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THE RT. HON GEORGE THOMSON
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I am glad to take part in the first meeting of the Franco-British Council since the decisive British Referendum result. Now France and Britain are firmly in partnership within the same European Community.

I attended the Summit Meeting in Paris last December at a critical stage in the renegotiation between Britain and the rest of the Community. I saw at first hand how much the successful and constructive outcome of that renegotiation owed to the statesmanship and the spirit of imaginative compromise of President Giscard d'Estaing, who was in the chair. I do not believe enough credit has been paid to his role at that time or since.

Now the Community, with the issue of British membership behind it, has no alibis for not facing the challenge of shaping itself into a more effective protector of the interests of the peoples of Europe.

There is the challenge of moving towards a more united, more democratic Europe, based on direct elections. The roles of France and Britain will each be crucial when the time for practical decision-making comes, as it will do before long.

There is the challenge of a Community energy policy. No one can be proud of the progress made by the Community over the last two years. Here again, what France does and what Britain does - each with its own different considerations to bear in mind - will largely determine how far the Community succeeds in contributing to global solutions or allows its people to be at the mercy of decisions taken elsewhere.

There is the linked challenge of the raw materials crisis and the relations between the Community and the developing countries. Here again, the respective roles of France and Britain within the Community are vital - with their world-wide influence and experience from their former Empires.

One of the great positive achievements of the Community in the face of all the setbacks has been the Lomé Convention - a new and fairer deal with 46 developing countries, so many of them either Franco-phone or Anglophone. Here the Community has blazed a trail for the rest of the world to follow. At the United Nations Special Assembly, efforts are now being made to apply the Lomé principles on a global scale. It is worth noting that in this debate, so fateful for the future of mankind, the countries of the nine are continually consulting together and speaking with one voice.

I underline this current achievement for there is never any shortage of stories of disunity in the Community. We suffer as in most democracies from that temptation of modern journalism that failure is news, but success is never news.

This week is no exception. We meet to discuss wine. It ought of all things to be a commodity that spreads conviviality and amity. But not this week, when the Community's surplus wine has been the cause of dispute and disagreement at the Council of Ministers.

I do not wish to comment on the details of the dispute at a time when my colleague, Pierre Lardinois, the Commissioner responsible for agriculture, is striving to find an acceptable solution. I content myself by pleading that these disputes within the Community be seen in their proper perspective. Almost exactly 26 years ago the second world war broke out. The fact that a European war is unthinkable owes much to the Franco-German reconciliation, of which the Community is the great expression. Today the only wars in Western Europe are wine wars. They are unpleasant and they cause real hardship. But they are soluable and a war in which wine flows is a civilised improvement on a war where blood flows.

What the Community wine problem does provide is a case study on the sources of misunderstanding between nations - even those close to each other in the same Community - the kind of misunderstandings a body like the Franco-British Council exists to remove.

The main problem from France in the present wine crisis was the abundance and cheapness of imports of wine from Italy. Now Britons, being a nation (increasingly) of wine drinkers and not a nation of wine growers, find it hard to understand that cheap and abundant wine could ever be a problem to anyone. This is what I mean by the need to promote mutual understanding.

The British too, strange to relate, had some serious problems with the Community Wine Policy, and several of these, I admit, must be hard for a Frenchman to understand. Surely not many Frenchmen realise that the British wine industry has an annual turnover of 400 million French francs and a production of nearly 1 million hectolitres. This wine is made by the alcoholic fermentation of must and grape juice - it is one of our strange old English Customs, even though it would not be recognised as wine here in Bordeaux.

I hesitate to mention this method of making wine in the country of Château d'Yquem and Cheval-Blanc. But there is an even more astonishing confession to make about British methods of wine making with which Brussels has to grapple amid the major Franco-Italian dispute. This is the home wine-making kits, which you can buy at any British chemist, yes pharmacist ! These strange but perfectly reputable practices are not confined to Britain; there is also something called Irish Wine, and home wine-making kits are as popular in Denmark as they are in Britain.

A Frenchman might be excused for saying that the solution to all these British wine problems is to abolish the British Excise Duty. If he were more understanding, he would propose that the Community Budget should make up the difference to the British Exchequer - though from the Community Agricultural Fund and not the Regional Development Fund. Like most Britons, of course I look forward to the day when the Excise Duties on wine are harmonised at zero throughout the Community, as they already are for Members of the European Commission. In fact though for some of the wine produced in this part of the world, Excise Duty at a flat rate, even when it is five French francs a bottle, works out at less than the ad valorem Value Added Tax charge of some other Member States.

There is one quid pro quo that I, as a Scot, would ask in return for abolishing the British Excise Duty. The liquid product that Scotland (pending oil) sends most of to France is unhappily caught by a sanitary regulation that prohibits in this country, on the grounds of public health, advertising of

cereal-based spirits. This is not nationally discriminatory, since it is also applied to Japanese whisky and French pernod. However, I am glad to say that it has not prevented a flourishing and rapidly expanding export of Scotch whisky to France. I am confident that, even if the authorities in one of our Member States were to impose a prohibition not merely on the advertising but also on the consumption of Scotland's greatest export, the amount that was drunk would remain about the same.

I have a great advantage as a Scot on an occasion like this, since we represent that aspect of Franco-British history that has no ghosts to haunt us. The Auld Alliance between Scotland and France still lives in hearts in both countries. I have at home a copy of a charter of the King of France conferring a common French citizenship on all Scots in the Middle Ages. To the best of my knowledge it has never been rescinded. So perhaps Frenchmen and Scots can now extend to our English friends and those in the other nations of the Community a new concept of common citizenship - citizens of Community Europe. Certainly the massive trade in claret which flowed from Bordeaux to my native Scotland needed no advertising and was utterly undeterred by all the efforts of the English exciseman to gather duty.