

# European Community



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## PRESS RELEASE

JENKINS: EC MUST ADJUST THROUGH INDUSTRIAL CHANGE, NOT PROTECTION

### General Freeze In Farm Prices Urged

Following are extracts from the 1979 programme speech by EC Commission President Roy Jenkins to the European Parliament in Luxembourg on 13 February 1979

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This occasion marks the opening of a more momentous year of change for the Community than it has seen for some time. The priorities are:

- to strengthen the internal organization and cohesion of the Community and ensure its continued development;
- to enlarge the Community to include those European democracies able and qualified to join;
- and to ensure that the Community as such makes its contribution to the management of the world economy.

### External Policies

I would like to single out two events which are particularly significant for the Community. First, our relationship with the United States. Second, the trade agreement with China concluded last April. Nevertheless, as a Community we still face difficulties and dilemmas in our relations with both developed and developing countries. These have been underlined in the Multilateral Trade Negotiations and the negotiations for a successor to the Lomé Convention. We have to ensure that the trading system which we are constructing contains its own checks and balances. The phenomenon, for example, of the highly competitive, low-cost producer is only an extreme manifestation of a wider problem of adjustment to which protection cannot ultimately be the answer. Over the past year the Community has found it necessary to take a number of measures to safeguard employment in certain industries which suffer acutely from over-capacity and excess labour.

These measures will only be acceptable to our trading partners if they are accompanied by active and responsible policies to adapt our economies. The Commission is conscious of the need to shift the emphasis to the promotion of growth sectors as well as to the promotion of the longer-term framework within which industrial change can take place. This also concerns us in our negotiations for a new convention with the ACP (Africa, Caribbean and Pacific) countries.

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It would make little sense to offer generous aid and trading benefits to these countries if we refused to prepare ourselves to accept an increasing volume of their products.

### European Monetary System

It is a matter for profound regret that the European Monetary System could not be launched at the beginning of this year, but I believe that there is a political will for solution, that we shall find a solution and that we shall find it soon. It is essential to underpin and sustain what we have created.

- First, we must accelerate the processes of convergence within our Community. The Commission will soon bring forward proposals to improve the mechanisms and to increase the momentum of coordination.
- Second, the Community needs to make much more of the benefits of the existing Common Market so as to ensure a better balance of economic activity within it.
- Third, we need to deal with the special difficulties of the less prosperous member states. To this end the Commission is, as requested by the European Council (EC heads of governments), re-examining the role which the Community's instruments, jointly and separately, can play in promoting convergence.

As part of the strategy it is particularly important that the Common Market itself should function smoothly. Paper work at intra-Community frontiers has not diminished. Formalities and procedures continue to vary from member state to member state. They remain a hindrance. The Commission will be bringing forward this year a new five-year programme designed to establish the Customs Union on a more solid basis through the progressive introduction of Community customs legislation to encourage a far freer flow of goods over our internal frontiers.

### Energy

How are we to secure a drastic and permanent reduction in our oil imports? How are we to secure a sustained and significant cut-back in overall energy consumption? How are we to develop new and unconventional alternative sources of supply? How are we to exploit and use to the best advantage our available energy resources? The scale and nature of the issues suggest common and Community action. We must prepare now for the post-oil era.

### Agriculture

I have to tell you that the situation and prospects on the agricultural markets today are worse, not better, than a year ago. Milk production is accelerating, while consumption is static. Every third ton of sugar that we produce is exported with the aid of an all too substantial subsidy. That is why we now insist on the need for a rigorous price policy for as long as the market imbalances last. This means a general freeze in the common prices for the coming season. With the other measures we have proposed this policy can succeed in restoring a proper balance to our agricultural policies.

In order to restore fair competition and normal conditions of trade, we must return to the unity of the agricultural market. We could make a substantial progress in MCAs (Monetary Compensation Amounts) this year, and move towards elimination over a period of years. But in eliminating MCAs we must not compromise our price policy.