

Lord Carrington

SECRETARY OF STATE'S SPEECH

TO

EUROPEAN PARLIAMENT

(Strasbourg, 8 July 1981)

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(Only the spoken text is valid)

SECRETARY OF STATE'S SPEECH TO EUROPEAN PARLIAMENT: 8 JULY

1. We in the United Kingdom are fortunate that our first two Presidencies have followed immediately after those of the Netherlands. Progress has been made over the last six months on a wide range of issues for which our predecessors deserve all credit. You have followed this work with close attention, but let me mention 3 fields in which the Presidency's contribution was particularly valuable.

2. First, there was the agricultural price-fixing last March when agreement was reached with a pleasant absence of the delay and acrimony which has occasionally characterised this exercise in earlier years. Secondly, the progress made on tackling the problems arising from the crisis in the steel industry showed that the Community is capable of responding to the social and industrial problems of the 80s. This augurs well for the future. And in the Middle East the patient and persistent work of Mr van der Klaauw has enhanced the reputation of European diplomacy and made clear the hope that Europe has a contribution to make to an eventual settlement of the problems afflicting this troubled, but vital area of the world. In one other important sector, fisheries, the Presidency's efforts, through no fault of their own, did not bring success. We inherit the task from them and consider it a high priority to conclude the negotiations which have already lasted for longer than is good for the Community or for the wellbeing of its fishermen.

3. In the policies of the European Community, 6 months is a short time. It is a mistake for any Presidency to assume the chair with exaggerated hopes. To set targets that are too ambitious is to court disappointment and disillusion. The Presidency has only limited control of business and cannot force the pace at which progress is made on the various issues before the Community. The speech I am making to this House is not an agreed order of business, but an indication of what the British Presidency hopes to achieve. The Presidency's task is to provide continuity with its immediate predecessors; to ensure that business is despatched with the maximum of efficiency and the minimum of fuss; and to work with a sense of purpose to bring about the consensus and compromise among all member states without which no steady rate of progress can be maintained.

4. Another major responsibility of the Presidency and a vital ingredient for its success is the maintenance of good working relations with the other institutions of the Community. If Britain is to perform her task effectively and harmoniously we will need the support of the Parliament. Part of the Parliament's role is to discuss and to criticise

and I am not asking you to renounce your obligations in this respect. But I do ask that we should consider each other not as adversaries but as partners in a joint enterprise: that of making a success of Europe. The British Presidency, for its part, is determined to try to make out of this relationship an effective dialogue and not an exercise in mutual frustration. I and my Hon Friend, Mr Douglas Hurd, will come to Parliamentary sessions and political colloquies, committed to that objective. I am also glad that there have been contacts between the previous Presidency and the Parliament on how the dialogue over the Community Budget may be improved. As a first step in that direction the President of the Budget Council, Mr Nigel Lawson, intends by way of experiment to invite a Parliamentary delegation to meet the Council on 22 July - the day before the Council establishes the Draft Budget - in order to give more time for the Council to consider the Parliament's views.

5. The role of the Commission is also fundamental to the successful development of the Community. The Commission's proposals form the basis of all progress along the lines laid down in the Treaties. The higher the quality of the proposals put forward by the Commission, the better the chances of success.

6. The traditional purpose of this speech is to explain to you the business that will occupy our Presidency. But I should like to concentrate on the broader themes which we hope to develop over the next 6 months, and I have therefore circulated a separate memorandum setting out the business of our Presidency in more detail.

7. The course of our Presidency, like all others, will be deeply influenced by the economic and political environment, both in the Community and in the world outside. In the Community the twin evils of inflation and unemployment remain with us, undefeated and daunting. These are the problems that are uppermost in the minds of the citizens of all our countries. If Europe is to be seen to be relevant to their lives, we must tackle them with imagination and success. In its first fifteen years the Community operated in conditions of expansion and economic growth. Now it has to face recession and structural change. New challenges call for new responses.

8. Another problem that affects all members of the Community and to which we must find a Community response is that of energy. Both in our internal discussions and on the international stage, the Community needs to work coherently if her interests are to be effectively furthered and defended.

9. The problems of the budget also make this a crucial

period in the history of the Community. The resources available have nearly reached the limit laid down for them by the original Six in 1970. Like national governments, the Community is having to look carefully at its spending programmes to keep within the limit - albeit a growing one - which has been laid down. This, combined with the need to restructure the budget recognised in the Council mandate of 30 May 1980, means that decisions of far-reaching importance on the Community's policies and on the financing of them will need to be taken in the near future. These decisions are made all the more necessary by the knowledge that two more European states are seeking admission to the Community.

10. If the Community's internal progress is beset with problems, then the international environment is far from serene. The shock caused by the Soviet Union's brutal invasion of Afghanistan some 18 months ago has still not died away. Events in Poland are a continuous reminder that a crisis much nearer home could erupt at any moment. We recall with sadness the events in Hungary in 1956 and Czechoslovakia in 1968: and I think that most of us realise how quickly an even more serious crisis could arise, with even more far-reaching consequences.

11. But the lessons of Afghanistan can bring us advantage if we are determined to seek it. The Soviet occupation of that country has brought a new awareness in the Third World of the advantages of partnership with the West and with Europe in particular. Areas like the Middle East look to Europe to play a fuller role in these dangerous times. Here too we must ensure that our response is adequate.

12. It is natural that the life of relatively new institutions, like this Community, should be full of critical decisions in its early years. All the great nation states have found the same in their early, testing times. Problems crowd in on us from every side. Inevitably the search for solutions will prove difficult and at times contentious. Some will doubt whether the Community can rise to the challenge that faces it.

13. Past experience shows that these doubts are likely to prove unfounded. There has been much steady but unsung progress in many areas. And although the Community's history has been marked by successive periods of difficulty, these have led to successive advances. Almost 12 years ago the Community of Six reached what it then perceived as a crucial point in its development. The leaders of Europe at that time were not discouraged. They understood the need to look beyond the immediate problems and hold to a vision of the Europe they were trying to create. The then French President pointed the way forward by setting out 3 targets for the Community - separate, but forming a whole like a

triptych painted above an altar.

14. The 3 targets were "achèvement, approfondissement, élargissement". At the time this must have seemed an ambitious and a difficult goal. But to a greater or a lesser extent the Community has achieved all three. The "completion" was marked by the end of the 12 year transitional period and the adoption of an independent financial system. "Deepening", necessarily a continuing process, has admittedly only been achieved partially. But in the last 12 years the advances made in fields like regional policy, social policy, environment, the internal market and the establishment of the EMS are far from negligible achievements.

15. As for enlargement, my presence here today is proof of achievement. In 1973 and again in 1981 the Community grew by the admission of new members. For member states both old and new, that process has brought changes, new opportunities and - inevitably - some problems as well. But experience has shown that adjustments take place to mutual advantage. Take for instance the development of the United Kingdom's trade with the rest of the Community. In 1972 before we joined the Community, some 30% of our total trade was done with the EC; last year that figure was nearer 42%. Enlargement has also widened Europe's horizons, made it more representative of the people of Europe, enhanced stability and democracy in our continent and added to its international weight.

16. The Community now stands once more at a crossroads. Decisions vital to its future development are due to be taken. If we are to succeed we must retain a vision of where Europe is going and of the Europe we want if we are not to become obsessed by our current problems. I should like to propose a second triptych. Its first element should be 'renewal'; the second, once more, is 'enlargement'; and the third I shall call 'identity'.

17. I choose the word renewal because there can be no question of overthrowing or discrediting the real achievements the Community has made. The problem is to modify, adapt and strengthen existing policies and where necessary to elaborate new ones. The Community and its activities require renewal if we are to tackle the problems of the 1980s and beyond.

18. Enlargement means a successful repetition of the negotiations that led to the admission first of Britain, Ireland and Denmark and then of Greece. The admission of Spain and Portugal will mean more than the extension of the Community to the Iberian Peninsula. It will mean a strengthening of the forces for peace and democracy.

19. By identity I mean the impact that Europe can and should have on the events of the world outside if it is to protect and to further its interests. By the active exercise of influence in the world outside, Europe can develop the identity of which the Community is a symbol. And only if we are conscious of that identity can we play the active role in international affairs of which our citizens and those of the world outside believe us to be capable.

20. The basis of the Community's renewal must be the restructuring of the Community budget and the review of the Community's expenditure policies that goes with it. A useful start has already been made. The Commission has put forward ideas and there has been a first discussion between Heads of State and Government. The Council agreed on 30 May 1980 to aim for decisions by the end of this year. The British Presidency must therefore make it a major objective to achieve decisive progress in the six months ahead. Whether we succeed will not of course depend on us alone.

21. The task before us is not insuperable as some might have you believe. There is already an emerging concentration on the three main elements that must contribute to the restructuring that is required, and these are reflected in the Commission's paper.

22. The first is that there should be changes in the Common Agricultural Policy to discourage the production of surpluses and to limit the costs to which they give rise. It can not be right that about half of the Community's budget should be spent simply on the storage and disposal of surplus food. This is an expensive and wasteful anomaly that must be corrected - but not so as to undermine the principles of the CAP or to lose the benefit Europe gains from having a healthy agricultural industry and security of food supplies. The Community must continue to support its agriculture as every other country does. But we need to do it more economically. The debate last month in this House and the resolution then adopted shows that view to be shared and supported by a wide spectrum of political opinion in all our countries.

23. The second fact on which there is wide agreement is the mirror image of the first. Just as too much is spent on agriculture so too small a share of the budget is devoted to other policies. In the 1950s it was reasonable to argue that the agricultural sector was particularly in need of support. Industry and the service sector could look after themselves. All they needed was the conditions of free competition provided by the Common Market. That is no longer the case. The relative security of income and employment which many farmers enjoy has now, as a result of the recession, been denied to many other sectors of the economy. The Community needs to devote more resources to policies dealing with the

problems of the 80s: regional development, rehabilitation and training, energy, and perhaps new policies for industrial re-generation and urban renovation.

24. The third element is to fulfill the pledge given on 30 May that no member state is ever again to be faced with an unacceptable budgetary situation. That is not, of course, to say that every member state should receive from the Community till a sum equivalent to that which it pays in. Policies have to be designed to be effective as policies, not just to ensure that their cost is equally shared out. But if a Community based on consensus and the common good is to flourish and advance, then every member state has to be broadly satisfied that the Community's financial basis is sound and equitable.

25. There are two factors which act both as a constraint and as a stimulus to decision making. The first is that the Community is fast approaching the 1% limit on the VAT contributions that make up the bulk of its budget resources. In a period in which so many Governments in Europe are facing unprecedented budgetary and financial discipline it is not surprising that many people in the Community consider that the Community too should live within its ceiling. It is in any case politically unrealistic to ask for resources to be increased until it is clear that the budget has been restructured in such a way as to ensure that the excessive rate of growth of agricultural expenditure has been curbed and that member states will not be called upon to make unreasonable or unacceptable contributions to it.

26. The second factor is that of enlargement. It would not be appropriate formally to associate the two applicants with the decisions the Community must take. But it would be unjust and unwise not to take account of the effects their membership will have. The objective after all is to make unacceptable situations impossible for any member state, and that must include the future as well as the actual members if we are to avoid disputes and if our agreement is to prove lasting.

27. But the Community is about much more than just the budget. The word renewal implies developing the Community to keep abreast of changes in the world outside. For a leading industrial power like the Community that means developing our industrial base. If we are to win the fight against inflation and unemployment we must adapt our industrial capacity to take full advantage of advanced technology. Advanced technology is an area where Western Europe can and must be among the leaders. Only that way will new jobs be created and our position in the world guaranteed.

give practical effect to them.

33. Much of the impact of Europe's identity in the world outside comes from the existing policies of the Community itself. The Community is now the world's largest economic unit in terms of GDP. The Ten account for 20% of the world's trade. The Community is a vital part of the world's economic system, and has a part to play in many fora. As major trading nations the Community has a vested interest in preserving the open trading system from which we have all so greatly benefited since the last war and whose absence before it was so disastrous. But the open trading system is not easy to sustain in a period of world recession. As with peace, the price of its maintenance is eternal vigilance.

34. The best example of the Community's influence in favour of the open trading system was the Tokyo round of multilateral trade negotiations of the GATT. These were successfully concluded at the end of 1979, and we are now working constructively to implement the outcome of that round. This complex task is intended to take 8 years; we are still only in the second. The proposal for a Ministerial level meeting of the GATT contracting parties during 1982, which will provide an opportunity to review progress in carrying out this task, is therefore to be welcomed.

35. Meanwhile the Community is now preparing its position for the important GATT negotiations in prospect over the extension of the Multi Fibre Arrangement. These negotiations are of great importance to the Community and to suppliers in the developing world and we must seek an outcome which takes account of their concerns while allowing our hard pressed domestic textile industries to adjust in an orderly fashion to the changing patterns of world trade.

36. Among developed nations, the 7-power summits make a major contribution to maintaining the orderly development of the world economy. The Ottawa Summit is due to take place later this month. The Community will be represented there by the Commission and by the Presidency, reflecting the views Member Governments have expressed in the preparatory discussions. At that summit the Community will be working to maintain an open trading system. But we shall not ignore the difficulties posed for that system by the trading policies of individual nation states and will tackle them realistically and firmly. In particular our trade relations with Japan are going through a sticky patch. We think that, given the size of the Community's trading deficit and the problems caused by the concentration of Japanese exports in a few sensitive sectors, we have a good case to ask for some restraint on their part and for a determined and conscious effort by the well organised and effective Japanese economic establishment to increase their purchases from Europe. At the same time

28. Renewal also means completing the Common Market. The Common Market in agriculture is an accomplished fact. So too to a large extent is that in industrial products, though much work remains to be done on non-tariff barriers and we intend to press ahead with that. But nowadays the service sector is almost as great a source of wealth and employment as is industry. Services like insurance, banking and air travel, deserve to share the advantages enjoyed by their colleagues in manufacturing industry. Only that way will member states and their people secure maximum benefit from membership of the world's largest area of free trade.

29. Renewal also means adapting the Community's regional and social policies to the need of the 1980s. We need to continue the restructuring of traditional industries such as steel, textiles and shipbuilding so that they can compete profitably in the modern world. We must enable our work forces to find jobs in the new industries that will have partially but increasingly to replace the old heavy manufacturing industries. If we can not compete in this area, our prosperity will be at risk.

30. The second word of my triptych was enlargement. The potential for enlargement is inherent in the Treaty of Rome. The recent accession of Greece was welcome to us all. We now look towards Portugal and Spain. These countries' admission to the Community will crown their return to democracy. It is our duty to encourage and stabilise the new democratic systems in those countries. We must make a success of the negotiations so that membership of the Community is soundly and fairly based and can not give rise to disillusion or disappointment.

31. A further enlargement of Europe is bound to bring problems in its wake. The institutional and economic complications of a Community of 12 will need to be tackled with imagination and goodwill. But a successful enlargement will strengthen Europe. There is no reason why the European idea should be diluted or weakened. The accession of Portugal and Spain will increase the confidence with which Europe can act domestically and in the world outside.

32. As the third element in my triptych I have chosen the word identity. It was the existence of a European identity that provided the first impetus towards the formation of the Community. We need to find ways of reconfirming that identity so that Europe can play the role in the world that our history makes appropriate and which other nations expect of us. If Europe is to extend her influence then we shall need to look carefully at the practical possibilities for exercising it. It will not be enough to issue resounding statements in the name of Europe. Europe must equip itself with the organisation needed to formulate common policies and

we see only mutual benefit in building with our Japanese friends a closer political partnership.

37. The Community is not only involved in discussion of world economic problems with the nations of the developed world. We are every bit as closely concerned with the dialogue between parts of the world at different stages of economic development. This dialogue has become of increasing importance in recent years and on its success hangs the future harmony and prosperity of the world.

38. The Community has been a pioneer in establishing mutually beneficial trade links with developing countries. The Lomé Convention between the European Community and some 60 countries in Africa, Caribbean, and the Pacific is an admirable example of the way in which trade, aid and co-operation should be so blended together as to bring about the common advantage of the developed and developing world. The Community will therefore be well placed to make a contribution to North/South discussions. The Community intends to play a constructive role in the UN Conference on the least developed countries and on new and renewable sources of energy in August, while the Mexico Summit in the autumn will be attended by three member states of the Community including the Presidency.

39. The external role of the Community is partly justified by its strength as an economic institution. But the Community is more than just an economic institution, and it is understandable that other powers wish to develop a relationship which is not exclusively economic and commercial. This natural and healthy development has resulted in, for example, the Euro/Arab Dialogue where contact between the countries of Europe and those of North Africa and the Middle East can make a useful contribution to greater mutual understanding, and, eventually, to a solution of the conflicts of that area.

40. Another economic grouping which has much in common with the EC is ASEAN. We welcome the increasingly close and friendly relationship the Community is developing with ASEAN, and our long-standing and important relationship with the countries of Latin America. The admission of Portugal and Spain can only serve to reinforce our links with a region of the world that seems set to expand in prosperity and influence.

41. We hope that the period of our Presidency will see important developments in these relationships. A meeting of the Euro-Arab Dialogue at Ministerial level is due to take place in the coming months, probably November. And there will be an opportunity for political discussion between European and ASEAN Ministers when we meet together in London

in October. Meanwhile I shall be attending, as President of the Ten, the international conference on Kampuchea which has been called by the Secretary General of the United Nations and which starts in New York on 13 July.

42. The success and vitality of the European ideal is not, however, limited to the areas covered by the Treaties. Political Co-operation is an embodiment of the principle that the Ten speaking as one have more effective influence than if they speak with separate voices. Since the Luxembourg and Copenhagen reports on which political co-operation is based, we have come far. Particularly striking has been the unanimity with which the Ten have pursued their objectives at the meetings in the CSCE process, at Helsinki, Belgrade and, now, Madrid. It has also been gratifying to see the growing impact of the Ten as a group at the United Nations. The habit of co-operation is now I believe firmly ingrained in our Foreign Ministries at all levels. A greater solidarity in times of crisis has increased the confidence and security of us all.

43. Political Co-operation has been one of the success stories of Europe in recent years. But there is more to be done. The Ten have proved better at reacting to crises than at taking initiatives designed to forestall or resolve them. And there have been times when our reaction has been too weak and too late. Our failures are partly due to weakness in the mechanisms of political co-operation and partly to the weakness of the commitment to act together.

44. But I believe we are learning from our mistakes: on Poland, political co-operation has worked more smoothly. The statements of the European Council at critical moments have served to put on record Europe's determination to react firmly and decisively should Poland's right to settle her own affairs be interfered with. The rapid decisions of the Community to provide food at special prices made a useful contribution at a time of particular difficulty for the Polish Government and people.

45. Meanwhile, the action of the Ten over the Middle East has marked a new departure. Here at last Europe is not merely reacting to a crisis, but trying to make a positive and substantial contribution to resolving a long standing problem. The importance of the Middle East for the European Community, and the disproportionate contribution to security and peace that a settlement of the Arab/Israel dispute could bring, make it essential for us to devote every effort to bringing a settlement nearer. During our Presidency we shall continue to build on the basis laid down in earlier statements by the Ten and on the valuable contacts undertaken since then by Mr Thorn and Mr van der Klaauw. A peace settlement in the Middle East depends first and foremost on

the political will of the parties directly concerned - Europe does not seek to solve the problem on its own. We also recognise the crucial role played by the United States with whom, like our Luxembourg and Dutch predecessors, we shall maintain close contact. European and US efforts have been and will remain complementary. The Ten's task is to persuade all who will listen of the importance of a peaceful solution and the need for each side to accept the rights of the other, in accordance with the two fundamental and mutually balancing principles set out at Venice.

46. A second example of political cooperation on the move is the initiative on Afghanistan announced by the European Council on 30 June. This is a serious attempt to find a political solution to the crisis in Afghanistan. We are proposing a two-stage conference to be held early this autumn. The work of the first stage will be to work out international arrangements designed to bring about the cessation of external intervention and safeguards to prevent it in the future and thus to create conditions in which Afghanistan's independence and non-alignment can be assured. The participants would include the permanent members of the Security Council and countries of the region as well as the Secretaries-General of the United Nations and the Islamic Conference. The second stage would also include representatives of the Afghan people and its purpose would be to reach agreement on the implementation of the international arrangements and on all other matters designed to assure Afghanistan's future as an independent and non-aligned state. The European Council's proposal has been widely supported.

47. I have just come back from Moscow where I have been discussing this with Mr. Gromyko. In explaining the proposal I made it plain that I was speaking on behalf of the ten member states of the European Community. I emphasised that the problem with which it dealt was one of global significance and whose solution was essential in the interest of peace, stability and the development of east/west relations. I reminded the soviet government that the ten- and indeed the great majority of the international community - are convinced that the complete withdrawal of soviet troops is an essential element of any solution. Mr. Gromyko took the view that the proposal by the ten was, as he put it, "unrealistic", because the main problem was intervention by others in the affairs of Afghanistan, because it was not stated that the present afghan regime should participate at the outset and because the proposed composition of the conference was unsatisfactory. I told him that I did not find these arguments convincing. Mr. Gromyko did not say that he rejected the proposal and did not exclude further discussion. For my part I made it plain that the proposal, which has already received an encouraging degree of support in the international community, remains on the table, and that a positive response from the Soviet Union was highly desirable in the interests of world peace and stability. The proposal provides the best hope of a negotiated settlement, which is wanted by the international community, and which the Soviet Union has also said that they want. It is obvious that a soviet refusal to negotiate on Afghanistan makes it impossible to speak of normal relations and prejudices efforts to reach agreement with the Soviet Union on other matters. Ours is a serious proposal and I hope that on reflection the Soviet government will react in a constructive manner.

48. But the gap between Europe's potential influence in the world and what it has actually achieved is still too wide. If political cooperation is to prove adequate to the expectations that are increasingly laid upon it, then we will need to strengthen the existing arrangements. The Netherlands Presidency have already done good work in preparing for this. The UK Presidency will carry on the task. It is one to which I attach particular importance and a number of my colleagues have made it clear that this feeling is widely shared.

49. Progress in political cooperation can never be a substitute for progress with the activities of the Community. They are, when all is said, but two sides of the same coin. We must build up our cohesion and unity on both fronts.

50. I have described the main themes which will guide the UK Presidency. I hope I have given sufficient indication of the commitment and the determination which we intend to bring to the task.

51. To say that Europe is at a turning point is not to say that Europe is in crisis. On the contrary, I think the triple objective of which I have spoken, renewal, enlargement and identity, could point the way forward for the Community. The achievements and the progress of the last 25 years are astonishing if one considers the different political and economic structures and the varied historical traditions of the member states. This progress was achieved often painfully and in conditions of tension and near crisis. Too often the agreements of the Community pass unnoticed and it is only the headlines about clashes and confrontations that are remembered. But in the sweep of history, it is the progress that counts and the difficulties that are forgotten.

52. Today the success or failure of the Community has become increasingly important to the world as a whole. A successful resolution of our internal problems is essential if Europe is to make the contribution to security and peace that the world requires and which it alone is capable of offering. Britain is committed to playing its full part in this common enterprise in which we have all invested such high hopes. During our Presidency we shall shoulder our responsibilities in the knowledge that the best contribution we can make is to discharge our duties efficiently, fairly and in the spirit of loyalty to the European ideal without which no progress can be made.