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EEC Trade Policy towards the East

The success of German trade policy towards the eastern states over the past three years would have been impossible had not the EEC Council of Ministers decided in December 1969 to extend the time limit for the conclusion of bilateral trade agreements between EEC members and the East European states until December 31, 1972. The Federal Republic of Germany, beside France, had at that time shown itself most unwilling to cede to the EEC institutions the sole right to conclude trade agreements with states outside the Community.

Germany has made full use since of the opportunity thereby provided in 1969 to continue to settle its relations with its eastern partners until December 31, 1972, by itself. The German-Soviet trade and cooperation treaty was the final act in a development which allowed the pursuit of primarily national interests through bilateral agreements. In future EEC members will no longer be able to settle the degree of import liberalisation with the various state trading countries individually; as regards tariff matters they already cannot do so. Nor will they be in a position to enter into extensive credit insurance and capital investment commitments on a bilateral basis. Long-term cooperation arrangements will be the only subject left to EEC countries for direct negotiation with eastern partners. France saw and used this chance early.

Brussels will hold the key to eastern trade policy after January 1, 1973. For the Federal Republic of Germany with its great interest in trading with the East it is now of particular importance that its ideas about further liberalisation measures should be accepted in the Community at large. A programme for such a process exists already in outline: as early as March 1971 the EEC member states agreed on a further reduction of nationally imposed quantity restrictions by the end of 1974. It is their aim to bring about a largely uniform liberalisation, leaving only a small hard core unliberalised. It will be one of the tasks of the next Federal Government to generate ideas about this hard core, i.e., about the kind of items and size of quotas to be considered, and to champion them in the EEC. These items are likely to give rise to deep controversy among EEC members, and the Federal Government will need a well thought-out concept which covers the interests of industry and consumer alike.

Until now German industry has been given less support by government in the way of credit guarantees and subsidies for business deals with the East than has been the case in other EEC countries. It must therefore be interested in seeing the Federal Government take a new initiative in the European Commission and give it intensive support in the drafting of proposals for the harmonisation of credit terms for long-term transactions with the East. The aim should be to replace the consultation procedures in force now by concrete prescripts.

Such efforts as were made in the EEC in recent months to set uniform standards for liberalisation, credits and questions relating to insurance and guarantees were of course impeded by the enlargement of the EEC to a Community of Nine as from January 1, 1973. Nobody should use the enlargement for retarding the intensive efforts for a European trade policy. British commerce with the East has for years been sustained by an ungrudging approach to questions of liberalisation and credit grants. It is most unlikely therefore that the British who have an open mind about doing business with the East will try to curb efforts to pursue a more liberal EEC trade policy towards the East.

Though the Nine have divergent interests, an understanding on a common liberal EEC trade policy should be well within reach in these next two years when all EEC countries will still conduct their trade in accordance with bilaterally negotiated agreements. Trade agreements with the People's Republic of China, on the other hand, do not yet exist in all EEC countries. It would therefore be in the interest of Germany in particular to avoid undue delay in formulating an EEC concept for the Community's trade policy in this direction.

Klaus Bolz