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TEXT OF A SPEECH GIVEN BY THE RT. HON. SIR CHRISTOPHER SOAMES,
VICE-PRESIDENT OF THE COMMISSION OF THE EUROPEAN COMMUNITIES,
AT A DINNER GIVEN BY INTERLAINE AT THE MERCHANT ADVENTURERS HALL,
YORK ON THURSDAY, 23 OCTOBER 1975.

Mr. Chairman,

It is a great pleasure for me to be with you tonight, and to have the opportunity to pay tribute to one of Europe's leading industries.

Before I go on to speak about the Community's external trade policy and its bearing on the problems and interests of the textile industry I should like to say something about the wider issues which stand out in the gloomy scene that now surrounds us.

It is plain that the effects of the present world-wide recession - and in particular unemployment, underused resources and unsatisfactory profits - will continue for a considerable time to come, beyond the end of the recession itself.

So it is quite understandable that one of the results of this situation has been the re-emergence of pressures for protection in many sectors of industry throughout the Community and abroad. Governments could be tempted to give way to these pressures. But it would be wrong to do so.

The interdependence of the different components of the world economy today is far greater than it was in the 1930s when the world-wide retreat into protectionism did such great harm to all our economies. But the damage which we did to one another then inadvertently and in ignorance is as nothing compared with what we would do to ourselves if we were now to travel that road again.

For our interdependence has not lessened because of the present recession - indeed in many ways it has increased. The countries of the Community live by trade, and now that we have to pay so much more for our imports of oil we are even more than before dependent on our foreign trade to balance our international payments.

In Short, self interest - to put it no higher - tells us that we are not in a position to export our present problems. And the more so because we all know that protectionist measures and the interests they build up tend to survive, with all the distortions they induce, long after the problems which they were designed to meet have been resolved - usually by other means.

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Mr. Chairman, your industry is one which contributes notably to the Community's exports. And, in a word, exports is the text to which I should like to speak tonight.

Not, Mr. Chairman, that I propose to administer one of those little homilies about the superior virtues of exporting - homilies with which you are all doubtless too familiar, and which, while never misplaced, would be redundant in the case of an industry with an export record as good as is yours, even in the difficult circumstances of the present.

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In fact, I don't want to speak to you about your responsibilities, but rather about mine - the responsibility shared by all governmental authorities, including the Commission, to ensure the conditions in which international trade can be sustained and set once more upon the path of expansion.

These conditions can be summed up in two sentences. First, our long-term strategy must be to continue the post-war progress towards an increasingly open world economy. And second, we need to ensure that openness is accompanied by order - that the positive benefits of the progressive growth of trade are not lost because of protectionist interference or cancelled out by the disruption of existing markets, with all that this entails for established producers, for the level of employment, and for hopes of industrial progress.

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An open world economy is one in which the growth of general prosperity is served by the reduction to the lowest possible level of the barriers to enterprise, skill and ingenuity.

For your part, your industry has long since given ample proof of its possession of these qualities. Given conditions of fair and open competition - and, alas, you are not always afforded such conditions - you have shown in the growth of your export activities that you know how to make use of them.

In the present situation we must set our face firmly against protectionism while seeking in the Multilateral Trade Negotiations at Geneva to ensure that, in the longer term, as the world economy recovers there is a yet wider opening of world markets.

But how are we to set about this? Summed up in a single phrase, the general theme on tariff reduction which the Community is pressing in the Multilateral Trade Negotiations Geneva is 'the higher the tariff, the greater the cut'. And you will note with approval, I think, the advantages which this approach will bring to your industry, in the light of the contrast between its external tariff - one of the lowest in the world in this sector - and that which protects some of its competitors abroad.

But let us not imagine that further progress towards a more general world-wide prosperity is only a matter of the reduction of tariff and non-tariff barriers to trade between the developed countries of the industrial world. It is that, but it is more.

We have to reach beyond that concept to a new vision: we have to make a constructive response to the desire of the developing countries of the Third World to industrialise and to play a greater and more well-rounded part in world trade than they have done in the past. They are no longer content merely to export their raw materials in exchange for our manufactured goods. And the fact of the matter is that while the people of the developing world are ready to make a growing contribution to the sum of global prosperity, they are also ready to undermine and assail that prosperity if they are denied their share in it.

Adjusting to the progressive industrialisation of the developing world will of course be a difficult and painful process. There is no doubt in my mind, or in the mind of the Commission about this - or about the

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necessity of doing what we can to help. But equally we are sure that if we were not to make the effort to open up our markets to the developing world we would be faced, in the not so very long run, with a disastrous confrontation which would be infinitely more painful and damaging than the process of structural adjustment which is the only alternative to it.

Interlaine has always shared with us this positive attitude, and I should like to pay tribute to this, and to the skill and dynamism of which your industry has already given proof in its adaptation to changing circumstances over the years. And let there be no doubt of the importance which the Commission attaches to the role of a healthy and viable textile industry in the Community.

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Openness must be one limb of our policy. Order must be the other, particularly in a sensitive field like textiles. Our objective is to secure a sound and mutually advantageous distribution of economic activity, both by means of the play of market forces in an open world economy, and by means of a positive effort to assist the development of the Third World. But all our experience shows that neither of these approaches guarantees that the path of growth and change will be a smooth one. That is why we need to maintain effective remedies, chiefly in the textiles field, where the import of particular goods from particular sources represents a threat to disrupt our markets.

In the shape of the GATT Multifibre Arrangement we have cooperated in a framework of international rules for trade in textiles which is a good example of the kind of international discipline which it is our responsibility and one of our great interests to preserve.

We intend to resolve some of our present difficulties in the textile trade by way of bilateral agreements under Article 4 of the Multifibre Arrangement. Of course it has required some time and much patience to bring the Nine Members of the Community together into a single negotiating position, especially since it is a question for us of inaugurating a new procedure rather than, as with the United States, merely one of modifying an existing pattern of agreements.

But we have already concluded negotiations with India, Pakistan, Hong Kong, Macao, Singapore, and Malaysia. More will follow. And we have also undertaken the appropriate actions with regard to Taiwan. At the same time we have made use of the safeguards provisions under Article 3 of the Arrangement, notably towards Korea, which I hope is seen as an earnest that the Commission stands ready to act rapidly and effectively when measures of this sort are justified.

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Order, Mr. Chairman, and Openness. These are our twin themes. Our philosophy in these matters is simple, and it is founded upon experience. We are committed to the goal of world-wide economic development. And the road we are following is that which goes by way of the kind of liberal international trade and payments system which has served us so well since the war - and the lack of which served us so ill in the pre-war period. Let us learn from our mistakes in the past, and so overcome our present difficulties, and build a better future for the world.

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/Mr. Chairman,

Mr. Chairman, I have greatly enjoyed the hospitality of Interlaine this evening. And York, if I may say so, was an inspired choice of a place to hold this meeting.

York's great Minster was built in the middle ages largely out of the revenues from the wool trade of that time. So this place is something of a symbol of the illustrious past of your industry, and a monument to its achievements.

Throughout the eight centuries of technological change and changes in the pattern of economic life since York Minster was built the wool trade has been one of the most vital elements in the European economy. You have met the challenges of a past. Who can doubt your success in meeting the challenges of the future.