

Soames, Christopher

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US – European Community Relations

Interview with Sir Christopher Soames, Vice-President of the Commission of the European Communities, Brussels.

IE: Sir Christopher, the last months' events seem to indicate that the Europeans are losing their faith in the idea of Europe and in the Common Market as an institution capable of actually running things. A growing tendency of European governments to act separately in order to protect their national interests can be registered. Is the Community going to pieces?

SOAMES: No. The Community has inevitably had to undergo severe strains in the past nine months or so, in meeting challenges for which it was not yet fully ready. The Middle East conflict, the energy crisis, the flaring up of inflation in most of our countries, and the balance of payments difficulties of several of our member states all combined rather suddenly and at a time when some of our leading nations were facing various internal difficulties as well. I am under no illusions: some of these strains — inflation and our payments deficits in particular — will not just go away now. But I believe that the new leaders in the Federal Republic and in

France, and the other leading political figures in Europe too, are now taking the measure of these problems and are realistically setting to work to tackle them together. We shall need a hard effort of political will on all sides. But there is no cause for despair in the Community's ability — given the political will — to provide a far better tool for meeting these problems than the separate nation states could provide on their own.

Optimistic View

IE: What consequences could arise from the present shattered state of the EC for the US-European relations?

SOAMES: I am very confident of the future of the Community's relations with the United States. We have settled the outstanding trade problems between us arising from the Community's enlargement. We are waiting for the US Congress to pass the Trade Bill so that we can go forward with the Americans and our other partners in GATT to the multilateral world-wide

negotiations to lower trade barriers. In the present climate of the world economy it is more essential than ever that we should try to move forward, for fear otherwise of sliding back.

We are in very close touch with our American friends all the time — through regular meetings at Commission level, through frequent visits across the Atlantic exchanged between senior officials of the US administration and ourselves, and of course we have literally daily contact and consultations through normal diplomatic channels.

I am certain that the governments of all our member states attach the very greatest importance to cementing such close links with the United States, and the more coherently we in Europe can act as a Community, the greater also will be the interest which the United States will attach to that relationship. That applies in economics. But of course it also applies in defence and in foreign policy matters. And in foreign policy we do have a long way to go

before we can show the coherence necessary for a full and equal partnership with the United States.

IE: Negotiations aimed at compensating the United States for such adverse effects as might have been caused by the entry of the United Kingdom, Ireland and Denmark into the EC, had been running since early 1973. What made it so difficult to settle this matter on a reasonable basis?

SOAMES: The Community's negotiations with the United States on this subject have — as I have just said — now been successfully completed. The negotiations took time because of the initial technical complexities and of the delicate final balance of interests which had to be struck. A great deal of to-ing and fro-ing was needed between ourselves in the Commission and the US negotiators — and also between the Commission and the Member States. But the essential thing is that these negotiations under Article XXIV: 6 of GATT are behind us, as far as the United States and the Community are concerned. This is a major achievement. It has done much to make for more confident relations between us. It also represents an added encouragement for the passage of the US Trade Reform Bill and for consequent substantive progress in the Multilateral Trade Negotiations.

Trade in Agricultural Products

IE: An equitable outcome of the coming Multilateral Trade Negotiations in GATT would have to include acceptable provisions for trade in farm goods between the USA and the EC. What are the main issues which will have to be dealt with in this connection?

SOAMES: The Community has stated its readiness in the Multilateral Trade Negotiations to discuss, not only with the Amer-

icans, but with all our partners, the problems of world trade in agricultural products with a view to achieving an expansion of such trade in stable world markets while respecting existing agricultural policies. We shall be exploring the possibility of multilateral agreements for certain products such as wheat, flour, feed grains, oil seeds, rice, sugar and certain homogeneous milk products. These agreements could include maximum and minimum prices, stockpiling measures and food aid. How all this will work out in terms of US agricultural exports to the Community it is really too soon to say. I very much hope that there will be a real increase of agricultural trade between us in both directions.

Association and Preference Policies

IE: The EC's Association and Preference Policy has given rise to serious objections by the United States, the "reverse preferences" in commercial relations being a major source of trouble. Do you regard the American criticism as justified?

SOAMES: I think there has been a lot of misunderstanding on the American side concerning the Community's Association Policies. I do not claim that the US Administration has now come to accept these policies; but, as the result of a considerable effort to explain them to the Americans, I think there is now a better understanding in Washington, especially of the political aspects, on what the Community is trying to do. On the size and scope of the problem, we have explained that we do not seek to extend Association and Preferential Trade Agreements beyond the limits which history and close geographical links have made necessary. The developing countries with whom we are linked or propose to be linked

collectively represent slightly less than 10 p.c. of the GNP of the developing world as a whole. And only around 2 p.c. of American exports go to the countries concerned. As to the so-called "Reverse Preferences", the Commission made it clear last year that in its view the Community should not ask for preferential treatment on the markets of the African, Caribbean and Pacific countries with whom it is negotiating a new Association Convention. We are not obliging the countries concerned to give preferences to our goods over American goods or those of any other country.

US-Concessions

IE: In which fields should the USA on its hand be prepared to make concessions in order to contribute to an improvement of the American-European commercial relations?

SOAMES: Just as the Americans have a "shopping list" in Europe — mostly in relation to their agricultural exports — so also we in the Community see a number of points at which there could be improvement on the US side. There are some very high duty rates in the US tariff which ought to come down. But even more important progress is needed in the field of non-tariff barriers. We need to go into government purchasing policies; legislative rules and administrative practices on anti-dumping and countervailing actions which are unfair and inconsistent with GATT; escape clause powers and emergency actions against imports which also do not respect the GATT; some customs procedures (duty valuation and documentary requirements, etc.). Here too, solutions need to be found, as much in the multilateral as in the purely bilateral setting. This is in large part what the Multilateral Trade Negotiations are about.