

Delegation of the Commission of European Communities
2100 M. St. N.W., Suite 707
Washington D.C.
(202) 862-9500

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EC OFFICIAL HAILS CONSTRUCTIVE TONE
OF RECENT US-EC DISCUSSIONS ON AGRICULTURE

Sir Roy Denman, Head of the Delegation of the Commission of the European Communities in Washington, today hailed the more conciliatory mood adopted by the United States and the European Community during cabinet-level discussions in Brussels earlier this month as a sign of hope for improved US-EC relations.

In a speech prepared for delivery to the Washington International Trade Association today, Denman noted that US-EC agricultural trade disputes had been a major item on the agenda in December 9-10 meetings between EC and US delegations led respectively by EC Commission President Gaston Thorn and US Secretary of State George Shultz. Excerpts of that speech follow:

"What distinguished the discussion was the sensible and constructive tone. Those who attended it were people who had looked over the abyss and did not like what they saw. Both of us agreed to avoid rhetoric and see what could be done within existing systems on both sides of the Atlantic.

We need to start with some detailed talks with our US opposite numbers here in Washington in mid-January on agriculture. We need to report to our principals by the end of March. It would not be realistic to hope that all our difficulties on the agricultural front could be wished away by detailed talks among senior officials.

But what was encouraging about December 10 was the political will on both sides of the Atlantic to respect each others fundamental policies and principles but to see whether we could not find some way within these to accommodate each other.

....The Tokyo Round (of Multinational Trade Negotiations) to which the US was a party recognized agricultural export subsidies and agreed that these were permitted providing they do not allow any General Agreement on Tariffs and Trade (GATT) contracting party to secure by these means more than an equitable share of world trade. We think we have kept to this undertaking...You can't tell EC farmers if markets are expanding they can't have a cut.

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....Here on this side of the Atlantic the (EC's) Common Agricultural Policy has been built up as some kind of fiendish plot by Europeans to impoverish American farmers The Common Agricultural Policy is neither a devilish plot, nor is it responsible for the present very difficult state of US agriculture. These are the results of far more telling factors such as high interest rates, a strong dollar, lower exports to the Soviet Union, record US harvests and the world recession."

Denman said "What is badly needed in 1983 world wide is economic expansion", noting that the recession, an over-valued dollar and an undervalued yen, high unemployment and anxieties about the repayment abilities of debt-ridden developing countries had taken their toll on world economic relations in general and US-EC trade relations in particular by fostering protectionism.

"Only three months ago the whole stormy scene was complicated by increasing tensions on both sides of the Atlantic - steel, the pipeline and the run up to the GATT ministerial meeting. But then in October and November some of the clouds began to lift. On steel we cut a deal...We have begun to search for a common approach on the difficult but important subject of economic relations with the Soviet bloc....We in the Community thought it (the GATT ministerial) a useful and successful, though necessarily not sensational meeting. It corresponded pretty well exactly to what we thought possible when we first started planning the meeting 18 months ago.

....So when 1982 rings out shortly I think looking back on it we can reckon that we have made some progress. We have agreed to concentrate not on rhetoric, but on solving problems. We have agreed in other words to take our responsibilities as the two great trading powers of the world in preserving the open world trading system on which the prosperity and the peace of the West depend. So however difficult 1983 may be, we enter it with a sense of hope."
