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Snow/Simon
April 8, 1991
Draft One
(EC)

PRESIDENTIAL REMARKS: E.C. DEPARTURE STATEMENT
SOUTH LAWN
THURSDAY, APRIL 11, 1991
1:15 P.M.

I was delighted to have the opportunity to meet with my friends Jacques Santer ^[san-TAIR] and Jacques Delors. As part of our mutual efforts to deepen the US-EC relationship, we have continued our ongoing discussions on a number of important issues.

Today, we discussed the situations in the Middle East, in Eastern Europe and in the Soviet Union. We talked about the unrest in Yugoslavia, which greatly concerns all of us. We agreed to continue to encourage the people of Yugoslavia to work out their differences peacefully and through democratic dialogue. We reviewed recent events in the Baltics, the Soviet Union and Eastern and Central Europe.

But we also talked about our common ties and aspirations. We value the excellent support we have received from our European friends and allies in the Gulf crisis, and we continue to work with them on what we must do to help create a stable environment to promote peace and prosperity in that region.

We had a broad and useful discussion of our views of Europe after the Paris CSCE summit. Of particular interest to us are the EC's plans for greater political and economic union. I reiterated our support for European integration, and our shared interest in the development of a European security and the

transatlantic relationship. We reaffirmed our mutual commitment to continuing transatlantic cooperation on issues involving our mutual security, foreign policy and economic interests.

We also talked about our hopes for renewed progress on the Uruguay Round. In a world increasingly defined and bound by economic interests, we all have an interest in free and fair trade. An open trading regime would permit each of us to build on our strengths and to take advantage of others' strengths. We all agreed to work for rapid progress on these crucial negotiations.

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April 4, 1991

UNCLASSIFIED

MEMORANDUM FOR BRENT SCOWCROFT
THE WHITE HOUSE

SUBJECT: Recommended Departure Statement by the President on the Occasion of the April 11 Visit of Luxembourg Prime Minister Jacques Santer in his Capacity as EC President and EC Commission President Jacques Delors.

Attached is a recommended draft statement for use by the President upon the departure April 11 of Luxembourg Prime Minister Santer and EC Commission President Delors at the end of their Official Working Visit.

R. A. LA MANTIA
FmJ. Stapleton Roy
Executive Secretary

UNCLASSIFIED
N/A

RECOMMENDED DEPARTURE STATEMENT

I was delighted to have the opportunity to meet with my friends Jacques Santer and Jacques Delors. As part of our mutual efforts to deepen the US-EC relationship, we have continued our ongoing discussions on a number of important issues.

Today, we discussed the situation in the Middle East, ^(in Eastern Europe and in the Soviet Union as well as the Uruguay Round) We value the excellent support we have received from our European friends and allies ^{in the Gulf crisis, and we} ~~and~~ continue to work with them on what we must do to help create a stable environment to promote peace and prosperity in that region. Additionally, we discussed the situation in Yugoslavia, which greatly concerns all of us. We agreed to continue to encourage the people of Yugoslavia to work out their differences peacefully and through democratic dialogue. We reviewed recent events in the ^{Baltics, the} Soviet Union and Eastern and Central Europe.

We had a broad and useful discussion of our views of Europe after the Paris CSCE Summit. Of particular interest to us are the EC's plans for greater political and economic union. I reiterated our support for European integration, and our shared interest in the development of a European security identity which strengthens both European security and the transatlantic relationship. We reaffirmed our mutual commitment to

continuing transatlantic cooperation on issues involving our mutual security, foreign policy and economic interests. Finally, we reviewed progress on the Uruguay Round. We expressed our commitment to work together in the coming months to make ~~steady~~^{rapid} progress on these crucial negotiations.

Any move re open trading system

**Statement by Press Secretary Fitzwater
on the White House Conference on
Science and Economics Research
Related to Global Change
February 26, 1990**

President Bush today invited a number of countries, the European Community, and the Organization of Economic Cooperation and Development (OECD) to send official delegations to a White House Conference on Science and Economics Research Related to Global Change. The Conference will be held in Washington, DC, April 17-18, 1990.

The President announced his intention to host this Conference during his meeting with President Gorbachev and again recently in a speech to the United Nations Intergovernmental Panel on Climate Change.

The Conference will be devoted to science and economics issues relevant to policy on global environmental issues, including climate change. It is designed to substantially enhance and broaden international understanding of the important science and economics research issues related to global change.

The Conference will also assist in framing a strategy for implementing a joint international understanding of this science and economics research effort, and linking that knowledge to the policy process both nationally and internationally. The administration considers the Conference a vital next step in a joint international approach to address possible changes in the global environment.

Conference participants have been invited to send delegations consisting of their senior scientific, environmental, and economic officials. The President has designated the Director of the Office of Science and Technology Policy, Dr. D. Allan Bromley; the Chairman of the Council of Economic Advisers, Dr. Michael Boskin; and the Chairman of the Council on Environmental Quality, Mr. Michael R. Deland, to serve as Cochairmen of this Conference.

**Message to the Senate Transmitting the
Algeria-United States Consular
Convention
February 27, 1990**

To the Senate of the United States:

I am transmitting, for the Senate's advice and consent to ratification, the Consular Convention between the United States of America and the Democratic and Popular Republic of Algeria signed at Washington on January 12, 1989. I am also transmitting, for the information of the Senate, the report of the Department of State with respect to the convention.

The signing of this convention is a significant step in the process of enhancing and broadening the relationship between the United States and Algeria. There currently does not exist a bilateral agreement on consular relations between the two countries. The convention sets forth clear obligations with respect to matters such as notification of consular officers of the arrest and detention of nationals of their country and protection of the rights and interests of nationals of their country.

The people of the United States and Algeria have a tradition of friendship and cooperation. I welcome the opportunity through this consular convention to promote the good relations between the two countries. I recommend the Senate give early and favorable consideration to the convention and give its advice and consent to ratification.

George Bush

The White House,
February 27, 1990.

**Remarks Following Discussions With
Charles Haughey, Prime Minister of
Ireland and President of the European
Council
February 27, 1990**

The President. Well, it's been a great pleasure to meet today with Prime Minister Haughey. The last time we met was almost a year ago, as we celebrated St. Patrick's Day here at the White House and renewed the shared values and kinship that have

bound our two nations together for over 200 years. Nine signers of the Declaration of Independence proudly claimed Ireland as their ancestral home. And so, it's an honor to welcome the Taoiseach to America's home, designed by an Irishman, I might add.

And today the Prime Minister is visiting Washington, though, in another capacity: as the President of the European Council. And with the rapid change we're witnessing across Eastern Europe and the Soviet Union, the relationship between the United States and the European Community has never been more important.

The Revolution of '89 brought with it new opportunities and challenges, and it is critical that we work to make the strong bonds between this nation and its European friends even stronger. The Prime Minister and I had a productive discussion of the many issues of great interest to the United States, to the EC, to Ireland, including the prospect of German unification, regional issues around the world; and we touched on Northern Ireland as well.

I was especially interested in the Prime Minister's views on the new architecture of Europe. He and I agree on the principles that should guide the design of the new Europe. First, we both welcome the prospect of overcoming the artificial division of the continent and building a Europe whole and free, united by universal values that are based on freedom and democracy. And second, there is no question that Western solidarity protects stability in this time of change and that transatlantic cooperation now is more important than ever. As I've said before, the United States will remain a European power. Third, we both look to the Conference of Security and Cooperation in Europe, the CSCE, to play a greater role in Europe's future, including guidance for the conduct of truly free elections and the transition from planned economies to pluralistic systems. Fourth, we believe the EC must play a vital role in the new Europe.

A more united Europe, able to take its rightful place in world affairs, is good for the United States of America. And we'll look for ways to improve our ties to the Community so a new Atlanticism will be teamed with a new Europe.

And today's meeting takes us forward in building new structures for the U.S. relationship with the Community. We committed ourselves to regular meetings between myself and the President of the EC, to provide overall political guidance for the relationship. We agreed to twice yearly meetings between the EC Foreign Ministers and our Secretary of State. And we committed ourselves to joint efforts in the war against drugs and our hopes to preserve the global environment.

We do not expect perfect agreement between the United States and the EC on every issue, but we do agree that our inherent belief in the value of freedom, democracy, opportunity binds us together and that our mutual cooperation can benefit all. And we also agree that the historic ties of friendship between our two countries, the United States and Ireland, can serve the cause of peace in the international arena.

We're grateful for Ireland's efforts to encourage and enhance U.S.-EC cooperation. And we also appreciate Ireland's efforts to promote economic development, security, reconciliation, and peace in Northern Ireland. In a time when all things seem possible, all Americans hope for an end to the conflict that has brought such sadness to your beautiful land and your wonderful people.

Mr. Prime Minister, we wish you Godspeed on your journey home. The days ahead are exciting ones, full of expectations, and together, they can be days of great cooperation and great progress for all people. Thank you, sir, for your leadership. Thank you for your friendship. And God bless the United States and Ireland. Thank you, sir.

The Prime Minister. Mr. President, ladies and gentlemen, my visit to Washington takes place at a time of profound international change. The President and I, in my capacity as President of the European Council, discussed U.S.-European Community relations and their future evolution in the context of the Community's increasingly important role on the international, political, and economic scene.

The President and I agreed, at this time, to strengthen the links between the European Community and the United States. We agreed for that purpose, as the Presi-

dent has said, that a meeting between the U.S. President and each President in office of the European Council should become a regular feature of the U.S.-European Community relations, and that one such meeting should be held each Presidency of the European Council. And I'll be recommending that to my European colleagues, the heads of state or government of the European Community, immediately on my return. We also agreed that the Foreign Ministers of the Community will meet the U.S. Secretary of State on two occasions a year, at least. In addition, the European Commission is taking steps to increase the frequency of its formal meetings with the U.S. Cabinet. This arrangement will give us both a better overall structure and direction to the wide variety of existing contacts and discussions, and they will also provide a new framework for enhanced political and economic ties between the Community and the United States. We are, in fact, building a broader bridge across the Atlantic.

We also, the President and I, discussed areas for specific cooperation; and we agreed that the fight against international drug trafficking and the international movement of drug funds are areas very appropriate for specific cooperation. We shared common concerns on the need for continuing efforts to protect the environment in areas such as global climate change, the depletion of the ozone layer, and endangered species. And may I say that I think it's entirely appropriate that I, who have set myself the aim of being of a green Presidency of the European Community, should be having these discussions at this stage with President Bush, who has set for himself the role of environmental President in the United States.

During our meeting, we also reviewed developments in central and eastern Europe; in particular, implications of German unification. The President and I agreed that the United States and the Community have a pivotal role to play in overcoming the divisions between East and West and in laying the foundations for a Europe united in its commitment to peace, prosperity, democracy, and above all a respect for human rights and fundamental freedoms.

The President and I also discussed a number of bilateral issues, including immigration, super royalties, passive foreign investment companies, and of course the situation in Northern Ireland. And I greatly appreciate the President's deep personal concern for the situation in Northern Ireland and his constant wish to be of any possible assistance he can in bringing forward a solution to that intractable and difficult and tragic problem. I expressed my appreciation for constructive U.S. interest and support for Anglo-Irish relations.

Mr. President, it has been for me a great pleasure to have had the benefit of talking to you and receiving the benefit of your views and your insights into European and, indeed, international affairs at this very exciting time for all humanity. Thank you very much, indeed.

The President. Well, thank you, sir. Well spoken, and thank you very much. It's a great pleasure to have you here. Holler if we can do any more.

Note: The President spoke at 1:24 p.m. at the South Portico of the White House. Prior to their remarks, the President and the Prime Minister met privately in the Oval Office and with U.S. and Irish officials in the Cabinet Room, and then attended a luncheon in the Old Family Dining Room.

**Joint Statement by President Bush and
President Charles Haughey of the
European Council**
February 27, 1990

We meet at a time of historic international change. Our discussions focused on U.S./E.C. relations and their future evolution, in the context of close transatlantic cooperation and of the E.C.'s increasingly important role on the international political and economic scene.

Today's meeting took place against the background of U.S. interest in enhancing its relations with the European Community as outlined in President Bush's speech last May and Secretary of State Baker's speech in Berlin in December. The President of the European Council expressed the Com-

munity's appreciation of the positive attitude of the U.S. administration to the Community's role and development. He also emphasized that the Community and its Member States share the U.S. interest in developing our relations.

We agreed on the significance of our meeting for strengthening relations between the U.S. and the E.C. We also agreed that such meetings between the President of the United States and the President of the European Council should become a regular feature of U.S./E.C. relations and that at least one such meeting should be held during each Presidency of the European Council.

These meetings will serve to give overall political direction to the further development of consultation and cooperation.

The arrangements will also include twice-yearly meetings between EC Foreign Ministers and the U.S. Secretary of State. We agreed that such a meeting should take place in the first half of 1990.

We see the arrangements discussed today as important first steps in an evolving process towards a new framework for enhanced political and economic ties between the E.C. and the U.S.

We both agreed that areas of common interest meriting further examination as subjects for practical cooperation should be identified. At this stage, we agreed that the fight against international drug trafficking and the international movement of drug funds are areas appropriate for specific cooperation. The same is true of our continuing efforts to protect the environment in areas such as global climate change, the depletion of the ozone layer, and endangered species. We agreed that there will be further contact at the appropriate levels to follow up our discussions on these areas and to identify other areas of common interest.

At our meeting, we also reviewed developments in Central and Eastern Europe, in particular the implications of German unification. We also discussed the CSCE, and the progress towards and prospects for European integration. We both agreed that, with their political ideals and common values, the U.S. and the E.C. have a pivotal role to play in overcoming the divisions between East and West and in laying the foundations for a Europe more united in its

commitment to peace, prosperity, democracy, and respect for human rights and fundamental freedoms. Our meeting today makes a valuable contribution to enhancing that pivotal role.

Note: The joint statement referred to the Conference on Security and Cooperation in Europe (CSCE).

Remarks Congratulating the Super Bowl Champion San Francisco 49ers February 27, 1990

The President. Who was it—Yogi [Berra] used to talk about *deja vu* all over again. Well, here we are, and Barbara and I are just delighted. It seems, really, and the talk in coming through the line, that only just yesterday it seemed that we celebrated the last Super Bowl victory. And now here we are. So, to Eddie DeBartolo and the staff, certainly Coach Seifert and all the players of the 49ers and families, congratulations and welcome to the White House. It's a joy to have you here.

You know, when I first heard that this occasion was in honor of one of the greatest victories in American championship history, I couldn't help but look around and wonder: So, where's Buster Douglas? [Laughter]

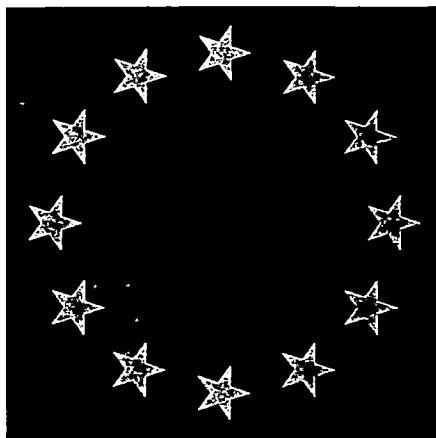
But we do have with us the man that I know all you guys recognize. And I hope all of you saw my friend and our new Chairman of the President's Council on Physical Fitness, larger than life himself, but confessed that he felt like Danny DeVito standing next to these guys. [Laughter] And I'm talking about our friend and a man who is undertaking a very important job for this country, heading the President's Fitness Council, Arnold Schwarzenegger. Arnold, thank you very much for being here. I think Arnold and my old colleague from the Congress, the guy sitting next to him—used to pitch in the major leagues, Senator Ben Mizell. And we're having a meeting on national fitness tomorrow, so you guys be careful. We may need you for a little leadership for the kids in this country.

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United States Department of State
Bureau of Public Affairs

April 1990



Official Name:
European Community (EC)
Also referred to as the
European Communities

PROFILE

Background

Headquarters: Brussels, Belgium.

Established: On April 18, 1951, when the European Coal and Steel Community (ECSC) Treaty was signed in Paris, and on March 25, 1957, when the treaties for the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM) were signed in Rome.

Purposes: To build foundations for peace through economic and political cooperation and to make possible an eventual federation of Europe.

Members: The Six—Belgium, Federal Republic of Germany, France, Italy, Luxembourg, Netherlands. The Nine—in 1973, Denmark, Ireland, and the United Kingdom joined the Six. The Ten—on January 1, 1981, Greece joined. The Twelve—Spain and Portugal joined the Ten on January 1, 1986.

Official Languages: Danish, Dutch, English, French, German, Greek, Italian, Portuguese, and Spanish.

Population (1988): 325 million.

Gross National Product (GNP) (1988): \$4.71 trillion.

Average Per Capita GNP (1988): \$14,500.

Organization

Principal Organs: Council, Commission, Parliament, Court of Justice.

Principal Areas of Community

Competence: Internal and external trade, common industrial and commercial policies, agriculture, monetary coordination, fisheries, assistance, science and research, the environment, common social and regional policies.

Budget (1990): \$56 billion, financed by a customs duty, a 1.4% value-added tax collected on the goods and services consumed in member countries, and a percentage donation based on member countries' gross domestic product.

Trade

Imports (1988): *Worldwide*—\$458.6 billion. *From US*—\$79.6 billion (23.7% of US exports).

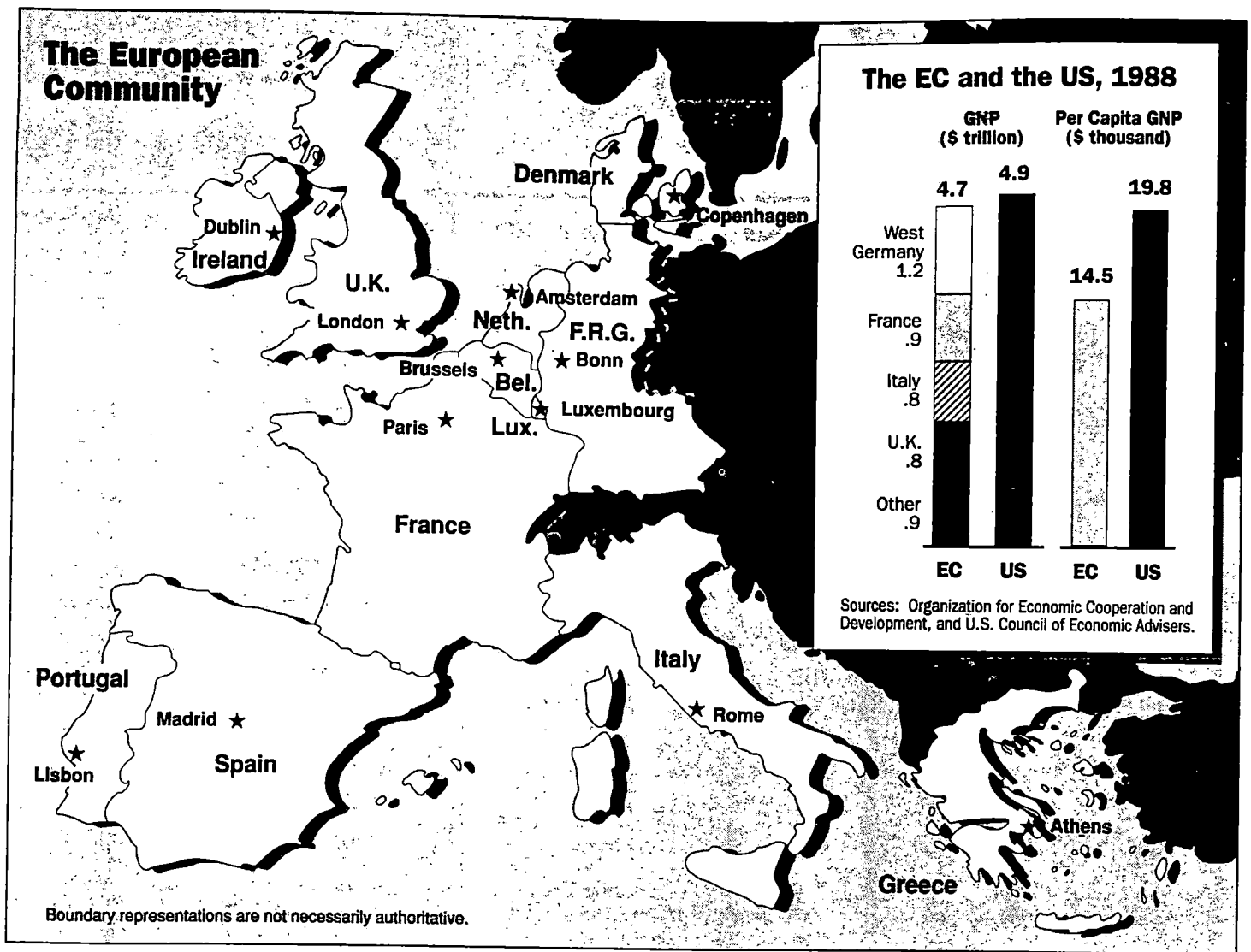
Exports (1988): *Worldwide*—\$430.8 billion. *To US*—\$84.4 billion (19.6% of EC exports).

EC and US Officials

Commission President: Jacques Delors, France

US Representative to the EC:
Ambassador Thomas M.T. Niles, 40
Boulevard du Regent, B-1000, Brussels,
Belgium; Tel. 32-2-513-4450.

EC Representative to the US:
Ambassador Andreas Van Agt, 2100 M St.,
NW, Suite 707, Washington, D.C. 20037; Tel.
202-862-9500.



HISTORY

Peaceful union of European countries had been a dream for centuries, but not until the devastation of World War II was unity perceived as a necessity. Postwar economic chaos and the descent of what he called the "Iron Curtain" led Winston Churchill to declare in 1946: "We must create a sort of United States of Europe." Although they thought that unity was necessary for the reconstruction of the continent, national governments remained reluctant to cede any authority to a supranational body.

The primary aim of the Paris and Rome treaties establishing the European Communities (EC) was to remove the economic barriers that divided the member countries as the first steps toward political unity. To accomplish this, the treaties call for members to establish a common market, a common customs tariff, and common economic, agricultural,

transport, and nuclear policies. The institutions and policies established by the treaties provide a framework within which the 12 EC members have agreed to integrate their economies and eventually consider forming a political union.

The Brussels Pact of 1948 created the first postwar European intergovernmental organization. Britain, France, Belgium, the Netherlands, and Luxembourg agreed to mutual military support and political cooperation. The military aspects of the pact were quickly overshadowed when the five signatories joined others in the NATO (North Atlantic Treaty Organization) alliance with the United States.

In the political sphere, the Council of Europe was organized by the pact members along with Ireland, Denmark, Norway, Italy, and Sweden. The Council was designed to be more than a simple forum for discussion, but the British and the Scandinavian Governments thwarted

federalist attempts to give the Council any supranational powers. All decisions were to be made by unanimous agreement of the ministers of each member state, effectively weakening the Council.

The establishment of an administrative framework for European economic cooperation was stimulated by US Secretary of State George Marshall's offer of vast aid in a joint recovery program. Federalists, led by French Foreign Minister Robert Schuman and Jean Monnet (now considered the "father" of a united Europe), thought that Europe would never regain its status in world affairs, effectively solve its domestic problems, or be able to protect itself unless national governments were integrated. They proposed a supranational authority to make decisions in the interest of the whole continent. The British and the Scandinavians, again preferring international cooperation

rather than formal integration, prevented the incorporation of a federal element in this new body, the Organization for European Economic Cooperation (OEEC). The OEEC, established in 1948 and transformed in 1961 into the worldwide Organization for Economic Cooperation and Development (OECD), was very effective in channeling US aid throughout the continent, but it had no supranational authority of its own.

Continuing their effort to develop a federal European authority, Schuman and Monnet proposed establishing the European Coal and Steel Community (ECSC) in 1950 "to place the entire Franco-German production of coal and steel under a common High Authority, in an organization open to other European countries." The French and German heavy industries urgently needed rebuilding, and the ECSC would facilitate growth as well as make war between the two countries "not merely inconceivable but physically impossible." Ratified by the Governments of France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg (the Six), the ECSC began functioning in 1952 and was the world's first international organization with an integrated federal governing body. The High Authority was empowered to act independently in the narrow but important economic fields of coal and steel production. The ECSC had limited financial independence, raising funds through levies on the coal and steel industries and the sale of bonds.

With Europe's immediate defense problem solved by NATO, efforts were concentrated on political and economic questions. Under the direction of Belgian Foreign Minister Paul Henri Spaak, the foreign ministers of the Six met to discuss proposals for an integrated economic system and a common structure for the development of nuclear energy. In 1957, the Six agreed to establish the European Economic Community (the EEC or Common Market) and the European Atomic Energy Community (EURATOM). The two treaties formally establishing the new communities to work with the ECSC were signed by the Six in Rome on March 25, 1957. The EEC and EURATOM began operating in January 1958. The wide-reaching EEC was given less supranational authority than the ECSC, although the economic union was viewed as a prerequisite for eventual political integration.

British ties to its Commonwealth and its desire to create a larger free trade area, as opposed to a customs union consisting only of the Six, resulted in the United Kingdom rejecting EEC and EURATOM membership. Britain, Austria, Denmark, Norway, Portugal, Sweden, and Switzerland later formed the European Free Trade Association (EFTA). EFTA was designed to boost nonagricultural trade among its members and to provide a united platform for relations with the EEC.

In the 1960s, Commonwealth ties were becoming less important for Britain, and UK economic growth was slower than the impressive growth rate of the Six. The British, therefore, decided to join the Community, even though membership would result in a substantial increase in British food prices. A French veto temporarily blocked British membership, but in 1973, the United Kingdom, Denmark, and Ireland were admitted, creating the EC Nine. The Government of Norway also had agreed to accession, but membership was rejected in a referendum. A further enlargement took place on January 1, 1981, when Greece joined the Community, making it the EC Ten. The most recent expansion occurred with the addition of Spain and Portugal on January 1, 1986, creating the current EC Twelve.

INSTITUTIONS

The three communities—the ECSC, EEC, and EURATOM—had separate executive commissions and councils of ministers until their 1967 merger into the European Communities; a joint commission and a joint council of ministers were then established. The other major EC institutions are the European Parliament, the Court of Justice, and the Economic and Social Committee.

The Commission

The Commission, headquartered in Brussels, is made up of 17 commissioners appointed by common agreement of the 12 governments. Each country is represented, with the largest five—France, West Germany, Italy, Spain, and the United Kingdom—supplying two commissioners. According to the treaties,

members of the Commission act independently of their governments and of the Council; they represent the interests of the Community as a whole.

The Commission's major responsibility is to oversee the implementation of the EC treaties. It initiates EC policy by making proposals and steers its proposals through the legislative process. The commissioners also conduct the EC's negotiations with nonmember states on behalf of the Community. The collection and disbursement of EC funds is another important Commission responsibility. The Commission's independence and its "right of initiation" of policy account for much of its supranational authority. To balance that independence, the Commission is subject to censure by the Parliament, which can force the entire Commission to resign as a body by a two-thirds majority vote.¹ A European civil service divided into 23 Directorates-General plus Commission services assists the Commission. The Commission president is appointed to a renewable 2-year term by the Council.

The Council

The Council, which has its secretariat in Brussels, represents the national governments of the 12 member states and is the primary decisionmaking body of the Community. The foreign ministers of the member states deal with the most important and wide-reaching topics, while more specific decisions are made by the respective councils of the ministers of agriculture, finance, industry, energy, social affairs, and others. The 1987 Single European Act created a less restrictive decisionmaking process by allowing most voting in the Council by qualified majority, rather than unanimity.² Exceptions include certain health and safety proposals that individual states can veto. At the same time, the act mandated an increased role for the European Parliament in the decisionmaking process.

The various ministerial groups meet monthly. Formal biannual European Council meetings discuss intra-Community and foreign policy issues. Each country assumes the Council presidency for a 6-month term. The Committee of Permanent Representatives, consisting of member country ambassadors to the Community in Brussels, assists the Council.

The European Parliament

The European Parliament (EP), the only EC institution that directly represents European citizens, has gained a greater role in EC decisionmaking in recent years. The Parliament has significant power over budgetary matters (except agricultural spending) because it can amend or reject the budget and approve its adoption. The Parliament also considers the Commission's proposals on their way to the Council of Ministers. Since 1987, the Parliament also has had the right to amend or reject certain legislation approved by the Council, which can overrule the Parliament only by a unanimous vote. The Parliament also has gained the right to approve or disapprove applications of nonmember countries to join the Community, as well as new association agreements.

The 518 deputies are elected to 5-year terms. The first direct elections were held in 1979. The Parliament was enlarged to its present size in January 1986, when 60 members from Spain and 24 members from Portugal took their seats. The members sit in transnational political groupings ranging across the political spectrum, including Socialists, Christian Democrats, Liberals, Conservatives, Communists, and Greens.

Many of the Parliament's specialized committees have emphasized development of truly "European" policies in areas such as the internal market, energy, industrial restructuring, and regional development funding. Direct elections ensure full public representation in the Community, and important tasks for the deputies include promoting the Community's work within their constituencies and increasing public support for an integrated Europe.

The Parliament meets monthly in week-long sessions in Strasbourg. The EP's Secretariat is located in Luxembourg; most Committee and Political Group meetings are held in Brussels.

The Court of Justice

The role of the EC Court of Justice is very similar to that of the US Supreme Court. The EC Court is the final authority for the interpretation of EC laws, as embodied in the treaties, regulations, and directives. Complaints about member-state treaty violations may be lodged by other members or by the Commission. Member governments, EC

institutions, and individuals also can contest Commission and Council actions and member state implementation of EC legislation in the Court. The Court resolves conflicts between Community and national laws, and the Justices have played a major role in the process of removing barriers to the movement of goods, services, capital, and people among members. The Court's decisions are binding on all parties. Court decisions generally have tended to strengthen EC institutions and promote integrated EC policies.

The 13 Justices are appointed by the EC member governments and serve renewable 6-year terms. Court decisions are reached by a simple majority. All decisions are announced unanimously, but votes never are announced. The Court sits in Luxembourg.

The 1987 Single European Act introduced a new Court of First Instance, which essentially serves as a lower court. In addition, member state courts are obligated to directly enforce the Community treaties, thus creating a multi-layered judicial system.

The Economic and Social Committee

This consultative body of 156 members represents employers and unions as well as special interest groups such as consumers and farmers. The Committee enables a broad spectrum of interested producer and consumer groups to be actively involved in EC decisionmaking. Through a mandatory consultation process, the Committee submits its opinions to both the Councils of Ministers and the Commission.

BUDGET

Initially, the EC budget was funded by member-state contributions based on varying percentages of their gross domestic product (GDP). In 1977, those contributions were supplemented by revenue from agricultural levies and customs duties on EC imports. The GDP-based contributions were eliminated in 1979, as each state began paying 1% of the value-added tax (VAT) it collected on manufactured goods. Starting in 1986, the VAT contribution increased to 1.4%.

The Commission prepares the preliminary draft of each year's EC budget. The Council discusses the preli-

minary report and then issues a draft budget for EP approval. The Parliament can amend or reject the budget and is responsible for its final adoption.

The preliminary EC budget for 1990 is about \$56 billion. The largest budget item, accounting for about two-thirds of the total, is agricultural expenditures. Other major budget items are energy and industrial programs, research, and development assistance to poorer regions of the Community, central and Eastern Europe, and Third World nations.

TRADE

The Customs Union

The authors of the EC treaties recognized that the economic keystone of unity would be a customs union permitting the free movement of goods, services, capital, and people within Western Europe. In 1958, the Community began the difficult process of eliminating all trade barriers among its members. Ten years later, all member-to-member duties were abolished, and a common external tariff of the Six was established. By 1977, this union was extended to include the new EC members—the United Kingdom, Denmark, and Ireland. Spain and Portugal, which joined in 1986, must dismantle their customs duties with other EC members before 1992 and must abolish their quantitative restrictions on intra-EC trade according to a timetable laid down for each.

The common external tariff is a key element in the customs union. Each EC member charges the same duty on a given import from a nonmember country. Agricultural imports are subject to the Common Agricultural Policy (CAP). The CAP places variable levies on agricultural imports to raise their prices to those of EC-produced commodities.

Although tariffs have been eliminated within the Community, several kinds of nontariff barriers still exist. Some member states maintain protectionist measures that the Community has not yet been able to eliminate entirely, such as limiting public works contracts and adopting unilateral technical or safety standards that restrict trade. Numerous health and safety barriers to agricultural trade still exist. Individual firms and governments can register trade restriction complaints with the Commission, which attempts to eliminate the barriers through binding judicial action.

SINGLE MARKET PROGRAM

Recently, the EC has made remarkable progress toward achieving a goal it set for itself more than 30 years ago—a unified West European market without national barriers to the movement of goods, services, capital, and people. The 12 EC member states have committed themselves to the historically important policy initiative of creating a single market by the end of 1992. The EC is expected to have adopted most of its single market proposals by that time and to have made significant progress on related efforts toward more complete economic integration.

The EC is, to a great extent, still a set of 12 separate markets, with different regulations for banks, insurance companies, medicinal products, lawnmowers, and cheese, to name just a few areas. The single market program will create a single set of rules for doing business in Europe. Where EC-wide rules are not practical, the single market will ensure mutual recognition of other members' regulations so that technical standards and procedures no longer pose barriers to trade across national borders. This creates potentially vast economies of scale and should expand the size and wealth of the EC market.

The renewed effort to create a single market began in 1985, when member countries approved an ambitious plan outlining almost 300 legislative proposals. The 1987 Single European Act committed government leaders to adhere to the timetable and made passage of legislation easier. Since then, the EC Commission has finished its work in proposing more than 90% of the proposals (now 279), and the EC Council has adopted more than half of them into Community law. Member states must pass legislation to implement the directives, usually within 2 years of final agreement at the EC level.

Difficult areas remain in the single market program, notably in attempting to allow the free movement of people across national borders and in harmonizing policy on indirect taxation. However, momentum has been sustained, largely because most of the European public and businesses strongly support the program. When the major proposals are fully implemented, the Commission will have authority to control large mergers and acquisitions; will make a European company statute available throughout the Community; will enforce open procure-



President Bush supports European efforts, led by EC Commission President Jacques Delors, to achieve economic and political integration. (White House photo)

External Trade

In 1988, trade among Community members was \$1.24 trillion, while external trade was \$890 billion, accounting for about 16% of world commerce, and making the EC the world's largest trading unit. Its total imports from third countries in 1988 were \$459 billion, roughly the same amount as that of the United States. Most EC imports are raw materials and unprocessed goods. EC exports, most of which are processed goods such as machinery and vehicles, totaled \$431 billion in 1988, compared with total US exports of \$320 billion.

As provided for in Article 113 of the Treaty of Rome, the Community operates a common commercial policy adhered to by all member states. The Community's trade policy is based on the principles and obligations of the General Agreement on Tariffs and Trade (GATT) to which all Community members are contracting parties. EC countries are active participants in the current Uruguay Round of multilateral trade negotiations, which are scheduled to be completed with a concluding conference in Brussels in December 1990.

In 1972-73, the Community concluded free trade agreements with the member states of EFTA—Austria, Finland, Iceland, Norway, Sweden, and Switzerland. These agreements provide for the elimination of barriers to trade on almost all industrial products between the

member countries of the two trading blocs. Only products originating within the free-trade area receive preferential treatment. EFTA members maintain quotas and tariffs on agricultural products.

The Community has reached preferential trade agreements with Turkey, Yugoslavia, and Mediterranean countries and separately with 68 African, Caribbean, and Pacific countries. Non-preferential agreements have been signed with Canada, India, Romania, Sri Lanka, Pakistan, Bangladesh, China, and major Latin American countries. Most recently, the EC has concluded trade and commercial agreements with Poland, Hungary, the German Democratic Republic, the Soviet Union, and Czechoslovakia.

The Community is the United States' largest trading partner. In 1989, total US-EC trade was \$171.7 billion. The 1989 trade balance with the EC was in the US favor for the first time since 1982. In 1988, almost 24% of all US exports were purchased by the EC, which, in turn, provided almost 24% of US imports.

The United States and the EC are each other's most significant source of direct investment. By the end of 1988, the EC had \$194 billion invested in the United States (the British are the largest foreign investors in America), and the United States had about \$127 billion in the EC.

ment, allowing foreign participation (with some limitations) in all sectors except defense; and will provide a host of product and regulatory standards ranging from containers to automobiles to biotechnology. Many, but not all, of these standards will be based on existing international standards.

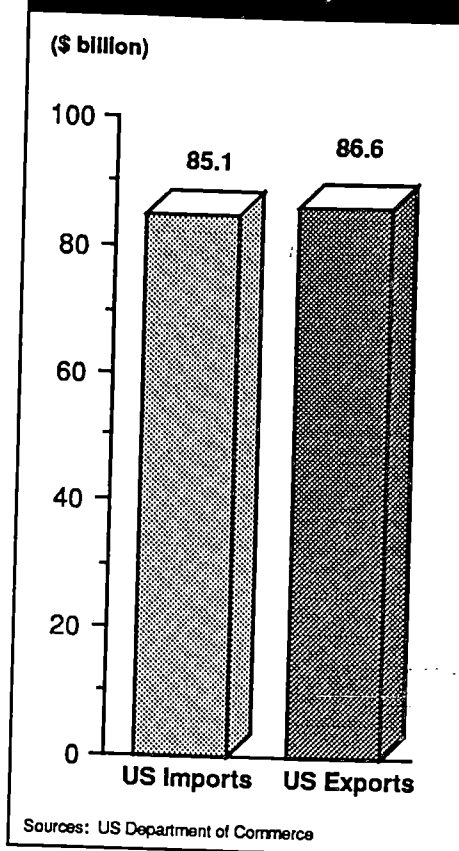
Further economic integration beyond trade and investment issues is under consideration. The Community already has sought or will pursue common policies on environmental protection, immigration, labor law, monetary and fiscal issues, and law enforcement against narcotics and terrorism. Questions of national sovereignty have exacerbated tension among some members and EC institutions. The debate indicates the difficult course ahead, and it is clear that many of these issues will be decided well after 1992.

AGRICULTURAL POLICY

Instituted in 1962, the Common Agricultural Policy (CAP) has allowed the EC to become more than self-sufficient in many agricultural commodities and has provided stable incomes to the European farming population. The CAP, however, consumes about two-thirds of the EC budget and—through its complicated network of protection, price supports, and subsidies—has created large surpluses of many agricultural products. EC export subsidies, traditionally used to dispose of some of these surpluses, have helped to create a distorted and unstable market in agricultural commodities. Over the years, EC products benefiting from the CAP have displaced some US farm exports, particularly grains.

Since the EC already has a single agricultural market in many respects, the 1992 program will not have as great an effect as in other areas. The single market program aims to harmonize agricultural health rules for animals and plants, thereby reducing barriers that have kept the EC's agricultural markets somewhat segmented. As the Community eliminates border controls, it must act on the taxes or subsidies currently levied on agricultural trade at national borders. Further monetary harmonization is likely to result in the elimination of the special agricultural exchange rates which also have served to protect markets from intra-EC competition.

US Trade With EC, 1989



An EC budget package adopted in February 1988, aimed at balancing the budget and reducing growth in agricultural expenditures over a 4-year period, to a great extent has removed agriculture as a contentious internal EC issue. The agreement resolved short-term budgetary problems by basically resorting to supply management techniques. Although the package is reducing somewhat agricultural oversupply within the EC and is helping to limit new pressures on international agricultural markets, it does little to increase the market orientation of EC agriculture. The global reform of agricultural policies remains an important US objective and a major task of the current round of multilateral trade negotiations.

ENERGY

The European Community is sensitive to the need for reducing foreign energy dependence, particularly on oil imports, through conservation and other measures. In September 1986, the Council set

EC targets for 1995 which would limit oil consumption to 40% of total energy consumption and maintain net oil imports at less than one-third of total energy consumption. The Community has an active program of research into alternate energy sources, including biomass, synthetic fuel, solar, and geothermal development. Nuclear energy also is widely used in certain EC member states, but there is intense and growing public concern about nuclear safety issues, particularly following the Chernobyl accident in the Soviet Union.

EURATOM, established following the first European energy crisis in 1956, is responsible for the procurement and distribution of nuclear fuels in the Community. It also undertakes research in nuclear development, provides financing for nuclear energy projects, and exercises safety and security responsibilities over member-country facilities.

THE EUROPEAN MONETARY SYSTEM

In 1979, the Community inaugurated the European Monetary System (EMS). The EMS replaced the "snake" in an effort to reduce exchange fluctuations. The EMS provides for frequent discussions among central bankers and for intervention in foreign exchange markets to maintain the value of each EC currency within a narrow range vis-a-vis the European Currency Unit (ECU) and each other currency. All Community members belong to the EMS. However, the United Kingdom, Greece, and Portugal do not participate in the system's exchange rate mechanism, which represents a commitment by the participants to maintain their exchange rates within a very narrow band. The founders of the EMS maintained that exchange rate stability was essential to increase trade and also would provide impetus for better coordination of monetary and fiscal policies. In addition to currency swap arrangements for defense of currency parities, the EMS includes a reserve fund. The ECU, a combination of 12 member currencies, is the Community's budget and accounting unit.

Jacques Delors, the Commission President, has drawn up a three-phase plan for broadening the EMS into an economic and monetary union (EMU).

Under Phase I, all EC governments are committed to join the exchange rate mechanism, and finance ministers and central bank governors would cooperate more closely on policy decisions. Later phases of the Delors Plan envisage a central bank and a common currency, but several EC members, particularly the United Kingdom, have opposed aspects of the plan. In 1989, Community leaders decided that on July 1, 1990, the EC will begin implementing Phase I of the Delors Plan. An intergovernmental conference will convene in late 1990 to consider what changes to the EC treaties would be required for EMU. Treaty changes must be approved by all 12 of the member countries.

POLITICAL COOPERATION

Coordination of the foreign policies of the EC members was not included in the three treaties but was undertaken voluntarily in 1970. In 1987, European political cooperation was formalized in the Single European Act. Recently, this cooperation has increased to a wider range of foreign policy issues. Topics included under the act are such key areas as Eastern Europe, the Middle East, Central America, nuclear and conventional disarmament, and nuclear nonproliferation. A secretariat to administer the act has been established in Brussels.

The 12 foreign ministers meet at least quarterly to discuss political coordination. The foreign ministers attempt at these meetings to coordinate the broad lines of the members' international policies and to issue joint statements of policy. In addition to these formal meetings, the foreign ministers gather informally twice a year, unaccompanied by staff. The ministers also discuss political cooperation during the twice-yearly meetings of the European Council, at which the 12 EC heads of government meet.

The meetings of the foreign ministers are prepared for by the EC Political Committee, comprising senior officials from the 12 foreign ministries, who meet monthly to prepare specific issues for ministerial discussion. The Political Committee also meets in New York in September at the opening of the UN General Assembly.

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RELATIONS WITH EUROPE

The success of the European Community has encouraged other countries to seek membership. Turkey and Austria have applied, but the EC has indicated that it will put off consideration of new applications until after the completion of the single market. In addition, the EC has association agreements with Yugoslavia, Turkey, and Cyprus. EC leaders expect to negotiate association agreements with a number of East European countries in response to recent developments there.

Recently, the EC has developed closer ties with the EFTA countries, which already have many of the same

industrial and technical standards that apply in the Community. The two groups have agreed to negotiate a closer relationship, to be known as the European Economic Space. This may involve EFTA agreement to implement many EC directives while the EC would give EFTA a role in the development of future rules.

Although EC countries have long-standing political and economic ties with the countries of Eastern Europe, the EC itself only recently has established diplomatic relations with most states of central and Eastern Europe. In 1988, the EC and the Council of Mutual Economic Assistance (CEMA), an economic organ-

ization of communist countries, agreed to recognize each other. Trade agreements have been signed with Hungary, Poland, Czechoslovakia, Romania, Bulgaria, and the Soviet Union.

In July 1989, the EC Commission was designated by the seven economic summit partners to play a coordinating role for Western assistance to Poland and Hungary. Since then, major political and economic reforms taking place throughout Eastern Europe have caused a reevaluation of the Community's relationship to that region. The EC has been a major contributor of assistance to the region and has eased access to its markets for these countries. A European Bank for Reconstruction and Development has been established to assist economy recovery and reform in Eastern Europe. Trade and investment flows between the EC and Eastern Europe are expected to increase as market forces play a greater role in East European economies. The United States has worked with the European Community in mobilizing economic and financial support for the reforming nations in Eastern and central Europe.

THIRD WORLD RELATIONS

Improving relations with the Third World long has been a high priority for the Community. In addition to its desire to contribute to the economic and social advancement of less developed countries, the Community seeks reliable supplies of primary products and markets for its exports. The Community has become one of the major providers of Third World assistance with programs such as food aid, rural development, and refugee relief. In 1987, aid disbursements were \$1.9 billion, but EC aid commitments have been substantially higher in 1988 and 1989. The EC program is separate from assistance programs provided by the member states.

The Community's most notable accomplishment has been the Lome Convention, a framework for development cooperation with 68 African, Caribbean, and Pacific (ACP) countries. Signed in 1975 and renewed in 1979, 1985, and 1989 for a 10-year period beginning in 1990, the agreement provides aid for development projects, free access to EC markets for almost all manufactured imports from ACP countries, and incentives to promote European invest-

ment in the developing states. The most recent agreement (Lome IV) puts greater emphasis on market-oriented economic reform in recipient countries and on human rights. About 65% of EC aid goes to the ACP states. Since 1978, 40% of ACP exports have gone to the Community, which imports about 10% of its raw materials from the Lome signatories.

One innovative aspect of the Lome Convention is the Stabex system. A kind of insurance policy against poor trade years, Stabex (export receipts stabilization system) provides currency transfers to countries heavily dependent on a small number of commodities for export earnings in years when export receipts drop significantly because of poor harvests or low world prices. Lome IV is designed to encourage diversification to other crops. The Lome Convention provides a similar scheme, Sysmin, to cover mineral export earning losses.

US-EC RELATIONS

The United States has supported and welcomes European efforts to achieve economic and political integration. As Europe moves toward its goal of a common internal market, and as its institutions for political cooperation evolve, the link between the United States and the EC will become even more important. The United States wants this transatlantic cooperation to keep pace with European integration and institutional reform.

The United States and the Community have a continuing dialogue on all political and economic issues of mutual interest, and they engage in direct negotiations on trade issues. The US Government is following the progress of the EC's single market program and is working with the European public and private sectors to ensure that American interests are not discriminated against in post-1992 Europe. The United States seeks a European Community open to cooperation with others.

The US Government consults with the Commission regularly throughout the year, often at the Cabinet level. In the past there have been annual US-EC meetings in Brussels on a ministerial level, but there are plans to hold these meetings twice a year beginning in 1990. On February 27, 1990, President Bush and Irish Prime Minister Haughey, representing the Community, agreed to

biannual US-EC summit meetings and to biannual meetings between the US Secretary of State and the 12 EC foreign ministers. The United States also is enhancing its relationship with the European political cooperation process.

Delegations from the US House of Representatives and the European Parliament also meet twice a year. Close relationships are further maintained through the US Mission to the European Communities, headed by an ambassador in Brussels, and through the Delegation of the European Communities in Washington, D.C., headed by the EC ambassador.

DIPLOMATIC REPRESENTATION

The US Mission to the EC is directed by Ambassador Thomas M.T. Niles and is located at 40 Boulevard du Regent, B-1000, in Brussels, Belgium; Tel. 32-2-513-4450; Telex 846-21336. The EC Delegation to the United States, headed by Ambassador Andreas Van Agt, and its Information Services Office are at 2100 M Street, NW, 7th floor, Washington, D.C. 20037; Tel. 202-862-9500. The EC Information Services in New York City is at One Dag Hammarskjold Plaza, 245 East 47th Street, New York, NY 10017; Tel. 212-371-3804. ■

1 This action has never been taken.

2 EC member states have the following votes in the Council: West Germany (10), France (10), Italy (10), United Kingdom (10), Spain (8), Belgium (5), Greece (5), Netherlands (5), Portugal (5), Denmark (3), Ireland (3), and Luxembourg (2). Total=76. Qualified majority=54; blocking minority=23.

3 The "snake" was a set of upper and lower limits of currency exchange rates; the central banks of the participating European countries pledged to intervene in the currency market to keep the value of their currencies within fixed limits.

4 The ECU value against the US dollar was \$1.21 at the end of March 1990. During 1989, the average ECU value against the US dollar was \$1.10.

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RECOMMENDED DEPARTURE STATEMENT

I was delighted to have the opportunity to meet with my friends Jacques Santer and Jacques Delors. As part of our mutual efforts to deepen the US-EC relationship, we have continued our ongoing discussions on a number of important issues.

Today, we discussed the situation in the Middle East, ^(in Eastern Europe and the Soviet Union as well as the Uruguay Round) We value the excellent support we have received from our European friends and allies ^{in the Gulf crisis, and we} ~~and~~ continue to work with them on what we must do to help create a stable environment to promote peace and prosperity in that region. Additionally, we discussed the situation in Yugoslavia, which greatly concerns all of us. We agreed to continue to encourage the people of Yugoslavia to work out their differences peacefully and through democratic dialogue. We reviewed recent events in the ^{Baltics, the} Soviet Union and Eastern and Central Europe.

We had a broad and useful discussion of our views of Europe after the Paris CSCE Summit. Of particular interest to us are the EC's plans for greater political and economic union. I reiterated our support for European integration, and our shared interest in the development of a European security identity which strengthens both European security and the transatlantic relationship. We reaffirmed our mutual commitment to

continuing transatlantic cooperation on issues involving our mutual security, foreign policy and economic interests. Finally, we reviewed progress on the Uruguay Round. We expressed our commitment to work together in the coming months to make ~~steady~~^{rapid} progress on these crucial negotiations.

say more re open trading system