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SIR ROY DENMAN SPEAKS ON EC/US TRADE RELATIONS

Sir Roy Denman, Director-General for External Relations at the Commission of the European Communities, discussed the trade relations between the US and the EC on July 11 at the Vth Annual Meeting of European and American Journalists held at the Aspen Institute's Wye Plantation in Maryland.

Two-digit inflation, rising unemployment and a shaken business confidence are the three ills that afflict the western industrialized world, Sir Roy Denman pointed out in his introduction before outlining the major areas of potential conflict between Europe and the United States.

Steel is one such area following the anti-dumping suit filed by the US Steel Corporation against European exporters. "We cannot afford to add \$ 2 billion to an existing trade deficit with the US of \$ 13 billion, nor can the European steel industry afford to lose a market of up to 5½ million tons." Denman said, while urging the US Government to take actions "which could induce US Steel to withdraw their anti-dumping suit".

Other areas of friction between the two economies were in Denman's view: synthetic fibers, the automobile industry, even the petrochemical sector.

As far as trade relations with Japan were concerned, Sir Roy Denman emphasized the necessity to keep a free-trade philosophy hoping to embark soon on a new strategy, "based on the reciprocal reduction of our remaining trade barriers."

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There are, however, some cheerful aspects in the world trade scene today, Denman noted: "After all, in the face of the biggest recession since the 1930s, the world trade system has held."

Denman emphasized that institutions and mechanisms exist that help maintain an open world trading system, among them GATT, the OECD and the hot-line relationship between Washington and Brussels "which grew up during the Tokyo Round and continues today."

Denman concluded that "the success with which these mechanisms can be used to maintain the open world trading system of the post-War years depends of course on the political will of the governments of the major trading nations. ... Our hope and our reasonable expectation is that the world trading system will hold and will not swing fatefully back to the chaos of the 1930s."

"But as the Duke of Wellington said of a famous battle, 'it will be a damned close-run thing'."

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