerous questions in the minds of the Europeans, especially as to whether implementation of this idea would not make it impossible for the Nine to evolve their own political identity.

Furthermore such a development within NATO might seem to threaten the work of the Political Committee of the Nine.

3. ENERGY PROBLEMS

With regard to energy, the participants all considered that in the last analysis the United States and Europe were in the same situation, especially in respect of energy sources. However disappointing the Washington conference on energy had been, at least it had made that point clear.

It was agreed that the United States and Europe should be encouraged to cooperate in research on the development of new sources of energy, that they should ensure that such research was complementary and that the results should be rapidly made available to their partners. It was pointed out that, even if the United States could become more 'independent' with regard to hydrocarbons than Western Europe, this independence would be illusory in so far as extraction costs were much higher in United States than in the Middle East. Exploitation of the United States' own resources would be so costly that it would lead to increases in the prices of American industrial products that would seriously reduce its competitive position in relation to European industry.

4. DEFENCE QUESTIONS

Parliamentarians on both sides emphasized that the military aspect of transatlantic relations continued to be of fundamental importance. It was essential that the defence alliance should be maintained, not only to protect Western Europe against a possible Soviet attack, but also to guarantee Western Europe freedom of political action by sheltering it from unacceptable political pressure on the part of the Soviet Union and the Warsaw Pact.

A number of American delegates stressed the need for Europe to make a larger and more realistic contribution to joint defence. They asked for the introduction of an equitable system of burden-sharing in order to pacify American public opinion, which rightly or wrongly thought that the United States was bearing a disproportionate amount of the cost. On the European side some delegates accepted the view that Europe could make a more generous contribution. It was also noted, however, that the working document prepared by the International Institute of Strategic Studies for this meeting stated that on the whole the Europeans were already making a fair contribution.

It observed that at present too much attention seemed to be paid to the defence of the central sector of NATO in Europe in comparison with the northern and southern flanks.

5. PROPOSALS BY CONGRESSMAN REUSS

Mr REUSS made a statement on the world monetary situation. His ideas were received with very great interest by the participants, who decided to take them as a basis for discussion at the next meeting. Mr REUSS considered that the monetary situation was now sound. The dollar had long been overvalued, but since 15 August 1971 'healthy' international monetary system had been established within which most of the currencies were floating. A year of floating had given positive results, particularly with regard to world trade and investment. These had been progressing at a good rate in accordance with the main objective. The American balance-of-payments situation was back to normal. From the European point of view also, the monetary situation had improved since fewer undervalued dollars were invading the European markets.

With regard to oil, some people had thought that it would be possible for consumers to organize a cartel, since the Arab producers had done so. Such reasoning lacked realism, however, since the consumers did not have sufficient means of political action vis-à-vis the oil producers. Nevertheless it might be a good idea to explore possible ways to get the Arab countries to cooperate with the western world in joint projects such as the desalination of seawater and the development of new animal feeding-stuffs which could transform agriculture in the developing countries. The Arab oil producers should be encouraged to use their new, rapidly increasing wealth for cooperating in the development of the Third World. Naturally in order to do this it would be necessary to acknowledge the right of these countries to a more important role in the definition and implementation of development policies.

A certain amount of monetary reform seemed necessary, but it was important not to seek reform for its own sake. The essential thing was to fix the intervention rules with regard to floating. Above all there should be no return to a system of competitive revaluations. A greater degree of liquidity was also desirable. The International monetary Fund could be instructed to undertake the sale of gold at the international level. If gold was to be used for the purchase of oil, the Western world would naturally have an interest in an increase in the gold price, but the profits made on the gold sales could be put into a world fund (possibly financed in cooperation with the Arab countries) to aid the developing countries.

SPECIALIZED GROUPS AND WORKING PARTIES

(THURSDAY 21 MARCH 1974 AFTERNOON)

Two specialized groups and two working parties met on Thursday, 21 March in the afternoon. The chairmen and rapporteurs of these groups reported in plenary sitting on the results of their work on:

- (a) multinational companies,
- (b) relations of the European Community and the United States with Greece,
- (c) cooperation in energy research,
- (d) international food stocks.

(a) The specialized group on multinational companies resumed the work begun in Washington. It decided to intensify the collection of information and the exchange of documents on this subject. It continued its exchange of views on the form which an international agreement on 'good conduct' by the multinational companies might take. The proposal to organize a hearing of representatives of multinational companies on the occasion of the next visit of the European parliamentarians to Washington was received with great interest. Finally the group decided to continue its work on the basis of a working document prepared by the rapporteurs, Mr LANGE and Mr GIBBONS.

(b) A specialized group, chaired by Mr THOMSEN and Mr FRASER, considered the relations of the European Community and the United States with Greece. After the abolition of democracy in Greece the European Community had decided to 'freeze' the association agreement with that country, and since then no new benefits had been granted. Several European parliamentarians wished to go further and to study the possibility of a formal annulment of the association agreement. Hearings had been fixed for the week after the meeting. The two sides agreed to undertake a new examination of the situation in Greece at the next meeting in September, and meanwhile to exchange all useful information on the subject. American participants emphasized their interest in possible joint action by the two parliaments in this field. This proposal was received favourably by the European side.

(c) A working party, chaired by Mr FRASER and Mr LEONARDI, considered, on the basis of the document submitted by Mr SPRINGORUM, the possibility of cooperation in energy research.

The participants thought that everything should be done to avoid overlapping in research which was extremely costly.

The cooperation agreement could include research on, and the introduction of, new sources of energy. In addition, such joint programmes would be designed to achieve savings in the employment of energy. Finally they would also be concerned with the protection of the environment, particularly with regard to such sources of energy as nuclear power stations. The possibility of organizing a hearing of experts was proposed by Mr GIBBONS and received with great interest by all the participants.

(d) A working group, chaired by Mr GUDE and Mr VETRONE, considered the problem of world agreements and the creation of food stocks, a particularly important problem at the moment when the world market in raw materials and foodstuffs had seen a complete reversal of the characteristic trends of the last two decades.

In the light of these facts, the group pointed out the distinction to be made between surpluses resulting from the freeplay of the market and food stocks built up voluntarily at the national or, above all, international level. The latter should be built up in order to counter fluctuations in market conditions and assist developing countries, particularly those who suddenly found themselves faced with a famine situation.

