

SPEECH BY MR CHRISTOPHER TUGENDHAT, VICE PRESIDENT
OF THE COMMISSION OF THE EUROPEAN COMMUNITIES TO
THE NATIONAL CONFERENCE OF THE CBI IN EASTBOURNE ON
5 NOVEMBER 1984

MAKING THE MOST OF EUROPE

THIS IS, I UNDERSTAND, THE FIRST OCCASION ON WHICH A GUEST SPEAKER HAS EVER ADDRESSED THE CBI ANNUAL CONFERENCE. I SHOULD LIKE TO THANK YOU FOR CONFERRING THIS HONOUR ON ME AND TO SAY HOW MUCH I APPRECIATE IT. THIS WILL BE ONE OF THE LAST SPEECHES I SHALL MAKE AS A VICE-PRESIDENT OF THE EUROPEAN COMMISSION AND I CANNOT THINK OF A BETTER PLATFORM FROM WHICH TO DELIVER IT. THE CBI'S COMMITMENT TO THE EUROPEAN COMMUNITY IS CLEAR AND LONG-STANDING AND YOU HAVE SHOWN YOURSELF TO BE EXTREMELY EFFECTIVE AT REPRESENTING YOUR MEMBERS' INTERESTS IN BRUSSELS AND STRASBOURG.

THE THEME OF THIS SESSION IS "MAKING THE MOST OF EUROPE". I SHALL TELL YOU HOW I THINK THE EUROPEAN INSTITUTIONS AND INDEED THE NATIONAL GOVERNMENTS, WHICH IN THE COUNCIL OF MINISTERS TAKE THE FINAL DECISIONS, SHOULD SET ABOUT ACHIEVING INDUSTRIAL SPHERE.

/I BEGIN WITH

I BEGIN WITH TWO POINTS OF PRINCIPLE:

THE FIRST IS THAT THEY SHOULD ALWAYS BEAR IN MIND THAT THERE ARE GREAT DIFFERENCES IN THE INDUSTRIAL, FINANCIAL AND SOCIAL STRUCTURES OF THE VARIOUS EUROPEAN ECONOMIES ARISING OUT OF THEIR OWN INDIVIDUAL HISTORIC EXPERIENCES. ALL NEED THE OPPORTUNITIES THAT ONLY A EUROPE-WIDE COMMON MARKET CAN PROVIDE. BUT THESE DIFFERENCES MUST BE TAKEN INTO ACCOUNT WHEN LEGISLATIVE PROPOSALS ARE BEING FRAMED AND NEEDLESS HARMONIZATION MUST BE AVOIDED. EUROPEAN COMPANIES OF ALL NATIONALITIES ARE MORE LIKELY TO BE COMPETITIVE ON WORLD MARKETS IF THEY CAN ORGANISE THEMSELVES IN THE MANNER THAT FITS MOST EASILY WITH THEIR NATIONAL NEEDS AND TRADITIONS, SO LONG AS THAT DOES NOT INHIBIT THE FREE MOVEMENT OF GOODS AND SERVICES WITHIN THE COMMUNITY.

/SECOND, THE EUROPEAN

SECOND, THE EUROPEAN INSTITUTIONS MUST REMEMBER THAT THE BIGGEST INDUSTRIAL CHALLENGE FACING ALL MEMBER STATES IS THE REDUCTION OF DISTORTIONS AND RESTRAINTS THAT INHIBIT THE EFFICIENT FUNCTIONING OF THE ECONOMY. UNDER THE GUISE OF SPREADING THE AVAILABLE WORK MORE WIDELY, ENHANCING THE POSITION OF DISADVANTAGED GROUPS AND MAINTAINING PROFESSIONAL STANDARDS, THE POLITICAL PRESSURES TO INCREASE THESE DISTORTIONS AND RESTRAINTS ARE VERY STRONG. AT A TIME OF HIGH UNEMPLOYMENT THAT IS UNDERSTANDABLE, PEOPLE NATURALLY BECOME DEFENSIVE.

BUT DEFENSIVENESS IN THESE CIRCUMSTANCES CAN BE NO MORE EFFECTIVE THAN KING CANUTE'S ATTEMPT TO HOLD BACK THE TIDE. THOSE IN CHARGE OF THE COMMUNITY MUST RESIST THESE PRESSURES AND INSTEAD USE THEIR INFLUENCE TO MAKE THE EUROPE-WIDE MARKET WORK MORE FREELY.

THE SINGLE, MOST IMPORTANT CONTRIBUTION THE EUROPEAN INSTITUTIONS CAN MAKE TO ENHANCING THE COMPETITIVITY OF EUROPEAN INDUSTRY AND THUS TO

/REDUCING THE PRESENT

REDUCING THE PRESENT TERRIBLE LEVEL OF UNEMPLOYMENT, IS THE CREATION OF A REAL COMMON INTERNAL MARKET, COMPARABLE TO THAT WHICH EXISTS IN THE UNITED STATES. OF COURSE I AM NOT SAYING THAT IS ALL THAT NEEDS TO BE DONE, BUT I AM SAYING THAT, GIVEN THE PARTICULAR RESPONSIBILITIES VESTED IN THE EUROPEAN INSTITUTIONS IT IS WHAT THEY SHOULD CONCENTRATE ON.

I WANT TO SEE A SITUATION CREATED IN WHICH MANAGERMENTS CAN REGARD THE COMMUNITY AS A SINGLE MARKET IN WHICH DECISIONS ARE TAKEN ON THE BASIS OF ECONOMIC EFFICIENCY INSTEAD OF WITH A VIEW TO MAXIMISING THE BENEFITS AND MINIMISING THE DISADVANTAGES ARISING FROM THE CONTINUED EXISTENCE OF SEPARATE NATIONAL MARKETS. IF EUROPE REALLY BECAME A SINGLE MARKET IN WHICH MANUFACTURERS AND THOSE WHO PROVIDE SERVICES COULD SELL THEIR WARES FREELY FROM COPENHAGEN TO CRETE AND FROM BIRMINGHAM TO BRINDISI, THE CONSUMER, THROUGH THE MARKET PLACE, COULD DETERMINE WHICH WOULD PROSPER AND WHICH WOULD NOT. IT WOULD THEN BE UP TO THOSE COMPANIES WHICH FAILED THIS ACID TEST TO ADAPT THEIR PRACTICES AND STRUCTURES OR GO UNDER.

/MUCH STILL REMAINS

MUCH STILL REMAINS TO BE DONE. TARIFFS HAVE LONG SINCE BEEN ABOLISHED IN EUROPE BUT A MASS OF NON-TARIFF BARRIERS REMAIN. AT THE COMMISSION WE ESTIMATE THE COST OF FRONTIER FORMALITIES ALONE AS BEING OF THE ORDER OF 5-10% OF THE PRE-TAX VALUE OF TRADED GOODS. THE TIME WASTED AS A RESULT OF DELAYS REPRESENTS A LOSS OF ABOUT £500 MILLION PER YEAR.

IN FINANCIAL SERVICES TOO PROGRESS HAS BEEN FAR TOO SLOW. SO SLOW INDEED THAT IN THE FIELD OF INSURANCE THE COMMISSION HAS LAUNCHED PROCEEDINGS IN THE EUROPEAN COURT AGAINST SEVERAL MEMBER STATES IN ORDER THAT THE RIGHT TO PROVIDE SERVICES ACROSS FRONTIERS, WHICH WE BELIEVE FOLLOWS DIRECTLY FROM THE TREATY, CAN BE IMPLEMENTED.

ON AIR FARES THE BRITISH AND DUTCH GOVERNMENTS HAVE GOT FED UP WITH WAITING AND TAKEN MATTERS INTO THEIR OWN HANDS WITH THE INTRODUCTION OF CHEAP FARES ON A LIMITED BASIS BETWEEN LONDON

/AND AMSTERDAM

AND AMSTERDAM. I HOPE SUFFICIENT INCREASED TRAFFIC WILL BE GENERATED TO PERSUADE OTHER GOVERNMENTS TO FOLLOW SUIT AND I AM ENCOURAGED THAT BRITAIN IS NOW HOLDING TALKS ON THIS QUESTION WITH BELGIUM AND GERMANY.

BUT NEITHER THE COURT NOR INDEPENDENT INITIATIVES BY INDIVIDUAL GOVERNMENTS IS THE BEST WAY TO BRING A REAL COMMON MARKET INTO BEING. THE RIGHT WAY IS BY MEANS OF AGREEMENTS REACHED THROUGH THE POLITICAL PROCESS AND APPLYING EQUALLY TO ALL MEMBER STATES.

THE TASK OF THE EUROPEAN INSTITUTIONS IS TWO-FOLD. ON THE ONE HAND THEY MUST WORK TO ENSURE THAT THE LEGAL AND TAXATION SYSTEMS OF THE MEMBER STATES ARE SUFFICIENTLY TRANSPARENT, NON-DISCRIMINATORY AND COMPATIBLE WITH EACH OTHER TO ENSURE THAT THE COMPETITION IS FAIR AND THE ADAPTATION POSSIBLE. ON THE OTHER, THEY MUST WORK TO ELIMINATE THE BIAS IN FAVOUR OF NATIONAL SUPPLIERS THAT STILL EXISTS IN THE FIELD OF PUBLIC PROCUREMENT AND TO INTRODUCE COMMON STANDARDS THROUGHOUT THE COMMUNITY.

/PERSUADING GOVERNMENTS

PERSUADING GOVERNMENTS OF THE NEED TO MAKE THE MYRIAD SPECIFIC CHANGES THAT WILL BE REQUIRED AND EVEN MORE, PERSUADING THEM TO CARRY THOSE CHANGES INTO EFFECT WILL BE A MASSIVE TASK. IT WILL ALSO BE POLITICALLY DIFFICULT, NOT TO SAY THANKLESS, SINCE IN EVERY COUNTRY ANY DOMESTIC SPECIAL INTEREST THAT FEELS THREATENED WILL TRY TO ROUSE GOVERNMENT AND PUBLIC OPINION AGAINST WHAT IS BEING ATTEMPTED. PROGRESS WILL NOT BE MADE IN THE SORT OF DRAMATIC LEAPS AND BOUNDS THAT ATTRACT FAVOURABLE PUBLICITY BUT THROUGH THE UNDRAMATIC PURSUIT OF WHAT WILL OFTEN APPEAR TO BE BORING AND RATHER MINOR ISSUES. IN MY VIEW, TIMETABLES WITH DEADLINES AND SPECIFIC OBJECTIVES BACKED BY THE AUTHORITY OF THE EUROPEAN COUNCIL HAVE AN ESSENTIAL ROLE TO PLAY.

BEFORE SITTING DOWN, I SHOULD LIKE TO SUGGEST THREE AREAS ON WHICH YOU, IN THE CBI, SHOULD CONCENTRATE YOUR ATTENTION, AND WHERE SPECIFIC COMMUNITY ACTION IS NEEDED.

/BORDER FORMALITIES

BORDER FORMALITIES ARE THE FIRST. THE INTERNAL MARKET COUNCIL ON OCTOBER 9 AGREED A COMMON POSITION ON THE BASIC RULES FOR A SINGLE CUSTOMS DOCUMENT. FURTHER EFFORT SHOULD BE MADE TO REACH FINAL AGREEMENT BY THE END OF THE YEAR. SUCH A DOCUMENT WOULD BE A GREAT HELP TO ALL EXPORTERS, AND ATTENTION COULD THEN BE TURNED TO EVERYTHING ELSE WHICH NEEDS TO BE DONE TO FACILITATE BORDER CROSSING.

STANDARDS ARE THE SECOND. THE PACKAGE OF FIFTEEN DIRECTIVES ON SPECIFIC STANDARDS FOR CERTAIN GOODS HAS NOW BEEN AGREED, BUT THAT IS ONLY A START. WE MUST ENSURE THAT EVEN MEASURES AS LAUDABLE AS THE NEW GERMAN RULES ON VEHICLE EMISSIONS DO NOT HAVE THE EFFECT OF CREATING NEW BARRIERS TO TRADE. IN MY VIEW ALL GOODS THAT CAN BE PLACED ON THE MARKET IN ONE MEMBER STATE SHOULD BE ABLE TO ENTER THE MARKETS OF ALL THE OTHERS. THE CASSIS DE DIJON CASE ESTABLISHED THAT PRINCIPLE AS LONG AGO AS 1979. WE MUST MAKE IT A REALITY.

/SERVICES ARE THE

SERVICES ARE THE THIRD. THEY NOW EMPLOY 56% OF THE WORK FORCE IN THE COMMUNITY AND ACCOUNT FOR ONE THIRD OF EXTERNAL TRADE. A SITUATION MUST BE CREATED IN WHICH A SERVICE PROPERLY AUTHORISED IN ONE MEMBER STATE CAN BE PROVIDED IN ALL THE OTHERS WITHOUT THE NEED TO CREATE A FRESH ESTABLISHMENT.

NOW LET ME LEAVE YOU WITH A FINAL THOUGHT. EUROPE PROVIDES BRITAIN WITH GREATER OPPORTUNITIES THAN THOSE THAT WOULD BE AVAILABLE IF WE STOOD ALONE. BUT THE EXTENT TO WHICH WE GRASP THOSE OPPORTUNITIES IS UP TO US. IT DEPENDS ON THE QUALITY OF BRITISH MANAGEMENT, THE ADAPTABILITY OF BRITISH WORKERS AND THE POLICIES OF THE BRITISH GOVERNMENT. WHETHER OR NOT WE MAKE THE MOST OF EUROPE DEPENDS FINALLY AND ABOVE ALL ON OURSELVES.