

# The Community and the World

The Community is the world's largest trading unit, accounting for about 40 per cent of world trade, if trade between the Nine is included, or 25 per cent, if intra-EC trade is excluded.

As a leading industrial grouping and the world's largest trader, the European Community has international responsibilities, is outward-looking and seeks to develop close economic ties with other parts of the world. Its founding treaties pledge it to promote world trade, world development and world peace.

All the Community's member states are members also of the United Nations, the International Monetary Fund (IMF), the General Agreement on Tariffs and Trade (GATT), the Organization for Economic Co-operation and Development (OECD) and the Council of Europe.

More than 100 countries have diplomatic representatives accredited to the Community, which has its own delegations accredited to Canada, the United States, Chile (for Latin America), Japan, the OECD in Paris and international organizations based in Geneva, such as GATT. It has observer status at the United Nations and maintains close links with many other international bodies concerned with aspects of its work.

In international negotiations, the member states seek to develop common positions, as they have in the (East-West) Conference on Security and Co-operation in Europe (CSCE). In most economic negotiations, the Community acts as a unit, with the Commission

as its negotiator, working on a mandate from the Council. Since January 1, 1973, non-member countries seeking trade agreements with the Community have had to negotiate with it instead of with individual member states.

Since its formation the Community has engaged in international negotiations for the reduction of customs tariffs as follows:

— The negotiations in GATT in 1960 and 1961 led to an average tariff reduction of 3 to 4 per cent.

— The Dillon Round in 1961 led to the reduction of most duties by 20 per cent, with a further 20 per cent reduction on about 500 items in the Community's tariff.

— The Kennedy Round reduced duties on industrial products by an average of 35 to 40 per cent.

— For the current multilateral trade negotiations in GATT, the Community has affirmed its wish to encourage further promotion and expansion of trade.

A survey carried out by GATT shows that, compared with major industrialized countries, the Community has the lowest weighted average of customs duties on industrial goods, a distinction that it shares with Canada:

Community 7.0%	Japan 9.8%
Canada 7.0%	Australia 15.8%
U.S.A. 7.5%	New Zealand 22.5%

The Community continues to be the world's largest importer of agricultural products, accounting for 43.9 per cent of world imports in 1973. World market prices for some important products (several types of cereal,

sugar) have recently been much higher than the prices fixed under the common agricultural policy, so that there has been no import charge for these products. In certain cases, there have been Community import subsidies on imported agricultural products.

As a result of the Community's liberal trade policies, its total imports in the period 1958 to 1972 grew at an annual average rate of 8.9 per cent, more rapidly than total world imports, which grew at a rate of 8.6 per cent.

The Community was the first to introduce a system of generalized tariff preferences for products imported from developing countries. At present, 104 developing countries enjoy these preferences, which have been steadily improved and enlarged (*see below*).

The Community has negotiated a comprehensive convention, including important trade concessions with 46 countries in Africa, the Caribbean and the Pacific (*see below*).

## Europe

Any European democracy may apply to join the European Community. Britain, Ireland and Denmark joined the original six members in 1973. With European countries that do not seek membership the Community has negotiated trade agreements.

The Community has associate agreements with Greece and Turkey. Each provides for the gradual establishment of a customs union as a preparation for possible Community membership. Greece applied for membership in 1975.