

**European
community**

PRESS RELEASE

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AN ADDRESS DELIVERED BY SIR CHRISTOPHER SOAMES
VICE PRESIDENT OF THE COMMISSION OF THE EUROPEAN COMMUNITIES
AT A LUNCHEON MEETING OF THE EUROPEAN CHAMBERS OF COMMERCE

The New York Hilton Hotel
October 30, 1973

When I heard some months ago now that your Chambers of Commerce would like me to address them, I was very glad to accept. Among all the common interests which the United States and Europe share, and there are many, trade and commerce are second to none in importance. It is therefore a special pleasure for me, with the responsibilities I have for the trade policy of the European Community, to speak to an audience which represents in New York that infant which finally struggled into the world a mere 10 months ago, the enlarged European Community. I have no doubt you share with me and my colleagues our delight at the birth and at the sense of challenge that it represents. But what you will want to hear from me perhaps is how the infant is doing and where it is going.

What a period of change we are living in. The whole international scene is shifting. New patterns of influence and power are beginning to affect our daily lives, wherever we happen to live and whoever we happen to be. Much of this change is the evidence of statesmanship put to good use in recent years.

There are the new relationships which the United States has established with the Soviet Union and China. For years, Peoples' China was a reality with which American diplomacy had little or no contact. With great skill and sense of timing, U.S. statesmanship has now seized hold of this reality. A purposeful American dialogue has now been opened up with the rulers and representatives of the most populous nation, the largest country and the oldest civilization on this earth. Nearer to Europe, the United States and the Soviet Union, the two world super powers, have been endeavoring, after decades of Cold War, to establish common ground. All this, too, is welcome. Not because some philosopher's stone for securing peace and stability has been found -- recent events in the Middle East have surely shown that is not so. But because the survival of our planet in peace or its destruction in all-out nuclear war still depends, in the last analysis, on the decisions which these two super powers take.

But America, Russia, China are not alone in some category apart. The horizons of the Seventies are quite different from those of the Fifties and Sixties. Setting aside for the moment considerations of purely military might, and looking at the facts of economic power in the open societies of the West, it is evident that there are now three giants, where formerly there was one -- in terms of straight economic strength and potential, the United States has been joined by Japan and the European Community.

Of the Japanese miracle, a New York business audience will need little reminding. What of Europe?

The original Community of the Six continental countries was already an entity of considerable economic consequence. With the entry of Britain and two other new Members, this year, the Community has now become very big business indeed. Let me give you a few figures. The enlarged Community accounts for roughly 40 per cent of world trade and 40 per cent of world monetary reserves. It is responsible for over a quarter of the Free World's merchant fleet and virtually a third of the Free World's development aid to the poorer countries. It produces nearly a quarter of the world's steel. Its population is larger than that of either the United States or the Soviet Union. It probably produces as many motor vehicles as both combined. The opportunity and challenge of our European market is such that nearly a quarter of U.S. exports come to the Community; and there has been a continuous flow of direct American investment. The book value alone of this investment in 1972 was more than \$25 billion.

But the European Community is not a monolith. It is not as united as perhaps some of these figures suggest. Let us be frank in admitting it. The Community is still in important respects nine different countries, with different ideas of what to do. They still have a long way to go on the road to the creation of one united Europe.

Nevertheless, the Member States of the Community have now set themselves the goal of achieving European Union of an economic, monetary, and political character by the end of this decade. The work program is ambitious -- calling for common regional and social policies, the close coordination of economic and foreign policies, the setting-up of common monetary funds and perhaps the eventual adoption of a single European currency. The step by step approach is the only realistic one. There are no short cuts, no easy options, for us Europeans. It will be slog, slog all the way, as we seek to fuse together the interests and ideals of nine old and proud independent nations. We know this, and we accept it. What we want you to know is simply that the Community is moving. We are on the road and we are headed in the right direction.

What conclusion can we draw from all this for the Community's relations with the United States? Clearly a new pattern of relationship will be required.

Hitherto, each European country had found it natural and appropriate to think of its individual relations with the United States. Except in certain limited areas, the Community had no relationship of its own with the United States. Now this can, indeed must, be changed, as the Community extends its cooperation in pursuit of these ambitious goals. Alongside the pattern of bilateral relationships with the United States, a Community relationship must grow to take account of the increasing role which a unified Western Europe can and must and will play in the world.

I emphasize these international relations, lest anyone should make the mistake of thinking that the Community is an organization with mainly internal and regional objectives. That is not the case. We in Europe have a long experience of international affairs. We have never lived, we do not live today, in a regional ghetto. The early European seamen, explorers and traders did not circumnavigate the globe, they did not penetrate the interior of the five continents, merely in order that their descendants should be able to stay securely at home. If the challenge for us Europeans is different today, it is perhaps in the following respect. Henceforth, we must make collectively that contribution to the world which formerly we made singly and separately.

Against this background, recent developments during what is called the "Year of Europe" can only be seen as helpful. President Nixon and Secretary Kissinger have taken an initiative of the first importance in opening up at the highest level a new dialogue with Europe. The discussions now taking place between the U.S. Government and the Governments of the European Community and the North Atlantic Alliance as a whole mark the establishment of a new, a more apt and fitting relationship. We are working well together on a joint declaration of purpose by the Community and by America.

The task of responding to the American initiative has itself prompted new thought in Europe about the problems of developing our integration. The challenge has helped the Community to make further steps towards defining a political as well as an economic identity.

But the "Year of Europe" is not and cannot be an end in itself. A new relationship of the magnitude we envisage cannot be built in a year. The relationships which the United States has with the individual countries of the world have been formed over many generations. And the new enlarged European Community is hardly ten months old. Even in the days of the jet and the telephone, profound relationships are not formed and reformed except by a gradual process of development and adaptation. We must live and work together, and in this way our new relationship will emerge beside those between the United States and the individual European Member States. However, the "Year of Europe" has already been a stimulus -- but we must be thinking not only of twelve months but of the decades ahead.

The timing of this initiative is well chosen. But it will not of itself provide the answers to the many calls for reappraisal, foresight, and statesmanship in the Western world which are pressing on us. No declaration, however cleverly drafted, however sincerely intended, however prestigiously inaugurated, can take the place of actually getting down and working together in a spirit of cooperation rather than of contestation, to find solutions to the numerous problems we will always be facing in the international economic field.

In the economic sphere, the Community already has clearly defined responsibilities. In this area there are pressures which threaten the continued expansion of world trade which has been one of the main factors contributing to the remarkable rise in the standards of living of the United States, Europe, and indeed the world generally in the last two decades.

First, there is the urgent need for international monetary reform. The Bretton Woods system, after years of service, now requires updating. Confidence in the present monetary arrangements has been lost. The free world has been moving from one hand-to-mouth expedient to the next. We cannot continue to drift like this. Europe and America and our other major partners in the Group of Twenty must move ahead.

Then there are the international trade negotiations formally opened in Tokyo in September, which will run their course over the next two years in Geneva. We must all come to the negotiating table with adequate powers and proposals. We have much work to do on this in the Community. We hope that the U.S. Government will soon have its own mandate to negotiate, and we are following closely the progress of the Trade Bill. The move towards liberalisation, which culminated in the successful conclusion of the Kennedy Round of negotiations of the 1960's was splendid, as far as it went. But we must keep at it. Protectionism lies half awake everywhere, ready to raise its barriers, set up its cozy little blocs, lay grievance upon grievance in the cause of trade war. We must all drive trade liberalisation forward if we are not to be crushed beneath its retreating wheels.

The European record here is good. We are a trading community and as such we are not only big exporters, but big importers also. The Community of six emerged from the Kennedy Round with a lower average industrial tariff than the U.S., the U.K. or Japan. If you add up the imports of the Nine Countries of the enlarged European Community, you will find they amount to well over twice the value of United States imports and six times those of Japan. Imports for the United States represent only 4 per cent or so of

the Gross National Product; for the Community, the figure is more than 18 per cent. Western Europe is not a self-sufficient economic unit; nor does it have the resources to become one. The record of the U.S. is also of a liberal attitude in trade matters, and the whole world has benefited from our common approach.

Monetary reform and trade expansion are matters of the first importance not only for the whole of the industrialised West but also for the less developed countries. For these developing countries, the measures that are taken generally are not sufficient: enlightened self-interest, to put it no higher, points to special measures to help these countries. For more than two years, the European Community has been operating a scheme of generalised preferences for the benefit of all developing countries worldwide. In the Community of the Six last year, imports from the underdeveloped countries were able to enter tariff-free to the total sum of 10 billion U.S. dollars. There is still considerable room for improvement. We should like to include more products, raise import ceilings yet further, and so forth.

But the European Community cannot go much further along this road unless the United States also decides, as we earnestly hope it will, to offer comparable market access. We too have our electorates to convince and our lobbies to answer. It is a real necessity, political as well as economic, for us to be able to say that the Community is not alone in making the required sacrifices. As the developing countries diversify their own economies and extend the range of their goods for export, we ought, all of us, to open our markets further and to accept, in consequence, the progressive need to adapt our own domestic industrial structures.

The United States and Europe have certainly got plenty to do together in international monetary reform, in greater trade liberalisation and in helping developing countries. But there are other important areas such as energy which will call for our joint attention. The present difficulties have highlighted the need we have appreciated for some time for a greater degree of cooperation in this area, between both consuming and producing countries.

Still looking ahead, we need to face the longer-term prospect of world shortages of certain essential raw materials. It is not necessary to endorse all the pessimistic forecasts that are sometimes made to agree that, in this matter of the earth's resources, joint action will eventually be required between consumers and suppliers. On the European side, there is an awareness of the issues at stake, an openness to new ideas, a wish to approach the problems internationally.

Mr. Chairman, we have come a long way from the accumulation of interminable petty grievances, from the litany of trivial mutual reproach, and from the dialogue of the deaf which has sometimes in the past obscured the real nature and confidence of our mutual dealings. It is now up to all of us on both sides of the Atlantic to give our dialogue substance. It cannot be too strongly emphasised, what Secretary Kissinger said here in New York on 26 September, that "we are not engaged in an adversary procedure. We are engaged in a process in which a traditional friendship is intended to be given a new vitality". That vitality will not descend from the skies. It will have to be worked for by the statesmen and the peoples here and in Europe. And it will have to stand up to plenty of buffeting, for let us face it, our interests are not always identical.

As recent days have shown, events will not always conspire to favour what I profoundly believe to be this new Europe's top priority in the external field, the development with the United States of a close and constructive working relationship.