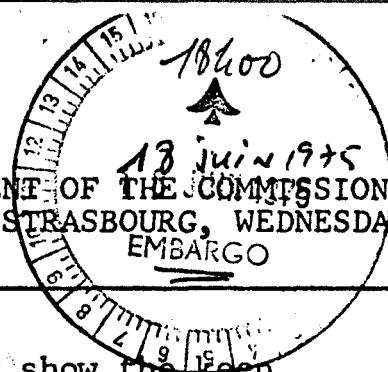


SPEECH BY SIR CHRISTOPHER SOAMES, VICE-PRESIDENT OF THE COMMISSION,
DURING A EUROPEAN PARLIAMENT DEBATE ON CHINA: STRASBOURG, WEDNESDAY,
18 JUNE 1975.



The questions put to the Commission today show the keen interest in relations between China and the Community which is felt in this House - and which reflects, I am sure, a wide public interest. I have already reported to the Committee on External Economic Relations on the outcome of my visit to China from 4 to 10 May, but I am glad of this opportunity to make a report to the whole House.

The purpose of my visit was to make the first contact at a political level between representatives of the European Community as such and the Government leaders of the People's Republic of China. There have of course been a number of visits to Peking in recent years and months by Ministers and Heads of Government from the Member States of the Community, but they have in all cases been visiting China as representatives of their countries and not of the Community as such. The Chinese initiative to invite me for direct talks with those in China responsible for relations with Europe was greatly welcomed by the Commission.

During my visit to Peking, I called on the Chinese Prime Minister, Mr Chou En-lai, and on Vice-Premier Li Hsien-nien, and I had two lengthy talks with the Foreign Minister, Mr Chiao Kuan-hua. I also saw the Minister for Foreign Trade, Mr Li Chian, and his Deputy, Mr Yao, and my officials followed up these talks in two sessions with officials from the Ministry of Foreign Trade.

My talks with Chinese Government leaders were comprehensive, frank, and, for me, most stimulating and agreeable. In addition to discussing the future relationship between China and the Community, our exchange of views covered a wide range of issues in the international economic field. We discussed the evolution of relations between the developing and the industrialised countries, with particular reference to international problems like energy, raw materials and food. I was able to give some account of the prospects for the development of the European Community and for the evolution of its relations with various other parts of the world. We also discussed Chinese attitudes on these matters. It was encouraging to hear at first hand a reiteration of the long-standing position of the People's Republic of China of support for the efforts we are making towards greater unity in Europe. It was also encouraging that both sides were convinced of the need to conduct future international economic discussions in a spirit of dialogue and cooperation and not one of confrontation.

As the House will be aware, two significant points emerged in respect of relations between China and the European Community. In the first place, the Chinese Foreign Minister informed me that his Government had decided to establish official relations with the Community as such and intended to accredit an Ambassador to the Community. I was able to welcome this decision unreservedly on behalf of the Community, and to make it clear that we regarded it as a most constructive step towards developing a closer and more fruitful relationship between China and the Community. The Minister of Foreign Affairs recalled in this context China's well-known

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position in the matter of Taiwan, a question to which the Chinese Government attach great importance. He enquired about the Community's attitude to the question, and I explained that matters such as the recognition of states did not come within the responsibility of the Community. But I was able to satisfy my Chinese hosts that, in keeping with positions adopted at various times by all the Member States, the Community does not entertain any official relations with Taiwan or have any agreements with it.

As to trade relations between the People's Republic of China and the Community, the starting point of our talks with the Minister and the Vice Minister for Foreign Trade was that the Community took over responsibility for commercial policy in relations with China as from 1 January, 1975. The individual trade agreements between the Community's Member countries and the People's Republic of China have expired, and we confirmed the Community's readiness to negotiate an appropriate Community trade agreement to take the place of these expired agreements with the Member States. At the end of last year, I had indeed myself already conveyed this readiness to the Chinese authorities together with a copy of an outline trade agreement.

The Chinese Ministers told me that they have decided to give positive consideration to this proposal. They see it as a logical consequence of their decision to establish official relations with the Community that these relations should be extended also to the trade field. Indeed, we started right away with an exchange of views on different aspects of such an agreement, and these talks were continued on the official level after my meetings with the Ministers. We have thus already laid the ground work for further exploratory talks on the conclusion of a trade agreement, and we agreed that the next phase of this exploration will take place in Brussels.

I hope the House will share the Commission's pleasure that it was possible during this first contact to make such substantial progress. We have now taken a first step towards a closer relationship which I believe will prove to be of considerable significance both to the People's Republic of China and to the Community.

There are two points which seem to have attracted particular comment. The first is the question of prospects for the future development of the Community's relations with China. The second is that of the implications of the Chinese decision for the Community's relations with other parts of the world. On the first of these points, there is no doubt that trade with China offers the Community considerable possibilities in the long term. It is too soon to say, however, what immediate results trade negotiations with China may lead to. We have not yet discussed particular sectors with the Chinese in any detail. But the extent to which we can expect an early increase in the Community's trade with China depends on a number of factors.

It depends on the Chinese Government's own decisions about the rate of economic development they wish to pursue and the extent to which this development will be assisted by importing capital goods from abroad. So far, they have preferred to rely for the most part on their own resources. And, of course, it depends on the

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competitive position of Community industry in relation to Japan and the United States and on other factors still unclear. But one thing is certain. The establishment of normal, official relations between China and the Community will lead to greater understanding between the two. Having an Ambassador accredited to the Community will permit the development of frequent and natural contacts, not only with the Commission, but also with the Parliament, with the Permanent Representatives - with all the Community institutions. This is bound to increase both Chinese understanding of the Community and the Community's familiarity with Chinese views and interests.

On the other question - the wider implications of the Chinese decision - I should like to make two points. Firstly, it is our hope that this closer relationship will lead to a fuller understanding on the part of China of the Community's positive attitudes towards the developing world. We discussed these questions in some detail in Peking, and I emphasised that it was our intention to keep the Chinese Government informed of our thinking and our policies as these evolve. It is, I believe, reasonable to hope that our views will be taken into account by the Chinese in the attitudes they themselves adopt in these matters, both in their bilateral relations with developing countries and in multilateral fora.

Secondly, I have heard it suggested that the Chinese willingness to negotiate a trade agreement with the Community is likely to inhibit Russia and the other countries of Eastern Europe from doing the same. I am sure that this is wrong. For these governments are going to make their own judgments, for their own reasons, on when they will be ready to treat with the Community as such on commercial matters, as does not only China but the whole of the rest of the world. I do not believe that, for instance, the Russian decision in this matter is likely to be influenced by the actions of China or any other country. They will surely be guided by what they conceive as their own interest. It remains of course our hope that the time will soon come when the Russians and the East Europeans will treat the Community in exactly the same way as do our trading partners in every other part of the world.

There is one point, and a particularly important one, over which I found myself in complete agreement with the views of my Chinese hosts. This was over the future of the Community. They consider it is in the interests of everyone that Western Europe should be strong and united. They think it is less likely to be a potential battle-field if it is united. And they see it as having a vital rôle to play in the world.

The Commission's view, which I hope is shared by the House, is that China and the European Community have much to gain from the closer and more confident relationship which now opens up before us: both of us a people of yesterday, a people of tomorrow.