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POLICY STATEMENTS

PS(E) 9/77. PRESIDENT OF COUNCIL OF FOREIGN MINISTERS
ADDRESSING EUROPEAN PARLIAMENT

Dr. David Owen, President of the
Council of Ministers of the European
Communities and British Foreign and
Commonwealth Secretary, in Strasbourg
on April 20, 1977:

In his first speech to the European Parliament at Strasbourg on April 20, the President of the Council of Ministers of the European Communities, Dr. David Owen, discussed the two major issues now facing the Community -- growth, inflation and unemployment, and the North/South dialogue.

On the former, he said that the Commission's progress in drawing up a program of action will be discussed at a tripartite conference to be held before the end of June.

"We are still living with the consequences of the worst world-wide economic recession since the 1930s. In all the EEC member states, unemployment is at unacceptably high levels. Economic growth rates are well below what we have become accustomed to over the last 20 years, and in most ... inflation rates are well above the average over the last two decades...

"The European Council which met in Rome in March agreed to have a further tripartite conference

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before the end of June, bringing together governments, employers and trade unions. The Council, in their agreed statement on Growth, Inflation and Employment, requested the Commission to draw up an action program which will, hopefully, cover specific proposals for increasing industrial investment, increasing job opportunities and covering those sectors causing particular and immediate concern, such as steel and shipbuilding.

"The Commission will make a progress report on its work to the European Council in June and it is vitally important that we are in a position to report real progress for alleviating unemployment..."

"Restoring balanced growth to the world economy will be a major theme of the May Downing Street Summit..."

It is wholly right that the Community should deal with these economic matters, which affect the livelihood of many millions of EC citizens, said Dr. Owen, and "we need not be ashamed of admitting that this is the Community's first priority." But it is not the only priority.

"We are also citizens of the world. We have responsibilities to the unemployed and the undernourished, worldwide. The European Community has never seen itself as an exclusive, inward-looking organization, and the European Council devoted considerable time at Rome to the North/South dialogue."

An important moment in the history of the developed world's dialogue with the developing world has now been reached, the President of the Council of Ministers emphasized, and he went on to list some of the efforts which Community members, individually and together, are making to help bridge the economic gap.

"The Community ... has played and will continue to play a leading role in the dialogue. It has been rightly the dominant topic during the British Presidency..."

"The first stage of the Common Fund Conference was concluded less than a month ago. The second joint council of the ... Lome Convention, took place last week in Fiji. We stand on the eve of the resumption of the Conference on International Economic Cooperation which will conclude at Ministerial level at the end of May. The IMF Interim Committee, meeting in a week's time, will be considering the serious problems faced by many less developed countries in financing the deficits arising from their imports.

/"The ...

"The Downing Street Summit next month will discuss measures to stimulate world economic activity and to improve the functioning of the world's economic and monetary system; the problems of the developing world will play an important part in these discussions. In Britain, at a meeting of Commonwealth Heads of Government in June, representatives from countries at almost every stage of economic development ... will discuss the issues of the North/South dialogue in a relaxed and intimate atmosphere. Many matters of great importance to developing countries will come up in the forthcoming multilateral trade negotiations.

"The outcome of these many parallel and sometimes overlapping sets of negotiations and discussions will be decisive for the future course of the dialogue...

"In one way or another, the Community's voice is heard in all these fora, whether it is through the participation of individual member states, through member states working in close cooperation and speaking as one, or through the Community acting in its own right."

The Community must ensure that its voice is "identifiable, consistent and constructive," said Dr. Owen.

"That is why the U.K. Presidency has felt it right to devote a major part of its Presidential effort to hammering out ... Community positions on a Common Fund and on the issues which arise in CIEC. In Rome, the European Council agreed the basis of a common position for the Community's participation in the final stages of the CIEC; and further work was done in the Council of Foreign Ministers only this month. In particular, at Rome, the Community was able to agree to take an important step forward in an area of primary importance to the developing world, by accepting that there should be commodity price stabilisation agreements, where appropriate, and that there should be a Common Fund. In addition, the Community also agreed to a study of measures to stabilize the export earnings of developing countries."

Since the Rome meeting, the first round of the Common Fund Conference in Geneva has ended, albeit without full agreement.

"But there does exist a consensus that any scheme eventually decided upon must assist international

/commodity ...

commodity arrangements to stabilise commodity prices around the longer-term market trends. This would be of benefit to developed and developing countries alike. I believe that, given goodwill and a bit of give and take, a basis exists for the successful conclusion of a reconvened Conference."

Nor should the considerable measure of agreement that has already been achieved by international negotiations -- for which the Community can take a major share of the credit -- be played down, said Dr. Owen.

"The Lome Convention has just completed what has proved to be a successful first year in operation... Indicative aid programs have been drawn up for all the original 46 countries and aid is starting to flow for both national and regional products. The Stabex scheme has helped to stabilize export earnings in several raw materials. The establishment of the Centre for Industrial Development should increasingly bring into force the industrial cooperation provisions of the Convention...

"In addition ... the Community's Generalized Scheme of Preferences has been revised and improved in every year of its operation since its inception in 1971. It is now of particular benefit to the poorest developing countries. It provides for reduced duty, or duty-free access for manufactured and semi-manufactured products...

"Agreement has recently been reached on replenishing the International Development Agency to the tune of more than \$7 billion... The IMF Interim Committee agreed at the beginning of last year to increase credit tranches by 45 percent... This IMF Committee will be meeting again in a week's time in Washington, when it will consider the possibility of greater access to the Fund's resources. Agreement was reached at the Kingston meeting of the IMF in January 1976 on gold sales over a period of four years, part of the proceeds of which goes into a trust fund for assistance to developing countries with balance of payments problems...

"In addition ... a study is being undertaken of ways of improving the international framework for world trade...

"It is a record of solid achievements."

/It ...

It is simply not feasible to meet immediately all the demands of the developing world, Dr. Owen told the European Parliament; nor should the entire burden fall on the West.

"... there are other countries, such as the USSR and those of Eastern Europe which have responsibilities and in many cases contribute very little to the developing world. We look also to the oil producing countries, with their vast surpluses, to cooperate with us by contributing constructively and generously.

"We need to widen the participation in the North/South dialogue and recognize that we are involved in a complex and long-term process that will amount to a permanent state of discussion and negotiation. It is vitally important that the two sides should work together and not against each other in this process. Without this cooperation we cannot possibly hope to restore the health of the world economy -- the key to the problems of both developed and developing countries."

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