

SUMMARY OF A PANNEL PRESENTATION  
AT THE TWENTY-THIRD ANNUAL VIRGINIA CONFERENCE  
ON WORLD TRADE IN WILLIAMSBURG, VA ON OCTOBER 21, 1971  
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"NEW OPPORTUNITIES OR CHALLENGES IN THE EUROPEAN COMMUNITIES"

The European Community was established thirteen years ago by six European countries (France, Italy, Germany, Belgium, Luxembourg and the Netherlands) who wished to integrate their economies as a first step towards political unification. Today this enterprise has reached a crucial stage of its existence, one of partial unification. So far, a full customs union has been established among the member countries in which industrial and agricultural commodities move freely; there is one common external tariff, the lowest in the world. A number of common policies have taken shape; namely, in the field of agriculture trade, antitrust legislation. In other fields, such as monetary affairs, the process of unification is only in its very initial phase.

Certain vital areas like foreign policy and defense are not mentioned in the European Community treaties. Progress has been made in these areas however on the basis of the European governments' political willingness to cooperate with each other in these matters.

At this point of unachieved integration, the European Community of six is about to become a community of ten countries, with the addition of Great-Britian, Denmark, Norway, and Ireland. While the European Community is going through this huge process of internal adjustment and completion, it becomes obvious that the internal development of the Community cannot be isolated from the global context in which the Community exists.

More than ever before, this has become clear after the 15th of August. Europeans realize today that it will not be possible for them to define their relations towards each other without also defining their relations towards the rest of the world.

Thus, the challenge faced by the European Community is double:

First, Construction of European unity must continue internally to progress in all the economic and political areas. Will they be successful in their determination to achieve this goal? Europeans realize that it is essential they should. They know that further progress in economic unification depends very much on progress in the monetary field. Monetary progress, in turn, must be accompanied by progress in political solidarity, which cannot occur without a minimum of consensus on questions of defense.

The Second Challenge faced by the European Community is to see that its internal development takes place without disruption of economic and political relations with the rest of the world.

European political leaders are determined to see that European unification results in a positive contribution

- to trade with industrialized nations of the world. The record of the European Community, so far, has been extremely positive (development of trade and investments, both inside the Community and with partners such as the United States.)

- to the economic and political "take-off" of the developing nations of the world. Here also the Community is rightly proud of its contribution (generalized preferences; association with African countries.)

- to a detente with the Eastern Bloc.

Harmony between the member states of an enlarged Community must be accompanied by harmony between the Community and the outside world.

The enlarged Community's geographical and quantitative importance will make it impossible to establish a new international monetary order without European cooperation. A European consensus on monetary affairs, however, implies that the Europeans themselves agree on a concept about the long-term development of the Community.

Britain's entry in the European Community is considered as an expression of Europe's will to adjust itself to world developments, to organize itself and to acquire the necessary means for efficient action in the economic and political areas.

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- An explicit "background paper" published by the European Community Information Service on these matters is available at the Secretariat of the Conference.

The strong links which exist between the United States and Europe should provide a new basis for discussion and contribute to a solution of the present urgent problems in monetary and trade matters. (Realignment of currencies and elimination of the 10 percent surtax.) They should also allow Europeans to start negotiations with the United States on a global solution for assuring free trade as well as a more balanced sharing of defense burdens between Europe and the United States.

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