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## EEC: Pessimism Unwarranted

Interview with Jean Rey, President of the EEC Commission, Brussels

*Mr President, the pessimism about the future development of EEC suddenly turned into a sense of euphoria following the Summit Conference at The Hague. Has this feeling of optimism resulting from this Conference meanwhile proved well founded?*

I am glad you put this question right at the beginning of our conversation. I and my colleagues in the Commission never believed that in spring 1969 the EEC was near a collapse. We were aware of facing a fourth crisis. All the same, though, we had no reason to doubt that this fourth crisis could not be overcome similar to the mastering of the three previous crises. We can be glad that the fourth crisis has now been weathered from which, however, it does not follow that we may now rest on our laurels. Much work has still to be done in order to achieve as much success as possible lest EEC finds itself in difficulties again.

Last spring we refused to extend EEC's transitional period. The member-countries, the Council, the European Parliament and the Commission have thus been forced into extraordinary efforts towards solving the problems

they had to face. We considered it vital to work out a final regulation for the financing of agriculture. Within this sphere it was necessary to find an answer to the question of the European Parliament's own revenues and budgetary authority. The decision about the enlargement of EEC, too, could no longer be postponed. This, then, was the package of problems at the year's end. We did succeed in finding some of the answers. The spirit of The Hague helped towards this. As you know, the Heads of States and Governments assembled at The Hague agreed on the future political and economic orientation of EEC. This spirit still makes itself felt. The most recent meetings of the Council of Ministers have clearly shown this. I think quite a number of difficulties have been removed.

### Agricultural Problems

*Let us now look upon the problem of agriculture. There has been an arrangement for the finance but the problem of agricultural surpluses still remains unsolved. Do you think, in this connexion, that there is in the foreseeable future a good chance of the Mansholt Plan being realised?*

We have to distinguish between two problems, namely the question of the surpluses and the question concerning the realisation of the Mansholt Plan. There is of course a certain connexion between the two but, all the same, they are two distinctly different things. No decisions have been arrived at yet about the surpluses, and this is one of the Commission's headaches. The Ministers of Agriculture have been hard at it to come to a solution. This has so far not happened but we have to believe that the Council of Ministers will in the course of the next few months make the necessary decisions.

The Mansholt Plan is quite something else. It represents an attempt to carry out a reform of the structure. We shall now begin to transform the Plan into concrete propositions. Additionally, there is good reason to believe that, following this, the Plan will in fact be carried out before very long. This will probably not materialise in its original form because it was initially the intention to explore the reaction of the outside world, the parliaments, the Strasbourg Parliament, farmers unions and other quarters concerned and then to find out what the chances and limitations of the Mansholt

Plan are. We have in the meantime been able to draw many conclusions from the discussion which, as a matter of course, will be fully considered in our concrete suggestions.

### **Trade-Relations between USA and EEC**

*The USA is particularly annoyed about the agricultural surpluses. It reproaches the EEC with depriving them of traditional markets partly by allegedly subsidising exports. The contemplated special EEC duty on vegetable oils and fats would, so the Americans say, for instance severely hit their export of soya beans amounting, as it does, to about \$ 500 mn. As the result, the US Secretary of Commerce has already threatened with counter-measures. It almost looks like a trade war being in the offing. How do you look upon this problem?*

I have never been able fully to understand why the American agricultural subsidies are supposed to be a virtue and ours a sin. The difficulties on both sides have become more acute since the end of the Kennedy-Round in May 1967. I have never claimed that all criticism from outside had been unjustified and that we on our part are entirely without fault. In spite of many contact talks and negotiations between us and our friends in the USA, the time now approaches for attempts on high level to draw up an inventory of our difficulties and set upon the task of finding just solutions.

*Do you think a new round of tariff reductions, at least between the USA and EEC, are likely to materialise before some of the main problems of the Kennedy Round, for instance the American Selling Price System, have been successfully tackled?*

I don't think this is likely to happen because of our difficulties with the USA not stem-

ming foremostly from questions of the tariffs but rather from non-tariff aspects. For instance, you just mentioned the American Selling Price System. There are differences of opinion also in the sphere of agriculture and trade relations with Mediterranean countries. But I am still convinced that all these problems can, and ought to, be thoroughly discussed with the Americans.

### **Future of Euratom**

*Touching on agriculture and trade we have already spoken about two problem children. The third one which should not remain omitted would be Euratom. There have been more than enough newspaper headlines about the presumable collapse of Euratom. Do you think the existence of this Community can in the long run still be secured?*

Euratom has not collapsed. Euratom does exist. It functions for example in the fields of control and the supply of fissionable materials. However, there were difficulties in the way of establishing a research centre. I admit they made life for the Euratom Commission rather complex. Also my colleague, Vice-President Hellwig in whose competence Euratom falls, has encountered the utmost difficulties during the last two years. But at the Summit Conference it was decided not to liquidate the research centre but to re-shape it. This re-shaping of the centre is a process which I believe will keep us busy for several years. It appears to me therefore a little premature to say more about it at the moment.

### **Economic and Currency Union**

*The Ministers of Economics and Finance recently met to find possibilities for the harmonisation of finance and economic policy with the aim of an Economic and Currency Union. One of the main problems seems to*

*be to find a way for majority decisions within the Council of Ministers. How do you assess the chances?*

By now we have four plans to discuss, among them the Commission's own plan. We shall concurrently study all these plans and I have good reason to believe that finally an agreement will be reached embracing the specific points of all these plans.

*And who takes the decisions?*

As far as this is concerned we are facing this problem not only in respect of currencies but also, and quite specifically, about the enlargement of EEC. The Commission has voiced the opinion that the Community's institutions should be strengthened this year and that majority decisions should be forthcoming. I think there are at present good possibilities of achieving a satisfying solution of these problems. Everybody concerned knows that it will be absolutely impossible for instance to enlarge EEC and after this still have a system allowing for unanimous decisions by a Council of ten members. This simply will not function any longer. It is impossible.

*It is interesting to note in this connexion that Herr Schiller with his currency plan demands that any parity changes would after 1975 be permissible only after consultations with all participants. The French have immediately opposed this. Do you believe that such national tendencies will ever become avoidable within a community of nations?*

Whom do you mean by referring to the French?

*Well, the French public quite generally.*

But what you really mean is, after all, merely part of the French press. These are individual opinions, not decisions.

Our ministers unanimously decided at The Hague that in the next few years a phased plan leading to a Currency and Economic Union will have to be realised. If it is not said that the French, or for that matter the Germans, will not accept this, this or that would simply be a distortion of facts, particularly as the responsible ministers welcomed all drafts and asked for their integration into a common plan.

### **Strengthened Position of the Community**

*This sounds much more optimistic than what one is given to read. Is your optimism reaching so far as to considering it possible in the long run to bring about within EEC something similar to the German Stability and Growth Law? The main problem involved would of course not be the mere existence of such a Law but rather the investing of the corresponding jurisdiction onto the Community to enable it to implement such a Law.*

My opinion is that the work done in Committee on the Medium-term Economic Policy shows in the same direction. If you did read the most recent publications about the Commission's graduated plan, then, I believe you will see how we conceive the development.

In any case, we cannot get away from the fact that in future there will be a very close co-ordination of economic policy. I think this stage will have been reached not later than at the end of this decade by which time we shall come to a real European unity over the issue of a true European currency.

*This would, therefore, also mean that you will interfere even in the competence range of individual governments?*

Yes, indeed. Everybody knows this. But it has already hap-

pened in the past. All our common decisions taken for instance in the wake of the devaluation of the French Franc and the revaluation of the German Mark prove it, after all, quite obviously.

### **Integration plus Enlargement**

*In view of your optimism, Mr President, let us now turn to the future. The candidates queue in front of EEC's entrance door. Should one enter into integration talks with them still prior to the EEC end-phase having been reached or, rather, let them, in a few years' time, simply face the facts — let them be face to face with a Community whose conditions they would have to accept?*

Gentlemen, the decisions taken over this question at the end of last year were entirely clear. One will bring the transitional period to an end before entering into negotiations. At the same time, one will not wait for the ultimate completion before thinking of an enlargement. These things run concurrently.

It has never been said that, first, the Economic and Currency Union should be accomplished before speaking of the enlargement. After all, the realisation of this plan will probably take eight years. Nobody in the Community intends to postpone the question of EEC's enlargement until then.

*Do you believe we shall see concrete entry negotiations this year with Britain, Ireland, Denmark and Norway? Or will one continue on the basis of preliminary talks?*

No, it was decided at The Hague that something will move after six months of preparation. I really have no reason to believe that this time limit will be exceeded. Work is progressing. It is true, differences of opinion still come to surface but I do not believe they are of such im-

portance as to actually lead to a delay of the talks.

Towards the middle of this year, negotiations with the four candidates will start. This of course does not mean that in the meantime there might not be a certain degree of priority for negotiations with Britain. After all, the others are in some ways dependent on the outcome of the talks with Britain.

### **Criticism of Yaoundé Treaty**

*Allow us, Mr President, a final question on the Yaoundé Treaty of Association. The preferences extended to the associates are criticised not only by other developing countries, but also by the USA. Are these reproaches justified?*

First of all, I am not under the impression that the Yaoundé Treaty finds serious criticism in the USA. I believe the American criticism is directed rather at the enlargement of this Treaty as such. The Americans have in the last ten years not worried us about the Yaoundé Treaty. Their concern—and we can understand this—solely centres around the complexity of an enlargement of this Treaty whether the follow-ups will one day be two, three or ten Preferential Agreements so that one finally would no longer know what and what not is compatible with GATT. For this reason we have recently discussed these problems thoroughly at GATT. Besides, these questions are at present a topic of discussions between the EEC and the USA.

We continue to be in favour of a liberal world trade and mean on no account to jettison the principles involved. Let me make this quite clear. We concentrate on three territories only. Firstly on our associates in Africa, secondly the integration in Europe and thirdly on the associates in the area of the Mediterranean.