

# European BACKGROUND INFORMATION Community

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BACKGROUND NOTE

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## SOAMES REVIEWS STATE OF US-EC RELATIONS BEFORE EUROPEAN PARLIAMENT

Following is the full text of a speech on US-European relations given by Sir Christopher Soames, Vice President of the Commission of the European Communities, before the European Parliament on January 16, in Strasbourg, France.

Europe's relationship with the United States is and must and will remain a primordial one on both sides.

I for one do not really share the assumption underlying this question, that there has been a marked deterioration on our relations with the United States.

I know that there were fears at the beginning of last year, that differences between the United States and the Community might spill over and affect other aspects -- including political and security aspects -- of that vital transatlantic relationship.

It was very clear by early summer, I think, that the danger had, for the time at least, been averted.

I know also that there were fears late last year, of the inverse process: that difference of view over political and security matters, deriving from events in the Middle East, might spill over and affect our economic relations. Certainly that could be a possibility and it is one of which we are acutely aware.

These relations do not only deal with the immediate dramatic things that hit the front pages.

There are strong ties of non-controversial cooperation plans for further such cooperation and a constant dialogue at all levels and almost all walks of life, particularly in the realm of commerce and economics between the Americans and ourselves.

What I think we do face at the moment is a psychological problem.

On both sides of the Atlantic there was built up last year a certain expectation that relations between Western Europe and the United States would somehow very consciously be redefined.

Perhaps a redefinition of relationship can have dramatic usefulness between old adversaries. But it is a much more delicate and complicated process when old friends are involved -- and a process from which it would be misconceived to hope for dramatic results.

In any case, the end of the year, the events in the Middle East, and the subsequent energy crisis, have rather cut across that process of formal and somewhat abstract redefinition and faced us with some very specific and immediate tasks.

And this surely brings home to us a fundamental truth. It is not merely by drafting texts, however constructively, however cleverly, that the satisfactory development of transatlantic relations will be secured.

It is much more by the way we handle the often unforeseen events and the problems we both face that this relationship will really be defined.

Perhaps our most urgent preoccupation both in the United States and even more so in Europe at the moment is the world supply of energy, its quantity, and its prices.

And this is not simply the most urgent of the problems on the international agenda -- it is also at the same time a test case of our relations with the United States.

It is one that exemplifies the nature of that relationship: on the one hand we are, at least in the medium term, far more dependent than the United States on Middle East oil, and some at least of our Member States have rather different historical and political relationships with that area.

So some divergence is bound to occur in the way we see the present situation.

But, on the other hand, we share common concerns for the future which must bring about a meeting of minds across the Atlantic.

None of us as energy consuming countries will wish to see competitive auction, with each building up the price against all in the face of a relatively cohesive front of exporters.

None of us can afford to see a beggar-my-neighbor return to protectionism as each consuming country tries to cut down on non-energy imports in order to devote increasing proportions of its shrinking export revenues to paying for its oil imports at the higher prices.

None of us would want to see the economies and the societies of countries of the Third World shaken not to say destroyed by the heavy impact which the vastly higher cost of their oil imports -- such a very large share of imports for many developing countries -- could trigger off.

None of us would wish to see international monetary anarchy as tidal waves of unprecedentedly large internationally mobile liquid funds pour from one currency into another.

This is why the Commission takes the view that this looming crisis is a challenge: a challenge to our imagination, to our solidarity and generosity, indeed an opportunity that must be seized for closer, more far-reaching and more forward-looking cooperation between the industrialized countries of Western Europe, North America, and the Pacific, with the threatened interests of the developing world and the legitimate interests of the oil-producing countries also very much present and represented.

"The United States," Dr. Kissinger recently announced, "is prepared to make a very major financial and intellectual contribution to the objective of solving the energy problem on a common basis and the United States' President has now proposed a meeting on the 11th of February as the first step in the consideration of the problem on an international plane."

I need hardly stress how warmly the Commission welcomes the decision of the Council yesterday that the Community as such would accept the invitation.

Now we face the more difficult task of preparing a Community position for the meeting.

In the multilateral trade negotiations in GATT it has always been obvious that until our chief partners in this negotiation have obtained powers to negotiate and a mandate of negotiation, there can be little substantive progress.

The Commission is therefore extremely glad to note that the United States House of Representatives has now passed the trade reform bill and sent it on to the Senate.

We hope that once the Senate has passed it we can get on as soon as possible with the mutual reduction of barriers (whether tariff or nontariff barriers) to trade in industrial products, and with a significant increase in our mutual exchange of agricultural goods we may look forward to substantive negotiations beginning some time this year.

But I believe most members of the House will share with me the conviction that if a close relationship and a mutual understanding between Western Europe and North America were vital in the years of wartime danger and in the years of peacetime political tension, it is no less vital now when the world economy has to adjust itself to a very uncertain future.

They (the GATT negotiations) will no doubt be long and complicated -- the more so as the world economic climate has changed a lot since we met at Tokyo and major problems have arisen which we had not foreseen and could not have foreseen at that time.

I earnestly believe that what we are seeking and groping for is a new level of equal partnership between the United States on the one hand and the European Community on the other. This will inevitably be a relationship of a totally different kind from what was the relationship between the United States and any one of the individual member countries before the creation of the Community. To arrive at a situation of equal partnership is going to demand a high degree of understanding on both sides of the Atlantic.

First, let us consider it from the United States' point of view. The Americans, as I see it, must appreciate that the conception of a united Europe is not merely in order that the countries and the peoples of Europe should enrich themselves further, it is so that Europe, with all the long experience which goes so far back into the past, can bring that experience to bear on the major problems of the world, using that experience and offering it to the world in all the great problems with which we are going to be faced. This is why we are doing it.

This fact must be appreciated by the United States, understanding that the relationship can no longer be the same as it was accustomed to between the United States and individual member countries.

Secondly, from the European point of view, I offer this thought. We talk about a dialogue between equal partners, and when we do so we had better put ourselves in the position where we can be equal partners. If we do not, it is our own fault and no one else's and it is no good blaming other people. This does not mean merely that we can talk about commerce or about negotiations with the GATT. That is all very important, but it is by no means enough. It means that we have to superimpose, and have the will to do so -- my experience over the last years has not given me that encouragement which I hoped I would get in our ability so to do -- in our national interests the realisation that it is in all our interests that Europe should succeed. This means realizing that what may look bad in the tactical immediate future for an individual country may be the right solution for Europe.

At the moment when proposals come from the Commission, on whatever topic -- I do not say whether any particular proposals are good or bad -- at least they come out as European proposals and are conceived as such. They are then discussed in the Council of Ministers and in the member countries as national problems and are thrown into the national arena. What has to happen, if we are to ensure that the European interest dominates, is that somewhere along the line such proposals have to return to being discussed in a European context. We owe this not only to ourselves but to our partners.

Let us realize how difficult it is for our partners. The European-American partnership relationship covers an enormous spectrum. Yet on probably an enormous range of that spectrum we cannot talk with a European voice. Let us realize how difficult it is for them when they do not know to whom they should address themselves -- and when they do address themselves to the chairman in office of the Council of Ministers, all he can say is, I take note of what you say and I will report it to the Council of Ministers.

We have progressed. But how we progress and how we manage it, and what sort of concept we have -- are very secondary compared with the basic realization that we must progress not only in our own interest but also if we are to get into a position in which we can claim to be equal partners.

I believe that the vast majority of members of this House share with the Commission the conviction that if a close relationship and a mutual understanding between Western Europe and North America were vital in the years of wartime danger and of peacetime political tension, they are no less vital now when the world's economy has to adjust itself to a highly uncertain future.