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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
130844	MEMO	DOUGLAS MCMINN TO WILLIAM CLARK RE: U.S.-E.C. RELATIONS	2	8/12/1983	B1
130845	PAPER	US-EC RELATIONS (W/ HANDWRITTEN ANNOTATIONS)	11	ND	B1
130846	PAPER	US-EC MINISTERIAL MEETING, BRUSSELS, DECEMBER 9, 1983	6	ND	B1
130847	MEMO	DOUG MCMINN TO DON FORTIER ET AL RE: STATE PAPER ON U.S.-E.C. RELATIONS	2	11/2/1983	B1
130848	CABLE	BRUSSELS 16694	5	12/13/1983	B1
130849	CABLE	151754Z DEC 84	9	12/15/1984	B1

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ISIG-IEP

1. Good idea on over-arching issues → US-EC Ag subsidies as an example - case-by-case

2. Question whether you want all trade issues discussed
   (a) Substantive standpt ---
   (b) Bureaucratically - DOC / USTR / Congressionally

3. Protectionism vs anti-protectionism

George Dennison (a) Ultimately not a question of the forum but the issue and the economic/political environment

4. Protecting the Judge

8332345 #83 | 4

DEPARTMENT OF STATE

Washington, D.C. 20520

October 24, 1983

UNCLASSIFIED
with ~~CONFIDENTIAL~~ Attachment

srn 2/13/2012

File U.S.-EC Economic Relations

MEMORANDUM FOR MR. DAVID PICKFORD
DEPARTMENT OF THE TREASURY

Subject: Paper on US-EC Relations for the SIG/IEP

In response to Norman Bailey's request of September 12, 1983, we are transmitting, under cover of this memorandum, a paper on US-EC Relations.

BMcKinley
Charles Hill
Executive Secretary

Attachment: As stated

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UNDER SECRETARY OF STATE
FOR ECONOMIC AFFAIRS
WASHINGTON

November 16, 1983

File

~~CONFIDENTIAL~~

MEMORANDUM FOR: COMMERCE - UNDER SECRETARY LIONEL H. OLMER
AGRICULTURE - UNDER SECRETARY DANIEL AMSTUTZ
TREASURY - ASSISTANT SECRETARY MARK E. LELAND
USTR - DEPUTY TRADE REPRESENTATIVE MICHAEL B. SMITH
USTR - DEPUTY TRADE REPRESENTATIVE ROBERT E. LIGHTHIZER
NSC - MR. DOUGLAS McMINN

SUBJECT: Preparations for December 9 US-EC Ministerial

This memorandum serves to confirm responsibility for the preparation of briefing materials for the US-EC Consultations on December 9 in Brussels. As requested by Don Regan at the conclusion of the SIG/IEP discussion on November 2, each of us should take personal responsibility for the major papers assigned to our respective agencies. To be useful for the planned November 22 meeting of the five Cabinet participants, I will need your papers by noon on the 21st to compile and redistribute them by c.o.b.

In consultation with the Commission, the following tentative agenda have been drafted:

1. Opening Statement by Gaston Thorn and report on the Athens Council Meeting; response by Secretary Shultz

2. Trade Matters:

   -- Agriculture

   -- Industrial Trade and Development Policies:

      -- Steel and other traditional industries

      -- EC High Technology Proposals

      -- Extraterritorial Issues

   -- Multilateral Trade issues, including trade/finance

3. Economic Prospects for Europe and the U.S.

~~CONFIDENTIAL~~
DECL: OADR

I will prepare the Scope Paper (draft already circulated) and will be responsible for talking points for Secretary Shultz' opening statement. Item 2 of the Agenda will be handled in the TPC channel as agreed at the SIG/IEP. Mike Smith has made assignments as noted on the attached summary of papers. I have asked Treasury to prepare the briefing materials for Item 3. We should all assure that our colleagues have an opportunity to comment on the papers before they are put into final form.

In addition to the major items on the agenda, one-page background papers may be provided as deemed necessary on specific issues.

To facilitate the preparation of background papers and talking points, I am attaching format instructions, together with a model paper revised to conform with those instructions.

Marshall Casse will coordinate this work for me. He may be reached on 632-7688.

W

Allen Wallis

Attachments
As stated.

	Drafting
Scope Paper	State
Agenda Papers:	
1. Opening statement	State
2. Trade matters:	
Agriculture	USDA/State
Industrial Trade and Development Policies	
A. Steel and other traditional industries	Commerce/USTR
B. EC High Technology Proposals	Commerce
C. Extraterritorial Issues	State
Multilateral Trade Issues, including Trade/Finance	USTR/Treasury
3. Economic Prospects for Europe and the U.S.	Treasury

Background Papers (indicative not exhaustive listing)

CAP Reform proposals	USDA
Ag discussions following last December's meeting	USTR
EAA	Commerce
Unitary tax	Treasury
DISC	USTR/Treasury
US-Japan trade issues	USTR
EC-Japan issues	State
Economic Summit	State
EC Enlargement	USTR
Specialty Steel	USTR

(To add background papers, please coordinate with Marshall Casse)

11/16/83

UNDER SECRETARY OF STATE
FOR ECONOMIC AFFAIRS
WASHINGTON

November 10, 1983

~~CONFIDENTIAL~~

MEMORANDUM FOR: COMMERCE - UNDER SECRETARY LIONEL H. OLMER
AGRICULTURE - UNDER SECRETARY DANIEL AMSTUTZ
TREASURY - ASSISTANT SECRETARY MARK E. LELAND
USTR - DEPUTY TRADE REPRESENTATIVE MICHAEL B. SMITH
USTR - DEPUTY TRADE REPRESENTATIVE ROBERT E. LIGHTHIZER
NSC - MR. DOUGLAS MCMINN

SUBJECT: Preparations for December 9 US-EC Ministerial

The discussion of our problems with our European Allies at the November 2 SIG/IEP and our meeting on November 4 provided a good basis for further interagency work in preparing for the December 9 meeting in Brussels. Although there are obviously some points which remain to be clarified, I believe that these relate more to questions of tactics than to the substance of our position for the meeting in Brussels. In an effort to move our discussions ahead, I am attaching a paper which is essentially a draft scope paper for the December 9 meeting. We will have another meeting in my office November 16 at 4:00 p.m. to discuss this paper and prepare for a follow-up meeting of the Cabinet Secretaries which we are in the process of scheduling for November 22, 9:30-10:15 AM.

Allen Wallis
W. Allen Wallis

Attachment:

As stated

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DECL: OADR

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DEPUTY UNITED STATES TRADE REPRESENTATIVE

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506
202-395-5114

November 18, 1983

TO: Members of the Trade Policy Review Group (TPRG)

FROM: Ambassador Michael B. Smith

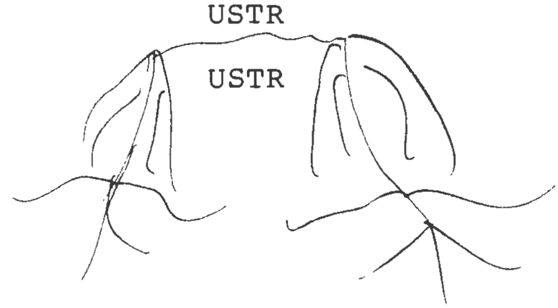
SUBJECT: Trade Issues for U.S.-EC Ministerial Meeting, December 9

The trade issues on the agenda for the U.S.-EC Ministerial meeting are listed below along with the respective drafting assignments. The papers are to be circulated by noon, November 21. Papers on DISC and EC Enlargement are attached.

The TPRG discussion will focus on the identification and priority of particular points to be raised with EC. This discussion will be preparatory to the meeting of the five Cabinet participants on November 22.

Trade Issues

	Drafting
I. Agenda Papers	
A. Agriculture	USDA/State
B. Industrial Trade & Development Policies	
1. Steel	Commerce/USTR
2. High Technology	Commerce
3. Extraterritorial Issues	State
C. Multilateral Trade Issues, Including Trade/Finance	USTR/Treasury
II. Background Papers (Priority trade items)	
A. DISC	USTR
B. EC Enlargement	USTR



Attachments

EC ENLARGEMENT

ISSUE

In preparation for the the accession of Spain and Portugal to the European Community, the EC Commission has proposed changes in EC policies covering agricultural production and trade that will have a negative effect on U.S. trade interests.

The Commission intends to use Article XXIV:6 negotiations at the time of Spanish and Portuguese accession to alter, without compensation, the EC duty-free binding on oilseeds. In addition, the EC has agreed to expand and strengthen the CAP in the fruits and vegetables sector. In the future, as the Commission renegotiates its preferential trade arrangements with other Mediterranean states and its fisheries policies in the context of Spanish accession, the U.S. can expect to see installed in EC policy further protection against third country products.

BACKGROUND

During negotiations with the European Community under GATT Article XXIV:6 concerning Greek accession, the Community claimed the right to a tariff "credit" from enlargement, a position rejected by the United States and other GATT CPs involved in similar negotiations. At one point, the EC Commission even proposed to the Council that the EC terminate the negotiations and withdraw tariff concessions in order to establish this principle *de facto*. Only strong U.S. protests at a very high level to both Commission and Member State representatives halted EC plans to withdraw tariff concessions.

The Commission has now proposed that the "credit" concept be inserted directly into the text of the EC-Spanish and EC-Portuguese accession documents, and that, at the time of accession, a new CXT of the EC-12 be formulated based on the "credit" principle that would, presumably encompass increased duties on oilseeds. From the Commission's perspective, such an arrangement would be more GATT compatible than their proposals at the time of Greek accession. It would also force the U.S. to initiate action to defend its position rejecting the credit, rather than forcing action on the Community to take it, as was the case with Greek accession.

Such a reformulation does not alter the U.S. position that the "credit concept", no matter how it is formulated, is inconsistent with EC GATT obligations under Article XXIV. Since the EC still clearly wishes to use its "credit" to unbind the oilseed tariff, the new formulation could not address U.S. opposition to "paying" for the costs of EC enlargement through an increase in EC tariff barriers, nor lessen the political sensitivity of the oilseed issue in U.S.-EC trade relations.

Aside from olive oil, the most sensitive agricultural products in the Enlargement issue are fruits and vegetables. France particularly cannot accept Spanish accession if it will mean further competition with high-cost French produce. The compromise worked out on fruits and vegetables was very protectionist, extending the coverage and protective effect of reference prices in a way that is certain to encourage production and raise internal costs. Most interestingly, Spain will be a victim of the new system between the time the Accession documents are signed and it becomes a full member of the EC. Citrus is included in these reforms. Both German and U.K. importers of fresh fruits and vegetables are very concerned, seeing higher prices, higher taxes, and the possibility that the system will result in a replay of current problems in grain and dairy, further stressing external trade relations.

In addition, it is likely that U.S. fishery trade and development interests in the EC Member States and in Spain and Portugal will be severely disrupted when Spanish fishery interests are incorporated into the EC Common Fishery Policy (CFP). Finally, the EC will soon open negotiations with other Mediterranean states to re-draw the preferential trade agreements it already has, in light of Spanish accession. The thinking is that these countries will be given some level of guaranteed market share, further tightening the scope for EC imports.

SUGGESTED POINTS

-- As you know, we support Spanish and Portuguese accession. We want to caution, however, that enlargement not be used as a pretext to withdraw trade concessions.

-- Specifically, the U.S. Government opposes the "credit concept" you have put forth in the Article XXIV:6 negotiations as a matter of GATT principle, and we are not prepared to see this approach used to justify unbinding trade concessions we have negotiated.

-- To attempt to alter negotiated tariff concessions in this manner can only further exacerbate the difficult state of U.S.-EC trade relations, and, more ominously, begin to unravel the fabric of the GATT agreements negotiated during many tariff-cutting Rounds.

-- The inclusion of this concept in any form in future EC enlargement plans can only lead to serious bilateral conflict.

-- You received our demarche protesting the protectionist character of the changes you proposed on EC fruits and vegetables trade. We regret that the proposed changes have been implemented nonetheless. It is difficult to see how enlargement can be trade liberalizing over all when the Community's preparations for Portuguese and Spanish accession are so clearly devoted to increasing levels of protection in the agricultural sector.

DISC

ISSUE

If the Cabinet Ministers at the December 9 are to reach agreement on any outstanding trade issues, should DISC be the issue?

BACKGROUND

DISC has been an outstanding issue with the EC since its enactment in 1971. In 1976, DISC was found to be inconsistent with U.S. obligations under Article XVI:4 of the GATT, as were the tax practices of France, Belgium and the Netherlands.

Both the EC and the United States felt that the Panel decisions were unjustified and looked to the negotiation of the Subsidies Code in the Tokyo Round as the appropriate form for resolving the issue. A Treasury Department official entered into an unauthorized agreement at that time (June 1979) which essentially admitted that the DISC was inconsistent with the GATT and committed the United States to amend it. Although this agreement was subsequently repudiated by U.S. officials, the knowledge of it poisoned the atmosphere and led all our trading partners to conclude that the United States was culpable on DISC and should bring the law into conformity with the GATT.

An understanding was adopted by the GATT Council in 1981 which allowed for the adoption of the Panel Report on DISC and the tax practices of France, Belgium and the Netherlands. This understanding recognized the legitimacy of the territorial system of taxation under GATT.

The United States attempted to defend the DISC in 1982 as consistent with the understanding on the grounds that its effect as an incentive for exports was no greater than that provided for under the territorial system. This defense proved unsuccessful and the EC asked the GATT Council for massive compensation in July 1982. To avoid the possibility of compensation or retaliation, the United States agreed in October 1982 to ask Congress to amend the DISC so as to address the concerns of the members of the GATT Council.

We have devised an alternative for DISC which we believe is GATT consistent. Congress, particularly the House, is reluctant to act on the legislation without a clear signal from the EC that passage of this bill will once-and-for-all resolve the DISC issue. Although we have been given positive signals by the Europeans about our efforts, they do have some concerns regarding the bill.

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Their primary concern regards the payment of compensation for the past damage of the DISC. The EC has asked the GATT Council for a working party to access the injurious effects of the DISC. However, their request was not supported by any of our trading partners. Nevertheless, it appears the EC will continue to pursue this compensation course unless a political decision is made to set this issue aside.

In addition, the EC also has some concerns regarding the substance of the proposal. Certainly, our proposal is every bit as consistent with the GATT as the tax practices of the European countries. However, if the Community wants to press the issue, it could present a GATT argument against our proposal.

This prospect is of considerable concern to the Congress, particularly Chairman Rostenkowski, who does not want to proceed with consideration of such a controversial peice of tax legislation unless it will resolve the GATT problem.

DECISION

We must decide whether or not we should attempt to get the Europeans to agree at the Ministerial that the DISC issue will be resolved with the enactment of the Administration's proposal. If we are able to jointly announce such an agreement, prospects for passage of the legislation improve considerably. If we are to proceed with this course, considerable effort must be expended before the Ministerial to arrange for such an agreement.

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European Community NEWS

File Speeches

No. 1/85
January 10, 1985

Contact: Ella Krucoff
(202) 862-9540

BACKGROUND NOTE: REVIEW OF E.C.-U.S. ECONOMIC AND TRADE RELATIONS

The relationship between the European Community and the United States is of necessity complex and nowhere is this more apparent than in the sphere of economic and trade relations.

The Community and the United States are the major participants in the international economic and trading system and in this they support broadly similar aims of strengthening the open world trading system and thereby expanding world trade. At the same time, they are competitors with divergent interests and sometimes different interpretations of the multilateral trading rules.

In spite of occasional difficulties, the relationship has been successful in containing and controlling the many potential points of friction. Consultations at official level, frequent exchanges of visits by Ministers and Commissioners, and close contacts through the Commission's delegation in Washington and the U.S. mission in Brussels have taken place since the early days of the European Community.

In 1981, it was decided to intensify the dialogue at the political level and an important U.S. ministerial delegation led by the U.S. Secretary of State has since met each year with a Commission delegation headed by the Commission's President. The most recent of these meetings was on December 14 in Brussels. These talks emphasize that the E.C.-U.S. relationship is basically a cooperative enterprise and that any conflicts must not be allowed to escape from their limited context.

The bilateral and multilateral importance of this relationship cannot be overestimated. Not only does it provide a solid basis for an annual bilateral trade of over 100 billion European Currency Units (ECU)*, it also contributes in an important way to international trade cooperation. It has been instrumental in putting a brake on protectionist tendencies and in promoting international trade liberalization. The successive General

...../

* See page 6 for a description of the ECU's value against the dollar.

Washington office: 2100 M Street NW Washington DC 20037 / telephone (202) 862-9500 / telex: 89-539 EURCOM
EUROPEAN COMMUNITY INFORMATION SERVICE
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Agreement on Tariffs and Trade (GATT) Multilateral Trade Negotiations could not have succeeded without the active support and cooperation of the Community and the United States.

The bilateral relationship

There is no formal agreement fixing a framework for the totality of relations between the Community and the United States as there is, for instance, between the Community and each of the European Free Trade Association countries.

The ground rules for the bilateral relationship between the Community and the United States are mostly found in multilateral organizations, especially the ones which bring together the industrialized world, such as GATT and the Organization for Economic Cooperation and Development.

In the area of trade, the general GATT rules apply and particularly the Most Favored Nation clause. By these the parties set up a relatively transparent nonpreferential structure as regards trade tariffs and, through the GATT rules and codes, accept binding rules for most other matters concerning trade. In terms of quantitative restrictions, trade has been almost totally liberalized.

Bilateral agreements

Bilateral agreements have been concluded in certain specific sectors:

EURATOM/U.S. This was the the first agreement ever signed on behalf of the European Atomic Energy Community (Euratom), less than five months after the Euratom treaty came into force in 1958. The agreement, supplemented by a further agreement in November of the same year, establishes a framework for cooperation in the peaceful uses of atomic energy, including the supply of nuclear fuel to the Community by the United States.

In the late 1970's, the U.S. government requested a renegotiation of these agreements as they applied to safeguards throughout the nuclear cycle. Following difficult negotiations, an agreement was concluded to both sides' satisfaction.

ENVIRONMENT AND WORK SAFETY. In 1974, the Commission and the U.S. Administration agreed to periodic consultations at official level and, where appropriate, common action on environmental questions. In 1979, they agreed to hold expert level meetings on various aspects of safety and hygiene at work.

..../

FISHERIES. An agreement was signed in February 1977 regulating access of Community fishermen to the U.S. fisheries zone. This agreement has recently been renewed for the period 1984-89.

STEEL ARRANGEMENT. During the present recession in the steel industry, the American government has sought to limit imports of ordinary and special steels to the American market.

At the beginning of 1982, the American steel industry, in a concerted effort to reduce steel imports from all sources, launched a series of anti-dumping and countervailing suits against, among others, European steelmakers. As the adoption of protective measures would have entailed a drastic reduction in European exports to the U.S. market, the Commission negotiated an arrangement providing for guaranteed but reduced access of 5.46 percent of the U.S. market for 10 categories of steel, and the dropping of all anti-dumping and countervailing suits by the American companies concerned.

The Carbon Steel Arrangement was concluded in October 1982 and has functioned to the satisfaction of both sides. Tension arose in January 1984 when Bethlehem Steel filed an import relief petition. This could have jeopardized the Arrangment if, as a result of the investigation, stricter import restrictions had been imposed than those agreed upon in the Arrangement.

Specialty steel was not covered by the 1982 Steel Arrangement. In July 1983, President Reagan, following a recommendation from the U.S. International Trade Commission, decided to impose quotas and additional tariffs on specialty steel imports for a period of four years. The Community protested against this unilateral action and demanded compensation under GATT rules. After unsuccessful negotiations, the Community was obliged to take compensatory action in conformity with GATT rules. This consisted of increasing tariffs and imposing quotas from March 1, 1984, on products such as chemicals and sporting equipment from the United States. They will remain for the duration of the American measures.

Steel pipes and tubes were also not covered by the 1982 Steel Arrangement. The E.C. and U.S. today signed an exchange of letters limiting E.C. pipe and tube exports to 7.6 percent of the U.S. market through 1986.

AGRICULTURE. While the E.C. remains one of the United States' major export markets for agricultural produce, importing 9.5 billion ECUs worth of American farm goods in 1983, friction does occur in this area, mainly centering on three issues:

- access to the U.S. market for Community exports;
- competition on third markets;
- U.S. exports of grain substitutes to the Community.

..../

An example of the problems concerning access to the U.S. market that have arisen in E.C.-U.S. agricultural trade is the growing tendency within the U.S. Congress to support legislation that implies some form of reciprocity in bilateral trade.

This is typified by the 1984 Trade and Tariff Act that has just been adopted by Congress. This legislation could restrict access of wine to the American market by giving U.S. grape growers the right to introduce anti-dumping and anti-subsidy complaints against wine imports.

The Community believes this is a violation of GATT rules, which specify that only producers of the same or of a similar product can introduce such complaints. The Commission has initiated GATT consultations on this matter.

On the question of competition on third markets, the U.S. considers the Community's use of export subsidies both fundamentally wrong and unfair. Article 16 of the GATT, however, allows export subsidies on agricultural products where they do not lead to an inequitable share of the world market or to an undercutting of the going price. The Community maintains that it has kept to the letter and spirit of Article 16, and points out that the U.S. employs a wide range of export aids itself (food aid and blended credits, for example).

As is explained by most American commentators, the difficult situation of U.S. exporters is due to the high level of the dollar and to a serious lack of funds, particularly in developing countries.

Encouragingly, agreement was reached in the recent meeting of the GATT contracting parties to discuss further how agriculture should be treated within the GATT framework and, in particular, to examine all export subsidies and import restrictions affecting agricultural trade.

On the question of cereal substitutes, the Community wishes to protect its program for reforming the Common Agricultural Policy and reducing farm support. Therefore it has been negotiating with its trading partners the stabilization, at their current level, of imports of certain cereal substitutes. It has already reached agreement with a number of countries concerning imports of manioc.

The Community now proposes to negotiate similar arrangements within GATT rules on corn gluten feed, a by-product to a large extent of U.S. corn sweetener manufacture. This would mean that exports of corn gluten feed to the Community could continue at the current level free of import duty. Any future expansion could involve paying customs duties. The E.C. could offer appropriate compensation to the U.S. for any trade affected.

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OTHER ISSUES. The Community has expressed its concern to the United States on a number of other issues, including textiles, extraterritoriality and unitary taxation.

In the first of these, the United States Customs Service has implemented new rules of origin that could have a severe effect on exports of textiles from the developing countries to the U.S. and are already having some effect on Community exports.

On extraterritoriality, the new Congress will have to examine an Export Administration Bill which is likely to contain elements contrary to the Community's interest. Thirdly, the unitary taxation system adopted by some states creates an unfair tax burden for Community multinationals with subsidiaries in the United States.

DEVELOPMENT AND STRUCTURE OF TRADE. The Community and the United States are the two largest trading partners on the world scene. In 1983 they accounted for 20.5 percent ($293 billion) and 17.3 percent ($258 billion) respectively of total world exports.

The two parties are also each other's largest trading partner and their bilateral trade - over 100 billion ECUs alone - accounts for approximately 6 percent of world trade.

Over the years, E.C.-U.S. bilateral trade has constantly shown a trade deficit for the Community. At times this deficit has reached dramatic levels, as in 1980, when it was almost 18 billion ECUs. Because of the strength of the U.S. dollar, the Community's deficit has, however, decreased, and 1984 showed a Community surplus.

The last few years have shown a remarkable increase in bilateral trade between the Community and the United States. E.C. imports have more than doubled, from 25.7 billion ECUs in 1977 to 53.5 billion ECUs in 1983. In the corresponding period exports to the U.S. showed a similar rise, from 20.5 billion ECUs to 50.3 billion ECUs.

Seen from the point of view of the trade balance, the Community has its largest trade surplus with the U.S. in cars and trucks (6.4 billion ECUs), followed by oil (4.6 billion ECUs), iron and steel (1.9 billion ECUs), alcoholic beverages (1.9 billion ECUs), mineral manufactures (1.7 billion ECUs), machinery (1.1 billion ECUs) and nonferrous metals (1.1 billion ECUs).

The E.C. has trade deficits in oil seeds (2.8 billion ECUs), animal feed (2.1 billion ECUs) and cereals (1.1 billion ECUs); as well as office machinery (4.7 billion ECUs), electrical machinery (1.7 billion ECUs), scientific apparatus (1.5 billion ECUs) and coal (1.4 billion ECUs).

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Trade between the E.C. and the U.S.

Millions ECU

	1960	1970	1975	1980	1981	1982	1983	1984* (6 months)
E.C./IMPORTS	5,470	12,416	20,915	44,601	49,585	53,831	53,482	30,400
E.C./EXPORTS	3,371	9,354	13,295	26,775	37,169	42,908	50,275	31,900
E.C. BALANCE	-2,369	-3,062	-7,620	-17,826	-12,416	-10,923	-3,207	1,500

* Estimate

Trade between the E.C. and U.S. by Product Categories, 1983

Millions ECU*

	E.C. Imports	% of Total	E.C. Exports	% of Total	E.C. Balance
Food	4,647	8.7%	1,451	2.9%	-3,196
Tobacco/Beverages	670	1.3%	2,013	4.0%	1,342
Raw Materials (including oil seeds)	6,486	12.1%	531	1.1%	-5,954
Mineral Fuels	2,542	4.8%	5,693	11.3%	3,151
Vegetable and Animal Oils	217	0.4%	43	0.1%	-173
Chemicals	4,731	8.8%	4,013	8.0%	-718
Basic Manufactures	3,706	6.9%	8,600	17.1%	4,894
Machinery & Transport Equipment	19,204	35.9%	18,101	36.0%	-1,102
Other Manufactures	5,984	11.2%	6,562	13.1%	578

Source: EUROSTAT

* The exchange rate ECU/dollar varies daily as the various E.C. currencies, which make up the ECU, vary against the dollar. One ECU was worth $1.00 from 1960 to 1972, $1.24 in 1975, $1.39 in 1980, $1.12 in 1981, $.98 in 1982, $.89 in 1983 and $.83 in 1984.

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Trade between the E.C. and the U.S.

Millions ECU

E.C. IMPORTS

	1980	1981	1982	1983
EUR 10	44,601	49,584	53,830	53,481
FRANCE	7,729	7,875	8,202	7,906
BELGIUM - LUXEMBOURG	3,957	4,065	4,261	4,299
NETHERLANDS	4,866	5,610	5,982	6,413
FEDERAL REPUBLIC OF GERMANY	9,724	10,798	11,290	11,356
ITALY	4,995	5,563	5,936	5,369
UNITED KINGDOM	11,437	12,905	15,384	15,398
IRELAND	626	975	1,116	1,326
DENMARK	913	1,381	1,226	1,014
GREECE	351	409	430	397

E.C. EXPORTS

	1980	1981	1982	1983
EUR 10	26,775	37,168	42,907	50,275
FRANCE	3,543	5,028	5,338	6,474
BELGIUM - LUXEMBOURG	1,556	2,108	2,356	3,001
NETHERLANDS	1,335	1,980	2,196	3,112
FEDERAL REPUBLIC OF GERMANY	8,508	10,332	11,835	14,466
ITALY	2,980	4,627	5,284	6,317
UNITED KINGDOM	7,750	11,518	13,945	14,441
IRELAND	321	439	588	783
DENMARK	568	796	973	1,361
GREECE	211	336	389	315

E.C. BALANCE

	1980	1981	1982	1983
EUR 10	-17,826	-12,416	-10,922	-3,206
FRANCE	-4,886	-2,847	-2,863	-1,432
BELGIUM - LUXEMBOURG	-2,401	-1,957	-1,904	-1,298
NETHERLANDS	-3,531	-3,630	-3,786	-3,300
FEDERAL REPUBLIC OF GERMANY	-1,215	-465	544	3,110
ITALY	-2,015	-935	-651	948
UNITED KINGDOM	-3,686	-1,386	-1,438	-956
IRELAND	-306	-536	-528	-542
DENMARK	-344	-584	-252	347
GREECE	-140	-73	-41	-81