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The Hague 11/9/91 [OA 7564] [1]

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THE PRESIDENT'S SPEECH IN THE HAGUE, 9 NOVEMBER 1991

Objective:

On the occasion of twin NATO and US-EC summit meetings, the President's speech should promote Euro-Atlantic unity, EC-NATO complementarity and cooperative efforts to help the transformations in the East and other international problems.

Key points to be included:

-- NATO is not a transitory Alliance but one based on shared values and strategic interests that go beyond the Soviet threat.

-- US has learned the importance of the closest possible transatlantic ties from two world wars and a cold war. When US pulled back and transatlantic relations weakened, the results were disastrous. Must keep those ties vital and vibrant.

-- NATO is a partnership, it is a cornerstone for stability in Europe.

-- US supports and applauds EC integration. We see this process creating a more cohesive and effective partner. Rome was a success, now Maastricht (EC summit) must be.

-- But need to work preserve what works and what is of value in existing relations particularly NATO. Must work so that any evolving european security identity is complementary with Alliance.

-- On US-EC relations, cite growing global cooperation, eg aid to EE, SU, cooperation in ME peace process, support for EC in Yugoslavia. Also cite Uruguay Round and need to find solution this year as pledged at London summit, solution will show that US and EC can resolve differences even on domestically tough issue and can manage natural trade competition by working to assure that competition is free and fair.

Other ideas:

-- Western Europe, the United States and Canada have and are overcoming their historic rivalries and built a close nit community of nations. Relations among our nations are special; they have evolved beyond the ways states traditionally deal with each other. More than a contractual arrangement defining rights and obligations of the parties, we work together on the basis of trust, responsibility-sharing, and good faith efforts to manage the natural differences that arise. The benefits have been substantial.

-- NATO and the EC reflect and in many ways embody this special relationship. With shared values and overlapping memberships, they are interdependent rather than competitive; each requires the other's success to reach its full potential. NATO and the EC stand out as institutions in which nations have transcended their historic animosities for the common good. They, thus stand as shining examples to the East threatened by a return to earlier phases of ethnic and nationalist strife, even as the struggle for freedom and democracy goes on.

-- We in the West face today tasks as great as those during the Cold War -- helping to assure that the dramatic changes in the East succeed. Our strengths go far beyond the money we can offer to drawing upon the pattern of democracy, free market economy, and close multinational cooperation. Simultaneously, we must work to preserve and reinforce our Euro-atlantic community. That's what the NATO allies were doing in Rome, that's what I have been doing here in meetings with the EC leadership and that is what the European Community will be doing.

In this context:

-- We must all aim for synergy, not separation. NATO, the EC, and CSCE should interact productively, not work in mutual isolation or compete.

-- The core democratic and market values that define our community are inclusive, regionally and globally. In Europe, our "house" can expand (via NATO liaison, EC association or trade/cooperation agreements, and CSCE) to welcome and support the East. We must assure the realization of a Europe whole and free. Globally, our community increasingly includes Japan and other non-Western democracies. We must reinforce those ties and our cooperation to meet the needs of others.

Very Rough Outline prepared earlier which may provide some useful ideas:

A EURO-ATLANTIC COMMUNITY:
TRANSCENDING HISTORY

1. SCENE-SETTER. Two radical transformations in Europe. Since I was here two years ago the radical changes in central and eastern Europe have deepened and spread to the Soviet Union itself. We have set out a vision of Europe whole and free and a Euro-atlantic community at peace from Vancouver to Vladisvostok. I realize that many thought these visions unrealistic, that Europe has never been either entirely whole, nor fully free. But today many of the obstacles to this vision are removed. The peoples of the East are struggling for democracy, fir well being and to recover their sense of identity and in a sense of their history.

We all welcome these changes and our attention has been riveted to them, but we cannot forget the dramatic changes that have already and are taking place in the West. Our nations have been overcoming our histories of war and mistrust and finding ways to cooperate in which we do not loose our sense of identity.

-- NATO, past and just concluded summit

-- EC, EPU, EMU including ESI, Single Market, Relations with EFTA

In the West, integration is inaugurating a new era of cooperation. Protracted but constructive process inspires optimism, offers positive model for recovery in the East. This example stands in sharp contrast with the dangers of "reviving" old history of mutually suspicious states and conflict (as the President noted in his UN speech) in the East, whereas Western process is transcending that history. Beacon of Western integration already reinforcing integrative forces in Central Europe and can do so elsewhere in the East. In the USSR, Marxism-Leninism is dead, but the future is unclear. Democratic and market reformers are making headway, but face daunting challenges as regional/ethnic conflicts resurface, interrepublic cooperation breaks down, authoritarians hold out, cold/hungry winter looms, southern regions vulnerable to militant fundamentalism. Destructive potential is of deep concern; must find peaceful ways to realize yearnings for freedom and national expression.

Thus, we face today tasks as daunting as those during the Cold War -- to help the transformations in the East succeed and to reinforce our own cooperation, integration and partnership in the process.

2. TRANSATLANTIC TIES. The US is and will remain engaged in Europe politically, economically, and militarily, but this misses

the more fundamental point that both Europe and the US belong to something greater: a Euro-Atlantic community of like-minded peoples, nations, and multinational institutions. While no community is free of tensions, particularly in times of change when our interests may conflict, we gain reassurance and strength through collective action. As we celebrate and nurture our mutual bonds, must reach out to bring in eastern relatives.

-- Collaboration. We sometimes differ, but have developed habit and flexible mechanisms for resolution. Each of us does not bear identical burdens on every issue, but we achieve balance in the aggregate over time. We need each other, are interdependent; Rome was a success, now Maastricht must be. As the EC develops, we and the world will expect more from it; global leadership carries increased responsibilities.

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-- Success requires hard work. Must strengthen Euro-Atlantic community, support Western integrative process. Aid promising unifying efforts among Central Europeans, show others in the East that states have a better way to define their identities than in bitter contrast with their neighbors.

3. CALL TO ACTION. The problems of the East and elsewhere are going to reach us. We cannot hide. We cannot assume that our prosperity and freedom will be easily preserved if democracy fails in the East and if we encounter dictatorial reaction or return to the nationalist strife of the past. We must:

-- Strengthen Euro-Atlantic institutions and cooperation. Adapt NATO and the EC to the needs of the new Europe and harmonize our plans and efforts.

-- Integrate Eastern Europe and Soviet Union. Promote peaceful resolutions of regional/ethnic conflicts (applaud EC efforts in Yugoslavia). Encourage regional cooperation. Refuse to permit a "silver curtain" (Vaclav Havel's phrase) to redivide Europe into rich and poor. Act on the reality that free trade can do more than aid, and stress US five principles in coordinating aid and relations with Eastern Europe, Moscow, and the Soviet republics. For all these purposes, use CSCE, NATO liaison, EC agreements in harmony; also use party ties, private sector, etc.

-- Share responsibilities globally.

-- Successfully conclude Uruguay Round this year. Stress fairness, openness, commitment to lead the world toward trade liberalization. EC and NAFTA are good, but need a strong GATT to prevent rival trade blocs and to show that the EC and the US can overcome differences, even when politically tough, for the benefit of all and on basis of free and fair competition.

7, 8

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no
stay
w/pt
general
point

- Secure Middle East peace. EC supporting role is essential ✓
to US initiative.
- Strengthen European and World Security. Promote arms control and nonproliferation. Ratify CFE and START, build upon Gorbachev's and my nuclear arms initiatives, make next year's post-Helsinki security forum a success.
- Overcome myriad challenges. Aid LDCs, promote human rights, combat narcotics/terrorism, etc.

4. The democratic values and market principles that define our community are universal. Our deepening cooperation with Japan in the G-7 reflects this. We empathize with those who share these values and will respond collectively to extend our family eastward through Eurasia and southward to Africa and Latin America.

5. Conclusion. We do not want to see an old, divisive and strife-filled page in Europe's history emerge in the years ahead. We want to write a new page which transcends that history. The Great Seal of the United States carries the motto "a new order begins today" (verify). The United States has often thought of itself as the new world as contrasted with the Europe -- the old world. We have this century repeatedly been drawn back to the old world because of the dangers we saw in Europe. But in the process, we too have gotten beyond defining our history in contrast with the "old world". Now we can both build a new world with the peoples of the East, moving forward together.

There is much in the Leiden speech that could be repeated in The Hague. I'd suggest, however, two references: one early on, and the other close to the end.

In the initial "scene-setter" section, the President could refer to how much has changed since he last spoke in the Netherlands more than two years ago. This could introduce the first tic on the processes now underway in the USSR.

Alternatively, and more substantively, when the President points to an evolving NATO and a deepening EC in the second tic of the scene-setter section, he could remind listeners of his earlier thoughts about shared values and longstanding US support for EC integration. The relevant passages in the Leiden speech include:

"Our alliance, the NATO Alliance, connects two continents -- unites a hemisphere. But what what connects us isn't merely a fact of geography. Ours is an alliance forged on common values -- rooted in a shared history and heritage; its a common kinship and culture, as well." (Page 2)

"Let me say clearly, a stronger Europe, a more united Europe is good for my country; it's good for the United States of America. And it's a development we welcome -- a natural evolution within our Alliance -- the product of true partnership 40 years in the making." (Page 2)

Around the world, countries are now recognizing that no nation, no nation can prosper in economic isolation. And that's why we look forward to the single European market and a more integrated European Community." (Page 3)

~~_____~~ When the President speaks about our democratic and market principles becoming universal, he could again harken back to his Leiden remarks:

"The new world we seek is a commonwealth of free nations working in concert -- a world where more and more nations enter a widening circle of freedom." (Page 4)

DMcG

THE WHITE HOUSE
WASHINGTON

November 5, 1991

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVE DEMAREST *DD*
TONY SNOW *TS*

FROM: DAN MCGROARTY *DMcG*

SUBJECT: PROPOSED REMARKS TO THE EUROPEAN COMMUNITY AT THE
RIDDERZALL, THE HAGUE

I. SUMMARY

On Saturday, November 9 at 12:30 p.m. you will deliver remarks in an address to the European Community in the Ridderzaal at the Hague.

II. DISCUSSION

Your remarks (approximately 15 minutes/ cards) stress the importance of European unity and the continuing role of NATO. Your remarks set out three challenges facing America and Europe: assisting new democracies of emerging Europe, encouraging democratic reform in the Soviet Union, and working for freer world trade in the Uruguay Round.

McGroarty/Bunton
November 5, 1991
6:30 pm
[HAGUE]

PRESIDENTIAL REMARKS: THE RIDDERZAAL
THE HAGUE, THE NETHERLANDS
NOVEMBER 9, 1991
12:30 P.M.

Prime Minister Lubbers, [distinguished representatives of the Dutch Government and the E.C.]: it is my pleasure to meet with you at the conclusion of this, the first U.S.-EC summit on European soil. //

I made my first visit to the Hague more than two years ago - - on the eve of the Revolution of '89. At that moment, East and West stood locked in conflict -- the armed and uneasy peace we called the Cold War. And yet, even then, in the captive nations of Eastern Europe, the world felt the first stirrings of change.

In the stone church at Leiden, I spoke of the new spirit alive on this continent -- of the new world within our reach. Today, as we meet in this historic Hall of Knights, Europe stands transformed. A new world stretches out before us -- a world alive with the promise of freedom. //

Just two years ago today, the Revolution swept away that stark and searing symbol of Europe's division -- and the Wall came crashing down. / But history allows little time for celebration. With change comes new challenges: new challenges for old allies -- who must chart a common course in the peace that follows the Cold War. New challenges for old adversaries: here in Europe, making certain the nations of the East can look

to their Western neighbors for help in securing their hard-won freedoms.

In coping with a changing future, we must not repeat the errors of the past. / On my side of the Atlantic, some greeted the end of the Cold War with a chorus of "Come Home, America." For them, the collapse of communism meant America's work in Europe was done. Nothing could be more short-sighted -- for Europe, for America, and for the world. //

We must heed the hard-won lessons of this century if we are to seize new opportunities in the next. We should give future historians no reason to see in 1991 a repeat of 1919: an age of naive isolationism -- with the world's great democracies divided and distracted, rivals in a headlong rush to disarm, oblivious to unexpected dangers. This first age of naivete made possible the horrors of Hitler -- and the protracted terror of the Cold War. For one brief dalliance with delusion, the world paid dearly: Millions died in horrible wars. Innocent generations lost the dream of freedom.

The question we face today is not so different than the one our ancestors faced in 1919: we knew how to wage the Cold War. But do we know how to wage the peace? / Those who argue that the collapse of communism makes NATO obsolete are mistaken. NATO's mission is more than simply military. NATO was from the first and remains today an alliance of free nations -- of fellow democracies -- of countries bound by the long sweep of history and shared heritage. //

Today, as we have been for half a century, Europe and America are partners in peace. Today, we are also partners in prosperity -- with strong trade ties that enrich our peoples, create new economic opportunities and fuel growth. // NATO is and must remain an expression of our common commitment to a free and prosperous future.

There is no question that NATO will change. In Rome, we ratified changes in the way the Alliance will provide for the common defense, the way we will deal with our former adversaries -- and even the way we will deal with each other. Our new strategic doctrine will ensure that every ally is secure from any threat -- security made credible by highly mobile, multi-national forces, greatly reduced in size but unmatched in human and technological quality. / Our new liaison program for Europe's youngest democracies -- Poland, Hungary, Czechoslovakia and others -- will help them transform their military apparatus from a weapon of the state to the guardian of free people. / Finally, the Alliances' endorsement of a European defense identity -- the long-sought "European Pillar" -- will give the new Europe more responsibility in the protection of our vital interests, our cherished ideals and the rule of law. //

Just as NATO adapts to new realities, so must my country and the nations of this continent forge a new partnership. //

Think back four decades ago, to the days of the Berlin Blockade and the Marshall Plan. Nearly all of Europe stood in ruins -- half its people locked in chains. / Today Western

*More than 300 million people
close to one fifth of ...*

Europe stands as a model for what democracy, the free market and cooperation can deliver. ^{16%} Nearly ^{roughly 344} 400 million people, a full [one-fifth] of the world's economic output, nations that rank among the world's most advanced and best educated. //

A generation of post-war prosperity has prepared Europe for larger responsibilities. / We are now witnessing the new Europe in action: working with us to help the citizens of Central and Eastern Europe transform their systems, their societies and their lives; in Madrid, where the European Community -- under strong Dutch leadership -- stands with us as a partner in the quest for peace in the Middle East. We see the new Europe at work closer to home, striving against strong odds to end war in Yugoslavia.

We welcome the emergence of the new Europe, in the European Community's march toward a single market and political union, in the revival of the Western European Union, in the EC's new accord with the European Free Trade Association -- in the Summit that brings us together today. // We see the growing unity of Europe as a natural evolution toward our common aim: a commonwealth of free nations, working in concert; a new world where more and more nations enter a widening circle of freedom. //

In the months and years ahead, this commonwealth will be called upon to be patient and steady -- at once, resolute and ready to act. //

First, we must write the final chapter of the Cold War conflict: We must help the nations of the East secure the freedoms they have won. In Central and Eastern Europe, the

euphoria of 1989 has worn away. Each country struggles to build a functioning free market on the ruins of the socialist system - - to rekindle a saving sense of trust essential to democratic society. These nations need our help -- access to Western markets, financial and technical assistance to ease their transition. For forty long years, the captive nations of the East looked West for a sign of hope. It is time now to say to these new democracies -- we will help you. You will succeed. //

Yet, while the urgent work of democracy-building and market reform moves forward, some see in freedom's triumph a bitter harvest. In this view, the collapse of communism has thrown open a Pandora's Box of ancient ethnic hatreds, resentment and revenge. Some fear democracy's new freedoms will be used not to build new trust, but to settle old scores.

All of Europe has awakened to the dangers of an old enemy: a nationalism animated by hatred and unmoved by nobler ends. / No one need fear healthy national pride: the distinctive and defining traditions -- the living history that gives peoples and nations a sense of identity, principle and purpose. But we must guard against nationalism of a more sinister sort: one that feeds on stale prejudices, that pits nation against nation and citizens against citizen -- one that teaches people to regard their neighbors as implacable threats to all they hold dear. There can be no place for these old animosities in the new Europe. //

The answer lies not in suppressing the dark impulses that destroy nations but in surmounting them -- cultivating a spirit of democratic tolerance and peaceful change, a concept of majority rule that respects minority rights. / Democracy and freedom are not the causes of strife in Eastern Europe and the Soviet Union. Western Europe stands as proof that in the space of little more than one generation, the spirit of democracy can transcend centuries of rivalry, war and nationalist strife. //

We see in Yugoslavia how the proud name of nationalism can splinter a country into bloody civil war. America supports the efforts of the European Community to bring that conflict to an end. We urge all parties to stop the violence -- to seek through peaceful means an immediate end to the anguish. //

Second, we must seize the opportunities farther East -- to support democratic reform in the Soviet Union and its Republics. // The failed August coup stiffened the resolve of reformers to institute democratic change and introduce true free market reforms. We in the West must answer by offering humanitarian aid, opening our markets to goods from every Republic, encouraging investment, offering economic advice and expertise. //

I believe the peoples everywhere in that vast land want change. But no shortcut can spare them suffering and hardship as they dig out from under seventy years of misrule. A harsh winter, hard times, lie ahead -- and desperate times breed demagogues. / America and Europe share an interest in the

success of Soviet reform. Together, we must act together to support the forces of liberty, democracy and free enterprise in that troubled region. //

Finally, we must guard against the danger that old Cold War allies will become new economic adversaries. There are signs on both sides of the Atlantic that this could happen. Voices on both sides peddle protectionism as the path to prosperity.

That way lies economic ruin -- a prescription for international economic disaster. // As President, part of my responsibility to the American people is ensuring economic growth and opportunity. In a global economy, that means fighting for free and fair trade.

In North America, as in Europe, great progress has been made driving down trade barriers. But that progress will mean little if the world aligns itself into warring trade blocs. // The principle of free trade faces a critical test in the Uruguay Round. A positive outcome -- one that reaffirms and extends the GATT system -- will prove that the U.S. and the European Community can resolve their differences in favor of free and open trade. //

Helping the emerging democracies of Eastern Europe; supporting democratic reform in the Soviet Union and its Republics; pushing forward for freer world trade -- each challenge we face constitutes a test. Each holds open an opportunity to give real meaning to strengthen the bonds that

link us across the Atlantic -- to open our commonwealth of free nations to all who love liberty and seek peace. //

Thank you. / May God bless The Netherlands and all the free peoples of Europe.

#



F A X C O V E R S H E E T

DATE: November 1, 1991

PAGE 1 of 4

TO: Jeannie Bunton

OFFICE: White House - Communications

PHONE No: _____ FAX No. 456-6218

FROM: EUR/RPE - MARTIN MURPHY

Room 6519

PHONE No. 647-1708 FAX No. 647-9959

SUBJECT: _____
EC Statistics

You might want to give Kimberly Evans at Treasury a ring. She may have some more figures on EC GNP growth, inflation, etc. She's at 566-5222.

European Community Integration, 1951-1990

- ▶ **April 18, 1951.** Belgium, France, Italy, Luxembourg, the Netherlands, and West Germany signed the treaty in Paris establishing the European Coal and Steel Community (ECSC), effective July 1, 1952.
- ▶ **March 25, 1957.** Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands ("the Six") sign the Treaty of Rome, creating the European Economic Community (EEC).
- ▶ **January 14, 1963.** French President Charles de Gaulle vetoed British membership in the EEC.
- ▶ **July 1, 1966.** The Executive Institutions and Councils of Ministers of the EEC, ECSC, and EURATOM merged to form a single Commission of the European Communities (EC) and Council of Ministers, implementing a treaty authorizing this merger April 8, 1965.
- ▶ **January 1, 1973.** The United Kingdom, Denmark, and Ireland formally joined the EC, thus creating the EC "Nine."
- ▶ **March 13, 1979.** The European Council established the European Monetary System (EMS) consisting of four main components: a European currency unit (ECU), an exchange and information mechanism, credit facilities, and transfer arrangements. The United Kingdom, and later Greece in 1981, declined to participate.
- ▶ **June 7 and 10, 1979.** EC countries held elections to the European Parliament for the first time.
- ▶ **January 1, 1981.** Greece joined the EC, becoming the 10th member country.
- ▶ **June 19, 1983.** The European Council signed the Solemn Declaration of Stuttgart which stated that the EC would seek European Union, i.e., more complete economic and political integration.
- ▶ **June 14, 1985.** The White Paper by EC Commissioner Cockfield called for the completion of the internal market by January 1, 1993 and set forth a schedule for the adoption of directives and regulations to result in a free movement of goods, people, and capital within the EC by the end of 1992.
- ▶ **December 2-4, 1985.** The EC leaders agreed at a meeting in Luxembourg to amend for the first time the 1957 Treaty of Rome in order to hasten the removal of trade barriers among their nations.
- ▶ **January 1, 1986.** Spain and Portugal were admitted as the 11th and 12th members of the EC.
- ▶ **June 29, 1987.** The Single European Act entered into force. Signed February 17 and 28, 1986, in Luxembourg and The Hague, respectively, it called for the completion of the internal market by January 1, 1993. It increased the number of decisions that could be made by weighted majority rather than unanimity and increased the power of the European Parliament to amend directives and regulations. It also formalized European Political Cooperation (EPC).
- ▶ **March 29, 1988.** Paolo Cecchini, EC Deputy Director-General for Internal Market and Industrial Affairs, published a report estimating that the creation of a united internal market would yield economic gains for the EC of about \$200 billion in 5 to 7 years, create about 2 million jobs, and cause consumer prices to decline by about 6%. The optimistic assessments in this report led to more rapid implementation of internal legislation leading to a single market.
- ▶ **April 11-12, 1989.** At a meeting in Basel, a committee of representatives of EC finance ministries and central banks chaired by EC Commission President Jacques Delors, unanimously approved a report detailing three stages leading to European Economic and Monetary Union (EMU) and proposed the first stage to commence on July 1, 1990.
- ▶ **February 27, 1990.** President George Bush and the President of the European Council, Charles J. Haughey, announced in their joint statement that meetings between the two presidents and among the foreign ministers would be held regularly. They underscored that these arrangements were "important first steps in an evolving process towards a new framework for enhanced political and economic ties between the EC and the U.S." ■

Office of the Historian

Fact Sheet: European Community

The European Community (EC) was established in 1957 by the Treaty of Rome. Currently there are 12 members: Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, and UK.

The EC's primary goal is increased economic and political integration among its members. A major step toward that goal is the creation of a single, integrated market by the end of 1992. In December 1990, the EC also decided to begin the process of seeking economic-monetary and political union.

EC Institutions and Presidency

Major EC institutions are the EC Commission, the Council of Ministers, the European Parliament, and the Court of Justice. The Commission, made up of 17 members appointed by common agreement of the 12 governments, has primary responsibility for initiating and implementing EC policy in areas that fall under EC treaties (for example, the internal market, external trade, and agricultural policy). The Council of Ministers, representing the member states, occupies the preeminent position in the current institutional power balance and decides on the Commission's proposals. The Parliament, the only EC institution that directly represents European citizens, has significant power over budgetary matters and can amend or reject certain legislation approved by the Council. The Court, which has a role similar to that of the US Supreme Court, is the final authority on the interpretation of EC laws.

Every January and July, the presidency of the Council of Ministers rotates. The presidency country presides at all meetings of the 12 member states and serves as spokesman in dealing with third countries on inter-governmental matters, including efforts to coordinate the foreign policies of the member states. This

foreign policy coordination process, known as European Political Cooperation, is one of seeking consensus for joint action by the 12 members on international political issues, such as the Gulf crisis and refugee aid, the Middle East peace process, South Africa, Central America, and the Conference on Security and Cooperation in Europe.

The EC has taken increasing responsibility in areas such as environmental and narcotics policy, formerly reserved to individual members. Since mid-1989, the EC has played a key coordinating role for Western assistance to Central and Eastern Europe.

European Integration

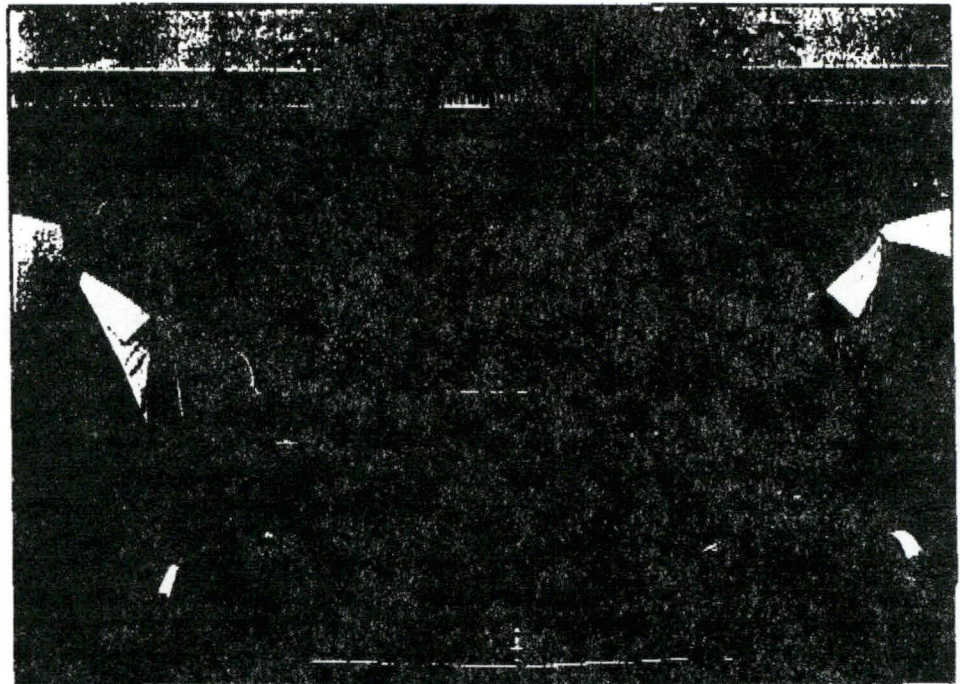
In December 1990, the EC convened two intergovernmental conferences to discuss deeper integration, in part via revisions to the Treaty of Rome. The EC is expected to establish a single European Central Bank and a single

currency by the end of the decade, although all 12 member countries may not enter the new arrangements at once. Proposals under debate for greater political integration include a common foreign and security policy, extension of majority voting to political as well as trade issues, and greater powers for the European Parliament.

EC Economy

As a result of German unification on October 8, 1990, the population of the EC is now roughly 344 million. In 1989, the EC had a population of 326 million, a gross national product of \$4.8 trillion (almost that of the US), and an average per capita GNP of \$14,850.

The EC is the world's largest trading entity. Its total foreign trade in 1989 was \$962 billion, which is about 16% of world commerce. An important aspect of the EC's economy is its Common Agricultural Policy (CAP), a complicated system of price supports, subsidies, and protection that consumes almost two-thirds of the EC budget. The Community is more than self-sufficient in many agricultural commodities.



President Bush consults frequently with leaders of the European Community, such as EC Commission President Jacques Delors, on a variety of issues. (White House photo)

US-EC Relations

The United States has an important economic relationship with the EC and growing ties in other areas. The European Community is the United States' largest trading partner. Total US-EC trade was \$172 billion in 1989 and \$190 billion in 1990. In 1990, US imports from the EC represented 19% of total imports. US exports to the EC were 25% of total exports.

In 1990, the US trade surplus with the European Community rose to \$6 billion, up from almost \$1.5 billion in 1989 (the first trade surplus year since 1982). The United States and the Community are each other's most significant source of direct investment. By the end of 1989, the Community had \$235 billion invested in the United States, and the United States had about \$150 billion in the EC.

The United States supports the EC's plan to develop an integrated market by the end of 1992. It is in the interest of the EC and the United States that the program be implemented in an open fashion without new trade barriers. The United States holds regular meetings with the Community to discuss various aspects of the 1992 program and to resolve trade differences, many concerning agriculture. In its negotiations with the Community on trade and investment issues, the US Government works to ensure that American interests are not discriminated against in post-1992 Europe. The global reform of agricultural policies, including the CAP, remains an important US objective and a major task of the current round of multilateral trade negotiations. The United States cooperates with the EC to mobilize economic and financial support for Central and Central and Eastern Europe.

The United States has long discussed foreign and trade policy issues on an ad hoc basis with the Commission, through the EC presidency country, the EC troika (the current presidency country and its immediate predecessor and successor), meetings with the EC-12, and with the EC Commission. These arrangements were formalized by the US-EC Declaration of November 23, 1990. As agreed in the declaration, the US president meets twice annually with the head of state or government of the presidency country and the president of the EC Commission. The secretary of state meets twice annually with the EC foreign ministers and in practice several more times with the presidency or troika foreign ministers. The secretary also meets twice annually, along with some cabinet colleagues, with the EC Commission. Discussions include a broad range of issues: bolstering international peace and security in areas such as the Gulf, the Middle East, and Central America; the Uruguay Round and other international trade issues; supporting the emerging democracies of Eastern and Central Europe; and science and technology.

The EC cooperated closely with the United States during the Persian Gulf crisis. The EC and its member states swiftly condemned the Iraqi invasion of Kuwait and imposed sweeping economic sanctions on Iraq, including an embargo on trade and a freeze on Iraqi assets. The EC and its member states provided generous financial support to the frontline states. EC members

consistently supported the various UN Security Council Resolutions on the Gulf crisis. The Community has moved actively to relieve the plight of Kurdish and other refugees. Its members are providing some \$180 million in refugee aid, and several have sent military units to protect the refugees and deliver the aid on the ground.

Relations With Other Countries

EC countries have long-standing political and economic ties with the countries of Central and Eastern Europe. However, the EC established diplomatic relations with most East European governments only in 1988. It provides significant economic assistance to the emerging East European democracies and has eased access to its markets for them. A European Bank for Reconstruction and Development (in which the United States is an active member) has been established to assist economic recovery and reform in Central and Eastern Europe. The EC and the six-country European Free Trade Association plus Liechtenstein agreed to negotiate a closer relationship, to be known as the European Economic Area.

The Community has placed priority on improving relations. The Lome Convention, a framework for EC development cooperation with 68 African, Caribbean, and Pacific countries, was established in 1975. In 1990, a new 10-year agreement was signed to provide aid to development projects, free access to EC markets for almost all manufactured imports from those countries, and incentives to promote European investment in developing countries. ■

FAX COVER SHEET

Number of Pages: 4
 (Excluding Cover Sheet)

Date Sent: 11/1/91
 Time Sent: 5 pm

TO: Name/Organization	Tel. #	Fax Tel. #
1. <u>Jeanie Bunton</u> <u>White House</u>	_____	<u>456-6218</u>
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____

FROM: K. Cabral (202) 647-6078 (202) 647-6540
~~EEA~~, Room 3425
 Department of State
 Washington, DC 20520

Instructions/Remarks:

Where we are in the Uruguay Panel.
 Please feel free to call if you have
 questions. 2 papers - short & long version.

Kathryn Cabral
 647-6078

Bill Craft
 647-8202

URUGUAY ROUND

- o Negotiations in Geneva since October have intensified in an effort to facilitate Director General Dunkel's efforts to provide the basis for a substantive and comprehensive result to the Round.
- o All parties must demonstrate flexibility now in order to seize this opportunity to reach agreement on key issues.
 - U.S. negotiators have been actively participating in negotiations to facilitate the efforts of Director General Dunkel to produce an overall framework for the successful conclusion to the Round.
- o The U.S. was pleased by the decision in October of the German Cabinet to support a more liberal position in agriculture, and by subsequent positive indications of flexibility by the EC.
 - In Agriculture, work is continuing at the political and technical levels. Dunkel is expected to provide a comprehensive paper on agriculture that includes the instruments that governments will use to make reductions commitments (e.g., tariffication without any exceptions) as well as the amount of the reduction commitments and the timeframe.
 - Negotiators are making progress in establishing disciplines for international services trade. The U.S. can not consider the talks successful, however, unless these disciplines are accompanied by commitments to liberalize services trade barriers. Negotiations to remove those barriers have only recently begun in earnest.
 - In Intellectual Property, intense negotiations keep the issue in flux. Quad cooperation has been key in advancing the negotiations. Whether any consensus reached within the Quad can be accepted in the overall negotiating group will be determined in part by how far the LDCs believe that other key areas, such as agriculture, are moving forward.
 - The market access package is key to building supportive constituencies. The U.S. has emphasized len zero for zero initiatives (pharmaceuticals, paper, wood, fish, beer, electronics, construction equipment, medical equipment, non-ferrous metals and steel) as key to building a big package on market access for goods. Serious negotiations between the U.S. and EC are underway.
 - In the Rules area, we are encouraged by recent progress on Balance of Payments and Investment Measures. Negotiations on dumping and subsidies have not shown similar progress.

CURRENT STATUS OF URUGUAY ROUND

- o On October 31, Director General Dunkel outlined the process that he is likely to follow over the next several weeks, unless agriculture discussions break down. He will convene a TNC on Wednesday, November 6, to present a detailed status report of the negotiations, including blockages and the movements required to complete the negotiations.
 - Dunkel will provide the TNC with a statement that outlines key remaining issues and he may, in some areas, outline his views on possible solutions.
 - Dunkel does not believe that there has been sufficient progress to date to enable him to table his comprehensive text. He will not fix a new deadline for presentation of his revision.
- o Dunkel focused on the importance of tariffication in the agriculture negotiations and said that it would result in bound tariffs across the board in agriculture. He suggested that the negotiations should result in bound tariffs in industrial items as well, or 100 percent bindings for all countries at the end of the Round.
- o Dunkel did suggest that the "extreme outside limit for initialing agreements," including the scheduling of all commitments (agriculture, services, goods) is the end of February, 1992.
- o Intensive negotiations are expected to resume in all areas on November 11, Progress to date is uneven at best.
- o Agriculture: Dunkel and experts held informal restricted sessions on October 31 during which Dunkel called for the outline of the entire agreement within the next 15 days. The discussion focused on implementing market access and export subsidy commitments.
 - Dunkel said that political decisions need to be made on the following issues: methodology for tariffication, methodology for reduction of tariffs and tariff equivalents, and the definition of export subsidies, including the role, if any, of domestic support programs and how these disciplines are to be applied to processed agricultural items, if at all.
 - Further progress was made in determining product coverage; dressed furs and skins and manufactured tobacco are still at issue. Japan made a political statement on the impossibility of accepting tariffication without any exemptions (i.e., rice). Dunkel rebuked the Japanese for making such statements at the technical meeting.

- 2 -

- o Services: Negotiators continue to slog through secondary issues and market access bilaterals, but the core areas remain unresolved. US-EC market access bilaterals resulted in very limited tangible progress.
 - o In Market Access for goods, serious negotiations between the U.S. and EC are underway. We continue to emphasize ten zero for zero initiatives as key to building a big package on market access.
 - o TRIPS: Intense negotiations keep the issue in flux. Quad cooperation has been key in advancing the negotiations. Whether any consensus reached within the Quad can be accepted in the overall negotiating group will be determined in part by how far the LDCs believe that other key areas, such as agriculture, are moving forward.
 - o TRIMS: In an effort to make greater progress, Chairman Maciel continues to hold private consultations with four countries (U.S., EC, India and Australia) but has not consulted a wider group. It is unclear when Maciel will provide another draft of his text for review. His October 23 text provides a clear prohibition on GATT inconsistent TRIMS. It does not, however, prohibit export requirements or include language we need to protect existing investors during the transition period.
 - o Subsidies: Maciel began a series of consultations on outstanding issues by meeting with US and EC negotiators to discuss the impasse over Article 8 of the proposed agreement (the "green" category which would essentially exempt certain kinds of subsidies from countervailing duty or GATT remedies). The U.S. suggested replacing the existing normative provisions with a de minimus rule that would allow countries to use whatever kind of subsidies they wished up to a certain quantitative threshold without risk of trade action. Maciel expressed interest in the proposal and the EC agreed to consider it. The US and EC have begun technical level discussions on how such a rule would be implemented.
- Other outstanding issues include treatment of developing countries. Korea introduced a proposal which would avoid the "categorization and non-uniform treatment of developing countries," an important issue for some of the wealthier developing countries. We are willing to work on the basis of the Korean proposal to the extent that its proponents will show flexibility on issues of concern to us.

- 3 -

- o Dumping: Basic issues remain unresolved. No further meetings of the drafting group were scheduled, pending some signs of "flexibility" developed through bilateral meetings or consultations with the Chair. It is unclear how the chairman will proceed in developing a text.

- o In Safeguards, almost all delegations reverted to pre-Brussels positions in discussions this week despite the significant compromises that had been made at Brussels in December, 1990. Attention is focused on the EC's alternative to selectivity -- quota modulation -- and, at U.S. insistence, the definition of grey-area measures.
 - The EC did not revert to its pre-Brussels insistence on selectivity. It did hint that there would be no safeguards agreement without quota modulation. This prompted opponents to respond that there would be no agreement if the EC continues to insist on quota modulation.

 - U.S. criticism that the definition of grey-area measures was overly broad fell largely on deaf ears, although Chairman Maciel did announce that he would attempt to redraft it. It is not clear what modifications to the text he might make, having eschewed all U.S. proposals to date.

- o On BOP, the U.S. has attained all of its secondary goals, but our two principal initiatives (strict time limits on BOP actions and recourse to effective dispute settlement) are up in the air. The language on time limits is better than the current GATT language but not all that we wanted. Newkirk is trying to get a linkage to GATT dispute settlement in the as yet undrafted preamble.
 - Maciel presented a draft discussion text based on an EC/India/Brazil proposal with U.S. additions to substantive obligations. Although some developing countries (Peru, Philippines, Egypt and Yugoslavia) were not prepared to accept the text, the EC privately expressed confidence that the text may be accepted following further consultations, which the EC, as drafter, will undertake. The Indian delegation has also mounted an active campaign to sell the text to other LDCs.

- o The Standards Group has completed its work! With the exception of coverage of state and local government technical regulations, an unbracketed text was delivered to the Rules Chairman.
 - Issues concerning the coverage of state and local government technical regulations include the level of obligation and a proposed requirement for notification. The U.S. has held discussions with like-minded countries to consider possible solutions.

NOV 9 1989

East Germany Opens Borders, Including Berlin Wall; Government Resigns, Politburo Purged Amid Protests

Facts On File
World News Digest with Index
© 1989 by Facts On File, Inc.
Volume 49, No. 2555
November 10, 1989

Refugees Flood West Germany. East Germany Nov. 9 announced a relaxation of restrictions on the travel and emigration of its citizens to the West. The action virtually opened the country's borders, including the Berlin Wall. [See p. 785E3]

The announcement climaxed a week of monumental developments. During the period Nov. 2-8, East German leader Egon Krenz visited Moscow and Warsaw, more than half a million people staged a pro-democracy protest in East Berlin, as many as 50,000 East Germans fled to West Germany through Czechoslovakia, the East German government resigned, the Politburo of the ruling Socialist Unity (Communist) Party was purged, a reformist was named premier and the regime suggested a willingness to hold free elections.

Krenz, the successor to ousted hard-line leader Erich Honecker, exhibited surprising flexibility as he struggled with rising demands for change.

The West—trying to adapt to the dizzying pace of liberalization in the U.S.S.R., Poland and Hungary—was caught off guard by the developments in East Germany, once the embodiment of uncompromising orthodox communism.

Dancing on the Wall—The East German government Nov. 9 lifted the restrictions that had curbed legal travel and emigration to the West.

East Germans no longer required special permission from the state for private journeys or emigration. Exit visas were to be issued "immediately" to those who wanted them.

"Permanent emigration is allowed across all border crossing points between East Germany and West Germany and West Berlin," the announcement said.

Guenter Schabowski, a Politburo member and the East Berlin party chief, Nov. 9 told reporters in East Berlin, "Today the decision was taken that makes it possible for all citizens to leave the country through East German border crossing points."

Schabowski indicated that the decision had been made in order to eliminate the need for East Germans to travel through Czechoslovakia (as well as Hungary and Poland) to reach West Germany. "We think it is no longer possible to handle this through a friendly third country," he explained. [See below]

Some Western observers believed the East Berlin regime hoped to stem the flight to West Germany by using reverse psychology: If people knew they were free to leave, perhaps they would decide to stay.

Within hours of the announcement, thousands of jubilant East Germans and West Germans met at the Berlin Wall for an impromptu celebration that lasted into Nov. 10.

Near the historic Brandenburg Gate, hundreds of youths from both countries danced atop the wall without interference from East Germany's border guards. Many curious East Berliners crossed

through the wall's checkpoints simply by showing their identity cards to the sentries.

"The long-awaited day has arrived," said West Berlin Mayor Walter Mommer Nov. 9. "The Berlin Wall no longer divides Berliners."

The wall had been the symbol of East-West divisions since its construction in 1961. Some people used hammers and chisels to chip pieces from the barrier. An action carried around the world in television coverage. [See 1986, p. 602D3]

But Schabowski had indicated at his press conference that East Germany was not ready to tear down the wall. Such a move, he said, could come only through a "peace-building process" with West Germany.

West German Chancellor Helmut Kohl, visiting Poland, Nov. 9 welcomed the East German move. He added: "It is hard to estimate what consequences this step will have. Our interest must be that our compatriots stay in their homeland." [See p. 831C1]

U.S. President Bush Nov. 9 hailed the development as a "dramatic happening for East Germany and, of course, for freedom." But he cautioned that it was too early to think in terms of German reunification. [See p. 831G1]

Early Nov. 10, East Germany opened five other crossing points at the wall, including the Glienicke Bridge, the site of many East-West spy exchanges. In addition, East Germany began issuing instant travel visas at the crossing points.

Tens of thousands of East Germans poured into West Berlin Nov. 10 on foot and by car and special shuttle buses. They were greeted by thousands of West Berliners, who offered the visitors flowers, champagne and candy at the crossing points. The sounds of ringing church bells, honking car horns and singing filled the air.

A holiday atmosphere prevailed on both sides of the wall. In West Berlin, long-separated friends and relatives were reunited in tearful scenes.

(The vast majority of East Germans returned to their country. West German authorities estimated that 40,000 entered West Berlin Nov. 9-10, and that 1,500 had elected to stay on the western side.)

West German politicians gathered on the steps of West Berlin's city hall Nov. 10 to laud the opening of the wall. Chancellor Kohl, who had rushed back from Poland, told onlookers, "I want to call out to all in the German Democratic Republic [East Germany]: We're on your side. We are and remain one nation. We belong together. . . . Long live a free German fatherland. Long live a united Europe."

Leadership Shaken Up—The Central Committee of East Germany's ruling Socialist Unity Party Nov. 8 removed half the remaining full (voting) members of the Politburo. The move, made at a special session of the committee, was believed to have been at the behest of party leader Krenz.

IN THIS ISSUE

East Germany opens borders, including Berlin Wall; government resigns, Politburo purged amid protests; refugees flood West Germany; Krenz visits Moscow, Warsaw; West German economic impact; other developments.

Syrian-backed Christian elected Lebanon president; Christian hard-liners object; Lebanon 'dissolves' parliament; Christian mob attacks patriarch; Saudi diplomat slain in Beirut.

U.S. unfreezes Iran assets; Bush cites hope for hostages; '79 U.S. embassy takeover 10th anniversary marked.

Pages 829-833

United States

Democrats sweep key races in Virginia, New Jersey and New York City; black candidates make historic gains; key races, referendums detailed; other politics.

Pierce again refuses to testify in HUD scandal; special prosecutor sought.

October jobless rate unchanged.

Conferees approve '90 defense authorization; Pentagon assesses Soviet military power; FBI doubts 'Iowa' blast evidence.

Second pleads guilty in Iran-contra arms case; Judge to allow Reagan diary subpoena.

Nuclear waste site problem studied. Centex bid for MGM/UA fails.

AIDS experimental drug given free.

Prenatal guidelines issued.

OSHA cites USX on safety.

Supreme Court overturns Texas sentence.

'88 crime rate rise reported; California 'Night Stalker' gets death penalty.

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Europe

Greek elections are again inconclusive; right leads, government in doubt.

U.K. official says Sinn Fein talks possible; IRA slays soldier, baby in West Germany.

Turkey, Bulgaria open talks.

Pages 842-843

Other World News

Australian opposition offers fiscal plan.

Canada abortion bill introduced.

Chinese leader resigns last official post.

Salvadoran rebels quit talks.

Hong Kong airport, harbor plans unveiled.

Iraq calls U.K. reporter a spy.

Japan pinball scandal surfaces.

Philippines top court backs Marcos ban.

Somalia unrest threatens government.

Pages 843-850

Miscellaneous

Sports, Awards, People, Books, Music, Films, Television, Deaths.

Pages 850-852

REFERENCES in brackets give location of background information in this & preceding volumes

OUTLINE
ADDRESS AT THE HAGUE
Nov. 9, 1991
McGroarty: 10/31/91

- I. Introductory: Changing Face of Europe
 - A. President's last trip to Netherlands/Revo of '89
 - B. New challenges: Political and economic
 - 1. Between industrialized democs.
 - 2. West helping East
 - 3. Relations with developing world
- II. The new U.S.-European partnership
 - A. Emergence of the New Europe
 - 1. Europe's economic strength
 - 2. Continent free of Cold War tensions
 - B. Growing unity no threat to US
 - 1. Mention EC, WEU, EFTA
 - C. With partnership comes responsibility
- III. America's role in the new Europe.
 - A. America's place not determined by Soviet threat
 - 1. Answer critics who say America's role over
 - B. Lessons of history:
 - 1. American security tied to Europe's
 - 2. NATO's role as force for stability
 - C. America's role in Europe stems from common values
 - 1. U.S.-Europe's shared heritage
 - 2. NATO's roots as freedom alliance
- IV. Toward a commonwealth of free nations.
 - A. Challenges:
 - 1. Consolidate democratic gains in East against fractious nationalisms.
 - 2. Resist trend from Cold War allies to trade war adversaries.
 - 3. Support democratic reform in USSR/Republics
 - 4. Sustain collective security/common defense
- V. Concluding remarks
 - A. Focus on opportunities open to us
 - B. State again: Rising Europe no threat to U.S.

#

one of few ~~great~~ ^{valuable} relationships that ^{ensures} growth.

democ. a problem?

allude to E.C.

shouldn't need enemy sitting on our doorstep to make us ^{feel} afraid to ^{take} dangerous place.
1918 - 1945 studied to drawdown.

view of US that we ~~are~~ ^{are} brought to peace
successful alliance in history

group levels - burden sharing?

4 - NATO north - Rome.

3 USSR

2 GATT

1 GUPP

Sioux Falls

OUTLINE
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*Global
fracturing*

*We were
forced to take lead*

*Europe
→ M.E., Peace*

III. America's role in the new Europe.

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*Bloody
country*

*indivisible
part of*

*indivisible
perpetually
linked*

IV. Toward a commonwealth of free nations.

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Jeannie Bunton
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White House

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() 456-7750

FAX #:

() 456-6218

FROM:

ELAINE BROWN / Bill Shpiece USTR (09)

PHONE:

395-3583

FAX #:

(202)395-3911

CONTACT:

SUBJECT:

If There are any problems please call: (202)395-3419

Per your request. Data on
European Community (EC).

Table 2
Developed Countries: Economic Profile, 1989

	United States	Canada	Japan	European Community					
				Total	France	Italy	Netherlands	United Kingdom	West Germany
Aggregative data									
Population									
Million persons at midyear	248.8	26.2	123.2	326.0	56.1	57.6	14.8	57.2	61.8
Percent change	1.0	1.2	0.4	0.3	0.4	0.2	0.6	0.2	0.6
Gross domestic product									
Billion 1989 US \$ ^a	5,198.4	513.4	1,913.4	4,373.6	818.5	801.4	204.4	817.7	942.7
Percent real growth	3.0	2.9	4.8	3.4	3.6	3.2	3.5	2.3	4.0
Per capita (1989 US \$)	20,390	19,600	15,530	13,420	14,590	13,910	13,810	14,300	15,250
Industrial production (percent growth)	2.6	2.3	6.0	NA	3.8	3.7	4.0	0.6	5.3
Industry									
Primary energy (million b/d oil equivalent)	33.2	6.6	1.5	12.7	2.2	0.7	1.4	4.3	2.7
Electricity (billion kilowatt-hours)	2,970.2	495.0	784.0	1,711.8	378.0	210.0	71.5	315.0	429.0
Crude Steel (million metric tons)	88.9	15.5	107.9	139.9	19.3	25.2	5.7	18.8	41.0
Trade									
Exports, f.o.b. (billion US \$)	364.0	121.4	274.0	1,027.5	179.4	140.7	107.9	152.3	341.4
Imports, c.i.f. (billion US \$)	492.9	121.2	209.7	1,052.0	193.0	153.0	104.2	197.7	269.8
Trade balance (billion US \$)	-128.9	0.2	64.3	-24.5	-13.6	-12.3	3.7	-45.4	71.6
Living standard indicators									
Grain production (kilograms per capita)	1,140	1,830	120	500	1,020	300	90	400	420
Automobile registrations (units per thousand persons)	571 ^b	448 ^c	241 ^c	350 ^c	395 ^c	398 ^c	349 ^c	353 ^c	462 ^c
Energy consumption (barrels oil equivalent per capita) ^b	57	70	24	25	27	20	37	27	33
Consumer prices (percent growth)	4.8	5.0	2.3	NA	3.5	6.6	1.1	7.8	2.8
Life expectancy (years)	76	77	79	NA	76	77	78	75	76

^a Data were converted at US purchasing power equivalents.

^b Data are for 1988.

^c Data are for 1987.

March 1991

Composition of U.S. Merchandise Trade 1986-90

Table 3
U.S. trade with the EC:
Leading U.S. domestic exports¹ and imports for consumption,² 1990

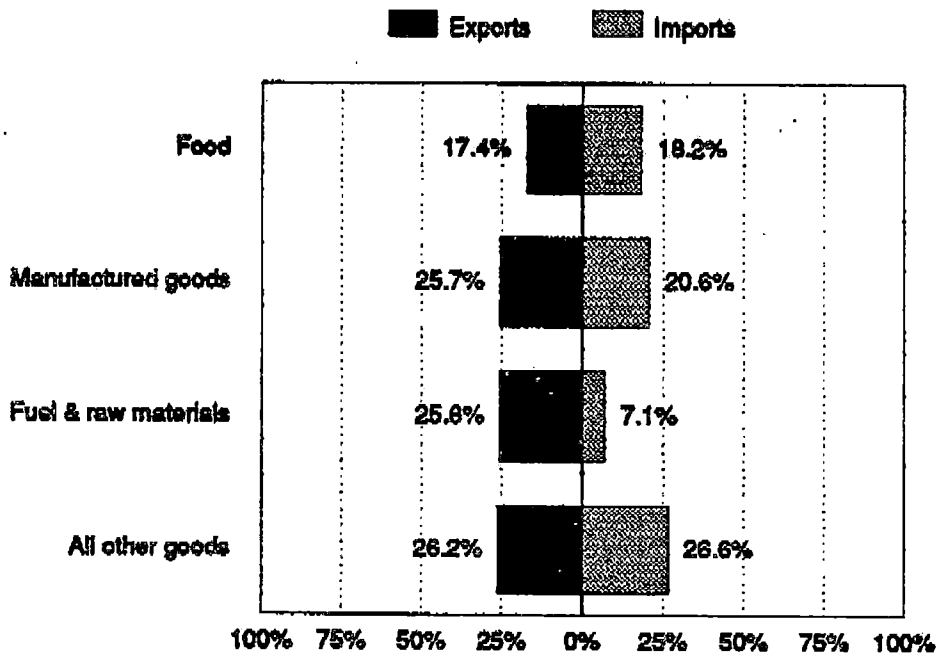
(in thousands of dollars)

SITC Rev. 3 Classification	Commodity	Value
Exports:		
792.40	Airplanes and other aircraft, unladen weight exceeding 15,000 kg	7,191,458
759.97	Parts of automatic data processing machines and optical readers	4,181,135
792.95	Parts of airplanes or helicopters	3,219,192
321.21	Bituminous coal	2,284,385
714.91	Parts for turbojets or turbopropellers	2,281,827
122.20	Cigarettes containing tobacco	1,754,253
752.30	Automatic data processing machines / digital processing units	1,578,958
752.70	Storage units for data processing systems	1,496,011
222.20	Soybeans	1,465,122
776.41	Electronic integrated circuits / digital monolithic integrated units	1,115,430
752.60	Input or output units for data processing systems	1,113,056
752.20	Digital automatic data processing machines	1,087,273
781.20	Motor vehicles for the transport of persons	1,052,178
251.51	Pulp and waste paper / chemical wood pulp, soda, or sulphate	781,276
Imports:		
781.20	Motor vehicles for the transport of persons	8,065,618
714.41	Turbojet engines	1,975,452
333.00	Crude oil from petroleum or bituminous minerals	1,579,909
714.91	Parts for turbojets or turbopropellers	1,401,680
851.48	Footwear with outer soles of leather	1,321,058
784.39	Parts and accessories of tractors and motor vehicles	1,225,277
334.11	Gasoline including aviation (except jet) fuel	1,204,655
792.95	Parts of airplanes or helicopters	1,193,493
897.31	Articles of jewelry and parts thereof, of precious metals (except watches)	1,159,917
667.29	Diamonds (other than industrial), otherwise worked, not mounted or set	1,069,333
896.11	Works of art, collectors' pieces / paintings, drawings and pastels	967,133
334.40	Fuel oils	954,939
722.49	Wheeled tractors	904,805

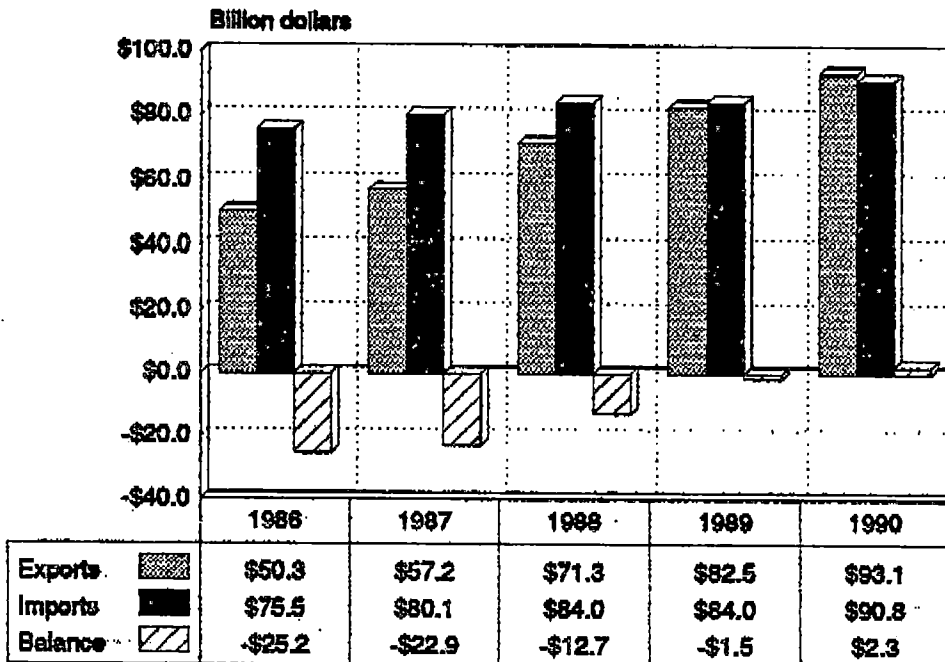
¹ F.a.s. value.² Customs value.

Source: Compiled from official statistics of the U.S. Department of Commerce.

**U.S. trade with the EC:
 Share of total U.S. trade, by product sector, 1990**



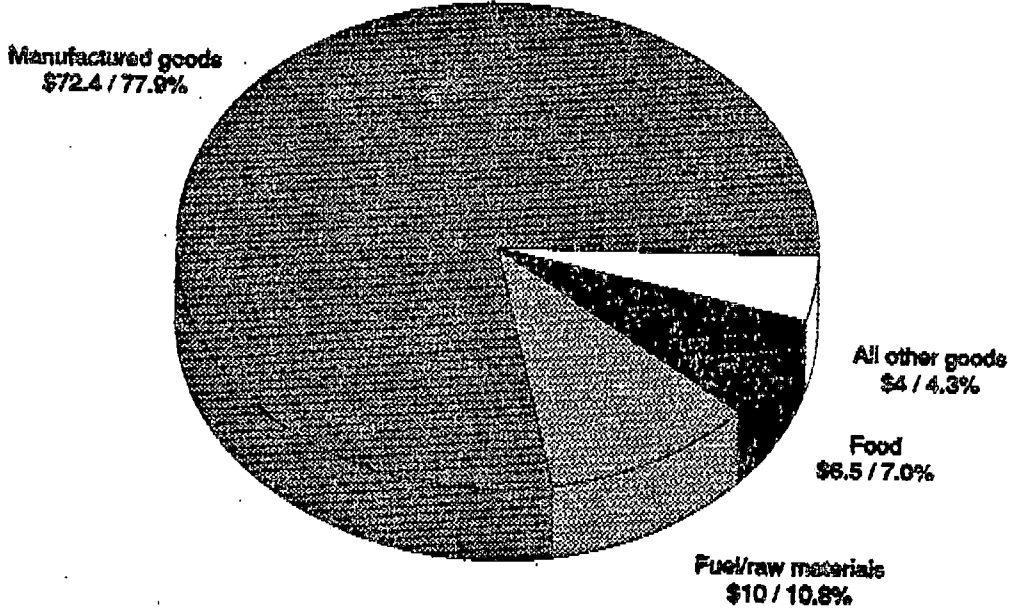
**U.S. trade with the EC:
 Exports, imports, and trade balance, 1986-90**



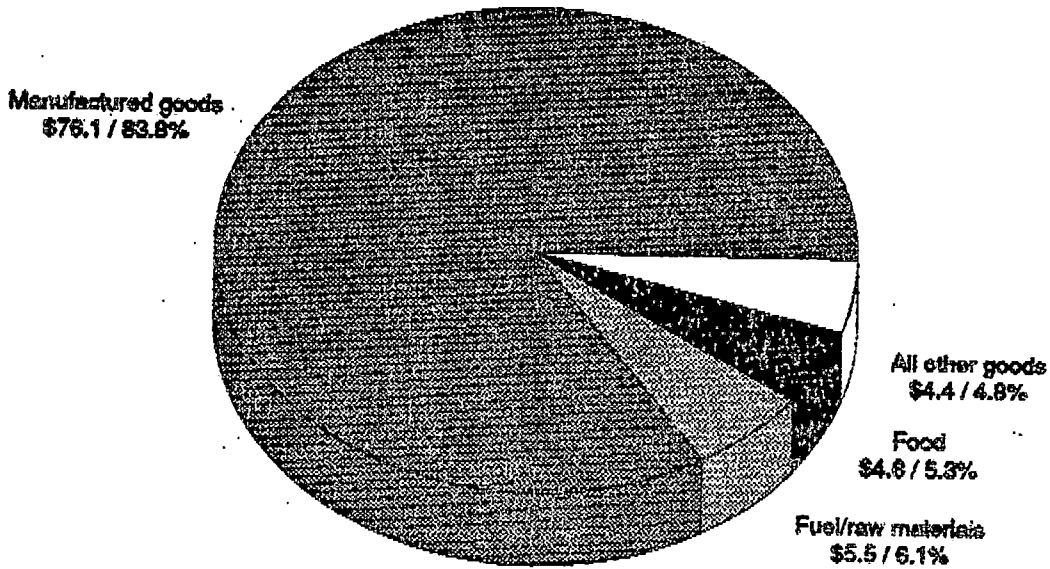
March 1991

Composition of U.S. Merchandise Trade 1986-90

U.S. trade with the EC:
Exports, by product sector, 1990
(in billion dollars)

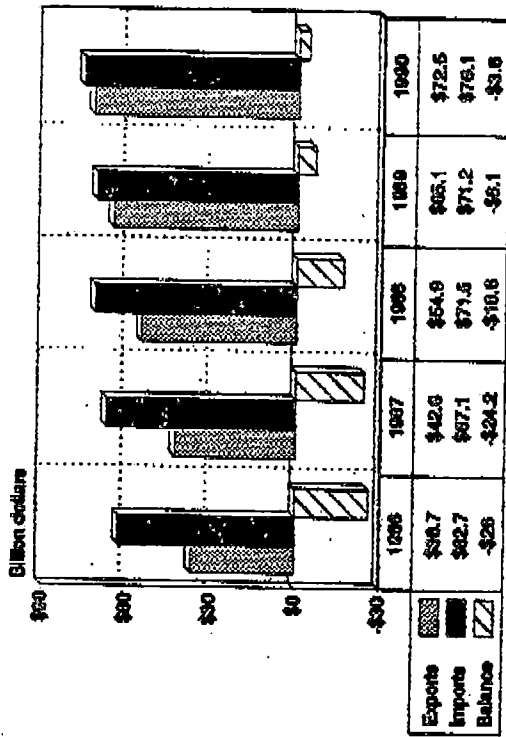


U.S. trade with the EC:
Imports, by product sector, 1990
(in billion dollars)

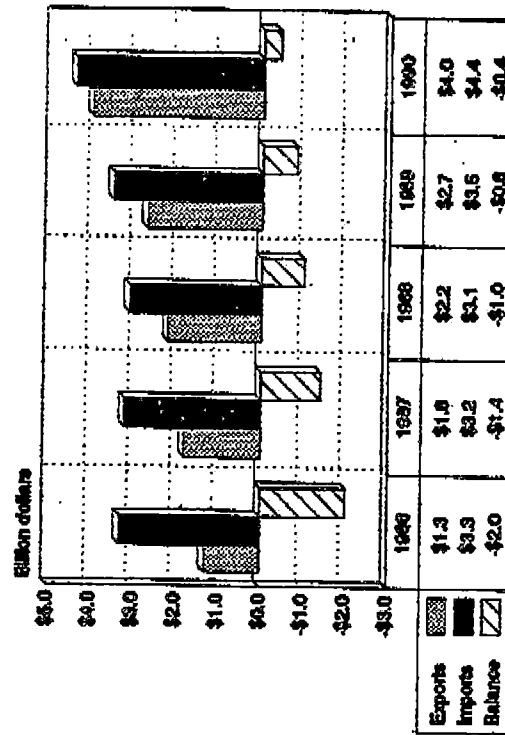


U.S. trade with the EC: Exports, imports, and trade balance, by product sector, 1986-90

U.S. trade with the EC:
Manufactured goods exports, imports, and trade balance,
1986-90



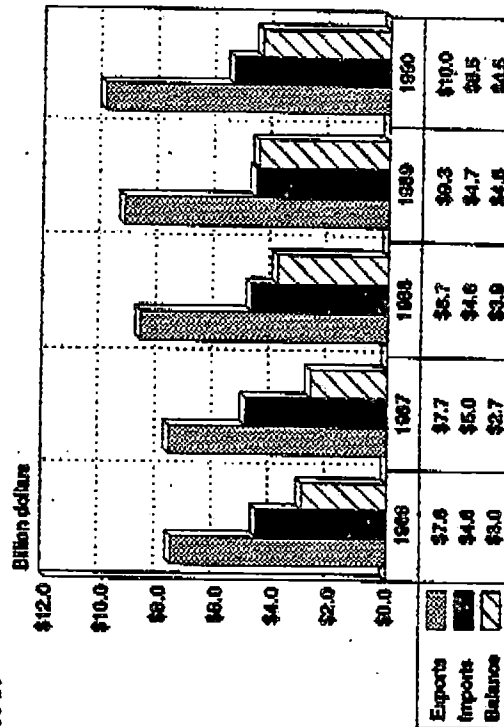
U.S. trade with the EC:
All other goods exports, imports, and trade balance, 1986-90



U.S. trade with the EC:
Food exports, imports, and trade balance, 1986-90



U.S. trade with the EC:
Fuel and raw material exports, imports, and trade balance,
1986-90



Stimulate growth not dependence.

McGroarty/Bunton
November 1, 1991
12:30 pm
[HAGUE]

until independence
EC art

PRESIDENTIAL REMARKS: THE RIDDERZAAL
THE HAGUE, THE NETHERLANDS
NOVEMBER 9, 1991
12:30 P.M.

by mid-decade - troops at half-level

stand, not is U.S.

Prime Minister Lubbers, Minister Van Den Broek,

Stagnating growth

[distinguished representatives of the Dutch Government and the E.C.]: I last came to the Hague more than two years ago, on the eve of the Revolution of '89: Today I return to a Europe transformed -- a continent

remains part of my people of our CO.

I spoke in the stone church at Leiden of a new world within our reach -- . *as we meet* Today, in this historic Hall of Knights, ...

evolve growth

With change comes new challenges. For the industrialized democracies of the West: the challenge to . For the Western alliance: West helping East. For all the Relations with developing world....

Change will transform [!] The emergence of the new Europe brings with it the need for a new ~~U.S.-European~~ partnership. For the first time in fifty years, this continent no longer finds itself hostage to the Cold War. Europe's economic strength -- home to may of the world's most prosperous economies.... Collective wealth and resources unrivalled... The first U.S.-EC summit held on European soil. //

linking American + Europe.

Let me say without any equivocation: the United States sees no threat in European unity. Whether it is the European

Community ¹ march toward a single market, the revival of the Western European Union, or the EC's ^{new} ~~new~~ accord with the European Free Trade Association: we welcome.... {each ^{is a} sign of the wisdom of collective strength....} *welcome*

Europe's evolution toward unity is the natural outgrowth.... Never the aim of the U.S. to see the nations of Europe set one against the other. On both sides of the Atlantic, we should celebrate this development as a sign that the conflict and bloodshed Europe has known twice in this century will be unthinkable in the next. //

We ask our European friends to recognize that with partnership comes responsibility. In the years ahead, America and the world will look to Europe to ^{shoulder responsibilities} ~~bear a power~~ consonant with Europe's ^{its new} ~~enlarged~~ capabilities. //

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....America's role in the new Europe. In some quarters ~~in~~ ~~my country,~~ the end of the Cold War was greeted by a chorus of "Come Home, America." // ^{But while we are beckoned home by some in our} The end of Soviet empire and the ^{co, we} easing of the Soviet threat do nothing to weaken the ties of ^{we not} kinship and culture that connect my country to this continent. ^{being told} Not just on a common threat -- but on common values. On a shared ^{to go by} history/heritage: democracy. ^{our} reverence for the rule of law and ^{European} respect for human rights. // ^{partners.}

Lessons of history:

1. American security tied to Europe's

America's role in Europe stems from common values

NATO's roots as freedom alliance

....About America's role in the new Europe. For 40 years, defined by Europe's weakness/recovery; by the conflict tore this continent in two; by the tense confrontation with the Soviet Union and its satellites. That world is no more.

Anyone who does, failed to see that our place not just geographic.

Our alliance, our association, based not on accidents of geography but on common values.

The shared values and strategic interests that link Europe and North America will endure even after the Soviet threat. //

Ours has been the bloodiest century in human history. Much of the blood Look at the new democracies in the East, the ones now seeking closer ~~connections~~ ^{ties} with our NATO alliance. NATO remains the cornerstone of security in Europe. //

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Our challenge: Toward a commonwealth of free nations....

We must ^{now} ~~consolidate democratic gains in the East~~ ^{help the nations nations of the East consolidate the democracy} against ~~fractions~~ ^{Keep a haven of freedom - worked some see} ~~nationalisms~~. The nationalism I warn against is not the healthy sort of national pride: the distinctive and defining traditions -- the living history and heritage that all nations are duty-bound to honor and respect. What menaces us is nationalism of a sinister sort: one that pits nation against nation, one that divides villages and teaches people to see in their neighbor an enemy to all they hold dear.

We see in Yugoslavia how the proud name of nationalism can be used to splinter a country into bloody civil war. America supports the efforts of the European Community to bring that

Whether our alliance could outlive the Cold War

For 40 yrs we in the West

conflict to an end ^{and I call on all parties to stop the} ~~and~~ ^{short conflict} violence. ^{for} Seek through peaceful means a solution, a system, that preserves minority rights against the power of the state.

Some seem to think freedom's triumph opens a Pandora's Box of resentment, hatreds, etc. Tolerance. Build a sense of nationhood. //

As we seek to end the conflict in the Balkans, we must work to ensure that this divisive nationalism does not take root.... There must be no place for ... in the new Europe. //

Resist trend from Cold War allies to trade war. A positive outcome in the Uruguay Round will prove that the U.S. and EC need not be We must work together to ensure that Cold War allies do not become economic adversaries, mistakenly seeking prosperity through protectionism.

3. Support democratic reform in USSR/Republics

Challenge now: Commonwealth of free nations. Give real meaning to.... To extend our values, not shrink from.... Atlantic....

We must work together to help the newly independent nations of the East -- from Berlin to the Baltics -- build a democratic future.... // We must work together to support democratic reform in the Soviet Union and its Republics -- while we remain vigilant against the forces of reaction. //

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CONCL>>>>>> The changes we have witnessed and worked for these past two years ... Only the faint of heart could claim to see in this great victory cause for concern.... Never before has

Europe stood closer to the day when freedom finds a common home
in every city and town across this continent.... Never
before.... //

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Thank you. / May God bless The Netherlands and all the
free peoples of Europe.

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McGroarty/Bunton
November 4, 1991
9:30 am
[HAGUE]

PRESIDENTIAL REMARKS: THE RIDDERZAAL
THE HAGUE, THE NETHERLANDS
NOVEMBER 9, 1991
12:30 P.M.

ACKS: Prime Minister Lubbers, [distinguished representatives of the Dutch Government and the E.C.]: it is my pleasure to meet with you at the conclusion of this, the first U.S.-EC summit on European soil. //

FIRST VISIT: I made my first visit to the Hague more than two years ago - on the eve of the Revolution of '89. At that moment, East and West stood locked in conflict -- the armed and uneasy peace we called the Cold War. And yet, even then, in the captive nations of Eastern Europe, we felt the first stirrings of change.

LEIDEN: In the stone church at Leiden, I spoke of the new spirit alive on this continent -- of the new world within our reach. Today, as we meet in this historic Hall of Knights, that new world stretches out around us. Europe stands transformed: East and West united, at long last whole and free.

NEW CHALLENGES: But history allows little time for celebration. With change comes new challenges: new challenges for old allies -- to make certain history's most successful alliance does not itself become the Cold War's final casualty. New challenges for old adversaries: here in Europe, as the nations of the East look to their neighbors in the West to help secure their new freedoms.

In coping with a changing future, we must not repeat the errors of the past. / On my side of the Atlantic, some greeted the end of the Cold War with a chorus of "Come Home, America." For NATO, the collapse of communism meant it was all over -- save for the handshakes and ticker-tape parades. //

This response is tempting. Acting on it would be tragic. / Especially now, at this moment of hope, we must heed the hard-won lessons of two world wars. We must not give future historians reason to see in 1991 a repeat of 1919: a return to isolationism -- the world's great democracies divided and distracted, rivals in a headlong rush to disarm. The monumental folly of these acts became clear in the space of a single generation. History records the heavy price paid by Europe and the world.

The question we face is not so different: we knew how to wage the Cold War. Now how do we wage the peace? / Those who argue that the collapse of communism makes NATO obsolete misunderstand the fundamental basis of our alliance. While formed in the face of the Soviet threat, NATO was never simply a military alliance. NATO was from the first and remains today an alliance of free nations -- of fellow democracies -- of countries with a common kinship and culture, a shared heritage and history. // The easing of the Soviet threat does nothing to weaken the bonds that connect my country to this continent. // NATO must remain an expression of our common commitment to a free future.

DEFENSE OF
NATOWAGE THE
PEACE:

There is no question that NATO will change. In Rome, we ratified a new strategic doctrine -- one that responds to the sweeping changes in the threat we face. We welcomed nine nations -- six former members of the Warsaw Pact and the newly-independent Baltic states -- into a new liaison status with NATO. / On both sides of the Atlantic, we can and will reduce troop levels -- eliminate entire categories of nuclear weapons -- redefine our roles and responsibilities in response to the new conditions that now prevail. //

But the shared values and strategic interests that link Europe and North America are not altered by the easing of the Soviet threat. We should not need an enemy at the door to teach us the wisdom of strength and vigilance. Even in the new Europe, NATO remains the cornerstone of collective security. //

Yet just as NATO adapts to new realities, so too the ~~the~~ new Europe brings with it the need for a new partnership linking my country and the nations of this continent. / Think back four decades ago, to the days of the Berlin Blockade and the Marshall Plan. Nearly all of Europe was in ruins -- half of it, in chains. / Consider the new Europe: Nearly 400 million people, a full [one-fifth] of the world's economic output, nations that rank among the world's most advanced and best educated. Few continents can rival the collective economic strength of a united Europe. //

THE NEW EUROPE: As Europe assumes its larger role, it must recognize that with partnership comes responsibility. Now and in the years

IT HASN'T IN THE PAST

ahead, America and the world will look to Europe to shoulder responsibilities in keeping with its growing capabilities. We do so with full confidence that Europe will answer the call.

We witnessed the new Europe in action in the Gulf War, as the EC -- and individual nations including even the fragile new democracies of Eastern Europe -- stood with us against aggression. / We see the new Europe now, in Madrid, where the European Community stands with us as a partner in the quest for peace. We see the new Europe at work closer to home, working to end war in Yugoslavia. (How)

*

IS THREAT TO EUROPEAN UNITY

Let me say without any equivocation: the United States sees no threat in European unity. It was never the aim of the U.S. to see the nations of Europe set one against the other. We've seen too often in the past that balance of power politics ends in bloodshed. The U.S. made European independence a pillar of our post-war policy.

WELCOME EMERGING NEW EUROPE

Whether it is the European Community's march toward a single market, the revival of the Western European Union, the EC's new accord with the European Free Trade Association -- or the Summit that brings us together today: we welcome the emergence of the new Europe. / We see the growing unity of Europe as a natural evolution toward our common aim: a commonwealth of free nations, working in concert. A new world where more and more nations enter a widening circle of freedom. //

NEW CHALLENGES/ OPPS/

In the months and years ahead, this commonwealth will be called upon to meet new challenges, to seize new opportunities

open to us in the aftermath of East-West conflict. I want to focus on three of those challenges: helping the new democracies of the East, encouraging democratic change in the Soviet Union - - and finally, ensuring that old Cold War allies do not become trade war adversaries. //

First, we must write the final chapter of the Cold War conflict: We must help the nations of the East secure the freedoms they have won. In the East, the euphoria of 1989 has worn away. While the urgent work of democracy-building and market reform moves forward, some see in our triumph a bitter harvest. For them, the collapse of communism has thrown open a Pandora's Box of [ancient ethnic hatreds,] resentment and revenge. They fear democracy's new freedoms will be used not to build new trust, but to settle old scores.

checkoslovakia (?) All of Europe has awakened to the dangers of a new and worrisome nationalism. The nationalism I warn against is not the healthy sort of national pride: the distinctive and defining traditions -- the living history that all nations are duty-bound to honor and respect. What menaces us is nationalism of a more sinister sort: one that pits nation against nation and fellow citizens against themselves, one that teaches people to see in their neighbor an enemy to all they hold dear.

We see in Yugoslavia how the proud name of nationalism can be used to splinter a country into bloody civil war. America supports the efforts of the European Community to bring that conflict to an end. Today I call on all parties to stop the

violence -- to seek through peaceful means a solution, a system, that preserves minority rights against the unchecked authority of the state. There must be no place for these old animosities in the new Europe. // (*) 7.4

Farther east, we face a second challenge: Supporting democratic reform in the Soviet Union and its Republics. // The failed August coup stiffened the resolve of reformers to institute democratic change and introduce true free market reforms. We in the West must answer by opening our markets to Soviet goods, encouraging investment, offering economic advice and expertise. //

I believe the Soviet people -- the reformers in the central government and the republics -- want change. But there is no shortcut that can spare the Soviet people serious hardship as they dig out from under seventy years of misrule. A harsh winter, hard times, lie ahead -- and desperate times breed demagogues. / America and Europe share an interest in the success of Soviet reform. We must act together to support the forces of democracy in that troubled land. //

Finally, our third challenge: the danger that old Cold War allies will become new economic adversaries. There are signs on both sides of the Atlantic that this could happen -- voices that claim mistakenly that nations can achieve prosperity through protectionism. /

That way lies economic ruin. / As President, part of my responsibility to the American people is ensuring economic

growth. In a global economy, that means fighting for free trade.

In North America, as in Europe, great progress has been made driving down trade barriers. But that progress will mean little if the world groups itself into warring trade blocs. // The principle of free trade faces a critical test in the Uruguay Round. A positive outcome -- one that reaffirms and extends the GATT system -- will prove that the U.S. and the European Community can resolve their differences in favor of free trade.

//

Each challenge we face constitutes a test. Each holds open an opportunity to give real meaning to strengthen the bonds that link us across the Atlantic -- to open our commonwealth of free nations to all who love liberty and seek peace. //

Thank you. / May God bless The Netherlands and all the free peoples of Europe.

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THE WHITE HOUSE

Office of the Press Secretary
(The Hague, The Netherlands)

For Immediate Release

November 9, 1991

REMARKS BY THE PRESIDENT
AT LUNCHEON HOSTED BY PRIME MINISTER LUBBERS

Binnenhof
The Hague, The Netherlands

12:46 P.M. (L)

THE PRESIDENT: Mr. Prime Minister, and President Delors, Foreign Minister van den Broek, distinguished guests, thank you all. And may I especially thank Her Majesty the Queen for the extraordinary, warm, genuine hospitality that we have felt today and that Barbara and I have felt in the past as her guests, and to say what a pleasure it is to be back here once again.

It is my pleasure to meet with you at the conclusion of this, the first meeting of U.S. and EC leaders on European soil. That this is Dutch soil makes the moment all the more special, for nowhere is the moral fiber of our Atlantic community stronger.

I made my first visit to the Hague as President more than two years ago -- Ruud Lubbers referred to this -- on the eve, though, of the Revolution of 1989. And at that moment, East and West stood locked in conflict, the armed and uneasy peace we called the Cold War. And yet, even then, in the captive nations of Eastern Europe, the world felt those first stirrings of change.

In the stone church at Leiden, I spoke of the new spirit alive on this continent -- of the new world within our reach. Today, as we meet in this historic Hall of Knights, Europe stands transformed. A new world stretches out before us -- a world alive with the promise of freedom.

Just two years ago today, the revolution swept away that stark and searing symbol of Europe's division, and that wall came crashing down. But history allows little time for celebration. With change comes new challenges: New challenges for old allies who must chart a common course in the peace that follows the Cold War. New challenges for old adversaries: Here in Europe, making certain the nations of the East can look to their Western neighbors for help in securing their hard-won freedoms.

As we confront the future, we must not repeat the errors of the past. On my side of the Atlantic, some greeted the end of the Cold War with a chorus of "Come Home, America." For them, the collapse of communism meant America's engagement in Europe was finished. Nothing could be more short-sighted -- for Europe, for my country, and for the world.

We must heed the hard-won lessons of this century if we're to seize new opportunities in the next. We should give future historians no reason to see in 1991 a repeat of 1919: an age of naive isolationism -- with the world's great democracies divided and distracted, a Europe divided between victors and vanquished, oblivious to unexpected dangers. This first age of naivete made possible the horrors of Hitler, followed by the protracted terror of the Cold War. For that earlier dalliance with delusion, I think we would all agree the world paid dearly. War cost the lives of millions. Innocent generations lost the dream of freedom.

MORE

The question we face today is not so different than the one our ancestors faced in 1919: For our part, we knew how to wage "cold war." But do we know how to wage the peace? We must start from the understanding that NATO is not simply a military pact joined only to face a common threat. We must recognize that our Atlantic Alliance is as vital in today's volatile world as it was years ago when Europe was menaced by Stalin's army.

Our Alliance was from the very first and remains today an alliance of free nations, of fellow democracies, of countries bound by the long sweep of history and shared heritage. Today, as we have been for half a century, Europe and America are partners in peace. And today, we're also partners in prosperity with strong trade ties that enrich our peoples, create new opportunities and fuel growth.

There is no question that NATO will change. In Rome, we approved changes in the way the Alliance will provide for the common defense, the way we will deal with our former adversaries, and even the way we will deal with each other. Our new defense doctrine will ensure that every ally is secure from any threat -- security made credible by highly mobile, multinational forces, greatly reduced in size but unmatched in human and technological quality.

Our new NATO liaison program for Europe's youngest democracies -- Poland and Hungary, Czechoslovakia and others -- will help them transform their military apparatus from a weapon of the state to the guardian of free people.

And finally, the Alliance's endorsement of a European defense identity -- the long-sought "European Pillar" -- will give our European allies more responsibility in the protection of shared vital interests, cherished ideals and the rule of law.

My country and the nations of this continent are forging a new Atlantic partnership. Think back -- look over our shoulders -- four decades ago, to the days of the Berlin Blockade and the Marshall Plan. Nearly all of Europe stood in ruins, half its people locked in chains. And today Western Europe stands as a model for what democracy, the free market, and cooperation can deliver. More than 300 million people -- generating fully one-fifth of the world's economic output -- nations that rank among the world's most advanced and best educated.

This era of postwar prosperity has prepared Europe for larger responsibilities. We're now witnessing the new Europe in action: working with us to help the citizens of Central and Eastern Europe transform their systems, their societies, their lives; in the Middle East, where the European Community stands with us as a partner in the quest for peace. We see the new Europe at work closer to home, striving against difficult odds to end the war in Yugoslavia.

We welcome the emergence of the new Europe, in the European Community's march toward a single market and political union, in the revival of the Western European Union -- the WEU -- in the EC's new accord with the European Free Trade Association. Revitalizing the Atlantic Alliance and building a European Union go hand in hand. Both can contribute to a safe prosperous Europe and a humane world order. A continuing American role in Europe can facilitate integration doing that by fostering stability. And a more confident and cohesive Europe will, we believe, want the United States to remain fully engaged.

We, therefore, hope for continued progress at the upcoming EC Summit in Maastricht because America recognizes the accelerating unity of Europe as a natural evolution toward our common aim: a commonwealth of free nations, working in concert; a new world where more and more nations enter a widening circle of freedom. In

MORE

the months and years ahead, this commonwealth will be called upon to be patient and steady -- at once, resolute and ready to act.

First, we've got to write the final chapter of the Cold War conflict. We must help the nations of the East secure the freedoms that they have won. In Central and Eastern Europe, the euphoria of 1989 has worn away. Each country struggles now to build a functioning free market on the ruins of the socialist systems -- to rekindle a saving sense of trust essential to democratic society. These nations need our help. They need access to Western markets, financial and technical assistance to ease their transition. For 40 long years, the captive nations of the East looked West for a sign of hope. And it's time now to say to these new democracies we will help you. More than that, after such a cold and protracted isolation, it is time for us to extend to them a warm welcome into this commonwealth of freedom.

And yet, while the urgent work of democracy-building and market reform moves forward, some see in freedom's triumph a bitter harvest. In this view, the collapse of communism has thrown open a Pandora's Box of ancient ethnic hatreds, resentment and even revenge. Some fear democracy's new freedoms will be used not to build new trust, but to settle old scores.

All of Europe has awakened to the danger of an old enemy: a nationalism animated by hatred and unmoved by nobler ends. No one need fear healthy national pride: the distinctive and defining traditions, the living history that gives peoples and nations a sense of identity and principle and purpose. But we must guard against nationalism of a more sinister sort. One that feeds on old, stale prejudices; teaches people intolerance and suspicion, and even racism and anti-Semitism. One that pits nation against nation, citizen against citizen. There can be no place for these old animosities in the new Europe.

The answer lies not in suppressing the dark impulses that destroy nations but in surmounting them, cultivating a spirit of democratic tolerance and peaceful change, a concept of majority rule that respects minority rights. Democracy is not the cause of strife in Eastern Europe and the Soviet Union, but rather the solution. Western Europe stands as proof that in the space of little more than one generation, the spirit of democracy can transcend centuries of rivalry, war, nationalistic strife.

We see in Yugoslavia how the proud name of nationalism can splinter a country into bloody civil war. America supports, strongly supports, the efforts of the European Community to bring that conflict to an end. We salute Lord Carrington for his indefatigable efforts. And we urge all parties to stop the violence, to seek through peaceful means an immediate end to the suffering. We are ready to join the EC in holding accountable those in Yugoslavia whose parochial ambitions are perpetrating this -- perpetuating this agony.

Second, we must seize the opportunities farther East to support the democratic transformation of the Soviet Union and its republics. Prime Minister Lubbers referred to this. That failed August coup stiffened the resolve of reformers to institute democratic change and introduce true free market reforms. We in the West must answer by offering humanitarian aid, opening our markets to goods from every republic, encouraging investment, offering economic advice and expertise.

I believe the peoples everywhere in that vast land want change. But no shortcut can spare them suffering and hardship as they dig out from under 70 years of misrule. A harsh winter, hard times, lie ahead. And desperate times breed demagogues. America and Europe share an interest in the success of Soviet reform. Together, we must act to support the forces of liberty, and democracy and free enterprise in that troubled region.

Finally, we must guard against the danger that old Cold War allies will become new economic adversaries -- cold warriors turned to trade warriors. There are signs on both sides of the Atlantic, frankly, that this could happen. Shrill voices on both sides peddle protectionism as the path to prosperity.

That way, in my view, lies to economic ruin -- a prescription for plunging us into the kind of impoverishing rivalry that ravaged our economies during the Great Depression. As President, part of my responsibility to the American people is ensuring economic growth and opportunity. In a global economy, that means insisting on free and fair trade.

In North America, as in Europe, great progress has been made driving down trade barriers. But that progress will mean little if the world aligns itself into warring trade blocs. The principle of free trade faces a critical test in the Uruguay Round. A positive outcome -- one that reaffirms and extends the GATT system -- will prove that the United States and the European Community, as world economic leaders, have the confidence to move decisively into a new era of free and open trade -- generating jobs and opportunity on both sides of the Atlantic. And that's why I am pleased today to report that the United States and the EC have made progress in just the past few days, and have pledged to spare no effort to resolve the equally significant issues that are still outstanding.

Helping the emerging democracies of Eastern Europe; supporting democratic reform in the Soviet Union and in its republics as well; pushing forward for freer world trade -- each challenge we face constitutes a test. Each holds open an opportunity to give real meaning to strengthen the bonds that link us across the Atlantic -- to open our commonwealth of free nations to all who love liberty and all who seek peace.

Thank you very much. And may God bless the Netherlands and the free peoples of Europe. Thank you. (Applause.)

END

1:05 P.M. (L)

(No DEM)

ADVANCE 7565

▲ CHRIS GOODWIN →

▲ TOAST ACKS:

PRIME MINISTER & MRS. LUBBERS RIA

▲ PRESIDENT & MRS. DELORS (MARIA)

FM & MRS. HANS VAN den BROEK (BROEK)

BAKER
MRS. [SUSAN]

ON STAGE: (Mrs. Bush)

↑
M SUPT. OF SCHOOL

INTRO AMB WILKINS

- DR. GAIL SCHDOPERT

AMB INTZ SEC BAKER

SEC BAKER INTO POTUS



Chang Rae had advance
Signal →