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441.2(3) text

ADDRESS BY

MR WILLY DE CLERCQ, MEMBER OF THE COMMISSION
RESPONSIBLE FOR EXTERNAL RELATIONS AND TRADE POLICY,

AT THE

INTERNATIONAL CONFERENCE ON COOPERATION
BETWEEN MARKET AND PLANNED ECONOMIES IN EUROPE

(VENICE, 13 APRIL 1987)

MR CHAIRMAN,

LADIES AND GENTLEMEN,

I WOULD LIKE FIRST OF ALL TO THANK THE ITALIAN COMMITTEE FOR EAST-WEST ECONOMIC, SCIENTIFIC, AND TECHNICAL COOPERATION AND ITS PRESIDENT, MR AGNELLI, FOR ORGANISING THIS CONFERENCE. MEETINGS AT WHICH BUSINESSMEN, SCHOLARS AND OFFICIALS FROM EAST AND WEST CAN GET TOGETHER AND DISCUSS PRACTICAL ASPECTS OF TRADE AND COOPERATION HAVE ALWAYS SEEMED TO ME A SOUND BASIS FOR EXPANDING ECONOMIC RELATIONS IN EUROPE AS A WHOLE. I AM CONFIDENT THAT THIS CONFERENCE WILL SHED VALUABLE LIGHT ON THE POTENTIAL AND ON THE PROBLEMS WHICH EXIST IN THIS AREA.

VENICE IS, IF I MAY SAY SO, AN EXCELLENT CHOICE OF LOCATION FOR OUR DISCUSSIONS : THE HERITAGE OF A GREAT CIVILISATION REMINDS US THAT VENICE WAS ONCE A MAJOR TRADING REPUBLIC, THE GATEWAY TO THE EAST.

THE EUROPEAN COMMUNITY HAS JUST CELEBRATED ITS 30TH BIRTHDAY. OUR ACHIEVEMENTS IN MANY AREAS OF ECONOMIC AND COMMERCIAL ACTIVITY ARE WIDELY ACKNOWLEDGED AS REMARKABLE. OF COURSE, WE DO NOT INTEND TO REST ON OUR LAURELS : WE ARE CONTINUALLY PUSHING FORWARD THE FRONTIERS OF EUROPEAN INTEGRATION, AND ENLARGING AND STRENGTHENING OUR NETWORK OF RELATIONS WITH MANY COUNTRIES AROUND THE WORLD.

TURNING TO THE COUNTRIES OF EASTERN EUROPE, I MUST CONFESS TO SOME DISAPPOINTMENT THAT OUR RELATIONS WITH THEM HAVE BEEN SO LITTLE DEVELOPED IN THE 30 YEARS OF THE COMMUNITY'S EXISTENCE. THIS LACK OF DEVELOPMENT, AND MY DISAPPOINTMENT, CONCERN TWO MAIN AREAS OF CONTACT : FIRSTLY, TRADE, AND

SECONDLY WHAT WE MIGHT CALL 'OFFICIAL RELATIONS'. LET US LOOK AT TRADE. THE EC IS THE WORLD'S LARGEST TRADING PARTNER, ACCOUNTING FOR ONE THIRD OF WORLD TRADE. YET ONLY 7 % OF OUR EXTERNAL TRADE IS CONDUCTED WITH THE EAST EUROPEAN MEMBERS OF THE CMEA. WHY IS THIS? I THINK THERE IS ONE MAJOR REASON : THE DIFFERENCES IN OUR ECONOMIC SYSTEMS.

THE DIFFERENCES IN THE ECONOMIC SYSTEMS OF EAST AND WEST, AND THEIR CONSEQUENCES FOR THE DEVELOPMENT OF TRADE, ARE WELL-DOCUMENTED. I SHALL NOT DWELL ON THE SUBJECT NOW, AS IT WILL NO DOUBT BE THOROUGHLY AIRED IN THE SUCCEEDING SESSIONS OF THIS CONFERENCE. I WOULD JUST LIKE TO POINT OUT THAT WE IN THE COMMUNITY ARE NOT ASKING ANY OTHER COUNTRY TO CHANGE ITS SYSTEM TO SUIT US : RATHER, WE ARE DRAWING ATTENTION TO THE IMPLICATIONS OF THE STATE-TRADING SYSTEM FOR THOSE COUNTRIES' EXTERNAL ECONOMIC RELATIONS.

WE HAVE BEEN FOLLOWING WITH INTEREST THE CHANGES IN INTERNAL AND EXTERNAL ECONOMIC POLICIES RECENTLY ANNOUNCED OR IMPLEMENTED IN SEVERAL EAST EUROPEAN COUNTRIES. WE REGARD THESE AS PROMISING SIGNS OF A MORE OUTWARD-LOOKING AND FLEXIBLE APPROACH TO FOREIGN TRADE MANAGEMENT WHICH WE HOPE WILL LEAD TO AN EXPANSION OF TRADE WITH THE COMMUNITY. NATURALLY WE REALISE THAT THESE REFORMS CANNOT BE IMPLEMENTED OVERNIGHT : THEY REPRESENT AN EARLY STAGE IN A LONG, SLOW PROCESS OF OPENING UP EAST EUROPEAN ECONOMIES TO MARKET FORCES. ANY MOVES WHICH THE EAST EUROPEAN COUNTRIES MAKE IN THAT DIRECTION ARE TO BE WELCOMED.

I SAID A FEW MOMENTS AGO THAT I WAS ALSO DISAPPOINTED ABOUT THE LACK OF DEVELOPMENT IN OFFICIAL RELATIONS. IT IS A SOURCE OF REGRET TO ME THAT THE 130 COUNTRIES WHICH HAVE SO FAR ESTABLISHED RELATIONS WITH THE COMMUNITY DO NOT YET INCLUDE ANY OF THE EAST EUROPEAN MEMBERS OF THE CMEA, WHICH ARE

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CLOSE NEIGHBOURS OF OURS. HOWEVER, AN END TO THIS ANOMALOUS SITUATION APPEARS TO BE IN SIGHT. IN JUNE 1985 MR SYCHOV, WHO I AM PLEASED TO SEE PRESENT HERE TODAY, WROTE TO THE COMMISSION TO SUGGEST THE RENEWAL OF CONTACTS BETWEEN THE CMEA AND THE EEC. IN RESPONSE, THE COMMUNITY DECIDED THAT ITS POLICY TOWARDS EASTERN EUROPE SHOULD CONSIST OF A PARALLEL APPROACH. IN OTHER WORDS, THE DUAL AIM WOULD BE THE NORMALISATION OF THE COMMUNITY'S BILATERAL RELATIONS WITH EACH OF THE EUROPEAN CMEA COUNTRIES, TOGETHER WITH THE ESTABLISHMENT OF OFFICIAL RELATIONS BETWEEN THE EEC AND THE CMEA. THIS POLICY WAS SUBSEQUENTLY ENDORSED BY THE EUROPEAN PARLIAMENT. IN THE ENSUING EXCHANGE OF LETTERS BETWEEN MYSELF AND MR SYCHOV, THE AIM OF ESTABLISHING OFFICIAL RELATIONS BETWEEN THE TWO ORGANISATIONS WAS AGREED BY BOTH SIDES, WHILE THE CMEA ACCEPTED THAT COMMERCIAL AND ECONOMIC RELATIONS SHOULD BE A MATTER FOR NEGOTIATION BETWEEN THE COMMUNITY AND INDIVIDUAL MEMBERS OF THE CMEA, RATHER THAN WITH THE ORGANISATION ITSELF. THIS HAS ALWAYS BEEN OUR POSITION, REFLECTING THE FACT THAT CMEA MEMBER COUNTRIES ARE EACH RESPONSIBLE FOR THEIR OWN TRADE POLICIES, WHEREAS THE EC HAS A COMMON COMMERCIAL POLICY.

EACH OF THE EAST EUROPEAN MEMBERS OF THE CMEA HAS NOW CONFIRMED ITS WILLINGNESS TO NORMALISE RELATIONS WITH THE COMMUNITY, AND WE HOPE THAT THIS WILL OCCUR IN THE FAIRLY NEAR FUTURE. I SHOULD EXPLAIN THAT NORMALISATION IMPLIES, FOR US, THREE THINGS : FIRSTLY, A WILLINGNESS ON THE PART OF THESE COUNTRIES TO DISCUSS TRADE AND ECONOMIC MATTERS WITH THE COMMUNITY AND, WHERE APPROPRIATE, TO NEGOTIATE AGREEMENTS; SECONDLY, THE ESTABLISHMENT OF DIPLOMATIC RELATIONS BY THE ACCREDITATION OF MISSIONS TO THE COMMUNITY; AND THIRDLY, AN END TO THE DIFFICULTIES, WHICH SOME EASTERN COUNTRIES HAVE MADE AND ARE CONTINUING TO MAKE FOR THE COMMUNITY IN INTERNATIONAL CONVENTIONS AND FORA.

WITH REGARD TO COMMERCIAL RELATIONS, NEGOTIATIONS ARE ALREADY UNDER WAY BETWEEN THE COMMUNITY AND ROMANIA FOR A TRADE AND COOPERATION AGREEMENT TO REPLACE THE EXISTING INDUSTRIAL TRADE AGREEMENT. NEGOTIATIONS WILL SHORTLY BE STARTING WITH CZECHOSLOVAKIA TOO, FOR AN AGREEMENT ON TRADE IN INDUSTRIAL PRODUCTS. WE HOPE SHORTLY ALSO TO BE NEGOTIATING A TRADE AND COOPERATION AGREEMENT WITH HUNGARY. DISCUSSIONS WITH OTHER CMEA MEMBERS ARE STILL AT AN EXPLORATORY STAGE. THE COMMISSION SETS GREAT STORE BY THESE NEGOTIATIONS AND THE AGREEMENTS WHICH CAN BE EXPECTED TO EMERGE FROM THEM. I THINK THE NEW LEGAL FRAMEWORK THESE WILL GIVE TO OUR RELATIONS WILL SERVE TO FOSTER OUR EXCHANGES BOTH IN TRADE AND IN THE VARIOUS FIELDS OF COOPERATION.

WHEN DEVELOPING BILATERAL RELATIONS WITH THE EAST EUROPEAN COUNTRIES, AND IN PARTICULAR WHEN NEGOTIATING AGREEMENTS WITH THEM, THE COMMUNITY IS CAREFUL TO BEAR IN MIND THE PARTICULAR SITUATION OF EACH. THIS MEANS TAKING ACCOUNT OF THEIR RESPECTIVE LEGAL, SOCIAL AND ECONOMIC POSITIONS. THE DIFFERENT LEGAL TIES WHICH THE COMMUNITY ALREADY HAS WITH SOME OF THEM ARE ALSO A RELEVANT FACTOR. THUS, THE OPTIMISATION OF OUR RELATIONS WITH AN INDIVIDUAL COUNTRY NEED NOT NECESSARILY INVOLVE AN AGREEMENT. WHERE AGREEMENTS ARE THOUGHT TO BE DESIRABLE, THEY ARE UNLIKELY TO FOLLOW A FIXED PATTERN. NATURALLY EACH AGREEMENT MUST BE TAILORED TO THE OBJECTIVE REALITIES OF THE PARTNER COUNTRY CONCERNED.

BUT AS WE, ALL KNOW, MR CHAIRMAN, THE CONCLUSION OF AN AGREEMENT IS NOT AN END, BUT A BEGINNING. THE SPIRIT IN WHICH ITS PROVISIONS ARE IMPLEMENTED IS, I WOULD SAY, ALMOST MORE IMPORTANT THAN THE TEXT ITSELF. IN MEASURING THE SUCCESS OF THE COMMUNITY'S TRADE AGREEMENTS WITH OUR PARTNERS, WE LOOK TO SEE HOW FAR THEY REALLY FACILITATE DIALOGUE BETWEEN BUSINESS OPERATORS. THIS IS PARTICULARLY IMPORTANT IN DEALING WITH EAST

MR CHAIRMAN,

TO SUM UP, THE EUROPEAN COMMUNITY'S RELATIONS WITH THE COUNTRIES OF EASTERN EUROPE HAVE RECENTLY ENTERED A MUCH MORE POSITIVE AND DYNAMIC PHASE THAN AT ANY PREVIOUS TIME IN OUR 30-YEAR HISTORY. I AM OPTIMISTIC THAT THESE RELATIONS WILL CONTINUE TO PROGRESS FAVOURABLY ; THAT IS CERTAINLY THE COMMUNITY'S INTENTION, AND I TRUST THAT IT IS ALSO THE INTENTION OF OUR EAST EUROPEAN NEIGHBOURS.

I WOULD NOT LIKE TO CLOSE MY REMARKS, MR CHAIRMAN, WITHOUT REFERRING TO THE OVERALL CLIMATE OF EAST-WEST RELATIONS. IN THAT CONTEXT I WELCOME THE RENEWAL OF THE DIALOGUE BETWEEN THE UNITED STATES AND THE SOVIET UNION ON ARMS CONTROL, WHICH, ALTHOUGH NOT DIRECTLY RELEVANT TO OUR CONCERNS AT THIS CONFERENCE, NEVERTHELESS PROVIDES A FAVOURABLE BACKGROUND ATMOSPHERE. INDEED, THE INTERNATIONAL DEBATE ON DEFENCE IS ONE IN WHICH EUROPE, TOO, MUST MAKE ITS VOICE HEARD. I WOULD ALSO RECALL THE FOLLOW-UP MEETING OF THE CSCE, WHICH IS CURRENTLY TAKING PLACE IN VIENNA : IT CONTRIBUTES NOT ONLY TO THE DISCUSSIONS ON SECURITY AND ECONOMIC COOPERATION WHICH ALREADY TAKE PLACE IN OTHER CONTEXTS, BUT IT ALSO ADDS A HUMAN DIMENSION TO THE PURSUIT OF EAST-WEST RELATIONS, WHICH IS OF GREAT VALUE. WE IN THE COMMUNITY HAVE ALWAYS STRESSED THE IMPORTANCE OF PROTECTING THE FUNDAMENTAL HUMAN RIGHTS OF OUR PEOPLES ; IT IS AFTER ALL FOR THE BENEFIT OF OUR CITIZENS THAT WE ARE BUILDING EUROPE.

THANK YOU, MR CHAIRMAN.

EUROPEAN COUNTRIES, WHERE OUR BUSINESSMEN OFTEN COMPLAIN ABOUT LACK OF SUITABLE FACILITIES AND SUFFICIENT CONTACT WITH END-USERS. HOWEVER, WE WERE RECENTLY ABLE TO FIND A SOLUTION TO PROBLEMS WHICH AROSE IN ONE COUNTRY, AND WE REGARD THAT AS A HOPEFUL OMEN FOR THE FUTURE. THE EXTENSION OF DIRECT FOREIGN TRADE RIGHTS TO ENTERPRISES IN SOME EASTERN COUNTRIES IS A POSITIVE DEVELOPMENT IN THIS CONTEXT.

AS REGARDS THE ESTABLISHMENT OF OFFICIAL RELATIONS BETWEEN THE EEC AND THE CMEA AS AN ORGANISATION, TWO EXPERT MEETINGS HAVE BEEN HELD TO DISCUSS THE TEXT OF A JOINT DECLARATION, WHICH WOULD ESTABLISH THESE RELATIONS AND PROVIDE A FRAMEWORK FOR FUTURE COOPERATION. CONSIDERABLE PROGRESS HAS BEEN MADE IN AGREEING THE TEXT, BUT AT LEAST ONE OTHER MEETING WILL BE NEEDED IN ORDER TO FINALISE IT. ONCE OFFICIAL RELATIONS ARE ESTABLISHED, WE SHALL NEED TO CONSIDER THE CONTENT AND FORMS OF FUTURE COOPERATION BETWEEN THE TWO ORGANISATIONS, WHICH WILL OF COURSE BE DISTINCT FROM COOPERATION BETWEEN THE EC AND THE MEMBER COUNTRIES OF THE CMEA. POSSIBLE SUBJECTS FOR COOPERATION WILL HAVE TO BE BOTH WITHIN THE RESPECTIVE COMPETENCES OF THE TWO ORGANISATIONS AND OF MUTUAL INTEREST. IT WILL REQUIRE EXTENSIVE DISCUSSIONS BETWEEN EXPERTS IN THE VARIOUS SECTORS BEFORE WE CAN IDENTIFY SUITABLE SUBJECTS. EACH ORGANISATION KNOWS LITTLE ABOUT HOW THE OTHER WORKS, SO A PERIOD OF MUTUAL FAMILIARISATION WILL BE ESSENTIAL BEFORE WE CAN TAKE ANY DECISIONS ON COOPERATION. IT SHOULD ALSO BE BORNE IN MIND THAT MANY AREAS OF POTENTIAL COOPERATION BETWEEN EAST AND WEST - SUCH AS ENERGY, ENVIRONMENT, TRANSPORT, ETC. - CONCERN ALL THE COUNTRIES OF EUROPE, NOT JUST THOSE WHICH ARE MEMBERS OF THE EC AND THE CMEA. WE THEREFORE ATTACH GREAT IMPORTANCE TO THE COOPERATION WHICH IS ALREADY TAKING PLACE IN BROADER FRAMEWORKS, SUCH AS THE ECONOMIC COMMISSION FOR EUROPE, AND IN THE VARIOUS MEETINGS OF THE CSCE PROCESS. WE SHALL OBVIOUSLY HAVE TO BE CAREFUL NOT TO DUPLICATE THESE EFFORTS, AND THE EUROPEAN COMMUNITY WILL CERTAINLY CONTINUE TO PLAY ITS FULL ROLE IN INTERNATIONAL FORA.