

DEPARTMENT OF STATE

BRIEFING PAPER

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RELEASED IN FULL

FACT SHEET: EUROPEAN ECONOMIC COMMUNITY (EC)I. EUROPEAN ECONOMIC COMMUNITY SINGLE MARKET

- o The EC's single market program aims to remove internal trade barriers by 1992. The EC has made significant efforts to increase competition and reduce structural rigidities.
 - o We support European integration, but are concerned about statements by EC spokesmen stressing reciprocity, protection of "sensitive" sectors, and preference for European goods.
 - o We want to encourage the EC to resist pressures simply to extend protectionism, inflexibility and over-regulation at a Community-wide level. The UK shares our concerns.
 - o Thatcher recently made a strongly worded speech in Bruges in which she outlined her view of appropriate guiding principles for a "United States of Europe", which emphasized voluntary cooperation between sovereign states as the best road to integration and the need to avoid protectionism.
- Thatcher's speech was not well received in Europe (or at home) due to its blunt disparagement of the "utopian goal" of European unity.

II. TRADE DISPUTES

- o There are several important unresolved trade disputes between the US and the EC, including: EC subsidies for oilseed production; an EC ban on the use of growth hormones which could eliminate US meat exports worth \$100 million; European government subsidies for Airbus; and proposed duties on defense imports.

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working visit of U.K.
Thatcher