

Transcript of

DR. WALTER HALLSTEIN PRESS CONFERENCE

National Press Club, Washington, D. C.

May 17, 1961

Note: Forty-seven correspondents representing United States and foreign newspapers, magazines, radio and television spent approximately 45 minutes with Dr. Hallstein during the President's first general press conference of his U.S. visit May 12-24, 1961. Following is a transcript of the proceedings:

Dr. Hallstein: Ladies and gentlemen, if I may begin with a short comment, I would like to say that I am flattered that you have given me the occasion to have this conversation with you. I feel highly tempted to precede this conversation by an introduction into the essentials of the Common Market. But I shall abstain from that, for I know I am talking to experts. I want to say only one thing before starting our discussion. What an encouragement this visit has been to me and will be to our Commission and all those who are striving for economic -- and what is more important and essential -- political unity in Europe. The most vital information I am taking home is the confirmation of something we knew already -- but sometimes it is good to have confirmation of something one knows -- that we can be sure of the strong support of the United States in our work for European integration. Now I am ready to answer your questions. Thank you for giving me your attention.

* * * *

QUESTION: Dr. Hallstein, Mr. George Ball has gone to London and is going on then to Bonn and Rome and, I think, to Paris. One of his objectives, we understand, is to try to persuade the six countries of the Common Market and also Britain to abolish their special preferences toward the associated African states in order to avoid the shutting out of Latin American exports. How do you think the Common Market is going to react to this?

HALLSTEIN: I must say I'm learning from you that it is Mr. George Ball's intention to talk with the six governments and the British Government about this very issue. I have no information from him that this is among the subjects he wants to discuss.

But let's put completely aside for this discussion what Mr. Ball's intentions are. I think your main interest seems to be, if I understand you correctly, to learn what our attitudes are with regard to preferences. You know that the African states which are associated with our Community -- states

many of which have become independent -- have a special trade relationship with our Community which is not too easy to define in terms of the scientific definition of this trade arrangement. Part of this arrangement is indeed a preferential treatment in the field of customs duties.

This is the actual system: My Commission is dealing at this very time with proposals for a revised executive agreement annexed to our Treaty which deals with the contents of the association. The association is not completely defined by the Treaty itself. Part of its character, its nature, is defined by an annex to the Treaty -- the executive agreement I am talking about. This executive agreement expires at the end of next year, and my Commission is now preparing proposals we want to submit to the Council of Ministers of our Community which will give new shape to this association. I may add that the states which have become independent wish to continue the association.

Another question is: what in detail should the future association mean after the end of next year? Our experience is that the real value of these preferences is not as big as one thought it would be -- I am speaking in terms of the advantages it gives to the associated states -- as it was when we drafted and when we signed the Treaty (1957). On the other hand, we know at least psychologically what these preferences mean to others -- to competitors of the African economies. We have not yet finally decided in the Commission what position we should take, but I would like to say that one should not over-stress this element of preferential treatment in the association. Perhaps there is a way between extremes. Perhaps one could lower the common external tariff and in this way make the preferences less felt by competitors such as the Latin Americans. In this case, if we should come to this conclusion and if the Council should follow us, we would be forced to compensate the associated countries for the losses which the decrease of the preferences would mean. This is my personal approach to this matter.

QUESTION: May I ask just one supplementary question? You say that you might be forced to compensate the Africans if this happens. There has been some talk that the U.S. might meet the difference, might help the Africans to overcome whatever losses they might suffer. Can you tell us if you have had any such indication yourself in your talks here and in fact whether this whole subject has been one of the subjects of discussion?

HALLSTEIN: Yes, we have discussed the subject, but we haven't at this very stage gone beyond mutual information, and the information I gave is exactly what I told you: that there is a certain inclination on the part of some of the members of the Commission to think of this -- an increasing inclination I would say -- and we are thinking of compensating these losses by two or three other elements of what one calls development policy. One is to make our Development Fund and its functioning more flexible. It's rather rigid now because we can only make gifts; we cannot give loans or such things. We want to utilize this instrument in a more flexible way.

Another device is to stabilize prices -- raw material prices. Everybody knows that especially with regard to the African countries' economies there are mainly four or five products which are essential to these countries.

Once you can support these prices and stabilize them, you can really do something very essential. And there remains, of course, this very important problem of technical assistance with which we are already dealing in our connections with the associated countries and to which we can add something still in this next phase of this association.

* * * *

QUESTION: Professor, what are the prospects of a second acceleration of the tariff cut?

HALLSTEIN: You know that when the acceleration decision was taken in May last year, it was the idea of the Commission to have the Council decide at once about an additional reduction of 10 per cent at the end of this year. The Council was not opposed, in principle, to this idea but thought it might be premature to decide at that time. Therefore, they said: "Let's take this decision on an additional 10 per cent cut of the internal tariffs next year -- that means in June 1961 -- in the light of the business cycle situation at that time." And now we shall have our next meeting with the Council at the end of this month. We intend to deal with this matter and have already announced to the Council that we want to have the decision on the question: has this condition of a favorable development of economic conditions materialized or has it not? That is how the question presents itself.

QUESTION: What are the prospects in your view?

HALLSTEIN: We haven't had any exchange of views so I hesitate to make any . . . it would be sheer speculation to say something. I don't know.

* * * *

QUESTION: Professor, how do you view the urgency of British membership in the Common Market?

HALLSTEIN: This is a question which has to be decided first by the British Government. You know the position the Commission has always taken. We have never ceased saying that we are an open club. We have the famous article about the possibility of other European states entering into our Community (Article 237), so, for the time being, we can do no more than refer to this.

QUESTION: But in the long run, don't you consider British membership essential for the better progress of the Community?

HALLSTEIN: You know the Treaty has always been made with the intentions to take in as large a number of countries as possible. I think the whole philosophy of the Treaty leaves no doubt about this.

* * * *

QUESTION: Mr. President, in this country you sometimes hear the view that Britain's admission to the Common Market would create a better balance in an area dominated now by France and West Germany. What is your opinion on that?

HALLSTEIN: I am not sure whether you are alluding to a telegram somebody showed me yesterday morning (I don't know whether we have it here) which says that I have made an observation to the effect that the coming in of Great Britain would be helpful in order to better balance the relationship between France and Germany. If this is what your question is aiming at, I would say I never made such a statement. It's utter nonsense. It has never been in our minds and, far from having said that we need somebody to improve the relationship between France and Germany as members of our Community, I would like to make this point crystal clear.

* * * *

QUESTION: What effect will the "buy American" plan have on the Common Market? The U.S. "buy American" plan?

HALLSTEIN: I don't know exactly what you mean by a "buy American" plan.

QUESTION: Well, keeping the gold from flowing overseas.

HALLSTEIN: One cannot deny that the motives for such plans are at least in part justified. There is no doubt that to a certain extent development aid has been used in a way which has aggravated the balance of payments difficulties of this country. We don't like this from a general point of view, of course, because it brings into the picture an element of bilateralism which is against the general philosophy of our trade policy and of the trade policy which is at the basis of trade among the free nations as an over-all conception.

* * * *

QUESTION: Professor Hallstein, if the British should decide to join the Common Market, and actually did, what in your view would be the solution for the rest of the EFTA countries?

HALLSTEIN: The best solution would be to do the same.

QUESTION: You recognize that they couldn't do that.

HALLSTEIN: Yes, of course, this is a problem. Since joining means essentially joining the institutional structure of the Treaty, there is a problem for a number of countries. We would have to find a solution in a pragmatic way together with our American friends.

QUESTION: Would there be a possibility for the three neutrals to join in one way or another? Austria, Sweden, Switzerland?

HALLSTEIN: Well, it's not up to me to say whether there is one because the main responsibility is with the governments of these countries. Theoretically speaking -- I'm always giving the same answer to this question -- there are two possibilities of creating a structural relationship with the Community: one is

membership; the other is association. And association is a structural link, too -- with this difference from real membership: that it doesn't carry with it the full commitments of the Treaty of Rome but only part of it. One of the great values of this concept of association is that it is a very flexible concept. I once answered the question of one of your colleagues in Brussels who said he didn't quite get my point to what degree the contents of our Treaty had to be accepted. I told him this is completely open. The specific side of association can be adapted to each individual situation of a candidate for association. It can be zero plus one per cent of the contents of the Treaty of Rome, it can be 100 minus one per cent, and it can be everything in between these two extremes.

* * * *

QUESTION: Doctor, are you concerned about what appears to be a rise in the protectionist sentiment in this country, particularly as it involves agitation for restrictions on imports?

HALLSTEIN: If I were concerned, my visit here would have greatly diminished this concern.

* * * *

QUESTION: Professor, is there a possibility that some of the members of the Outer Seven do want to join the Common Market or become associated with it before Britain joins? For instance, Austria?

HALLSTEIN: I have no indications of this sort -- I mean that there is a real move or that there are preparations in one of the capitals of the countries which are members of EFTA in the direction you have indicated....to join the Common Market before even the British have made up their minds.

* * * *

QUESTION: Professor, why was the May 18th meeting postponed? What was the real reason?

HALLSTEIN: If my information is right, because the preparation of the meeting was not sufficient, I think this is the very reason it was postponed.

* * * *

QUESTION: May I try another approach to this? After the last Common Market Foreign Ministers Conference in Bonn earlier this month, do you think the chances for political integration have improved?

HALLSTEIN: Yes.

QUESTION: They have?

HALLSTEIN: Yes, now perhaps you understand better why I answered the other question the way I did.

Thank you, Mr. President.