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PRESS RELEASE

The European Economic Community and the United States of America

(Summary of the address by Professor Walter Hallstein, President of the Commission of the European Economic Community, before a conference on "Europe, America and World Trade", organized in Amsterdam on February 4, 1965 by the European Movement in the Netherlands)

Yesterday United States tutelage, today dialogue of continents, tomorrow Atlantic Partnership - these are the three aspects which President Hallstein brought out in an address given today in Amsterdam. "Europe owes America much. One might say it owes the United States everything that an outside State can contribute to the rebirth of a political entity", said President Hallstein. Looking at the history of post-war relations between Europe and America, he stressed the tremendous economic and military efforts which had made possible the reconstruction of Europe. No European would ever forget the courage, the wisdom and the generosity on which they rested. Behind the shield of NATO, a shield erected by America, the reconstruction of free Europe moved ahead. Far from regarding the unification of Europe as a threat to America's supremacy, the United States had consciously and consistently furthered the construction of an equal European power with which it could one day co-operate on a basis of partnership.

Dialogue between continents

Discussion was the method used today to reconcile the economic interests of Europe and America. At Atlantic level the outstanding point of contact between the two continents this year was the Kennedy Round. There could be no disagreement about the basis of these negotiations and their ultimate aims even though a variety of difficulties impeded their course from time to time. The European

Economic Community was taking part in the negotiations with the firm intention of ensuring their success. This was a hard task demanding great efforts of us all. We would only achieve the desired result if conflicting interests could be reconciled by a process of mutual give and take between all concerned. The keystone of the negotiations had therefore to be the principle of full reciprocity of concessions. This ruled out any measure that would give advantages to a single country at the expense of others, except in the special case of the developing countries.

The President then discussed the two aspects of the Kennedy Round, trade in industrial goods and agriculture. The talks on trade in industrial goods covered the general principle of tariff disarmament, the question of disparities and non-tariff barriers and other obstacles with an effect equivalent to that of customs duties. The President explained that the Community's working hypothesis was a linear reduction of duties by 50%. This was in our own European interest, and for this reason we had submitted only a short list of exceptions. But, said President Hallstein, "in our view no real reciprocity would be achieved by halving the two tariffs indiscriminately". Since the Trade Expansion Act did not allow of a more than 50% reduction in the case of some headings in the United States tariff, the only solution was to reduce the low rates less once it was acknowledged that a real disparity in trade existed. It was in this direction that we were now looking for an answer.

The principle of reciprocity also predominated in discussion of the dismantlement of non-tariff barriers and other obstacles with an effect equivalent to that of customs duties. We regarded it as an important test of the liberal attitude of all those taking part in the negotiations that when the mutual readiness of countries to open their markets was being assessed and bargained over, these forms of trade barrier should be dealt with at the same time as customs duties themselves. In view of the complexity of national policy towards industry, tariff negotiations were no longer sufficient in themselves.

The reciprocity of rights and obligations of all partners was also the basis of the attitude adopted by the Community in the negotiations on agriculture, the other aspect of the Kennedy Round. This was not just an advantage; it was a necessity. Trade in agricultural produce was ailing. Its balance was disturbed and could not be restored by commercial measures. The methods used today meant that no State any longer had confidence in the free play of supply and demand where agricultural products were concerned. The problem was to master the chaotic situation in which hunger and scarcity were rampant, while on the other hand agricultural surpluses were mounting and markets were glutted. We must endeavour to grasp the vast scale of this problem of feeding the world and then look for an answer. We shall not find the source of the problem in trade

policy but in agricultural policy and development policy. The solution would have to be found in agricultural policy.

In this connection President Hallstein again mentioned the possibility of discussing agricultural matters in the Kennedy Round with some chance of success, since the negotiations covered the entire range of agricultural products and were attended by the main exporting and importing countries.

The Community had proposed a new method, the essence of which was the "margin of support", a reference figure by which to measure the extent of agricultural protection. Margins of support should be bound at their present level. This thinking on the agricultural portion of the Kennedy Round was new and bold, perhaps revolutionary. No wonder that the Community had encountered doubts and opposition in this connection; but no one had found any alternative. With the decision on cereal prices taken on December 15, 1964, EEC had established one of the most important conditions for using this approach at the conference table. The common agricultural policy of the European Economic Community and its approach to the agricultural portion of the Kennedy Round could be taken as a basis for international co-operation in agriculture.

President Hallstein pointed to the common problems of economic and monetary policy as the second point at which our interests and those of the United States met in the Atlantic setting. "We must pursue economic and monetary policy in contact with each other on both sides of the Atlantic if we wish lastingly to ensure full employment and smooth economic growth in conditions of free trade". The President went into the problems raised on both sides of the Atlantic by the balance of payments, and said that these called for new arrangements and measures to reconcile stability with the liquidity needed for economic growth and to avoid placing burdens on the monetary system of the Western world.

The dialogue of continents covered questions going beyond those which originated in the Atlantic area. It was concerned with the building up and defence of the whole free world. Europe's part in this became all the greater as its unity advanced. The interests of America and of the Community were already meeting in all parts of the world. The EEC had intervened energetically in the world-wide struggle for the economic and social advancement of the poorer peoples - in what was today called development policy. In so doing it had joined the United States in undertaking a work of peace which was greater and more difficult than any other which could be imagined.

Our common goal was clear; if we wanted to get closer to it we must agree not only on the goal but on how to reach it, but agreement on this point had often been lacking. We hoped that in future Atlantic co-operation would also prove its worth in the

organs of GATT and of the World Trade Conference. We were at one with President Johnson when he said that development help must be given selectively and must be concentrated. The principle therefore was not "the same for all" but "sum cuique". Concentration in development policy meant abandoning the concept of a world-embracing, egalitarian policy. Help given indiscriminately was help wasted.

The Community's future activity in the development field was not defined on a strictly regional basis. It would constantly be extending its field of responsibility.

In the third part of his speech in Amsterdam President Hallstein pointed to the way history was developing: Europe, which only yesterday was dependent on American care, was today ready to share in the dialogue between continents: tomorrow, the rights it assumed and the burdens it shouldered in the Atlantic partnership would be commensurate with the strength it had drawn from unity. Atlantic co-operation was the lodestar of our collaboration with the United States of America. President Kennedy had outlined the principles and aims of this policy and President Johnson too had declared his faith in it. European unity and Atlantic partnership were therefore the pillars of United States policy towards Europe. They were also the foundations of our policy towards America. Europe could not be a valid and equal partner before it had completed its own unification. Only then would it be strong enough to take up the rights and burdens of partnership with this huge power and so, in the last resort, be able to decide its own fate. The United States of America offered us partnership. To get Europe into good shape for this development was the raison d'être and objective of the European Economic Community also. Consequently we Europeans had unreservedly accepted the offer by America, which was as far-sighted as it was logical. "I and others have repeatedly made this point on behalf of the Commission of the European Economic Community. We must now get on with making a reality of our agreements."
