

Address by
Axel Herbst, Director-General for External Relations
to the Assembly of Western European Union

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Revised Translation

With the frankness that diplomats like to reserve for the moment they are taking leave of us, the retiring Ambassador of one of our European neighbours recently told me, "The EEC has only one serious defect: it is too small". Of course this remark was made in a jocular tone of voice, but it was meant quite seriously. And it brings us straight to the subject you are discussing today on the basis of the report of your General Affairs Committee.

The matter for discussion - you have entitled it "Great Britain, the European Free Trade Association and the Common Market", while we in Brussels usually talk about "the widening of the EEC" - is as topical today as it has ever been. The communiqué issued by the EFTA Ministerial Council in Vienna shows this, as does the mere fact of your discussion here today. Just because the subject is so topical, it is difficult even for somebody who is professionally concerned with European integration not to disappoint the expectations of an audience so familiar with these matters.

I am sorry as you are, ladies and gentlemen, that M. Rey, the member of the Commission responsible for the Community's external relations, could not put the case for European integration to you once again. M. Rey, who had to decline your invitation because the Danish Foreign Minister was paying a visit to Brussels, expressly asked me to pass on his greetings and best wishes for a fruitful discussion. I myself should like to thank you for the kind invitation that gives me this opportunity of speaking to you.

In my view, to be fruitful such a discussion must take as its starting-point an unbiased analysis of the present situation as regards economic integration in Europe. We should not allow ourselves to be misled by the clichés we hear on many sides. The idea that there are two economic monoliths - on the one hand the EEC, on the other EFTA - moving further and further apart on the economic plane, and becoming strangers to each other intellectually and politically, is a travesty of the facts. In the first place, this image does not square with the development of trade between the Community and EFTA countries in recent years. At the same time it contains a dangerous oversimplification, a misjudgment of the other relations existing between the Community and the EFTA countries despite certain fundamental issues that are unresolved.

Let us first consider commercial relations between the Community and the EFTA countries, which on the whole have developed satisfactorily.

Between 1958 and 1964 our imports from EFTA rose by 84% and from Britain alone by 117%. This was a bigger increase than that of our exports to EFTA. The growth of our imports from EFTA was even a little higher than that of trade within EFTA itself. Compared with the growth of world trade, intra-European trade does not come off badly either.

The Community believes it has made its contribution to this favourable development of trade with the member countries of EFTA. We have always been aware that our trading partners can only be reconciled to the creation of a large unified market in Europe if the Community's commercial policy is liberal and outward-looking. As the Rome Treaty requires, we have tried to pursue such a policy since the inception of the Community.

Our outward-looking, liberal commercial policy is certainly not mere altruism. It is rather the expression of "enlightened self-interest". The Community's supplies of fuel and power and raw materials at low prices are not sufficient to cover its requirements. To maintain and increase its gross product, the Community is therefore obliged to trade extensively with the outside world. The ratio between the Community's external trade and its gross product is 19 to 100. So the Community's economic viability depends as to almost one fifth on a flourishing external trade. To maintain and increase this external trade is consequently as vital for us as for our European neighbours.

While there are certainly dark spots here and there in this rosy picture, the frequently expressed fears that the creation of the Common Market must inevitably lead to a reduction of international trade have none the less proved unfounded.

Our trading partners are inclined to rejoice that only the boom conditions of recent years have enabled them to maintain or improve their position on this common market in the making. They say that the situation will soon be radically changed when the hitherto low customs duties on the particularly attractive Community markets are aligned on the higher duties in the common external tariff and duties within the Community are eliminated.

This argument overlooks two points.

First, the Community's flourishing business situation, from which our trading partners have also benefited, already reflects the influence of economic integration. We are confident that the advancing process of integration will further stimulate the economy, and this in turn will promote trade with non-member countries as well as intra-Community trade.

Secondly, the adjustment of national duties towards the common external tariff results in tariff cuts as well as increases. This is not just a crumb of comfort. As is stated in the EFTA Secretariat-General's admirable first annual report, there has been a marked growth in EFTA exports to France and Italy that is possibly due to the dismantling of tariffs and of quantitative restrictions.

However, there are questions to which we must certainly give our attention in due course - not least in our own interest again - particularly as customs union in the Six will probably be completed ahead of the time-table laid down in the Rome Treaty and as internal duties among the Member States of EFTA will be abolished at about the same time. The best answer to these questions, at least until solutions of a constitutional nature become practicable, is provided by the tariff negotiations in GATT, better known to you as the Kennedy round.

The Kennedy round originally had a different purpose: it was to provide the appropriate framework for trade relations between America and all the countries of free Europe united in the EEC and thus give concrete economic content to the Atlantic partnership. After the breakdown of negotiations between the Community and Britain and other EFTA countries, these aims were extended and given an additional and important intra-European emphasis. Heavy tariff cuts are now to serve to carry Europe over the period in which the conditions for constitutional solutions are lacking. The Community has accepted these broader objectives. It provided for the intra-European aspect of customs disarmament by giving special directives to the delegation negotiating on its behalf in Geneva.

If the Kennedy round is a success, trade between the Six and the Seven - for which I have just quoted some eloquent figures - should continue to grow in the future. This prospect should be enough to induce all European states to take part in the Kennedy round with the firm intention of making it a success.

That is the current situation as regards the constitutional side of European integration? We must take care not to reduce this complex of problems to the alternative between 'Greater and Little Europe'. This would be putting a false slant on the question, if for no other reason than that in an organic process of development the two things are not mutually exclusive. It was the success of the Common Market that gave the first impetus to the establishment of EFTA and set in motion negotiations for admission to or association with the Community. This is enough in itself to show that it would certainly have been a mistake to abandon the highly intensive integration policy of the Six because not all European states took part from the outset.

No, the breakdown of negotiations with Britain and other EFTA countries created a situation that nobody who has at heart the creation of a united free Europe can accept as final. The six countries joined together in the Community are not the whole of Europe. As soon as the political conditions exist, the path towards greater unity should again be sought. This is demanded by political common sense, by our economic interests, and by the inner logic of the integration process, which even without the constitutional links of the EEC awakens in us a keen awareness of the solidarity of Europe as a whole.

Even in circles where the ups and downs of European integration are closely followed, it is not infrequently assumed that the breakdown of the accession and association negotiations meant that all institutional contact between the Community and its European neighbours was interrupted. The mere existence of this Assembly, in which British Members of

Parliament come together and engage in discussion with their colleagues from Community countries, is enough to prove the contrary. Nevertheless, I can only welcome the fact that the report of your General Affairs Committee corrects a widely held misconception and gives an exact description of the kind of contact that exists.

There is, of course, no common measure between these numerous contacts among parliamentarians, ministers and civil servants and the far-reaching economic and political objectives of the unsuccessful negotiations. That would be expecting too much from diplomatic relations between the Community and EFTA countries, from the regular visits of ministers from certain EFTA countries to Brussels and from the regular appearance of the item 'Economic integration in Europe' on the agenda of the Council of Western European Union - to name but a few examples. Furthermore, when your Committee's report tells us that there is no link between the European Commission and the EFTA Secretariat, this is not quite in accordance with the facts: only recently it was agreed to strengthen the working contacts between the Commission and the EFTA Secretariat, which have existed for some time now.

In the light of my own experience I would not underestimate the practical value of the regular exchange of ideas and information over recent years. Those who see things differently are not really criticizing the nature of the contacts currently maintained but rather the political circumstances that prevent us from breaking out of the narrow bounds in which they take place.

If I read it aright, the Vienna communiqué of the EFTA Ministerial Council starts from this point and proposes that the existing contacts be extended and developed. It also puts forward the idea of organizing meetings between Ministers from the Six and the Seven at the earliest possible moment that would hold out prospects of fruitful results.

I hope you will understand that I can hardly express an opinion on these points. The EFTA Council itself wishes to clarify further its ideas about the purpose of possible meetings at ministerial level. Nor would I like to anticipate the reaction of the political institutions of the Community - the Commission and the Council.

At the close of a survey of problems arising in European integration, there is no denying that we often meet obstacles that remind us of the problem of squaring the circle? There is of course one difference: in politics, unlike mathematics, even problems of this kind can be solved. So it is no rhetorical flourish if I end on a note of confidence and resolution rather than pessimism. Let us look for the possibilities in everything, even in the obstacles facing us.