

THE SAMUEL D. BERGER MEMORIAL LECTURE

delivered by THE RIGHT HON ROY JENKINS
at the University of Georgetown,
Washington D.C.

Thursday, 22nd January 1981

THE ROLE OF THE EUROPEAN COMMUNITY IN WORLD AFFAIRS

I am greatly honoured to give the first in the series of lectures dedicated to the memory of Samuel D. Berger.

I remember him well, particularly in the early post war years. He was a good friend of my country and a good servant of yours. To a distinguished career he brought special gifts: deep and sympathetic knowledge of labour affairs (in those days a rare quality), high ability as an administrator, and above all a professionalism and integrity in the many tasks he performed in widely differing economic and political circumstances. I believe that he was known in the trade as Silent Sam; but this did not prevent him from expressing sometimes unpalatable truths, notably to the Vice President of the United States in 1954. This led, I believe, to a temporary eclipse, but as so often on such occasions his qualities shone all the brighter afterwards.

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The Europe which Ambassador Berger knew after the war has of course changed beyond recognition. Before talking about the European Community and its role in world affairs, I want to say something about the wider Europe, some of whose characteristics remain the same as in Ambassador Berger's day. Our continent - or rather peninsula at the end of Asia - is still fragmented. Thirty five years after the war the eastern half is maintained within the Soviet empire by troops which are at once forward offensive forces and local garrisons. The western half formed itself into the nucleus which is now the European Community, with countries to north, east and south which are associated with it in various ways. When we use the word European, we tend to mean someone from one of the ten Member States of the Community. This is an understandable mistake but it is a mistake all the same. As General de Gaulle recalled from his school text book, Europe stretches from the Atlantic to the Urals; and the Europeans of the Community have not forgotten and always reckon with the Europeans to north, east and south of them. This dimension of European affairs is one which we neglect at our peril. It was conspicuous at the time of the Conference on Security and Cooperation in Europe which led to the Helsinki Declaration; and it underlines events in Eastern Europe today.

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How do the Europeans from this divided continent express themselves? Obviously they do so through the nation states with which all are familiar. London is no less London, Paris no less Paris and Warsaw no less Warsaw. But elements of nationhood have passed to new collective institutions. For defence there is the Atlantic Alliance (with eleven European states participating) and the Warsaw Pact; for economic matters the Organisation for Economic Cooperation and Development (eighteen European states participating) and the Council for Mutual Economic Assistance which painfully binds Eastern Europe to the Soviet Union; and for finance the Bank for International Settlements and the Group of Ten (seven European states participating). Then there are such looser gatherings as the Economic Summit meetings (four European states and the Community participating). Finally in a class by itself the European Community, comprising ten European states, and we hope before long twelve.

This is a complex picture with aspects which relate less to Europe and European interests than to the attitude which the Soviet Union takes towards its neighbours and the rest of the world. Moreover it is a moving picture with parts of it

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moving faster than others. All European nation states without exception have lost the importance they knew in the past, even as recently as twenty years ago. Some are of course reluctant to recognise it, which makes the job of those who deal with them more difficult. Those within the European Community have lost something to gain something else; those on the edges of the Community, great attention though we pay to their interests, are conscious of the draught which swirls around the big trading mass of the Community; and those on the Eastern side are locked by a combination of their own sophisticated caution and the nervous rigidity of the Soviet Union into a semi colonialism more difficult and dangerous to break than was British, French and Dutch imperialism in Africa and Asia.

In broad terms, where the Europeans have joined together, they have fortified themselves, and where they have not, they have become dependent on others and been weakened thereby. Even in areas where there is an identifiable European interest, the Europeans have not always come together. An example is defence. Americans and Europeans are of course joined in defence of the North Atlantic countries on both sides of the ocean. There is a belief that an effective European grouping might be divisive of

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the Atlantic Alliance. I do not think this to be true. What is true is that European views on defence have at present little collective weight, and this at a time when crucial defence decisions for the next decade need to be taken. By contrast the area in which the Europeans have increasingly worked together, made the necessary sacrifices, and, often unwillingly, surrendered ancient but illusory elements of sovereignty is that of their economic activities in the widest sense. From the beginning their aims have been political and their means economic; and in both political and economic terms the Community already exercises the weight which is more than the sum of its parts. It has thus become the most important interlocutor of the United States.

It would be intellectually tidy to see the Community as an embryo United States of Europe. But comparisons are dangerously facile. The United States is a federal state with all the appurtenances of sovereign power within a constitution 204 and a half years old. The European Community is a partial association of ten ancient states, each with its own history, characteristics

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and language (or way of speaking it), whose constitution is not quite twenty four years old and whose present membership is no older than three weeks. The differences between the two are so great that analogies are virtually meaningless. It is perhaps better to refer to the uniting rather than the united states of Europe, and to say that the direction their evolution is taking is all their own and matches no federal or even confederal model. Anything I may describe today was not the same ten years ago and will not be the same ten years hence.

I would like to say a brief word about the structure of the Community as it has been built since 1957. Our written constitution is the Treaty of Rome as subsequently amended. This represents a balance between respect for the powers of the Member States and the grant of a measure of supra nationality in economic, legislative and judicial matters to our four institutions.

First there is the Commission, of which I ceased to be President two and a half weeks ago.

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The Commission is the executive agency of the Community: it proposes, it manages, but it does not, except in one or two areas, dispose. It enjoys full political independence; and it regards itself as accountable to the European Parliament but not to the Member Governments, although it is appointed by them. Second there is the Council of Ministers, bringing together the Member Governments. Its main job is to take the decisions necessary to run and develop the Community. Not surprisingly, tension - sometimes but not always creative - tends to arise between the Commission and the Council. Third there is the European Parliament with some clear cut powers - such as to reject the budget or to dismiss the Commission - but more imprecise ones of an advisory and supervisory kind. Since the direct election of its members the Parliament has increasingly exercised both its power and influence. Together the Parliament and Commission represent a European constituency which is different from the sum of national constituencies represented by the Member States. Fourth there is the Court of Justice whose principal job is to compel respect for the Treaty and interpret the law of the Community. Its

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judgements are legally binding throughout Member States and can override national law and bring national states to book. In due course the Court may come to play as important a part in the history of Europe as the Supreme Court in the first half of the nineteenth century in the history of the United States.

Beside those four institutions there are two more flexible ones outside the scope of the Treaty. There is the European Council, or Summit meeting. The ten Heads of State or Government with the President of the European Commission meet three times a year, with a very broad agenda and together constitute the political spearhead of the Community. Second there is the loose arrangement of Political Cooperation by which the ten Member States seek to coordinate their foreign policy towards the outside world.

This description inevitably sounds rather static. But I am speaking of an organism rather than a machine. The Community is young and growing rather than old and set in its ways. Like all organisms it is growing faster in some areas than others. Some parts of the Community's activities, such as agriculture, competition policy and external trade, are centrally managed through common policies; others such as energy, regional development, economic policy and monetary matters are a mixture of Community and national competence; in yet other areas such as transport and the fostering

of advanced technology industries, Community policies are still at an embryonic stage. There are many catalysts for growth : I need only mention the recent creation of the European Monetary System with its currency unit the ECU, and the creation, as we hope, of a common fisheries policy, to show the continued but uneven dynamism of the whole.

It is not always easy to work with this multifarious, growing organisation with its changing competences and shifting balance of power between the Community and its constituent states. No wonder that Americans sometimes find the Community exasperating to deal with, and complain that the Europeans are either incapable of putting together a common policy or that if they have done so it becomes unnegotiable and set in concrete. All I can respond is that we in the Community sometimes have the same feeling when dealing with the agencies in Washington; and when the President has put his thumb on a policy, that too can take on the consistency of concrete. Moreover, we have an added dimension of difficulty in that your executive is subject to Congress, and Congress, particularly in the last few years, has strong views of its own.

I was struck by a paper by Congressman Don Pease published in the Congressional Record of 1 December last year. In it he wrote:

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"It should be pointed out that the United States leaders are greatly constrained by domestic politics and that the American President cannot always act consistently and unilaterally. This fact has understandably frustrated European leaders. The American political system is unique. Constitutional structure and practice make it one which allows many actors, with Congress at the forefront, to participate in policy formulation and evaluation It is by no means certain that Congress will approve a foreign policy initiative to which the President commits the nation."

Just substitute the word European for United States or American, Community for President and Member States for Congress, and the same can be said of the foreign role of the Community.

So we have to learn to deal with each other as we are, and to accept that high professional knowledge and skill is essential in so doing. Here I pay tribute to the exceptional people who have been responsible for conducting relations between the Community and the United States during my time of office as President of the Commission : on the European side of the Atlantic Ambassador Hinton and now Ambassador Enders for the United States; and on the American side Ambassador Spaak and now Ambassador de Kergorlay for the Community.

I now turn to the particular political and economic circumstances which determine the role of the European Community in world affairs. In examining them I hope to convey some idea of why the Community acts as it does. Then I will turn to what the Community does in three main areas of

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policy: relations with other industrial countries; relations with oil producers; and relations with the world at large. I shall conclude with a word on the kind of world with which the Community and the United States will have to deal in the future.

The central characteristic of Europe is its vulnerability. I have already spoken of the continuing division of Europe with its long Eastern frontier garrisoned by Soviet forces (although more to keep people in on their side than to prevent incursion from ours). Unlike the United States we have a border problem of such magnitude that American forces, by our wish, your sense of duty and our common interest, have never gone home, thirty-five years after the war. By itself Europe is not a defensible entity in the conditions of modern war.

Next there is our vulnerability over raw materials. The Community has to import 75% of its raw materials. By comparison the United States imports under 25% and the Soviet Union under 10%. Like Japan, most West European countries must import not only the energy they need to power industry but also the minerals they need for industry to convert into manufactured goods. It follows that Western Europe as a whole and the Community in particular is highly dependent on external trade. The percentage of GNP devoted to foreign trade varies from Community country to country but in some cases it reaches

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up to 60%. This means that Europe has an enormous interest, even greater than yours, in the stability of the world economy and respect for international rules governing trade, investment, money and other forms of exchange between states.

There have been suggestions in the past, notably from Dr. Kissinger in 1973, that the role of Europe in the world has become more regional than global. For the reasons I have given, I believe this to be misleading. What is true is that neither the European states nor the Community of today exercises political power commensurate with the worldwide network of European interests and responsibilities. The Europeans are compelled by their circumstances as well as their history and inclinations to play a world role but they do so from position of vulnerability. When Europeans can accurately boast that the Community inside and out accounts for some 40% of the world's trade, that the population of the Community is substantially greater than that of either the United States or the Soviet Union, and that its heritage of civilisation, skill, technology and inventiveness is second to none, on the other hand it must be said that many of these assets are unfocussed in terms of political and economic power and that the present Community could not, even if it so wished, play that relatively independent role in world affairs which is open to the United States, the Soviet Union and to some extent, China.

It may be different in the future as the economic integration of Europe proceeds, with its many consequences in other

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fields. Today I state the situation as it is.

Against this background I look now at the Community's relations with its industrial partners. I count the major industrial countries as the United States, Japan, most of the other members of the OECD, and the Soviet Union. Obviously our relationship is so complex that it defies simple definition. But here the main instrument of Community policy is trade. Responsibility for trade policy is a Community competence and the Commission has major responsibilities. In the recent Multilateral Trade Negotiations, now successfully concluded, the Community spoke with one voice, and showed what it could do as a united body. The negotiations were perhaps the most ambitious, certainly the most complex, ever launched, and in difficult circumstances - much more so than at the time of the Kennedy Round - the results fully justified expectations. Their significance lay in setting new and more stringent rules for world trade, and within these rules substantial trade liberalisation. We firmly set our faces against protectionism and committed ourselves to maintenance, indeed extension, of the open world trading system. With our partners, notably the United States and Japan, we now have to give effect to the results and build upon them together.

The role of the Community is not so precise but of increasing importance in the less tangible aspects of the relationship between industrial countries which figure on the agendas of the successive Economic Summit meetings. They include macro-economic management generally, international

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monetary matters, energy in all its forms and ramifications, and relations with non industrial countries. At the Summit meetings the Community as such is represented by the President of the Commission and the current President of the Council (who changes every six months); and the four biggest out of the ten Members of the Community are also represented in their own right. Looking recently through the declarations published after the four Summit meetings I have attended - London, Bonn, Tokyo and Venice - I saw more clearly than perhaps at the time the developing character of the relationship between industrial countries and the place of the Community in it. In the Summit framework, including preparation for and follow up of meetings, we have a valuable instrument whose importance will, I believe, increase in the future.

The relationship between the Community on one side and the Soviet Union and Eastern Europe on the other is hobbled by political considerations. But lack of political progress tends to mask the growth of trade which under the umbrella of detente has been significant in recent years. As for the political side, the Russians have never liked the Community. It spells to them the strengthening of Western Europe and the evolution of an entity with potentialities equal to if not greater than their own. They prefer Europe to remain divided, and have done their best, happily without success, to frustrate the process of integration. They do not even formally recognise the existence of the Community and have to deal with it through diplomatic subterfuges. But the way

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in which economic relations have developed on a bilateral basis between Western and Eastern Europe is a token both of the mutual advantage which both have found (although I would not pretend that the balance of advantage is always equal), and of that sense of a wider Europe to which I have already referred. This explains in some measure how it is that European policy towards the Soviet Union and Eastern Europe cannot be turned on and off like a tap. We saw this with painful clarity when with you we were considering how best to put pressure on the Soviet Union after the Soviet invasion of Afghanistan.

All industrial countries, of the East as of the West, have much in common. As Mrs. Gandhi once said: "To believe that a particular ideological system at a moment of history has universal value is a superstition". I am afraid that a good deal of intellectual categorisation is superstition too, a product of past thinking and present inertia. We tend to dodge two linked issues which face all industrial countries: the need for industrial renewal, that is to say the process of switching effort and investment from old and declining industries to new and technologically advanced ones; and the need to accommodate the growth of industry in other parts of the world to our own economies in fashioning a world system which necessarily involves a varying division of labour. The industrial tricks which we learned in the past have now been learned by others. Indeed it is in our interest that they should learn them. But it requires of us readiness to accept change, and flexibility in our economies,

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which so far have been lacking. Here the Community's industrial record is less good than that of Japan and in certain ways less good than that of the United States; although it should be added that our record in aid and other forms of cooperation, which we have worked out under the Lomé Convention which links 60 countries to the Community, puts us ahead of either in these respects. On industrial adjustment, the last European Commission did its best to alert European opinion and set in train the change in direction which is vitally necessary.

Next I look at the Community's relationship with the oil producing countries. Again, I must remind you of the Community's vulnerability. Although we are less dependent than Japan on Middle Eastern and North African oil, we still draw about 40% of all our primary energy supplies directly from those areas. By comparison the United States draws less than 9%. The Community consumes 2.1 tons of oil per head a year, of which 86% comes from oil imports, while the United States consumes 3.9 tons of oil per head a year of which 50% comes from imports. These figures show, if it is necessary to show, why the Community is so concerned not only about stability of oil supplies but also about the problems of the area from which most of the oil comes. Our relationship with the Middle East is not of course one-sided. In a traditional area of European interest our trade has greatly increased, particularly in the last few years. European products have found new markets and European service industries have taken deep root. As for the oil producing countries, they

have invested substantially in Western Europe, and in economic terms our relationship has become close.

It is not therefore surprising - although it seems to surprise some people - that the Member States of the Community, working together through the process of Political Cooperation should have sought to develop a correspondingly important political relationship. There is much common ground between the process launched at Camp David and the ideas set out in the Venice Declaration of the Community Member States. Both look for a comprehensive settlement; and both call for recognition of the right of existence within secure borders of all in the area, and of the legitimate rights of the Palestinian people. But at Venice and subsequently at the European Council at Luxembourg in December we went a little further than was possible at Camp David. We spoke of borders being guaranteed and of the readiness of the Member States of the Community to participate in such guarantees. We spoke of the need for involvement of all the parties, including the Palestinian Liberation Organisation. We drew attention to the problem of Jerusalem. Since then there has been a follow-up in the form of talks with all countries in the area, and these are continuing. We now have to reflect and consider further what kind of initiative we might take. Obviously, we want to work as closely as possible with you. Equally obviously we could not accept that Europe, with its enormous interest in the Middle East and its stability, could or should be excluded from helping in the search for a long-term and comprehensive settlement.

/Last I turn

Last I turn to the world at large. It is at least curious, and perhaps significant, that the relationship between industrial and non industrial countries has never been given a fully satisfactory definition. The usual piece of shorthand is the North/South Dialogue, but the phrase is pretty misleading. We live in a multi-polar world. North talks to north, south to south, east to west, and west to east. Even the notion of a dialogue between developed and developing countries, or stated more crudely, between rich and poor, is misleading. Some so-called developing countries have, as I indicated earlier, created very successful industries; while in some of the so-called developed countries post industrial decline has set in and some of their regions have become relatively impoverished.

The truth is that there are no tidy geographical boxes in which to put the various interests involved, and no easy definitions. If this is clearer today than it was ten years ago, it is at least partly because of the crisis in our affairs caused by the continuing rise in the price of oil. Within two or three years traditional categories were rendered out of date. Countries which had once looked at each other across the table found themselves sitting

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side by side. Countries previously reckoned poor now found themselves among the rich. Perhaps more important countries which had always been poor now found themselves a great deal poorer, with the cost of oil alone, even with low capita consumption, consuming pretty well all their export earnings.

So far the negotiations at New York and elsewhere to create a world economic system more responsive to the changes of our time have been frustrated. People have exhausted themselves in long drawn out discussions with little to show for them. This is partly because of the wide differences of approach, but still more because of differences of expectation. In many ways the problem is too complex and goes too deep to be negotiable. We have to proceed more slowly and less ambitiously, step by practical step.

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At the same time it is, in my view, no good for the industrial countries to think that things can continue broadly as they are, and that disbursement of limited quantities of aid can play a major part in coping with the enormous and growing problems of the greater part of mankind. Nor is it any good the oil producers thinking that they can safely invest their profits in the industrial countries while leaving to the industrial countries the responsibility and the risk of recycling revenues from oil. Nor is it any good the Communist countries thinking that the problems of non-industrial countries are a kind of capitalist plot and confining their own efforts to sales of armaments and the struggle for power and influence. Finally it is no good the poorer countries thinking they can change the rules of the international economic order overnight to their advantage, above all at a time of industrial recession, continuing inflation and increasing unemployment in industrial countries.

In this area of policy the Community has a special role to play. By history, tradition and interest it is more closely linked than any other industrial grouping with the rest of the world, and in a real sense is dependent upon it. It has

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a close Treaty relationship with sixty relatively poor countries through the Lomé Convention, and other forms of treaty or association with most other countries in the world, including China. It neither wishes to cling to the present order of things, nor to endorse some of the cruder blueprints for a new one. It has a specific contribution to make not only in terms of trade, aid and other relationships, but in helping to promote the evolution of that new world economic system which is clearly necessary. Public opinion as well as governments in the industrial countries have yet to understand the scope and magnitude of what is at stake. This year will be crucial with the Economic Summit at Ottawa where these problems will be high on the agenda, and the projected meeting at Mexico of representative countries from all sides concerned. Above all we need more understanding and more readiness to hear other points of view.

I think that the fundamental idea should be that of mutual advantage, coupled of course with the idea of mutual responsibility. Industrial as well as non industrial countries, oil producing countries

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as well as oil consuming countries, state trading countries as well as those with market economies, will all have to carry an appropriate part of the burden of change. If there will be gains for all there will be sacrifices for all. The penalties of failure - social breakdown, contagious instability, violence in all its forms - are worse than any of us in his right mind would wish to contemplate.

We are all inhabitants of one small planet, and in the first as well as the last resort we have to see our problems in a planetary framework. I particularly welcome the formidable work undertaken in the United States which led to the publication of the Global 2000 Report last July. Unlike other forward looks into the future, it did not attempt to make precise predictions. It set out alternatives. It showed what would happen if certain tendencies and trends were to continue. In short it underlined the responsibility we still have in inventing our own future. Some of the possibilities are indeed alarming. Population growth, depletion of resources, pollution of the environment, deteriorating food supply prospects will anyway make this last twenty years of the twentieth century difficult and dangerous for every human being. We should I think have the

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philosophy of this Report in our minds as we look at the world and the problems which now beset us.

I have talked more in this lecture about global economic problems than I have about the continuing political and military rivalries which bedevil international relationships. This is no accident. It corresponds with the role of the Community in the world and the priorities which are imposed on the Community by the circumstances I have described. That does not mean that I underestimate the danger - the very real danger - that mankind should one day blow itself up or irremediably poison its environment. That hazard is one we have all had to face since the invention of nuclear weapons. But in facing it, we still have to carry on with the process of living, of adapting ourselves to new circumstances, of dealing with other problems and dangers, of creating a world - inventing a future - more responsive to the needs of all mankind. In this process the European Community has a major and growing part to play.

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January 22, 1981

THE ROLE OF THE EUROPEAN COMMUNITY IN WORLD AFFAIRS

Roy Jenkins, former President of the Commission of the European Communities, delivered the first Samuel D. Berger Memorial Lecture at Georgetown University today. Excerpts follow.

ON ATLANTIC ALLIANCE:

In broad terms, where the Europeans have joined together, they have fortified themselves, and where they have not, they have become dependent on others and weakened thereby. Even in areas where there is an identifiable European interest, the Europeans have not always come together. An example is defense. Americans and Europeans, are, of course, joined in defense of the North Atlantic countries on both sides of the ocean.

There is a belief that an effective European grouping might be divisive of the Atlantic Alliance. I do not think this to be true. What is true is that European views on defense have at present little collective weight, and this at a time when crucial defense decisions for the next decade need to be taken.

By contrast, the area in which the Europeans have increasingly worked together, made the necessary sacrifices, and, often unwillingly, surrendered ancient, but illusory, elements of sovereignty is that of their economic activities in the widest sense. From the beginning their aims have been political and their means economic; and in both political and economic terms the Community already exercises the weight which is more than the sum of its parts. It has thus become the most important interlocuter of the United States.

ON GOVERNING:

It is not always easy to work with this multifarious, growing organisation with its changing competences and shifting balance of

Washington office: 2100 M Street NW Washington DC 20037 / telephone (202) 862-9500 / telex: 89-539 EURCOM

EUROPEAN COMMUNITY INFORMATION SERVICE

New York office: 1 Dag Hammarskjöld Plaza, 245 E 47th Street New York, New York 10017 / Telephone: (212) 371-3804

power between the Community and its constituent states. No wonder that Americans sometimes find the Community exasperating to deal with, and complain that the Europeans are either incapable of putting together a common policy or that if they have done so it becomes unnegotiable and set in concrete. All I can respond is that we in the Community sometimes have the same feeling when dealing with the agencies in Washington; and when the President has put his thumb on a policy, that too can take on the consistency of concrete. Moreover, we have an added dimension of difficulty in that your executive is subject to Congress, and Congress, particularly in the last few years, has strong views of its own.

ON DEPENDENCE:

The central characteristic of Europe is its vulnerability. I have already spoken of the continuing division of Europe with its long Eastern frontier garrisoned by Soviet forces (although more to keep people in on their side than to prevent incursion from ours). Unlike the United States we have a border problem of such magnitude that American forces, by our wish, your sense of duty and our common interest, have never gone home, thirty-five years after the war. By itself Europe is not a defensible entity in the conditions of modern war.

Next there is our vulnerability over raw materials. The Community has to import 75% of its raw materials. By comparison the United States imports under 25% and the Soviet Union under 10%. Like Japan, most West European countries must import not only the energy they need to power industry but also the minerals they need for industry to convert into manufactured goods.

It follows that Western Europe as a whole and the Community in particular is highly dependent on external trade. The percentage of GNP devoted to foreign trade varies from Community country to country but in some cases it reaches up to 60%. This means that Europe has an enormous interest, even greater than yours, in the stability of the world economy and respect for international rules governing trade, investment, money and other forms of exchange between states.

ON GLOBAL ROLE:

There have been suggestions in the past, notably from Dr. Kissinger in 1973, that the role of Europe in the world has become more regional than global. For the reasons I have given, I believe this to be misleading. What is true is that neither the European states nor the Community of today exercises political power commensurate with the worldwide network of European interests and responsibilities.

The Europeans are compelled by their circumstances as well as their history and inclinations to play a world role but they do so from a position of vulnerability. When Europeans can accurately boast that the Community inside and out accounts for some 40% of the world's trade, that the population of the Community is substantially greater than that of either the United States or the Soviet Union, and that its heritage of civilisation, skill, technology and inventiveness is second to none, on the other hand it must be said that many of these assets are unfocussed in terms of political and economic power and that the present Community could not, even if it so wished, play that relatively independent role in world affairs which is open to the United States, the Soviet Union and, to some extent, China.

ON OIL:

Next, I look at the Community's relationship with the oil producing countries. Again, I must remind you the Community's vulnerability. Although we are less dependent than Japan on Middle Eastern and North African oil, we still draw about 40% of all our primary energy supplies directly from those areas. By comparison the United States draws less than 9%. The Community consumes 2.1 tons of oil per head a year, of which 86% comes from oil imports, while the United States consumes 3.9 tons of oil per head a year, of which 50% comes from imports. These figures show, if it is necessary to show, why the Community is so concerned not only about stability of oil supplies but also about the problems of the area from which most of the oil comes. Our relationship with the Middle East is not of course one-sided. In a traditional area of European interest our trade has greatly increased, particularly in the last few years. European products have found new markets and European service industries have taken deep root. As for the oil producing countries, they have invested substantially in Western Europe and in economic terms our relationship has become close.

ON THE MIDDLE EAST:

It is not therefore surprising - although it seems to surprise some people - that the Member States of the Community, working together through the process of Political Cooperation should have sought to develop a correspondingly important political relationship. There is much common ground between the process launched at Camp David and the ideas set out in the Venice Declaration of the Community Member States.

Both look for a comprehensive settlement; and both call for recognition of the right of existence within secure borders of all in the area, and of the legitimate rights of the Palestinian people. But at Venice and subsequently at the European Council at Luxembourg in December we went a little further than was possible at Camp David. We spoke of borders being guaranteed and of the readiness of the Member States of the Community to participate in such guarantees.

We spoke of the need for involvement of all the parties, including the Palestinian Liberation Organisation. We drew attention to the problem of Jerusalem. Since then there has been a follow-up in the form of talks with all countries in the area, and these are continuing.

We now have to reflect and consider further what kind of initiative we might take. Obviously, we want to work as closely as possible with you. Equally obviously, we could not accept that Europe, with its enormous interest in the Middle East and its stability, could or should be excluded from helping in the search for a long-term and comprehensive settlement.
