

EUROPEAN COMMUNITIES

The Council

A D D R E S S

by Mr Hans-Dietrich GENSCHER

President-in-Office
of the Council of the European Communities

Federal Minister for Foreign Affairs
of the Federal Republic of Germany

Subject to amendment by speaker

(Luxembourg, 4 July 1978)

Embargo until 4 July 1978, 10.30

Mr President, Ladies and Gentlemen,

After the war the resurgence of the States of the European Community was due to their joint efforts and they will only be able to preserve what has been achieved and to guarantee peaceful progress by continuing to act jointly. It is with this conviction that the Federal Republic of Germany is taking over the Presidency of the Community, and in this connection, too we shall make every effort to progress along the road to European unity.

It is the particular responsibility of the Presidency to encourage the Member States of the Community to adopt decisions which are truly decisions for Europe.

The Federal Republic of Germany will do everything in its power to live up to that responsibility. In so doing, Mr President, Ladies and Gentlemen, I am sure it can rely on your support. The Federal Republic sets great store by close and trusting co-operation with the European Parliament and the Commission.

I. On what will our activities mainly focus?

Permit me to begin with external relations. In recent years the Community has made considerable progress in this area - and not by chance, either. The far-reaching changes in the world constrain the Community States to stick together.

During the seventies we have become more than ever aware of a genuinely worldwide state of interdependence; this includes the developing countries and, more and more, the socialist industrial powers.

.../...

Together with the United States and the other industrialized democracies we are confronted with the task of making our contribution to the establishment of a global order for a world characterized by global interdependence - an order based on equity and partnership in which our democracies retain their freedom and can ensure their economic stability.

I wish above all to mention the North-South dialogue, and in particular the UNCTAD discussions on commodities, the negotiations for the renewal of the Lomé Convention, the conclusion of the GATT negotiations and the preparation of the Bonn economic summit.

Allow me to dwell particularly on two events in which the Community must show its ability to play a leading role in establishing a new world order, and also show what Europe stands for in the world.

I refer to the conclusion of the GATT negotiations begun in 1973 and the negotiations for the renewal of the Lomé Convention.

Mr President, the task before us in the GATT negotiations is to stem and then reverse the tide of protectionism. This is another way of saying that what is at stake in these negotiations is nothing less than the future of free world trade.

The European Community is by far the world's largest exporter and importer. No region is more greatly dependent on the continuing freedom of trade. It is therefore in our own basic interests that the Community should be a force for freedom in world trade. That it has always been! It must always go on being such a force. This, however, presupposes that

internally it is prepared to go on accepting and successfully coming to grips with the structural changes which are the result of open market conditions.

I have no need to emphasize to Members of Parliament, who day in day out have to deal with the problems of their voters, how hard it is to gain acceptance for this demand in everyday politics in this present period of high unemployment. However, in this situation we must not forget the following: The world economic system, which is open as regards both trade and investments, has allowed us Europeans to achieve a rate of economic growth unparalleled in history.

If today large sections of the population take for granted a standard of living which earlier generations could only dream about, this wellbeing is due in no small measure to the existence of free world trade. We will find our way back to stable growth only if we can guarantee this precondition of free trading.

Protectionism is no answer to the problem of unemployment. Trade restrictions merely shift unemployment temporarily from uncompetitive industries onto the highly productive exporting industries and in the long term the trading partners all round destroy more jobs than they save.

Accordingly, the present structural unemployment in the Community can only be overcome through the willingness and ability of our economies and societies to adjust to changes in world trade.

For the Community there is no reasonable alternative to a readiness to accept structural change. The other possibility would mean a Community which could no longer match up to international competition, thus finding itself increasingly uncompetitive on world markets.

For an industrial region which is so dependent on imports of raw materials and energy this would be the path to stagnation and poverty. It would also mean that we could no longer make our contribution to the development of the third world.

Whenever measures are taken to contain structural change within reasonable limits and to mitigate the most serious social hardships, we must always bear in mind that the purpose of such measures must be to facilitate structural change and not to hinder it.

The second event in this coming half-year which clearly shows what the Community stands for in the world, and what it must stand for, is the opening of the negotiations for the renewal of the Lomé Convention.

Under this Convention, the Community currently has ties with 53 African, Caribbean and Pacific States - that is to say, about half of all the developing countries. By means of the Convention the parties have established a model of co-operation between industrial nations and developing countries, acting in partnership.

It is a partnership which has adopted the principle of equity not only as a matter of form; is also directly geared to establishing equal opportunity - in material terms, too.

It is endeavouring to achieve this goal by a package of co-ordinated measures: by unilaterally granting free access to Community markets, by a system for compensating for fluctuations in revenue from exports of raw materials, by extensive financial and technical aid, by promoting industrial co-operation, and not least by permanent dialogue between the partners.

The Convention has proved its value in practice and the negotiations will therefore not be concerned with making any basic amendments or innovations but with adjustments and improvements on points of detail.

Here, the Community will try to make it even clearer that the ultimate purpose of co-operation is to serve people and to help them to achieve the human rights of freedom from hunger and want.

I should like to pick out one particular sector of co-operation which I consider to be of particular importance for the future: the promotion of direct investment in the ACP countries.

The Centre for Industrial Co-operation in Brussels has now been set up. Co-operation should now go ahead at full pace and here it is important to create a climate of mutual trust and certainty.

.../...

The host countries must be assured that the foreign investment will blend harmoniously with national economic development and that the advantages are fairly distributed between the two sides. The European investor, on the other hand, needs legal security.

This legal security is in the interests of both sides. Only through it will the host country be able to attract investment geared to long-term co-operation as opposed to short-term capital amortization.

The Community is linked to the countries of the southern and eastern Mediterranean through close geographical proximity, historic ties and a particularly high degree of interdependence.

The Community has come to terms with this situation by concluding a series of Co-operation Agreements with these countries as part of a global Mediterranean approach.

We hope that all the Community countries will soon have concluded the ratification procedures to enable these agreements, the commercial sections of which are already in operation, to enter fully into force.

I feel that it is important that the contracting parties should then demonstrate the great importance of close co-operation between the Community and the southern and eastern Mediterranean countries by convening co-operation councils at ministerial level. We should start this process this year.

.../...

Co-operation with the Arab countries in the Mediterranean and with Israel is intended to contribute to the stable economic development of that area and thus also make it easier to solve the difficult political problems involved.

The Lomé Convention and the Co-operation Agreements clearly show the European Community's aims in its relations with the developing countries, namely: co-operation on the basis of equality, i.e. co-operation without strings. This basic attitude applies world-wide.

Although the Community's relations with the ACP countries and the countries of the southern Mediterranean enjoy a particular status of a special nature, they are in no way exclusive.

Community co-operation with the developing countries also includes Latin America and Asia.

During the German Presidency the EC-ASEAN Conference of Ministers will be the main illustration of this desire for world-wide co-operation.

At the beginning of the 70's the State-trading countries began to integrate themselves into the international economic order of interdependence.

The Community is also desirous of a continuous expansion of trade with the East to the advantage of both sides. In 1974 it offered to conclude commercial agreements with the State-trading countries.

Such an agreement has already been concluded with China. And the offer still stands for the East European countries and the Soviet Union.

The Community also wants to promote co-operation at EC-COMECON level and here the expert talks soon to take place will reveal in what form and to what extent this is possible.

Mr President, the Europe of the Nine is in favour of a world based on partnership. Both the Community's external economic policy and in the foreign sphere European political co-operation are intended to contribute to the creation of such a world.

The common basis for a co-ordinated and uniform foreign policy on the part of the nine Member States of the Community is respect for the self-determination and equality of countries and support for the achievement and respect of human rights throughout the world.

The Europe of the Nine is convinced that an end must be put to the achievement of individual interests by force. The only policy for the future is that of a just balance of interests and of co-operation on the basis of partnership.

We are therefore completely opposed to all attempts by any party to achieve predominance in any part of the world. We regard our own European Community as an example of how national independence can be protected and reinforced by regional associations of countries enjoying equal rights.

Since its inception in 1970, European political co-operation has established common positions in ever more areas of foreign policy. Further progress is necessary and the German Presidency will do its utmost to this end.

One of the first tasks of European political co-operation was to establish a common attitude for the Conference on Security and Co-operation in Europe.

It was in dealing with this task that European political co-operation developed and achieved its first major successes.

The CSCE process continues to be an important and permanent area of European political co-operation.

The Nine want to play their part in continuing this process, giving it new impetus and, in a word, developing it into something with beneficial effects on all areas of east-west relations.

The Nine have also established a balanced position in the Middle-East conflict, which is set forth in the declaration by the European Council of 29 June 1977.

It is important, then, to develop a comprehensive approach to Africa, as has already been done in certain specific fields. Africa is the target of eastern bloc attempts to create spheres of influence. This will be a policy which will tackle tribal conflicts within African States, conflicts between States and the unsolved problems in southern Africa.

The question is: having won its independence from European colonialism is Africa to be dependent on a new matter? This is a question of concern not only to Africa itself but also to Europe for, as a neighbour, the Europe of the Nine has a vital interest in an independent Africa, united with it in an equal partnership. The Nine must therefore - in co-operation with their North American allies - counter any attempts by non-African powers to establish hegemony in Africa with a closely co-ordinated African policy of their own. This will be a policy staked on the desire of the African States for independence and self-determination without outside interference. It must be a policy which increases the ability of the African States to realize this desire for independence. It must also, however, see to it that our values prevail in overcoming racial discrimination in southern Africa.

A uniform approach to Africa by the Nine, which effectively co-ordinates bilateral policies and promotes joint action, will give the Lomé Convention the necessary political backing.

The other urgent task to be tackled by European political co-operation and the Community is to activate the "Euro-Arab Dialogue". After four years we are still only at the stage of commissioning studies. That is very little - too little when one thinks of the great possibilities and the urgent need for co-operation. Both sides must place this interdependence on the stable basis of long-term, comprehensive co-operation. To do this is the forward-looking idea behind the Euro-Arab Dialogue. Like all important ideas, many serious difficulties are involved in realizing it. The German Presidency will endeavour to give a new impetus.

Mr President, the Europe of the Nine is increasingly being regarded as a unit by the rest of the world. This view of Europe depends above all on the adoption of common positions in United Nations fora. The German Presidency is very concerned that the Europe of the Nine should also speak with "one" voice in the forthcoming 33rd General Assembly of the United Nations and in other UN fora.

II. Mr President, Ladies and Gentlemen, another major topic on which the Community must make significant progress in the next six months in enlargement.

The tasks before us are:

- to conclude the bulk of the substantive accession negotiations with Greece;

- to open negotiations with Portugal;
- and to create the conditions for deciding to open negotiations with Spain before the end of the year.

The Federal Government will do all in its power to attain these objectives during the period of its Presidency.

In the accession negotiations now before us we must constantly bear in mind that the proper purpose of the European Community lies in the common ideals to which we feel committed. For all the importance of the economic aspect it is in the final analysis only a means to an end. The Preamble to the EEC Treaty defines the goal as "by pooling their resources to preserve and strengthen peace and liberty". Thus, the application for accession from the three new democracies in southern Europe is politically motivated, just as is the acceptance of their accession by the Community.

The common purpose of both sides is the preservation and strengthening of free democracy in Europe. To attain this political goal, however, we must adequately carry out the economic tasks imposed upon us by accession, and that means without half-measures. This will require an effort on the part of the States of the Community. We must have no illusions on that score. But we should also be aware that this effort is an investment in the preservation of our own future. Enlargement will also place increased demands on the Institutions of the Community. But I do not accept the argument that enlargement creates new problems. They exist, but not because the institutional possibilities are lacking so much as because we fail to make use of them. Let us make a start before the Community expands.

.../...

What is to stop us from making use of the majority vote provided for in the Treaty so as to guarantee and increase the decision-making ability of the Council? The future members do not want to belong to a watered-down Community but to a strong Community with the ability to act.

In external relations enlargement will have implications for the Community's relations with the southern and eastern Mediterranean countries. The Community must anticipate and forestall negative effects on imports from these countries.

Enlargement must in particular not hinder the constant development of relations with Turkey. It should on the contrary act as an incentive to revitalize the association agreement with Turkey. This will be a major concern of the German Presidency.

Mr President, enlargement confronts the Community with additional and difficult tasks. We should, however, also see the great opportunities it affords:

- . it strengthens democracy in Europe;
- . it will expand the common market and strengthen the economy of the Community;
- . it will increase the influence of democratic Europe in international politics and improve its ability to uphold its own values in a world which is in a state of flux.

To this end we should accelerate the involvement of the future members in foreign policy co-operation by the Nine. And at the same time we should look upon enlargement as an opportunity to deepen political and economic co-operation with the other democracies of Europe as well. The Council of Europe is a major forum for such co-operation.

III. Mr President, the challenges thrust upon the Community by the changing world and enlargement can only be measured up to if we secure the economic foundations of the Community, and that means only if we lastingly strengthen the growth of our national economies and make progress in the internal construction of the Community.

The two objectives are closely related. They will be a focus of our efforts in the six months of the German presidency.

The European Council is to meet in Bremen the day after tomorrow. It is our intention that it should formulate a comprehensive strategy for bringing the Community back to steady growth and conquering unemployment.

The common strategy will enable the Community to put forward a united position at the impending economic summit in Bonn and to make full use of its economic weight.

The Council will then in the coming months have to take the decisions necessary to put the strategy into practice.

.../...

The Council will also discuss the 1979 economic and monetary action programme. This programme is part of a five-year programme proposed by the Commission to bring about a further convergence of the economic development of the Member States and thus re-open the way for economic and monetary union.

Mr President, let us make no bones about the present situation of the Community.

Of the three industrial regions of the Western world - North America, Japan and Western Europe - Europe is currently the one with the lowest economic growth rate. The Community, which is far more dependent than the other regions on foreign trade, also has production capacity in some traditional branches of industry which is in part obsolescent and no longer internationally competitive.

Both this low rate of growth and our slipping competitiveness will be overcome only by energetic efforts and joint and united action.

- . We require a concerted growth and stability policy.
- . We need a monetary policy which will restore us to greater exchange rate stability both within the Community and world-wide.
- . We must make further efforts to complete the transition from customs union to common market; for this is the only way in which the growth stimulus of the great European market can become fully effective.

- We need an energy policy which reduces the energy dependence of the Community. It must have the dual aim of reducing consumption and accelerating the development of the Community's own energy sources.
- Not least we require a policy designed to encourage the inevitable structural change in a resolute manner.

To come to grips successfully with structural change is the primary task of the economy itself. Reacting to the pressure of the market and responding to the opportunities which it affords, it must forge ahead into new areas of potential growth.

Let us guard against the illusion that economic structural change can be planned and set in motion by national civil servants or supranational bureaucracies.

However, what the Governments and the Community can - and must - do to stimulate structural change is twofold:

In the first place they must provide aid to ease the adjustment - aid both for the sectors concerned and for the affected regions, in order to make the restructuring easier and acceptable in social terms. Secondly, they must bring into being, or restore, the framework for meaningful structural change. This means doing away with distortions of competition brought about by national subsidizing policies and State assumption of losses.

Also required is an active policy to stimulate investment and innovative action.

.../...

Ladies and Gentlemen,

Insufficient growth, unemployment, structural weaknesses, monetary instability, economic shortcomings within the Community - the solution to these problems requires strenuous endeavours both by the individual Member States and Community-wide.

Over the years we have fashioned for the Community a series of major financial instruments. I would merely mention here, as recent examples, the doubling of the European Investment Bank's capital, the decision to issue an investment loan, the extension of support for currencies, the increase in the Regional Fund, and its reform. Now, what we have to do in the months ahead of us is to bring this Community instrument into play, in a co-ordinated fashion and effectively.

- IV. A common growth policy and policy of stability, together with a joint structural policy, can be put through successfully only if these policies can be built on a high degree of understanding between both sides of industry and the authorities. In order to promote such consensus at European level the Community has created the instrument of tripartite conferences between trade unions, employers and governments. One such conference is due to be held in the autumn. It will form an important part of the endeavours to put the common growth strategy into practice.

Mr President, Ladies and Gentlemen: my first official business as President of the Council was to let you know in a letter dated 1 July that the decision on direct elections to the European Parliament has been ratified by all the Member States, and so has come into force. It was with great personal satisfaction that I sent that letter. A year from now, this Parliament will for the first time be entered by Parliamentarians who will have been elected not during a national election campaign but in a campaign on a European scale, in which the issues will be European issues. And thus, for the first time the citizens of the European Community will be able to exert direct influence on the form this Community is to assume and the course which it is to pursue.

The banding together of parties on a European scale, combined with a European electoral campaign, will carry the topic of Europe out of the negotiating rooms of the Governments and administrations on to the streets and public places and to the citizens.

Europe, which is not seen piecemeal, in terms of isolated issues, which is at present visible as a whole set of problems, will finally come into its own as an entity, as an ideal to be borne in view. This will give us the opportunity to restore the dynamic vigour of the European idea. Let us turn it to good account.

Let us make a start now with the preparations, so that by taking part as voters we may turn the direct election into a convincing plebiscite for a unified Europe. By means of the direct election we will, at long last, cross the threshold into a Europe of citizens.

.../...

And in this way we shall be taking a major step towards a Community formed not only of parliamentary democracies but which will itself be really democratically constituted. On these grounds I am convinced that the first direct election will go down in history as one of the decisive occurrences in the process of European unification.

A Parliament elected directly and throughout the Community will carry new political weight. The European Parliament has always been a power which has prompted the Council to embark upon its dealings with an eye to the future of Europe.

Nor will this be otherwise, I am sure, during the coming months of the German Presidency.

For this I am grateful, and I hope for and look forward to close and profitable co-operation between Parliament and the Presidency.
