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Brussels, 26 May 1981

SUMMARY OF THE SPEECH BY MR GASTON THORN, PRESIDENT OF THE COMMISSION OF THE EUROPEAN COMMUNITIES, TO THE GENERAL ASSEMBLY OF THE FEDERATION OF LUXEMBOURG INDUSTRY

President Thorn began by stressing the need for the President of the Commission to have direct contact with the dynamic forces in the countries which made up the Community. "It is essential", he said, "that a politician - which I am and, indeed, intend to remain - should try to keep sight of reality and its problems".

The Commission saw itself as a special interlocutor, since its independent judgment and its many contacts at all levels enabled it to take a dispassionate view of the intricate paths of politics and economics.

THE COMMUNITY : A SOURCE OF OPTIMISM

Mr Thorn remarked that the Community's industries were now in an utterly changed environment in which the long-term strategies conceived ten years ago would have to be completely revised; in today's world, where uncertainty about the future caused so much anxiety, the Community remained a source of optimism, and for various reasons :

- its economies were linked and interdependent;
- the Community market of 260 million consumers was itself a cause for hope and a growth factor;
- the Community's weight in the world and in international negotiations was still a real factor, even in the present climate of gloom;
- our way of life and our culture could not be wiped out at a stroke; on the contrary, a democratic community would set an example for the rest of the world.

RELATIONS WITH THE UNITED STATES AND JAPAN

Such was the background to the Community's relations with the United States and Japan.

Mr Thorn went on to remark, in particular, that while we should not expect gifts from our American partners, we could hope that the dynamism of that country would bring the West some way towards economic recovery, as it had done in the past.

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With regard to Japan, Mr Thorn thought, however, that over and above the efforts of Community industry, relations with our Japanese partners were dominated by problems of a political nature. "Europe and the United States must bring the Japanese to realize that we live in a world where it is not in the interests of Japanese producers to lead the western economies to take protectionist measures. Like the rest of the free world, Japan must assume its full responsibilities with regard, in particular, to recycling capital, energy policy, aid to the developing countries and perhaps even with regard to financing the common defence effort".

He concluded this part of his speech by remarking that relations with Japan and the United States should also be examined in the light of what the Community wanted to do in the context of the North/South dialogue, taking into account the importance of the Third World for the international order.

#### THE FUTURE OF THE COMMUNITY STEEL INDUSTRY

Turning to the problems of the Community steel industry, Mr Thorn stated that the Commission's philosophy was that that industry should be self-reliant. Compulsory measures could only give the false impression that everything was well.

"We should always try to encourage business to take the initiative itself", he said, "and the signs are that the steel industry has already made definite progress in that direction".

For Mr Thorn, the long-term future of the Community steel industry could only be ensured if strict discipline on the producers' part made it possible to raise prices significantly in the near future and if, at the same time, firms undertook restructuring measures that meant both reducing and modernizing capacity.

#### THE SAME LAW FOR ALL

President Thorn was anxious to pay homage to the Luxembourg industrialists, who, in the boom years, had managed to infuse their firms with unprecedented energy, thus making the whole of the Grand Duchy better off economically and socially than ever before. He was convinced that these same industrialists would overcome current difficulties.

To sum up, the way to salvation for the Community's industries depended on the swiftness with which the new level of competitiveness vis-à-vis our main Western partners could be achieved. The expedients of market-sharing, artificial prices, aids of all kinds and protectionist measures could no longer be allowed.

There could be no privileges, exceptional measures, or special agreements for some and not others. The law must be the same for everybody; our economic survival and, hence, our prosperity depended on recognition of this fact.