

REPORT

The Common Market and Implications for Australian Trade

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I am delighted that I have been given this opportunity today to address such a diverse and distinguished company in your National Press Club. I had always hoped to come and meet you in days gone by when I was a British Minister. But it was not to be: and today I come with European rather than national responsibilities, and with my European hat pulled firmly down over my ears. Although I am certainly not the first European Commissioner to visit Australia, I am the first Britisher to come in that capacity: and that is a first which fills me with nothing but pride, because I have always believed and believe as firmly as ever that those who wish Britain well should want to see her play her full part as a member of the European Community. I hope I am not wrong in seeing in your invitation a sign of Australian interest in the Community we are building and developing in Europe. Certainly my visit to Australia is an earnest of the interest which the European Community has in nurturing a wider, closer relationship between ourselves and Australia than we have ever had in the past. Perhaps I am wrong, but I somehow have the feeling that up until fairly recently our relationship has been characterised by a certain degree of mutual hesitation, and that negative elements have predominated over positive. Hardly surprising, perhaps, when you consider that we occupy the diagonally opposite corners of the world. But now the enlarged Community, still less than two years old, includes the European country with which you are linked by history, language and economy, and Australia on her side is thrusting forward towards the role of a major player on the world economic scene. It is high time, in my view, that we set out deliberately to build up our links and to develop ways in which we can work together on the many and daunting problems that confront us all.

Mind you, I would hardly think it surprising if you found it a little difficult to identify what is this European Community with which I am suggesting Australia should develop a closer relationship. From the way some people have been talking lately, you might think the Community was nothing more than an elaborate device to stand between Australia and her sacred vocation to provide cheap food for Britain. But both Australia and the Community, for sure, are about a lot more than that. For all the ups and downs - and there have been plenty of the latter in the last year or so - the Community stands as the most ambitious and the most hopeful attempt ever made by the separate nations of Europe to turn their backs on centuries of fratricidal strife which increasingly spread beyond their own borders - and who have more honourable reasons than you Australians to be bitterly aware of that - and to build by their common endeavours a base for their future prosperity and for the fulfilling of their world-wide responsibilities. Of course we have a

*Speech at the National Press Club Luncheon, Canberra, Australia, in September.

long way yet to go. So far we have an agricultural policy. We have a customs union and a common commercial policy, and we have a substantial common effort towards developing countries. We are working for common policies in a number of other economic fields - economic management, energy, transport, industry, social and labour questions. And we are beginning to grope our way towards certain concerted actions in the field of foreign policy, so that Europe may the better make its voice heard and its presence felt in the world.

Those are the directions in which we are going. When we will get there and how is perhaps too much like crystal ball gazing. The whole business of European integration is an uphill, sisyphian struggle - two steps forward, one and sometimes even two back. It is not easy to bind together nine nations, each with its proud national heritage of tradition and its own way of doing things. 1973 was a hard year for all of us, not least for the cruel light which the energy crisis shed on the Community's lack of preparedness to face cohesively a major challenge of that sort. But now in recent months the Community is on the move again, and the advent of new leaders in France and Germany, committed to make it a practical working reality, is acting as a powerful catalyst. But where in all this lie the common interests on which a living relationship can be built between Australia and the European Community? For let neither of us delude ourselves - it is on common interests and not on fine words that such things depend. First and foremost, we are both important components of an international monetary, commercial and economic order on whose survival and successful adaptation to world events our whole prosperity and the very basis of our societies and civilizations depend. I sometimes wonder whether it is sufficiently appreciated to what an extent we owe the rise in living standards of all our peoples in the last twenty years to the painstaking creation out of the ashes of the second world war of a world economic order which, however imperfect, was something approximating to the rule of law and was in marked contrast to the law of the jungle of the 1930's. That economic order, after serving us well for twenty five years, is now under very severe strain. First the break-up of the Bretton Woods' monetary system in the late sixties, then the strains imposed by the vast increases in oil prices of last autumn, and now, permeating everywhere, the rampant evil of inflation are giving it the biggest shaking it has ever had. And just as inflation can have the effect within a country of setting off different sectors of society in a self-destructive *sauve qui peut*, so internationally it is only too likely to set nations on a beggar-my-neighbour course and to blind politicians to the ever present need to balance domestic political realities with international responsibilities and duties. For any system of collective security, military or economic, be it a family or a city, a national or wider transnational community, demands from each participant manifold contributions and gives to each manifold benefits. The costs are usually concrete, and easy to see and measure. The benefits are often of an incalculable kind, warding off disasters which we shall, we hope, never be put into the position to be able to gauge. So, by their nature, such systems are difficult to build and to maintain. It is not always obvious that the benefit to each taken separately outweighs

his contribution in the short term, and it is not always easy, in politics, to think in sufficiently long-run terms. Our citizens have real and pressing needs, and our very proper sensitivity to immediate and sectoral and local concerns tends all too easily to outweigh in our counsels the wider horizons and responsibilities and the longer time-scales.

That is why, Mr. Chairman, I firmly believe that we must together, bilaterally in talks such as I am having with your government this week, and multilaterally in the various international organizations of which we are both members - OECD, GATT, the IMF, and others - redouble our efforts to resist the pressures and temptations for cut-throat competition and selfish measures.

Well, you may say, why not practice what you preach and get rid of that import ban on beef? I can assure you that that measure is not one in which we in the Commission take any pride. And it is only defensible as a temporary palliative to an extremely actual and acute sectoral problem such as is provided for by the GATT itself. That is why we have welcomed the initiative taken by your government to organize international discussion of the medium and longer term prospects in the beef sector, and intend to contribute as constructively as we can to those discussions when they take place. But we must do more than just fight to preserve the status quo on the international economic scene. If we are not to slip backwards, we must determine to increase the flows of trade and improve and adapt our international rules to the demands and aspirations of tomorrow. It was for this reason that the Community originally joined with the United States in sponsoring the new round of multilateral trade negotiations: and it is for this reason that we believe it is now more than ever necessary to get down to business and put behind us the delays and the bickering of the past year. The prospects for the United States trade bill now look brighter. Let us hope we shall soon all be sitting together round the negotiating table at Geneva.

And what should we seek to do when we get there? We must continue to slice away at the level of industrial tariffs. There are, I know, some who say that these are now so low as to be insignificant. But that is simply not true. If you believe that, just listen to the cries from the industries concerned when a government proposes to lower its tariff protection. The Community, which has the lowest industrial tariff among major developed countries, is firmly committed to making a further substantial contribution. But it cannot be a one-way business. We will naturally and reasonably look for a fully commensurate effort by our main partners, and particularly from those with substantially higher tariffs than our own. Australia, even after the unilateral cuts of the last year, is still one of this number.

Then a determined attack must be made on the ever proliferating mass of non-tariff barriers. The analytical ground work has been well done on this.

What is now needed is to summon up the political will power to lead a few cherished sacred cows to the slaughter and to accept certain extensions of international discipline into fields which have hitherto been sacrosanct national preserves.

And then of course there is agriculture - did you perhaps think I might forget it? Perish the thought. The Community stands committed to working in these negotiations for the expansion of world trade in agricultural products, while respecting existing agricultural policies. This last point is important. It is not by a theoretical argument as to whether such and such an agricultural policy is more or less protectionist than the next one that we are going to get places. Rather is it by seeking common reciprocal international solutions to the problems that have beset agricultural trade in recent years that we shall make progress - problems caused by violently fluctuating prices, by over-production in some products and penury in others, and the very special problems of the developing countries with their expanding populations, inadequate food resources and shortage of money to finance commercial imports.

These are the sort of problems to which we shall need to address ourselves. Indeed, the problems of the developing countries will be very present in our thoughts during all these negotiations: and this surely is an aspect of our affairs where Australia and the European Community have interests in common and much to discuss and cooperate over on a continuing basis.

So far, our attitudes have been very similar. Both Australia and the European Community were among the first to introduce generalized preferential trading arrangements for the developing countries. Both you and we have significantly improved our aid programmes in recent years. The Community is resolved to make a real and continuing effort both in trade and aid to help the developing countries: and that not out of motives of Victorian charity and paternalism, but from enlightened self-interest. Now, in the wake of the energy crisis, many of the developing countries need our help more than ever: and if we do not wish to see economic collapse followed by political instability of the most dangerous kind, we must find ways to meet this need. Year by year, we in the Community are improving our generalised preference scheme, including where possible products on whose export the poorest countries of Asia and Latin America depend. We are making a reality of the declaration of intent for the Commonwealth Asian countries, and fostering our ties with ASEAN. We are extending our association arrangements, with their provisions for free access to our markets, for aid and for the stabilisation of export receipts, to among others a number of Australia's nearest developing neighbours. And we are working to get under way an emergency fund for those countries hardest hit by the energy crisis, to which we have conditionally pledged £500 million. Not a bad record, I would submit. But this is certainly an area in which you, and we need to keep closely in touch to dovetail our efforts and to make the best use of the far from limitless resources we have available for development work. Finally, if I may, a word about a slightly more controversial subject, raw materials and export controls. In the world of the later

seventies and thereafter, obstacles to exports may well become just as dangerous to the world economy, or perhaps even more dangerous, than restrictions on imports were in the past, and still are. There are, of course, situations in which a country may want to impose restrictions of one kind or another on its exports. I regret to say there are isolated instances where that has happened temporarily in Europe. But if we are to safeguard, strengthen and improve our system of collective economic security, then we must discuss export restrictions in the same multilateral and general way as import restrictions. And these multilateral trade negotiations must go into the problems of restrictions on exports just as much as into restrictions on imports. We must think in terms of joint procedures, joint rules and joint disciplines that define the circumstances and the limits of their use. Such agreed rules will naturally constitute part and parcel of the system, due credit being given to the contribution made by each participant to the construction of the whole.

I am well aware that your and our interests here are not identical, but I certainly do not accept that they are contradictory, as some would suggest: indeed, I think there is much greater complementarity than has been admitted. If we ever had any illusions on the subject - and I personally did not - we have fully taken on board the concept so eloquently stated by your Prime Minister when he said that Australia was neither a quarry nor a sheikhdom so you, like the other countries in the same position, want fair prices for your raw materials, and you want to process more of them. There are objectives with which we can and will come to terms. What we cannot absorb without grave damage to you as well as to us and to the whole fabric of the world economic order, with all that would mean to the developing world, are the sort of savage price increases and aggressive tactics which were applied a few months ago over oil. In the last analysis, we are all in the same boat, and it behoves us all to work for a balance between our interests, for greater stability and certainty of export receipts for the producers, and greater certainty and stability of supply for the consumers. Such, Mr. Chairman, are some of the more important items on the agenda that faces us, the raw material for that closer relationship between Australia and the Community which I believe will be a feature of the years ahead. Pretty dry stuff, you may feel: Not much political sex appeal in that. And you would be right. But then we are not in the instant miracle business. One of our great handicaps in the Community is that much of the subject matter with which we deal is simply not the sort of thing which can galvanise public opinion. But that does not mean it is not important, or that it should not demand a major effort from us. Politics may be the art of the impossible, but it is the task of statesmanship to make possible that which is necessary. And I do firmly believe that development of a strong and many-sided relationship between Australia and the enlarged European Community is in both our interests and should be a high priority for both of us. The time has come when events will demand that we now set about building this altogether.

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