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Extracts of speech delivered by Mr Frans Andriessen, Member of the European Commission, on free trade, competition policy and industrial development, to the Kankeiren, Osaka, 21 October 1983

Both Japan and the EEC must in their own interest continue their efforts to ensure that world trade is as free as possible. But this is only possible if we broaden the basis of our cooperation and if we include in our relationship, on a basis of reciprocity, all the elements which are of direct importance for the operation of international trade in goods, services and know-how.

Mr Frans Andriessen, European Commissioner responsible for Competition Policy and Relations with the European Parliament, stated this today in Osaka, in a speech delivered to the Kankeiren. Mr Andriessen said that as far as particularly the advanced products are concerned it is not the European Commission's intention to replace national protectionism by protectionism at European level.

Mr Andriessen said:

"European firms must have complete freedom, in the development of new technologies as well as in other fields, to work together with partners of their own choosing. In the present situation, partners will obviously frequently be chosen in Japan or in the United States, since research work already carried out there often complements research carried out by European industry and because joining forces often produces quicker results, to the advantage of both parties. It would therefore be shortsighted of the European authorities to stand in the way of such cooperation. Moreover, a large degree of interdependence is certainly an important factor in the stability of the world economy."

"On the other hand, the Commission also wants to prevent European industry from becoming too dependent on advanced technology developed elsewhere and thus becoming merely an ancillary supplier. European industry must itself remain creative. In this way, Europe can make the fullest use of its know-how and, in this way too, as great as possible a stimulus will be given at world level to further technological developments. This is not only of importance for the consumer, but is also (perhaps even more important) an essential factor in the growth of the world economy.

The question is therefore not so much whether we wish to prevent European firms from cooperating with, for example, Japanese partners, but whether it is desirable to create parallel conditions which make it attractive for our industry to cooperate with other European firms."

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It is my belief that, in the complex relationships that exist between large industrial powers such as Japan and the EEC, it is not sufficient for us to ensure trade reciprocity in the conventional sense. In a number of other areas too, it is necessary for both sides to be on even terms. I am thinking here of comparability in the way in which standards are introduced and, more especially, enforced, freedom of establishment and a whole series of administrative provisions."

"In this context, I am of course also thinking of what might be called reciprocity in the operation of distribution systems. The distribution system in the EEC is almost entirely open. European competition policy has had some part to play in this. We must make sure that both sides are also in this respect on even terms", Mr Andriessen said.

Mr Andriessen warned that the trade imbalance between Europe and Japan "is adding grist to the mill of those now clamouring for a return to protectionism and is posing an increasingly serious threat to our open trading system". He said "Japanese imports into Europe are still growing while our exports to Japan are showing little, if any, vigour. The resulting chronic imbalance in our trade with one another cannot be tolerated."

"Japan's trade surplus with the Community in 1983 is estimated to reach some \$12 000 million. Clearly, if this situation remains unchanged, an undue strain will be placed on the Community's political forbearance. Japan's drive in a number of key sectors is increasingly being seen as undermining our own industrial development."

Mr Andriessen stressed that the Community is having to grapple with enormous internal problems of its own. With some 12 million people out of work and with the economy starting to pick up only very hesitantly, we are in a much worse position than the United States or Japan, where the growth in economic activity is much more buoyant. Moreover, unemployment levels in Japan are many times lower than in the Community.

Mr Andriessen said that under these circumstances, the Community's patience is being sorely tried and that there should now be a genuine opening up of import markets in Japan: "Good intentions are no longer enough. What we need now is a tangible improvement in our trade figures. This has not yet materialized in spite of the growing perception within Japan's political establishment of this lopsided situation. The Community would like to see more than an understanding of the situation and good intentions. Thus you should know that the decision by Japan Air Lines not to buy the European Airbus has left a bitter taste in the mouths of many."