

following is text of president jenkins speech to foreign correspondents' club in tokyo today wednesday 12 october.

this is my second visit to japan and my first as president of the commission of the european communities to japar. my predecessors, as well as other members of the commission have, of course, visited tokyo in recent years and i am very happy to be able in this way to carry further the tradition of friendship we have established with the japanese government.

friendship implies frankness. and i think i should be frank about two themes. the nature of the community and its impact on japan and our trade relations. both are surrounded by misunderstandings. let me try and set some of these right.

i am conscious that as president of the commission of the european communities i come to japan as the representative of what must seem a strange and even at times an inconvenient animal. here twenty years ago, was a nation of over 100 million people, three times more densely packed on your islands than the peoples of the european community, successfully earning your living in the cut and thrust of world trade, enjoying reasonably satisfactory relations with the separate countries of europe. and then, following the treaty of rome in 1957, the european community appeared. to some we must have seemed like an octopus. let me explain why we are not.

our community was born of the second great european civil war in this century. i, like most of my generation, served in that war. i am proud to have as friends and colleagues in the brussels commission, more than thirty years later, those who fought on both sides of the barricades. for our community was born of the desire of the nations of europe, who surveyed the destruction, suffering and penury they had inflicted upon themselves, to creat a new europe,

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2) democratic, prosperous, united. no one can say that we have not achieved considerable success. the europe which the prime minister knew nearly 50 years ago, with its poverty, its nationalism, its distrust of the outside world has gone. in its place is a new europe not only prosperous and self-confident but conscious of its responsibilities to the world across the seas.

it may be useful for me to say a word or two about what our community is . in doing so i must emphasise that it is in rapid evolution. ten years ago it was different with a smaller membership, and ten years from now it will be different again, probably with a larger membership. it consists of the principal nation states of western europe who have come together within common institutions to determine widening areas of common action and responsibility: for example a common market within and a common external tariff without: a common agricultural policy based on the concept of a single price system: a common commercial policy towards the outside world and progress towards a common fisheries policy and a common energy policy. there is a good deal else in train. an increasingly coordinated approach by the nine member states in foreign policy (you will have seen our joint statements on south africa and the middle east) : the application for membership of the three most recent democracies in europe (although one of them-greece-was the oldest in the world) : the fact that these countries see so clearly that their future lies with us is testimony to the nature of the community as a stabilising democratic force. i will not conceal that our achievements are greater in some areas than others. but the essential point is that the community increasingly speaks and acts with a single voice, and is the counterpart of this country - its interlocutor - on the other side of the world.

as such we are major partners. the original community of six had a population of 194 million: with the enlargement to nine of 1973 it grew to 258 million: if, as i hope and believe, it is enlarged again to twelve, it will be 311 million. in 1976 our total gross domestic product was us 1,382 billion dollars: compare the japanese one of us 553 billion dollars and the of the united states of us 1,689 billion dollars. already we account for over 40 0/0 of the world's trade, and constitute its most powerful trading group with special links with over 50 other states in the less developed

5) our responsibilities in world trade are clearly very great. how have we handled them? first and most important we have adopted and maintained extremely liberal policies. the community has the lowest industrial tariff of all the major industrialised countries. it took a leading part in the last two trade negotiations in the gatt which together halved our tariff.

we took an equally leading part in the preparations for the current round which was formally launched here in tokyo in september 1973 - and which we hope with this country's help and that of the other main participants to bring to the threshold of the final negotiating phase by 15 january next year. although the economic climate is markedly less favourable than in the kennedy round, we have a joint and vital interest in a successful outcome next year. without this we risk being engulfed in a rising tide of world protectionism.

we were the first to introduce a scheme of generalised-preferences to help the poorer countries. we took a leading and liberal role in the recent north/south dialogue in paris and we shall continue on this path as the dialogue continues. and even in the textile field, an exceptionally difficult one for us, where we are trying now to negotiate agreements, essentially with low wage cost producers, fair both to our suppliers and our own manufacturers, it was the community which absorbed three-quarters of the increase in world textile exports between 1973 and 1975. but it shows something else. i was a member of a british cabinet which had to decide in 1975 whether to yield to great pressure from unions and manufacturers for a cut across the board in textile imports into the united kingdom. we decided not to yield. and a crucial element in our decision was the existence of community rules which madentp

yet decision of this kind across the board impossible. if the community had not existed the united kingdom might well have gone down the protectionist road. if it had, the pressures on other european countries to follow would have probably been too great to resist. it was the fact and the disciplines of our community which were thus the deciding factor in the line being held at a turning point in the development of world trade.

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and this brings me to the development of our trade relations. here i see three central problems. the first is the increasingly heavy trade deficit which the community has with japan. in 1972 this deficit was us 1,200 million dollars. by 1976 the deficit had increased nearly fourfold to us 4,200 million dollars. and there is every indication that it will be even greater this year. against a background of acute social and economic difficulties within the community it is clear that a state of affairs where our exports to japan pay for around 40 % of our imports from japan will inevitably lead - unless we deal with it - to increased protectionism.

the second is the concentration of japanese imports into the community on a limited range of goods. these - steel, cars, ball bearings, electric technical products such as television tubes, and shipbuildings are examples - fall predominantly into sectors which are particularly important to european manufacturing employment and which are in any case facing major problems because of the recession. some of the industries affected are located in parts of the community for which they are the primary source of work. and pressures on particular sectors of our market can therefore easily become intolerable.

the third is the accessibility of the japanese market to european exports. i freely acknowledge that the japanese market is not in general protected by a high tariff. but the market is nonetheless far from being an open one. there are major difficulties in the way of foreign products making an impact - such factors as the japanese distribution system, the continuing existence of some administrative barriers and what seem to us a certain inbuilt reluctance, partly social, partly economic, to accept large-scale imports of products that compete directly with japanese industry.

how can we solve these problems? for japan and the community - as major actors on the world stage - have a common responsibility. we have as the prime minister said last week "to learn the lesson of the past and cooperate to avoid catastrophe". we are very much in the same boat.

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one way for us to solve these problems would be to clamp down wholesale to adjust the balance. this we do not want. pulling the plug out of the other end of the boat does not really help anyone in it. we prefer the more positive solution - to increase our exports to japan. part of this depends on our exporters. but here we need japanese help. at present only 20 0/0 of japan's imports are manufactured goods - a proportion far lower than that of any other major industrial country. the traditional structure of japanese trade has tended to discourage the import of foreign goods if japanese products could instead be promoted, or to promote imports only until such time as a japanese product became available. but if in the long run japan wants to maintain and expand her exports of goods for which her industry is particularly competitive she must accept as a permanent feature of her prosperity the importation of manufactures where other countries have a comparative advantage. the same opportunities for goods must exist here as exist for japanese products throughout the community. only thus will we be able to achieve an immediate and lasting improvement in european exports to the japanese market. only thus will we be able to maintain and develop the open trading system, which is so much in the interests of us both.

of course, this is not the whole story. we in europe must recognise the need for industrial structural adjustments to meet changing patterns in world trade. japan needs to recognise the need for restraint to avoid putting intolerable pressures on particular sectors of european industry. and we both have, together with the united states, the major world economic responsibilities which were discussed at the london summit in may. the japanese government is fully aware of the strongly held view of its partners that its balance of payments surplus should be reduced, and we await with interest the impact of the new measures. we particularly welcome the recently stated intention to strive for an external equilibrium.

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6) you know that we attach great importance to the high level consultations between our authorities twice a year. we hope that these consultations can be aided by a more detailed monitoring of the development of trade and payments between japan and the community. to this end i shall be suggesting the establishment of a joint study group, possibly with the participation of business, which would report before each 6 monthly consultation. it is my hope that this group will be able over the next year to find a steadily improving picture in our bilateral trade relations that is a main theme in my talks here in tokyo.

i have tried to give you some picture of how the community has faced its responsibilities in the world. on this i want to make a final point. we believe that a major part of our responsibilities is towards the third world. countries with which we are linked by history, experience, trade and multiplicity of interest. in a world become increasingly one, our prosperity cannot be separated from theirs, nor theirs from ours. at the conference on international economic cooperation in may, in which i participated for the community, we made what might be described as a beginning in creating a new and more equitable relationship between industrial and other countries. the work we then did must now be energetically pursued and extended. i hope that japan and the community will join in doing it together. in my judgement we have large common interests in this field. what is important in the year ahead is that as major partners in world economic relations we take our common responsibilities and solve the problems i have sketched out today. for we cannot afford to fail. if we do the whole world will suffer. if we succeed, as i hope and believe we may, the benefits of a continued and expanding world trading system can continue to be immense.