

# Occasional papers

## United States- European Community Relations

*Past,*

*Present,*

*Future*

Leon Hurwitz

Lyman L. Lemnitzer Center for NATO and  
European Community Studies  
KENT STATE UNIVERSITY



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## ABOUT THE AUTHOR

Leon Hurwitz is professor of political science and associate dean of the College of Arts and Sciences at Cleveland State University. He received his A.B. from Bates College (1965) and his Ph.D. from The Maxwell School, Syracuse University (1971) and has published widely on the subject of the European Community. Some of his more recent publications include *The European Community and the Management of International Cooperation* (1990), *The Free Circulation of Physicians within the European Community* (1990), and a co-edited volume with Christian Lequesne, *The State of the European Community: Institutions, Policies and Debates in the Transition Years, 1989-1990* (1991). He is a founding officer of the European Community Studies Association and currently serves as its treasurer.



## INTRODUCTION

The United States-European Community relationship, an association that predates the 1957 Treaty of Rome, is difficult to characterize for the period ending with the decade of the 1980s. That there was a perceived "partnership" between the United States and the individual countries of the Community, and then with the Community itself, is not disputed. There were, however, several questions as to the exact nature of this perceived partnership.

Historically, the United States has considered itself as the first among equals in a somewhat unequal relationship with the EC. Europe, the junior partner, was simply expected to follow whatever initiatives the Americans proposed. In exchange, Europe would be protected by the American nuclear shield. The extent to which these American concerns were congruent only with American national interests and not with European interests was not deemed a relevant factor. All postwar American presidents through Gerald Ford simply assumed this asymmetrical relationship. Jimmy Carter, although the first president to recognize the inherent inequities in such a relationship, nonetheless continued to regard the European Community as a junior partner. Refusing even to recognize the unequal partnership, the Reagan administration attempted several times to force the EC to fall in line automatically behind whatever U.S. policy vis-à-vis the Soviet Union happened to be at the time.<sup>1</sup> It now appears that the Bush administration had been rather oblivious to the European Community.

## THE PAST

For several years, decades in fact, Europe acquiesced in serving in this relatively subservient role. But, since the late 1970s-early 1980s, the EC has perceived the U.S.-EC partnership in a different light and begun to strike out on a more independent path. The European view of the partnership began to insist that differences of opinion must be recognized and tolerated within the partnership. Fernand Spaak, a former (1975-80) head of the delegation of the European Community to the United States, commented on this new approach in 1980:

There is nothing necessarily wrong with the fact that Europe and the United States differ in their perception of an international event or their responses to it. It would be neither a healthy nor even a credible partnership if we always marched in lock-step. The important thing is that we both understand the differences of one another's approaches and accept that these are but minor differences. If, on either side, we choose to systematically treat any variation in our views or attitudes as major differences, we shall be giving others the opportunity to drive a wedge between us.<sup>2</sup>

There were most certainly differences in their approaches, and the United States and the European Community were not "marching in lock-step" in the 1970s and 1980s; to call these approaches "minor differences," as did Spaak, was an exercise in verbal



legerdemain. The commentary below presents a brief overview of some past developments within the U.S.-EC political/institutional and economic relationship in the 1970s and 1980s. The following observations recognize that it is quite difficult to separate the "political" from the "economic," and the categories below are therefore for heuristic purposes only.

### United States-European Community Institutional and Political Relations

Two specific cases will be provided to illustrate the basic nature of the past political-institutional relationship between the United States and the European Community. One of these, the December 1979 Soviet invasion of Afghanistan and the American-led boycott of the 1980 Moscow Summer Olympics, reflects situations in which the U.S. and the EC were not marching in lockstep; the other, the Conference on Security and Cooperation in Europe and the Helsinki Agreement, displayed the partnership at its best.

#### *Afghanistan*

The Soviet invasion of Afghanistan on 26 December 1979, the subsequent American demands for an embargo on grain and technology exports to the USSR, and President Carter's call for a boycott of the 1980 Moscow Summer Olympics severely tested the Atlantic Alliance and its assumed partnership in policy making. The invasion also highlighted the increasingly independent stance the European Community had been pursuing with Eastern Europe. And, unfortunately, the invasion also highlighted the inability of the EC to coordinate its own public policy positions in several areas.

The Soviet invasion clearly brought to light the shortcomings of European political cooperation and foreign policy coordination and exacerbated the simmering unease with its subservient position within the U.S.-EC relationship. Although a formal political cooperation network existed, the process was slow and cumbersome. Consequently, individual governments and not Community institutions took the first action. London reacted in almost identical terms as Washington. British economic interests were not threatened in the Afghan situation as they would be with the pipeline embargo, and Prime Minister Margaret Thatcher quickly echoed President Carter's lead: support the trade embargo and boycott the Olympics as a symbol of Western solidarity in the face of Soviet aggression.

France, in contrast to the United Kingdom, positioned itself at the opposite pole. Ever since Charles de Gaulle, France had pursued a more independent foreign policy toward the United States, the USSR, the Third World, and even toward its fellow EC members. In addition, France then conducted a significantly greater amount of trade with the USSR than did the United Kingdom, and such trade was increasing at a rapid rate: 1979 French exports to the USSR were approximately 40 percent more than in 1978, and France was prepared to consume large quantities of Soviet natural gas.<sup>3</sup> Initial French reactions to the Afghan crisis were, therefore, very tentative—Paris neither condoned the invasion nor endorsed the American embargo nor the proposed Olympic boycott.

The last of the "big three," West Germany, also reacted very hesitantly at the outset. The Federal Republic was one of the very few states in the West to have reaped some concrete results from the policy of détente, and it was apparent that Chancellor Helmut Schmidt did not wish to throw away these benefits. Also, Germany's trade with the Soviet Union was larger than France's, and its exports to all Eastern European countries were approximately six times larger (measured as a percentage of gross national product) than those of the United States to the same countries. Bonn reacted as did Paris: the invasion could not be condoned but the trade embargo could not be endorsed.

In the first weeks after the invasion, "Europe," with the exception of the British, spoke in many voices from uncertain and tentative governments. It was not until January-February 1980 that EC institutions reacted officially and publicly to the invasion. The EC Council of Ministers verbally attacked the Soviet Union in mid-January by describing the invasion as a

flagrant interference in the internal affairs of a non-aligned country and . . . a threat to peace, security, and stability in the region, including the Indian sub-continent, the Middle East, and the Arab world [and called for] the immediate and unconditional withdrawal of all foreign troops from Afghanistan.<sup>4</sup>

Although not joining the American grain embargo, the Council of Ministers accepted a proposal from the EC Commission to "monitor" (i.e., to receive information only) all Community grain exports in order (symbolically) to prevent European farmers from increasing such exports to fill the gap brought on by the American embargo.

The European Parliament (EP) took the strongest stance within the EC institutional framework. An EP resolution on 15 February 1980 called upon the governments of the EC member-states to boycott the Moscow Summer Olympics as well as to impose a total embargo on the export of surplus EC agricultural commodities to the Soviet Union. The European Parliament's resolution had no effect. At the 19 February 1980 political cooperation meeting in Rome, EC foreign ministers, acting as the foreign ministers under European Political Cooperation (EPC) and *not* as the EC Council of Ministers, ignored the European Parliament's resolution and simply called for a "neutral" Afghanistan.

The Soviet invasion of Afghanistan illustrated some significant contradictions within EC foreign policy coordination and decision-making as well as with the EC's relationship with the United States. In 1979-1980, the EC displayed reluctance to forgo détente but, while paying lip service to American interests, hesitated to take concrete action. The second point is perhaps more significant, because the European Community as an institution was slow in reacting and in formulating a response. No one disputed the existence of a political crisis, but the Community proved unable to offer a unified and rapid response.

This weakness in institutional decision-making only underscored America's irritation with what was perceived as noncompliance with stated U.S. policy objectives. The lack of internal coherence within the EC illustrated perfectly Henry Kissinger's oft-cited quip: "Who do you call up when you want to talk with 'Europe?'" There are—at least there were in the 1970s and 1980s before the movement toward political and economic union—too many independent actors, each with its own objectives and



constituencies: the twelve (after 1985) sovereign member-state governments of the EC and the various EC institutions themselves. The twelve Community members most certainly do not have a unified policy position on most external questions, and there have been several all-too-obvious and all-too-vocal antagonisms between the views of the directly elected European Parliament, on the one side, and the Council of Ministers, on the other, with the Commission often caught in the middle.

This political-institutional character of the EC during the 1970s and 1980s effectively prevented the EC's achievement of a unified European foreign policy. A consequence of this failure in decision-making was the EC's inability to operate on a more or less equal footing with the U.S. in the attempt to have foreign policy as a sort of Western collective enterprise involving all the main partners. The United States therefore ignored the Community institutions and instead preferred to deal directly with the national governments.

### *The Conference on Security and Cooperation in Europe*

Compared to the lack of coordination and visible cross-purposes in the Afghan crisis, the United States and the European Community were successful vis-à-vis the Conference on Security and Cooperation in Europe (CSCE) and the Helsinki Agreement.

The CSCE, a multilateral international agreement whereby thirty-five states signed the Helsinki Final Act, was both a result of and a contributor to the process of East-West détente launched by the Nixon administration. The agreement was designed to decrease tension in a divided Europe and to extend the policy of détente and cooperation in military, economic, political, and scientific fields. It was also conceived, at least from the West's viewpoint, to strengthen the status of the individual and to protect basic human rights. After extended negotiations, the CSCE's members signed the Helsinki Final Act in 1975. Subsequent meetings have reviewed the implementation process.

Three major chapters, or "baskets," make up the CSCE agreement. The first basket of the Helsinki Final Act, titled "Questions Relating to Security in Europe," includes a section on "Declaration on Principles Guiding Relations Between Participating States." This basket also contains a subsection on developing principles and procedures for military confidence-building measures and certain aspects of security and disarmament. The ten principles of basket one express the basic precepts of international behavior traditionally accepted in the conduct of international relations. Some of these postulates concern the peaceful settlement of disputes, nonintervention in internal affairs, and the recognition of human rights and fundamental freedoms.

Basket two is "Cooperation in the Fields of Economics, of Science and Technology, and of the Environment." The thirty-five nations were expected to improve the quantity and quality of useful, published economic and commercial information: output statistics, export-import figures, trade laws, foreign trading organizations, and so on. Scientific exchanges and joint research efforts were to be encouraged, and a high-level multinational meeting was envisioned to deal with transnational air pollution.

Basket three of the Helsinki Final Act contains a wide range of provisions with the common objective of promoting the freer flow of people, ideas, and information

among the signatory states. It was this particular basket that related to the lives of private individuals and that sought to resolve the humanitarian problems arising from a divided Europe. Provisions in this section of the Final Act related to the reunification of families, contacts and regular visits on the basis of family ties, marriage between citizens of different countries, travel for personal or professional reasons, religious contacts, cultural exchanges, and the dissemination of information (e.g., through journals, books, films, and broadcasting).

It was with basket three that the U.S. and EC exhibited an extraordinary degree of coordination and cooperation. Washington assumed the initiative in formulating and negotiating baskets one and two, but it was Brussels which took the lead in human rights issues. Through a long process, the Community first reached a consensus position among its own members and then extended it to the United States and the other Western participants. The CSCE provided an excellent example of shared interests between the United States and the European Community by placing the relationship back on a cooperative framework.

### **United States-European Community Economic-Trade Relations**

Much of the acrimony in U.S.-EC relations can be directly attributable to economic-trade issues. Space does not permit a detailed discussion of all the economic-trade disputes over the past thirty years, and the following comments will discuss only two such areas: (1) East-West trade, in general; (2) the effects of the Common Agricultural Policy.

#### *East-West Trade*

In the 1970s and 1980s, but most assuredly not in the 1990s, the issues of East-West trade created a divisive element in the U.S.-EC relationship.<sup>5</sup> Traditionally, Washington viewed such trade as an important political and diplomatic tool and not as an economic process. The United States would punish the Soviet Union for "bad" behavior by withholding trade; "good" behavior would be rewarded by consenting to engage in greater trade. The Nixon-Kissinger policy of détente, continued by President Carter until Afghanistan, clearly evidenced this approach. When the Soviet Union practiced good behavior, the Americans would reward Moscow by allowing trade. This commercial traffic, however, basically became a one-way flow, because the United States exported far more to the USSR than it imported.

The American tactic of employing trade with the USSR in a reward-punishment framework continued with the embargo on grain and technology exports in the aftermath of Afghanistan. The U.S. grain embargo, however, proved neither effective nor total. Other grain-exporting countries, especially Argentina, easily made up the shortfall, and even the United States continued to sell grain to the Soviet Union. In July 1980, the U.S. Department of Agriculture announced that the Soviet Union had bought some 200,000 metric tons of American grain under the terms of an agreement signed before the imposition of the embargo. During the electoral campaign, Ronald Reagan expressed his opposition to the grain embargo and, as president, he ended it. Apparently more



concerned with the economic situation (and potential voting patterns) of American farmers than with the 1,700 workers in Clydebank (who did not vote in American elections), President Reagan followed through with the promise made in his nomination acceptance speech that he would end the grain embargo forthwith: "Why should the American farmer suffer—no one else is."

Although Reagan ended the grain embargo, Washington continued to conceive trade with the Soviet Union in a reward-punishment framework. This strategy did not remain exclusive to national policy makers as, for example, the governor of Ohio banned for several months the sale of Soviet vodka in the state-controlled liquor stores to punish the Soviets for their misdeeds. An excellent prototype of this American approach to East-West trade is evident in the earlier 1975 Trade Reform Act, still in force and containing the Jackson-Vanik Amendment. This measure linked the granting of most-favored-nation (MFN) status for the Soviet Union to increased levels of emigration from the Soviet Union, especially the emigration of Soviet Jews and other minorities, and in no uncertain terms required "good" behavior from the Soviet Union before the United States would condescend to trade with it.

Europeans viewed East-West trade differently. For the European Community, trade was not a tool of diplomacy or a political lever and not an instrument of morality or something with which to extract good behavior. Rather, Europe regarded East-West trade as straightforward business transactions and relatively divorced from politics. One immediate consequence of these differing American-European perceptions was that, even with the American embargo on grain exports (later rescinded by President Reagan) and technology and the pipeline embargo, the economic doors remained open in the European Community. Brussels had made efforts, not always successfully, to prevent the Soviet Union from filling its shortfall from canceled American trade with goods and commodities from Europe, but the EC did not cancel any of its existing contracts and maintained traditional trade patterns.

These differences in political perceptions of the role of trade in international relations help to explain why the United States refused to deal with the Soviet Union, while the EC adhered to its usual trading patterns. But there was an economic reason as well. While not dependent on commercial traffic with the Soviets, the EC's trade, when compared to U.S.-USSR levels, revealed much more a two-way street. Europe would have lost far more than the United States in any embargo. Large-scale purchases of EC surplus agricultural commodities by the Soviet Union, especially butter, wheat, and meat, exacerbated the friction between the United States and the EC. These sales reduced only marginally the surpluses, but they did have a much more than marginal impact on the political relationships between Washington and Brussels.

#### *The Common Agricultural Policy (CAP)*

The combination of the CAP's export subsidies (undercutting American prices in world markets), the variable import levies placed on agricultural products (preventing less expensive American commodities from competing in the EC domestic market), and the expansion of the EC to twelve countries in 1986 contributed to tension within Euro-American relations over agricultural trade. Space does not permit a discussion of all the

various so-called trade wars between the United States and the EC (e.g., the "chicken war," the "lemon war," the "pasta war"). Rather, this section concentrates on the impact of Spain's and Portugal's entry into the EC on American agricultural exports to the Community.

Spain and Portugal entered the EC on 1 January 1986, an event long favored by the United States on political grounds. Accession to the EC and the subsequent Spanish decision in a referendum (spring 1986) to stay in NATO closed the door on decades of Spanish isolation. Concurrently, Spain and Portugal firmly relegated the authoritarian legacy of the Franco and Salazar regimes to the historical dustbin and turned toward full participation in the European democratic integration process. While the *political* ramifications of this shift were clearly positive for the United States, the *economic* implications proved far less favorable.

The two Iberian states had been relatively good customers for American agricultural products, especially corn to Spain and wheat and corn to Portugal. In 1985, Spain purchased approximately \$2.6 billion of American exports and Portugal approximately \$1 billion. But due to the common external tariff and the variable import levies, EC grain supplanted the American grain. In addition, in 1985 the United States sold approximately \$500 million of nuts, fruits, and horticultural products to the EC of the Ten, a market that now shifted to Spain and Portugal for supplies. The United States thus faced a potential loss of some \$4.1 billion in exports following 1 March 1986, the effective date of the EC-imposed restrictions. Earlier, the situation after Greece's entry into the EC in 1981 had increased American concerns, as Greece expanded substantially its imports from other EC countries while decreasing those from the United States.

The simmering quarrel became public in the spring of 1986. Washington announced that unless the EC rescinded the quotas on grain shipments to Spain and Portugal, and unless compensation was provided for the increased tariffs, the United States would retaliate by placing quotas and raising tariffs on a wide range of EC products entering the United States. The announced retaliatory measures, to be effective on 1 May 1986, dealt with some \$1 billion of food and drink products (wine, beer, cheese, meat, fruit, cookies, canned ham, and whiskey) from the EC.<sup>6</sup> Not unexpectedly, the EC judged these threats as unjustified, and the Commission responded by preparing a list of American agricultural products (soybean cake and meal, corn gluten feed, dried fruit, corn, and sorghum) that would be subject to counterretaliatory moves, if the United States did, in fact, implement its threats. The Commission's list was submitted to, and approved by, the Council of Ministers on 21 April 1986. At the time, Willy De Clercq, the EC commissioner responsible for external relations, declared: "If the United States does take the steps it has spoken of, it must be clear that the EC will firmly defend its lawful interests. As judged by the Commission, what counts most is that the list be symmetrical, that is to say, constitute a tit-for-tat reply to whatever the US ultimately decides."<sup>7</sup>

But cooler heads prevailed, and on 2 July 1986, the United States and the EC reached a temporary agreement that averted the imposition of the retaliatory and counterretaliatory measures. Washington agreed to suspend its plans to increase tariffs on the stipulated EC food and drink products, and the EC assented to drop its threatened countermeasures. In addition, the Community acceded to guarantee at least 234,000



metric tons a month of American exports to Spain of corn, sorghum, corn gluten feed, and brewing residues (the average monthly level during 1985). If American exports fell below this level, the EC concurred to reduce the variable import levies to enable the shortfall to be sold in other EC countries.<sup>8</sup> For anyone aware of this controversy, the breakdown of the GATT (General Agreement on Tariffs and Trade) negotiations in December 1990, and again in October 1992, over agricultural subsidies should not have been a surprise.

## THE PRESENT

The following comments might appear to many as quite unconventional, if not inaccurate, but this author is convinced that they are a reasonable reflection of the political facts on the ground. The end of the Cold War, the demise of communism as a viable force in the world, the restructuring of Central and Eastern Europe, the reunification of Germany, the collapse of the Soviet Union—all these events in the past few years have actually weakened America's influence and not strengthened it.

The overriding defining element and objective of American foreign and security policy and international behavior are gone. The "bad old days" in which Washington's foreign policy could be focused on a specific target—one where the "opposition" was a known factor and America's allies, especially the Europeans, had clearly defined and outlined tasks—are now over. The traditional concepts and operating principles that provided clear and unambiguous guidelines for over forty years have suddenly ceased to exist. It is now necessary for the United States and for the European Community, as well, to rethink the present by foregoing the old methods. Unfortunately, it is this author's view that the Bush administration did not reflect the capacity for such new thinking and did not display the ability to generate new priorities. The European Community might be able to form new thoughts, but the institutional and bureaucratic framework of the Community, along with its decision-making process, stand as formidable barriers to the implementation of new ideas.

What is the state of United States-European Community relations in this current context? As usual, there are both positive and negative dimensions to U.S.-EC relations.

### Positive Indicators

In general, the current relationship between the United States and the European Community is a good one. It is on solid ground as a partnership and characterized by mutual interests. Three examples of the positive nature of this relationship-partnership will be discussed: (1) U.S.-EC trade relations in general; (2) the November 1990 "Transatlantic Declaration;" and (3) the state of American public opinion toward the European Community.

#### *General Trade Relations*

The European Community is America's single best customer. The United States has been running a surplus in the balance of trade with the Community, the opposite

condition of America's multibillion dollar trade deficit with Japan. Consequently, it is in America's vital American national interest to promote, protect, and expand peace, prosperity, and political stability in Europe. As President Bush remarked at the conclusion of the December 1991 European Council Summit in Maastricht, "a strong Europe means a strong America."

#### *The 1990 "Transatlantic Declaration"*

The United States and the European Community adopted a declaration creating a new transatlantic partnership based on common goals and values and activating a joint commitment to regular, high-level consultations on matters of common interest.<sup>9</sup>

Adopted on 20 November 1990 in Paris and made public on 23 November 1990 in Rome, Washington, and Brussels, the Transatlantic Declaration is the concrete result of an idea originally proposed by EC Commission President Jacques Delors in February 1989. During a December 1989 visit to Berlin following the fall of the Berlin Wall, American Secretary of State James Baker proposed that the EC and the United States work together to achieve "a significantly strengthened set of institutional and consultative links," formalized by a treaty or some other form, to assure the best cooperation in the construction of a new architecture for Europe and the Atlantic relationship. German Foreign Minister Hans-Dietrich Genscher also strongly supported the concept of such a transatlantic declaration.

As adopted, the Declaration lays down the principles and the framework for U.S.-EC consultation and cooperation in economic, scientific, educational and cultural fields and commits both sides to work together on transnational problems, such as terrorism, drugs, environmental deterioration, and proliferation of nuclear weapons. The Declaration, a milestone in U.S.-EC relations, is reproduced in the Appendix.

#### *American Public Opinion*

General American public opinion contributes to this generally good condition of U.S.-EC relations. A relatively recent public opinion poll (contracted by the Delegation of the Commission of the EC in Washington and conducted by the Gallup Organization) reveals that a solid majority of Americans have positive attitudes toward the Community. A summary of the poll's findings follows.<sup>10</sup>

##### *1) Awareness of the European Community*

The 1990 poll reveals that approximately 47 percent of American adults have "heard or read about" the European Community. At first glance, this 47 percent may appear to be low, but it is a dramatic shift from the level encountered in 1987 when a previous poll determined only 29 percent of the population to be familiar with the Community. It would appear that the EC's "1992 Program" led to this change in EC-awareness.



## 2) Perceived Fairness of Trade Policies

When asked whether the trade policies of the EC were "fair," approximately 40 percent of the total sample responded in a positive way; 22 percent perceived EC trade policies as "unfair," 38 percent were "don't know." This 40 percent figure was exceeded only when Canada was the identified country (69 percent "fair" and 8 percent "unfair"). The results for two Asian trading partners of the U.S. indicated just the opposite. A high 63 percent perceived Japan's trade policies as "unfair" with only 24 percent as "fair"; for Korea, 32 percent were in the "unfair" category and only 20 percent in the "fair" category. These figures underscore a general reservoir of benign attitudes among Americans toward the European Community, a situation quite different from the sentiments expressed toward Korea and Japan.

## 3) "EC-1992" and Relations with the United States

Of the 28 percent of the sample who responded that they had some "awareness" of the European Community's "1992" Program (a more specific level of the 47 percent with some knowledge of the Community in general), a large majority of 61 percent replied that the "1992" program would improve U.S.-EC relations, while only 22 percent felt that it would be harmful. These figures are linked to those above regarding the perceived fairness of EC trade policies in the sense that trade is projected to increase with the completion of the internal market. When asked to list the possible benefits of the "1992" program for American business firms (multiple responses were given), only 9 percent answered that the completion of the internal market would provide no such benefits. The much more numerous positive reactions cited that it will be easier to export to Europe because of standardization (42 percent), make American companies more competitive (38 percent), create a more affluent export market (22 percent), and benefit European branches of American firms (18 percent).

## 4) General Attitudes toward the EC and European Integration

Forty-seven percent of the sample replied that they had some awareness of the EC in general, and almost three-quarters (71 percent) responded that they had "very good feelings" (17 percent) or "fairly good feelings" (54 percent). Only 8 percent answered in the negative: 5 percent had "rather bad feelings" and 3 percent had "very bad feelings" (15 percent were "neutral" and 6 percent were "don't know"). As above, these figures indicate a rather significant body of positive attitudes toward the Community in the American population. Also, a large majority (73 percent) expressed either "strong" (37 percent) or "moderate" (36 percent) support for the Community's efforts towards greater political and economic union. Consequently, one must conclude that European integration is *not* perceived as a "threat" to American interests.

## 5) Relations with Central and Eastern Europe

The sample also recognized the leading role that the EC should play vis-à-vis the emerging democracies in Central and Eastern Europe. There is broad support (56 percent of the total sample) in the United States for the view that the EC Commission should have the coordinating role in the Western aid effort and assistance to Eastern Europe (only 15 percent thought that this would be a "bad idea"). Of the 28 percent of the sample who follow EC affairs, the approval rating of the Commission's role increased to 69 percent. Again, this is evidence that the American population does not consider the Community as a "competitor" in this area but, rather, as a welcome partner.

## 6) American responses to a Changing Europe

In perhaps the most significant series of questions, the polling asked 1,001 Americans for their views on the proper American response(s) to a changing Europe. Three specific scenarios were offered with a response of "a good idea" or "a bad idea." Thus, to the query of whether the United States should begin a gradual withdrawal from European affairs, 45 percent replied that this would be a "good idea" and 43 percent a "bad idea." On whether the United States should establish a "special relationship" with specific countries within the EC, 45 percent answered positively and 37 percent negatively. To should the United States establish a "special relation" with the European Community as a whole, 75 percent said "good idea" and 12 percent "bad idea" (among those who follow EC affairs, this 75 percent increased to 82 percent). Although the response to the first question (a U.S. withdrawal from Europe) shows a plurality in favor of such a move, the nature of the U.S.-EC relationship is not linked to the general response. The last question, a "special relationship" with the EC, would seem to imply that American interests, even in the face of some retreat, would still be served by having the Community as a partner.

## Summary

Although the general nature of the current U.S.-EC relationship is positive, as evidenced in trade, intergovernmental cooperation and coordination, and public attitudes, the above comments should not be interpreted as meaning that there are no areas of conflict.

## Negative Indicators

In any type of bilateral relationship, even between long-standing partners, there are most certainly areas of specific controversies and conflict. Space does not permit a full analysis of all such areas within the current U.S.-EC relationship. Rather, the following comments are restricted to two general categories: (1) economic relations linked to the completion of the unified internal market; and (2) Central and Eastern Europe and the successor states to the Soviet Union.



*Economic Relations*

Notwithstanding the general remarks above concerning the positive U.S. balance of trade with the Community and the favorable attitudes toward EC trade policies and the expected impact of the 1992 internal market completion, there still exists conflict between the U.S. and EC over specific processes and policies in economic relations. Five areas of specific concern are discussed here: (1) the General Agreement on Tariffs and Trade (GATT) impasse over agricultural subsidies; (2) television broadcasting and "local content" rules; (3) technical standards, harmonization and certification processes; (4) the debate over "reciprocity" versus "national treatment" (especially regarding the banking-financial sectors); and (5) the envisioned airline deregulation in the EC and the argument over "fifth freedom" rights and cabotage as well as the question of state subsidies to aircraft manufacturers.

*1) GATT, the Uruguay Round, and Agricultural Subsidies within the Common Agricultural Policy*

The Common Agricultural Policy (CAP), discussed above as a major contributor to U.S.-EC conflict over the years, still has the ability to engender rancor and verbal broadsides from each side of the partnership. The impasse in Brussels (December 1990) in the GATT negotiations (Uruguay Round), and again in October 1992, over agricultural subsidies is just a continuation of a decades-long and a seemingly unsolvable controversy.<sup>11</sup> The Community must face the realization that the CAP, defying both logic and efficiency as a vast entitlement program for a rather small percentage of the European population, has outlived its usefulness: the CAP must be reformed. A significant breakthrough in this controversy over agricultural subsidies within the CAP was achieved in the fall of 1992. After years of acrimonious discussions, the United States and the European Community reached a tentative agreement. An American threat to impose major tariff increases on several categories (mostly French-produced white wines and cheeses) of EC agricultural exports to the United States obviously influenced the process.

The major points of the agreement between the U.S. and the EC include, for the EC, an initial restriction of oilseed production acreage to 5.128 million hectares (about 13 million acres) and a future acreage reduction of another ten percent. The EC also agreed to lower its subsidized exports of grains and other agricultural commodities by approximately 21 percent over a period of six years, beginning in 1994. In addition, the EC will not limit imports of wheat substitute products, especially feed mixtures, from the United States.<sup>12</sup>

On the basis of this agreement, several EC farm organizations estimated that four to six million European agricultural jobs would be lost by the year 2000, that EC agricultural exports would decline by an average of 32 percent in the next six years (with wheat and meat showing a decline up to 39 percent), and that 11 million hectares (28 million acres) would become fallow in Europe, exceeding the planned EC production restrictions by 300 to 400 percent.<sup>13</sup>

All EC capitals except Paris welcomed this agreement. French farmers protested bitterly against the agreement, and the French government hinted that it would attempt to veto it. The French slowly backed away from their initial opposition, however, preferring to await the hoped-for agreement in the Uruguay Round of the General Agreement on Tariffs and Trade (liberalization of trade in other sectors would benefit the French economy far in excess of any negative impact of the U.S.-EC agreement on the French agricultural section). Although it is still premature to predict the outcome of the resumed GATT negotiations, it is obvious that this breakthrough in the agricultural sector will help to resolve the long-standing U.S.-EC impasse in GATT.

*2) Television Broadcasting and "Local Content"*

Notwithstanding constant statements to the contrary by individuals such as Andreas van Agt, the EC's ambassador to the United States, every so often a decision has indeed been taken that gives credence to the view that the "1992 Program" means "Fortress Europe." For every barrier to free trade and movement that the Community has removed in the completion of the internal market, it sometimes seemed that an equal number of barriers have been erected vis-à-vis third countries. One such example of this pattern is the proposed "local content" rule for television broadcasting across the Community.

The projected regulations would require at least 51 percent of television broadcasting hours across the EC to be produced domestically, that is, in one of the twelve member-states. Some countries (especially France, Germany, Italy, and the United Kingdom) with well-developed production companies strongly support the proposal since it would generate increased sales. Other countries largely dependent on nonnationally produced programs, such as Denmark and Luxembourg, oppose the proposal since it would in a sense force them to substitute a French (or British or Italian) program for an American program or film.

Compounding the situation is some rather indefensible commentary by Ambassador van Agt. During a teleconference in September 1991, the ambassador defended the proposed regulations as being "absolutely necessary to protect European culture and ideology."<sup>14</sup> He did not specify the country from which the Community television audience must be protected, but it was obvious to all who heard these remarks that the regulations were directed at American-produced television programs and films. The television and film industry in the United States, led by the quite vociferous Jack Valenti of the Motion Picture Association of America, regards this proposed legislation on "local content" as an intolerable restraint on trade as well as a totally unacceptable restriction of speech, ideas, and the free flow of communications.

*3) Technical Standards, Harmonization, and Certification*

Similar to the above "local content" proposal, the EC attempted to issue some regulations in the technical certification area which, if implemented, would have had highly negative effects on certain American exports to the Community. As part of its 1992 program, the Community is developing a whole series of technical standards and



certification procedures which would lead to a product bearing the "CE" mark. This "CE" label does not mean "made in Europe" but only that the specific product conforms with relevant Community regulations.

But conformity assessment covers not only the issue of certification. It also refers to testing, quality assurance systems (i.e., the creation of a system that ensures that production is organized in such a way as to keep the quality of the final product constant), and accreditation (the quality assessment of a certification body). The proposed EC regulation on the testing and certification process would have required that all testing be done in an EC-approved laboratory by an EC-approved certification body with a physical location within one of the twelve member-states. The legislation would have made ineligible goods produced in the United States (and other countries as well), even if they were certified in a U.S.-based laboratory as meeting all of the EC's technical requirements; such products would not be allowed to enter the European market. It was only after very strong American protests, led by U.S. Special Trade Representative Carla Hills, that the EC backed off on its demand. American-made products can now be certified as meeting the "CE" standards in American-based facilities. Nonetheless, the U.S. perceived the EC's ill-advised attempt to limit the certification process to EC-based facilities as a thinly-disguised attempt to restrict American exports.

The testing and certification process might have been resolved, but the very substance of the process, the content of the standards themselves, remains an area of conflict between the U.S. and the EC. The external dimension of European standardization gained highly political overtones in 1989 and 1990 and generated a high degree of conflict with the United States. Fearing that European standardization would be undertaken at the expense of existing international standards and fearing also that European standardization would help create this "Fortress Europe," the United States demanded "a seat at the table" and full participation in the EC decision-making process. Not surprisingly, the EC ignored this demand. Finally, in late 1990, a special agreement was concluded between the American National Standards Institute (ANSI) and the two major EC bodies (European Committee for Standardization [CEN] and European Committee for Electrotechnical Standardization [CENELEC]). The agreement provides for exchanges of early drafts between ANSI and CEN/CENELEC, but neither side has a formal voice in the other's process. This whole area remains one of continuing conflict between the U.S. and the EC.<sup>15</sup>

#### 4) "Reciprocity" versus "National Treatment"

The controversy over "reciprocity" versus "national treatment" appears on the surface to be a debate over semantics but actually represents issues of far greater significance in the overall nature of U.S.-EC relations. It is most relevant in the banking-financial services-insurance sectors but also impacts on other economic sectors.

Briefly, the Community takes the position of reciprocity and says that EC firms wishing to do business in the United States should receive the *identical* freedom to operate in the U.S. as American firms wishing to do business in the Community. When this position is not linked to any specific sector—that is, when it is considered in the abstract—it is a most reasonable, rational, and justifiable stand.

National treatment, the position taken by Washington, stipulates that American firms wishing to do business in the Community should receive the *identical* freedom to operate in the Community as EC firms within the EC and that EC firms wishing to do business in the United States should receive the *identical* freedom to operate as American firms in the U.S. National treatment says simply that "foreign" firms should not face any different treatment or discriminatory practices not applied to "domestic" firms. When this position is not linked to any specific sector—when it is considered in the abstract—it, too, is a most reasonable, rational, and justifiable stand.

Obviously, if the "playing field" and "rules of the game" were identical in both the EC and U.S., this controversy would simply evaporate. Each side still could claim its own specific position, but, since reciprocity would equal national treatment, each side could claim victory. The problem arises because the operating conditions in the U.S. and EC are not identical and the conditions of doing business would be vastly different depending upon whether "reciprocity" or "national treatment" applied.

This problem is most acute in the banking-financial services-insurance sectors. One of the eventual goals of the 1992 Program within the EC is the liberalization of capital movements and of financial services to make possible the freedom to choose in a large number of areas, including banking, savings, investments, mortgages, leasing, and insurance. Applying the EC Court of Justice's decision in the *Cassis de Dijon* case,<sup>16</sup> a bank or insurance company, duly licensed and legally permitted to operate in any single state, would then have the complete freedom to offer its services in any of the other eleven states without the requirements of additional licensing approval processes or restrictions. Thus, an insurance company based in London could sell insurance in Frankfurt or Copenhagen, as it does in London.

This European-wide single integrated market undergirds the EC's insistence on "reciprocity." An American firm, once established in any of the twelve countries, would then have free access to the rest of the Community. Reciprocity, in the eyes of the EC, then means that an EC firm wishing to do business in the U.S. shall have the same rights accorded an American company in the Community; a European firm, once established and licensed to operate in any American state would then have full access to customers in the remaining forty-nine states.

This argument, however, runs up against current American regulations in these areas—restrictions that require, for example, insurance companies to be "licensed" by each state before being permitted to sell insurance in that state or regulations that severely hamper banks to engage in interstate activities. The United States argues national treatment. EC banks and insurance companies will be treated the same way and will be expected to abide with the same regulations applied to American companies. But, and this is the problem, national treatment would mean that American firms in Europe would have access to the entire Community and that EC firms in the United States would be forced to operate on a state-to-state basis.

The Community considers the American position as one of "what is mine is mine and what is yours is negotiable." The United States would have the best of the situation in that EC firms would face all sorts of national restrictions in the U.S., but American firms in the EC would operate within the internal market. The United States, on its part, views the EC's demand of "reciprocity" as an attempt to rewrite or undermine long-



standing regulations in this one economic sector and, more significantly, as a not-so-subtle attack on the federal system.

This controversy remains at an impasse: the EC insists that American firms will not receive the authority to operate across the Community until and unless EC firms can do likewise in the United States. Washington insists that the "rule of law" must prevail, whereby American firms will operate in the EC under EC regulations and EC firms will operate in the United States under American regulations.

##### 5) Aircraft Construction Subsidies and Air Transportation

The dispute over subsidies to aircraft construction companies is really a contest over market share between Boeing in the United States and Airbus Industrie in the European Community,<sup>17</sup> yet with such enormous companies, export sales, and national interest and prestige involved, the conflict has escalated to the level of high politics. For years, Washington, prodded by Boeing and McDonnell Douglas, has argued that the Airbus Consortium has been receiving an inordinate amount of direct state subsidies which, in turn, enable the company to compete against the American firms in the world market with an unfair advantage in pricing.

The EC does not deny these subsidies, and its position is one that represents a counterattack. The Community contends that the American civil aircraft industry is also deeply subsidized by U.S. governmental policy and that the indirect subsidies are far greater than those received by Airbus. In December 1991, the European Commission escalated the controversy by issuing a report maintaining that the American civil aircraft industry is very heavily subsidized—indirectly but still subsidized—by federal research spending.

Commissioned by the EC and prepared by a Washington, DC law firm, the report concluded that since 1976 American companies (mainly Boeing and McDonnell Douglas) received \$12.2 billion in support from the Department of Defense (DOD), \$17 billion from the National Air and Space Administration (NASA), and approximately \$3.5 billion in federal tax benefits. According to the report, the DOD has spent some \$50 billion on aeronautical research and development (R&D) "with at least \$6.34 billion of those funds going to the two principal producers of large commercial aircraft, Boeing and McDonnell Douglas, for aircraft-related R&D."<sup>18</sup> It was estimated that the benefit to the American commercial aircraft industry from this source alone was \$5.9 to \$9.7 billion since 1976. Finally, the report said that although the DOD attempts to recoup some of its development costs, it has recovered only \$170 million from 1976.

The EC Commission, prepared to defend the report, stated: "Government intervention has always been present. It takes different forms in different countries. The Commission's view is that subsidies are indirect in the United States but just as influential as direct government payments in Europe."<sup>19</sup>

Not surprisingly, American government officials and representatives from Boeing and McDonnell Douglas criticized the study. Raymond J. Waldmann, Boeing's director of government affairs, responded that the report was a "rehash" of a 1988 Airbus study that was criticized at the time by Washington "as a faulty analysis reaching faulty conclusions." Waldmann continued his attacks on the report:

These indirect benefits are not the problem. The issue is specific government subsidies on top of the indirect benefits. Boeing has received military contracts valued at about \$40 billion over the last 10 years. During the same period, the three major Airbus companies have received more than \$85 billion. If there is any cross-subsidization or technology flow, it has to be happening in spades on the other side. In addition, the fruits of NASA research benefit all the airframe manufacturers—including Airbus. NASA-sponsored engine research also helps Airbus because that company utilizes General Electric and Pratt & Whitney powerplants. Further, the report only looks at the U.S. side of the issue, ignoring the fact that Europe has its own government research establishment.<sup>20</sup>

A McDonnell Douglas official also severely criticized the study:

Airbus is usually capable of better propaganda than this. Propaganda, as you know, should have at least some semblance of reality. Before casting stones, Airbus should look back inside its own house. The four companies in the Airbus consortium received in 1989 a combined total of \$10.5 billion, or 40 percent of their revenue, from government contracts. In comparison, McDonnell Douglas, the United States' largest defense contractor, received only \$9.7 billion of its revenue from government work for the same period, which has no bearing at all on our commercial work. Boeing . . . received only \$5.3 billion. With impressive government work that exceeds . . . [the U.S. levels], it's hard to imagine that Airbus would attempt to use government work as an example of unfair advantage. The real issue, which Airbus keeps trying to push aside, is the crutch that they depend on—direct government subsidies to keep their commercial prices unrealistically low.<sup>21</sup>

The United States and EC continue to do battle in international fora, especially the GATT, over the role of direct government subsidies to Airbus and the claimed indirect subsidies to Boeing and McDonnell Douglas.

The 1992 Program also promises to cause conflict within the U.S.-EC relationship over air transportation policies.<sup>22</sup> United States airlines, especially United, Delta, American, and, to a lesser extent, USAir, are watching the evolving process very carefully because changes in the unified internal market and the EC's air transport policy could severely affect American carriers.

At present, each individual EC member-government controls its own airline market and access to the country. These policies vary widely: most countries negotiate access to their markets through a bilateral agreement with the American government (e.g., the British government would allow American Airlines to fly into London Heathrow from New York in exchange for British Airways receiving a route of "equal value" such as London-Miami). Other countries, and the Federal Republic of Germany falls into this category, have a more open system: foreign carriers are free to operate into and out of German airports as long as the carrier can obtain landing slots and airport backup facilities. This "open skies" policy does not entail formal bilateral reciprocal agreements by governments. The EC Commission has announced that it will continue in place all the separate bilateral agreements negotiated by member-governments but, as they expire and come up for renewal, the Commission will attempt to have a single policy for the entire Community.

The uncertainty of the 1992 program involves the related but legally distinct processes termed "fifth freedom" and "cabotage." Fifth freedom is the situation whereby



a carrier based in country A can depart from it with some passengers, stop in country B and board additional passengers, and then land in country C. An example of this would be Lufthansa departing from Frankfurt, stopping in Paris for some additional passengers, and then delivering all the passengers to New York. American carriers now have this fifth freedom right between a number of EC countries—Delta's takeover of Pan Am's hub in Frankfurt is based almost entirely on "fifth freedom" rights, and many EC-based carriers also can operate in a similar fashion when the United States is country C in the equation.

Cabotage exists when a foreign carrier operates a route wholly within another country (e.g., Air France flies the Boston-New York-Washington shuttle or Delta flies the Paris-Lyon shuttle). At present, cabotage is prohibited by law in the United States (foreign carriers do not have the right to operate a purely U.S. domestic route), and it is also prohibited by law in most EC member-states.

The conflict will arise if, as the bilateral agreements expire, the EC Commission views the EC as a single unified market. If it does, flights between countries will become "cabotage" and thus would, under the present regulations, be prohibited. American carriers would retain the right to operate routes between the United States and European cities but would lose the right to operate between EC countries. Delta's hub in Frankfurt would, in this situation, be useless. Obviously, the American carriers are taking the position that, even in the unified internal market, the fifth freedom process should be applicable and they thereby would retain all their routes within Europe.

The EC Commission has sent out not-so-subtle hints that it is prepared to classify the EC as "one market" and thereby invoke the rule of cabotage. But this threat is really a bargaining position of the Commission in order to have the EC-based carriers operate within the United States. The position of Brussels is that, if Washington maintains that domestic American routes are cabotage and thus prohibited to foreign carriers, then by the same logic "domestic" flights within the unified market, even if between two different countries, are also cabotage and also prohibited. If the United States were to open its domestic market to foreign carriers, the EC would then do likewise by either repealing its prohibition of cabotage or, more conveniently, placing such flights by American carriers under the fifth freedom clause.

This process will entail a very difficult bargaining process between Washington and Brussels. Some American carriers have announced that they would welcome European competition in the domestic market if they could receive equal access in the European market; Air France, Lufthansa, and British Airways have taken the same position. But the problem concerns the substance of "equal" access: the United States is not about to grant British Airways the New York-Miami route in exchange for an American carrier on the Inverness-Trieste route; the EC Commission is not about to grant American Airlines the London-Paris shuttle in exchange for a European carrier on the Fayetteville, Arkansas-Greenville, North Carolina route. But as long as the United States does not allow foreign competition within its domestic market, this entire question remains a negative indicator in U.S.-EC relations.

### *Political Relations*

A second category of conflict within the current United States-European Community relationship involves the triangular linkages among the U.S., the EC, and Central-Eastern Europe. The public opinion survey cited above showed that approximately 69 percent of Americans who follow EC affairs are of the opinion that it should be the Community, and not the United States, which should take the lead in dealing with the countries in Eastern and Central Europe and the successor states to the Soviet Union. Underlying this view is the perception, although not totally isolationist or "America First," that the United States has invested heavily in European security for over forty years and it is now time for the Europeans themselves to share in the burden of security maintenance.

But in the contemporary European environment, "security" has a different meaning. It is really no longer a military-defense concept but a political-economic one. The European Community must do more to stabilize the democratic and economic reform processes in the east. If not, the current number of economic refugees arriving in the Community will increase and, given the situation in the Federal Republic and France, can only inject destabilizing elements into the Community itself.<sup>23</sup> The image presented to the American public of the EC's behavior toward the Eastern and Central European states has, however, made many Americans think that the EC is shirking its, albeit American-generated, duty.

One example of this perception can be seen in the 1991 French refusal to accept a 0.1 percent increase in meat imports from Eastern European countries (Poland, in particular). This rather insensitive decision, an obvious sop to French beef producers, illustrates the vast gap between the economic needs of the east and actual Community policy and is giving cause for alarm in Washington.

### *Summary*

Although the above discussion on the current state of U.S.-EC relations contains some negative appraisals, they are not of such import to deny the existence of a special partnership. The overall available evidence is positive, and the overall assessment is highly positive. There may be several areas of conflict and controversy, but the relationship, at least for the present, is on sufficiently favorable terms to deal with such irritations as national treatment versus reciprocity or with cabotage versus fifth freedom rights. The future, however, is more problematic.

### **THE FUTURE**

The Bush administration, although supporting the idea of increased economic and political union of the Community, also had reservations that such deeper integration might dilute the American presence or influence in Europe. The United States, during the last two years of Bush's term, thus pursued a strategy of giving public support to the 1992 Program and to the goals of the Treaty on Economic and Political Union (the Maastricht Treaty) while at the same time attempting to build relations with countries beyond the



EC. Such a strategy was difficult for Europe was still in transition and it was very problematic as to which institutional framework—NATO, CSCE, Western European Union (WEU), or others such as the European Defense Union proposed in 1990 by French President François Mitterrand and German Chancellor Helmut Kohl—would become the main vehicle to maintain European security.

The Clinton administration has not yet enunciated a clear policy toward the European Community or toward European security concerns in general. Although some attention has been paid to a collective UN approach to the crisis in Yugoslavia and in Bosnia, the United States has yet to enlist the European Community in any real concerted effort in the Balkans, not least because the Clinton administration has yet to settle on a coherent stance in the area. The pre-end-of-the Cold War security arrangements in Europe operated on a somewhat balance of power system—a number of separate powers functioned as co-managers of the multilateral relationship.

It is obvious that traditional security arrangements need to be restructured and that this restructuring can be successful only if the United States and the European Community work together as equal partners. There are several possible scenarios in the coming years: (1) NATO and an Atlanticist Europe; (2) a separate West European defense community; (3) a pan-European collective security system within the CSCE; and (4) a Europe of Separate States.<sup>24</sup>

American resistance to an EC security system will be strong. The desire of a majority of the EC population (as shown by the *Eurobarometer* polls) to have its own coordinated military defense system may be satisfied by expanded Eurogroup activities within NATO, a European general becoming NATO commander, forthcoming changes in NATO's nuclear strategies, and the reduction of U.S. forces in Europe. On the other hand, if economic and political union becomes a reality, the new European political system—whatever its institutional shape and membership—will want to play the leading military role on the continent.

Although some consensus was reached on the various trade disputes, the main issue in future U.S.-EC relations will be how to provide for the security of Western Europe in a post-Cold War environment. As Roy Ginsberg writes:

The EC's dilemma is that it is a common market with an increasing need to figure out how to defend itself given the (1) potential eclipse of NATO by the EC and possibly the CSCE and the greatly scaled-back U.S. presence in Europe; (2) uncertainties of an unstable Confederation of Independent States [the former Soviet Union] and of a jump in ethnic violence in Eastern Europe; and (3) threats to European security posed by international crises.<sup>25</sup>

If the European Community is able to develop its own coherent and integrated defense policy—the tenuous state of the 1991 Maastricht Treaty with its envisaged Common Security and Foreign Policy (CSFP) militates against such a coherent policy—the United States-European Community relationship would take on a much higher profile and importance in the 1990s.

But in the absence of a coherent, integrated EC foreign-security policy, the United States will continue to ignore the Community institutions and will deal with the individual member-states. This fractionalized approach will guarantee continued conflict within the United States-European Community relationship.

## APPENDIX

### I. John Foster Dulles, "Declaration on Advantages of the European Economic Community to the United States" (1956).

On 26 January 1956, Secretary of State John Foster Dulles summarized American thinking regarding the challenges and potential advantages for U.S. interests in the forthcoming European Economic Community:

- a. Problem of tying Germany organically into Western Community so as to diminish danger that over time a resurgent German nationalism might trade neutrality for reunification with view seizing controlling position between East and West.
- b. The weakness of France and need to provide positive alternative to neutralism and "defeatism" in that country.
- c. The solidifying of new relationship between France and Germany which has been developing since 1950 through integration movement.

Six-country supranational EURATOM would be a powerful means of binding Germany to West and may be most feasible means for achieving effective control over weapons-quality material. If genuinely supranational, EURATOM program would be compatible with national cooperation in OEEC [Organization for European Economic Cooperation].

United States does not attach to common market proposals same immediate security and political significance as we do to Euratom. However we believe that a common market which results in a general reduction of international trade barriers could contribute constructively to European integration.

John Foster Dulles, "Telegram from the Secretary of State to the Embassy in Belgium," *Foreign Relations of the United States 1955-1957*, IV (Washington, DC: United States GPO, January 1986), 399-400.

### II. John F. Kennedy, "Declaration of Interdependence of the Atlantic Partnership" (1962).

The nations of Western Europe, long divided by feuds far more bitter than any which existed among the 13 colonies, are today joining together, seeking, as our forefathers sought, to find freedom in diversity and in unity, strength.

The United States looks on this vast new enterprise with hope and admiration. We do not regard a strong and united Europe as a rival but as a partner. To aid its progress has been the basic object of our



foreign policy for 17 years. We believe that a united Europe will be capable of playing a greater role in the common defense, of responding more generously to the needs of poorer nations, of joining with the United States and others in lowering trade barriers, resolving problems of commerce, commodities, and currency, and developing coordinated policies in all economic, political, and diplomatic areas. We see in such a Europe a partner with whom we can deal on a basis of full equality in all the great and burdensome tasks of building and defending a community of free nations . . .

Building the Atlantic partnership now will not be easily or cheaply finished. But I will say here and now, on this Day of Independence, that the United States will be ready for a Declaration of Interdependence, that we will be prepared to discuss with a united Europe the ways and means of forming a concrete Atlantic partnership, a mutually beneficial partnership between the new union now emerging in Europe and the old American Union founded here 175 years ago . . .

Acting on our own, by ourselves, we cannot establish justice throughout the world; we cannot insure its domestic tranquility, or provide for its common defense, or promote its general welfare, or secure the blessings of liberty to ourselves and our posterity. But joined with other free nations, we can do all this and more. We can assist the developing nations to throw off the yoke of poverty. We can balance our worldwide trade and payments at the highest possible level of growth. We can mount a deterrent powerful enough to deter any aggression. And ultimately we can help to achieve a world of law and free choice, banishing the world of war and coercion.

John F. Kennedy, "Address at Independence Hall, Philadelphia, July 4, 1962," *Public Papers of the Presidents of the United States, John F. Kennedy* (Washington, DC: United States GPO, Publication 18, 1963), 538-39.

### III. Richard M. Nixon, "Declaration on Partnership with Western Europe" (1973).

Now, America and Europe are challenged to forge a more mature and viable partnership in which we cooperate:

- in developing a new and more equitable international economic system that enables the Europeans to reinforce their unity, yet provides equitable terms for the United States to compete in world markets;
- in providing a strong defense with the forces necessary to carry out a realistic strategy in light of the nuclear balance of the 1970's while meeting our mutual defense commitments with an equitable sharing of the burdens;

—in building a common framework for diplomacy to deal with fundamental security issues—such as mutual and balanced force reductions—in the new international environment, reconciling the requirements of unity with those of national interest . . .

### *Atlantic Partnership and European Unity*

Throughout the postwar period, the United States has supported the concept of a unified Western Europe. We recognized that such a Europe might be more difficult to deal with, but we foresaw manifold advantages. Unity would replace the devastating nationalist rivalries of the past. It would strengthen Europe's economic recovery and expand Europe's potential contributions to the free world. We believed that ultimately a highly cohesive Western Europe would relieve the United States of many burdens. We expected that unity would not be limited to economic integration, but would include significant political dimension. We assumed, perhaps too uncritically, that our basic interests would be assured by our long history of cooperation by our common cultures and our political similarities . . .

The Europeans have thus been pursuing economic regionalism; but they want to preserve American protection in defense and an undiminished American political commitment. This raises a fundamental question: can the principle of Atlantic unity in defense and security be reconciled with the European Community's increasingly regional economic policies?

Richard M. Nixon, "Fourth Annual Report to the Congress on United States Foreign Policy, May 3, 1973," *Public Papers of the Presidents of the United States, Richard M. Nixon* (Washington, DC: United States GPO, Publication 29, 1975), 402-405.

### IV. "Declaration on European Community-United States Relations" (1990).

#### Common Goals

The United States of America and the European Community and its member-states solemnly reaffirm their determination further to strengthen their partnership in order to:

- support democracy, the rule of law and respect for human rights and individual liberty, and promote prosperity and social progress worldwide;
- safeguard peace and promote international security, by cooperating with other nations against aggression and coercion, by contributing to



the settlement of conflicts in the world and by reinforcing the role of the United Nations and other international organizations;

— pursue policies aimed at achieving a sound world economy marked by sustained economic growth with low inflation, a high level of employment and equitable social conditions, in a framework of international stability;

— promote market principles, reject protectionism and expand, strengthen, and further open the multilateral trading system;

— carry out their resolve to help developing countries by all appropriate means in their efforts towards political and economic reforms;

— provide adequate support, in cooperation with other states and organizations, to the nations of Eastern and Central Europe undertaking economic and political reforms and encourage their participation in the multilateral institutions of international trade and finance.

#### Principles of U.S.-EC Partnership

To achieve their common goals, the European Community and its member states and the United States of America will inform and consult each other on important matters of common interest, both political and economic, with a view to bringing their positions as close as possible without prejudice to their respective independence. In appropriate international bodies, in particular, they will seek close cooperation.

The EC-U.S. partnership will, moreover, greatly benefit from the mutual knowledge and understanding acquired through regular consultations as described in this Declaration.

#### Economic Cooperation

Both sides recognize the importance of strengthening the multilateral trading system. They will support further steps towards liberalization, transparency, and the implementation of GATT and OECD principles concerning both trade in goods and services and investment.

They will further develop their dialogue, which is already underway, on other matters such as technical and non-tariff barriers to industrial and agricultural trade, services, competition policy, transportation policy, standards, telecommunications, high technology and other relevant areas.

#### Education, Scientific and Cultural Cooperation

The partnership between the European Community and its member states on the one hand, and the United States on the other, will be based on continuous efforts to strengthen mutual cooperation in various other fields which directly affect the present and future well-being of their citizens, such as exchanges and joint

projects in science and technology, including, inter alia, research in medicine, environment protection, pollution prevention, energy, space, high energy physics, and the safety of nuclear and other installations, as well as in education and culture, including academic and youth exchanges.

#### Transnational Challenges

The United States of America and the European Community and its member-states will fulfill their responsibility to address transnational challenges, in the interest of their own peoples and of the rest of the world. In particular, they will join their efforts in the following fields:

- combating and preventing terrorism;
- putting an end to the illegal production, trafficking and consumption of narcotics and related criminal activities such as the laundering of money;
- cooperating in the fight against international crime;
- protecting the environment, both internationally and domestically, by integrating environmental and economic goals;
- preventing the proliferation of nuclear armaments, chemical and biological weapons, and missile technology.

#### Institutional Framework for Consultation

Both sides agree that a framework is required for regular and intensive consultation. They will make full use of and further strengthen existing procedures, including those established by the President of the European Council and the President of the United States on 27 February 1990, namely:

- bi-annual consultations to be arranged in the United States and in Europe between, on the one side, the President of the European Council and the President of the Commission, and on the other side, the President of the United States;
- bi-annual consultations between the European Community Foreign Ministers, with the Commission, and the U.S. Secretary of State, alternately on either side of the Atlantic;
- ad hoc consultations between the Presidency Foreign Minister or the Troika and the U.S. Secretary of State;
- bi-annual consultations between the Commission and the U.S. Government at Cabinet level;
- briefings, as currently exist, by the Presidency to U.S. Representatives on European Political Cooperation (EPC) meetings at the Ministerial level;

Both sides are resolved to develop and deepen these procedures for consultation so as to reflect the evolution of the European Community and of its relationship with the United States.



They welcome the actions taken by the European Parliament and the Congress of the United States in order to improve their dialogue and thereby bring closer together the peoples on both sides of the Atlantic.

"Declaration on European Community-United States Relations," reproduced in "European Community and United States Reinforced Transatlantic Partnership," *European Community News*, no. 41/90 (Washington, DC: Declaration of the Commission of the European Community, Office of Press and Public Affairs, 27 November 1990, Mimeographed), 1-4.

## NOTES

1. One such example of the imperial Reagan approach was the attempted embargo on the sale of pipeline technology and equipment to the Soviet Union. There were two major problems with the American-inspired pipeline embargo: 1) it was directed at legally independent European subsidiaries and licenses of U.S. firms—a blatant attempt to extend U.S. law to corporations under the jurisdiction and sovereignty of other states; and 2) the embargo was announced without any prior notification or consultation—President Reagan simply stated it as a policy and expected France, Germany, and the United Kingdom to follow suit. Significant segments of European industry were threatened—orders on hand from the Soviet Union totaled about \$10 billion—and the European Community did not perceive the pipeline embargo as furthering its interests. For example, significant sectors of the British economy were threatened by the pipeline embargo, as in the case of the John Brown Group of Scotland which had 1,700 workers in the depressed Clydebanks area dependent on orders for 21 turbines. Prime Minister Margaret Thatcher, although backing most U.S. initiatives toward the Soviet Union, did not support the pipeline embargo.

2. Fernand Spaak, "Europe and America," *Europe*, no. 219 (May-June 1980): 35.

3. This Franco-Soviet trade must be put into perspective, however. At the time, the Soviet Union was France's tenth largest customer but taking only about 2 percent of France's total exports.

4. EC Council of Ministers, cited in *Europe*, no. 219 (May-June 1980): 35.

5. This discussion of American and European Community approaches to East-West trade is from Leon Hurwitz, *The European Community and the Management of International Cooperation* (Westport, CT: Greenwood Press, 1987), 226-29.

6. H. Peter Dreyer, "U.S., E.C. Exchange Threats on Trade," *Europe*, no. 256 (May 1986): 13.

7. Willy De Clercq, quoted in *ibid.*

8. "U.S.-E.C. Farm Trade Accord," *Europe*, no. 259 (September 1986): 41.

9. "Declaration on European Community-United States Relations," reproduced in "European Community and United States Reinforce Transatlantic Partnership," *European Community News*, No. 41/90 (Washington, DC: Delegation of the Commission of the European Community, Office of Press and Public Affairs, 27 November 1990, Mimeographed), 1-4.



10. "New Poll Finds Americans Positive on Europe and 1992," *European Community News*, No. 22/90 (Washington, DC: Delegation of the Commission of the European Community, Office of Press and Public Affairs, 14 May 1990), 6 pp. mimeo. Findings are based on telephone interviews with a national probability sample of adults from the general population (aged 18 and over). Gallup interviewed a national sample of 1,001 adults between 9 February and 11 March 1990. The margin of error for the total sample is  $\pm 3$  percent.

11. This author was in Brussels in December 1990 when the GATT negotiations broke down over agricultural subsidies. It was quite interesting to compare various newspapers accounts of the impasse. *The International Herald Tribune*, published by *The Washington Post* and *The New York Times*, placed the entire blame on the intransigence of the European Community; a local Brussels newspaper denounced the unreasonableness of the American position. Anyone who has seen Kurosawa's film, *Rashomon*, would have felt right at home.

12. "German Farmers Protest Against Compromise Agreement Between EC, U.S.," *The Week in Germany* (11 December 1992), 4.

13. Ibid.

14. Ambassador van Agt made his comments during a live interactive teleconference, "The United States and Europe: Forging New Alliances," on 20 September 1991 (produced by Ball State University).

15. For a detailed discussion of technical standards and the certification process, see Kristen Schreiber, "The New Approach to Technical Harmonization and Standards," in Leon Hurwitz and Christian Lequesne, eds., *The State of the European Community: Institutions, Policies and Debates in the Transition Years, 1989-1990* (Boulder and London: Lynne Rienner and Longman, 1991), 97-112. For a discussion of the ANSI-CEN/CENELEC agreement and details on U.S.-EC relations in the standards field, see Simon Downe and Helmut Reihlen, "Europäische Normung, Zertifizierung und die USA" ["European Standards, Certification and the United States"], *DIN-Mitteilungen*, No. 7 (1990): 333-336.

16. The *Cassis de Dijon* case (120/78 [1979], *European Court Reports*: 649; 3 *Common Market Law Review* [1979]: 494) established the principle that any product or good (and, by extension, any service or personal activities) legally manufactured and marketed in one EC member-state must be free to be offered for sale in any other member-state. A ban on the sale of a particular product can be applied only if it is seen necessary to protect a very limited range of public interest objectives (e.g., consumer safety). Such a ban has to comply with Community law and is subject to review by the European Court of Justice.

17. The discussion of subsidies in the airframe construction sector is based on Christopher P. Fotos and Richard G. O'Lone, "Europeans Cite Research as Type of Indirect Subsidy to U.S. Aircraft Companies," *Aviation Week and Space Technology* 135, No. 23 (9 December 1991): 25, 27.

18. Ibid., 25.

19. Ibid.

20. Ibid., 27.

21. Ibid.

22. The discussion of air transport is based on Peter Gwin, "U.S. Airlines Flying Into Europe," *Europe*, no. 312 (December 1991): 6-7.

23. The destabilizing effects of migration into the European Community is most evident in the Federal Republic of Germany. The Federal Office for the Recognition of Foreign Refugees registered 23,659 asylum-seekers in December 1991, down from 29,185 for the previous month. It noted as well that a total of 256,112 persons applied for asylum in 1991, up from the total 1990 figure of 193,063. The office made a decision on 168,023 applications for asylum during 1991, granting refugee status to a total of 11,597 persons, a recognition rate of 6.9 percent. The rate of recognition has risen over the past years; it was 4.4 percent in 1990 and five percent in 1989. Not only the number of foreigners, but also hostility toward them increased in Germany over 1991. According to figures from the Federal Criminal Police, a total of 2,368 criminal actions were undertaken against foreigners in 1991, including firebombing and physical attacks on persons. The majority of these criminal actions, 1,975, took place during the months of September to December. After reaching a peak of 950 in October, the number declined to 199 in December. "Number of Asylum Seekers Rose in 1991," *The Week in Germany* (17 January 1992): 1-2.

24. For a detailed discussion of these scenarios, see Andrian Hyde-Price, *European Security Beyond the Cold War: Four Scenarios for the Year 2010* (Beverly Hills: Sage, 1991).

25. Roy Ginsberg, "European Community - United States Political/Institutional Relations," Chapter 27 of Leon Hurwitz and Christian Lequesne, eds., *The State of the European Community: Institutions, Policies and Debates in the Transition Years, 1989-1990* (Boulder and London: Lynne Rienner and Longman, 1991), 398.



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