

# The New Europe and the New Pacific: Beyond the 1992 Agenda

Jacques Chirac

## Introduction

It is a great pleasure to be with you today and I must thank you for having invited me. It is also a great honor, before such a learned audience, to be able to give you my views on international economic relations, and more specifically relations between Europe and the Pacific, on the eve of what we, in Europe, call the implementation of the single internal market.

Some years ago, it was fashionable, particularly amongst Parisian intellectuals, to confront the dynamism of the Asia Pacific region to the relative apathy Europe was suffering from before the adoption of the Single Act.

Some, in the footsteps of the great historian Fernand Braudel, claimed that the "center of the world" was now somewhere between Sidney and San Francisco, between Singapore and Santiago - in the Pacific, vaster itself than all the world's land surface, where a new civilization was being created by economic exchanges, by the Japanese might, by the Newly Industrialized Countries, a new civilization that heralded the irreversible decline of the Old World. Those were the days of "Europessimism".

The European scene has greatly changed during these past years. In the West, a new project has mobilized our energy: the implementation of the single internal market by the 1st of January 1993, and in the East, those radical changes we had been hoping for during almost half a century, are occurring at a stepped-up pace.

These extraordinary changes have been able to quell the Europessimists, and the end of this century provides Europeans with a historic opportunity to finally emerge from the post-war syndrome, to prepare for post-Yalta times, in fact to create the bases of a great free Europe, a prosperous and peaceful Europe, the Europe of the XX1st century.

Later on, I shall have a chance to list those questions for the European Community which follow from the extraordinary changes in Eastern Europe, but, for the time being, I should like to restrict myself to the topic selected by the "Asia Pacific Forum": "The New Europe and the New Pacific in the perspective of 1992".

⇒ ⇒ ⇒ Page 2

## Introductory Remarks

Your excellency, Mr Jacques Chirac, distinguished members of his delegation. Excellencies, ladies and gentlemen.

As we enter into the last decade of this century, radical developments are unfolding in the international environment, and which appear to herald the emergence of a new global order. While the Europe of today is moving rapidly towards a period of unknown challenges, going beyond Yalta which sanctioned the division of the European continent, the Pacific Rim is keeping its pace of extraordinary economic growth, steadily laying the foundations for the 21st century.

How often have we heard the 21st century being described as the "Pacific Century" or as the "sunny face of the earth". The French philosopher, Jean-Francoise Revel, who was our guest speaker 2 years ago, was pessimistic about the future of Europe and especially about the fate of Eastern Europe at that time. But on the other hand, he was rather fascinated by the so-called "celestial intelligence" which guides the development of Japan and the "four dragons" of Asia.

But since the adoption of the Single Act by the European Community the situation in Europe has changed dramatically. All these changes have accelerated in a rather incredible fashion since Mr Mikhail Gorbachev became leader of the Soviet Union. So much that most decision-makers are confident about this irresistible reunification of Europe, which will transform the Old Continent into a new locomotive of global growth and development.

Looking at these impressive developments we cannot but believe strongly in the irrepressible trends towards greater interdependence and global integration based on the free market system, with both Europe and the Pacific interacting in a symbiotic way. It is in this perspective, therefore, that we have the great privilege and honor to invite His Excellency, Mr Jacques Chirac, to discuss this subject on "The New Europe and

the New Pacific: Beyond the 1992 Agenda", in the expectation that we will learn from him about his vision on the new ambitions of an united Europe, a free and common Europe which General de Gaulle describe will stretch "from the Atlantic to the Urals", a peaceful Europe in which France will certainly play an active and leading role.

I can do little justice to any introduction on our distinguished speaker for Mr Chirac moves in the corridors of power with the leaders of the world. He arrived in Singapore today after meetings with Japanese leaders these last few days.

Mr Chirac's political career began in 1962 when he was a member of the Cabinet of Georges Pompidou. In 1967, at the age of 34, Mr Chirac became the youngest State Secretary (in charge of social affairs). After 1969, he became the trusted aide of President Georges Pompidou and participated in his successive governments, holding various responsibilities such as the Budget and Home Affairs. When Giscard D'Estaing became President of France in 1974, he nominated Jacques Chirac to be his first Prime Minister, one of the youngest in France's history. At the Legislative Elections in March 1986 after the Gaullist Rally For the Republic and its Liberal allies regained the majority, Jacques Chirac formed a conservative government under a Socialist president, Francois Mitterand, thus putting into practice the original political formula of "cohabitation". At the last presidential election in 1988, he lost his bid to become President of France. But as the Mayor of Paris and President of the Rally for the Republic, he continues to dominate France's politics, sustaining a very active campaign to unify all the opposition forces for future electoral commitments.

M. Rajaretnam  
Director, IRC  
1 November 1989

growth and therefore more employment possibilities. This is a necessity for the European Economic Community, which has more than 15 million unemployed, that is to say 11 percent of its active population, which is an unbearable social burden.

The Single European Act, which I had ratified by Parliament at the end of 1986, is the legal instrument which will allow the European Community to implement this task. As a complement to the Treaty of Rome, it follows the same rationale: to add greater value to those assets available in each of the European States — geographical, human, social, financial, intellectual and cultural assets — using, to do so, the virtues of market economy. Fundamentally liberal in concept, these two treaties reveal a great continuity of thought.

The Treaty of Rome had allowed to gradually do away with custom duties and quantitative restrictions to trade. With the Single Act, the Community is now to put an end to the other barriers which hinder free circulation. These are of various types, that is, legal, technical, they have to do with taxes or standards, but their negative impact is obvious.

It is therefore necessary to eradicate them and to do so before January 1993: this deadline is no doubt an additional challenge for the European Community, but we must abide by it.

Such an ambition entails:

- first of all, ironing out internal difficulties within the Community. We have endeavored to do so by solving budgetary problems and endowing the Community with stable, sound and lasting financing;
- secondly, preparing states for the Single Market. Indeed, this will lead to increased competition between economic actors. It is therefore indispensable for our businesses to regain their competitive edge. For each state, this cannot be done without greater budgetary rigor, without decreasing taxes and burdens of all types, which weigh heavily on companies, and without decreasing useless administrative constraints. In other words, one must release energy, and first of all, continue the effort to liberalize and overhaul the structure of our economies.

This is the policy I undertook in France, from 1986 to 1988, and I regret that it is not continued today with similar determination.

Europe must become a large market, no doubt. But it would be a dangerous mistake to attempt to limit European construction to the mere economic aspect of the problem.

⇒ ⇒ ⇒ Page 1

For many observers, the Europe of the Twelve is today engaged on the way of sustained growth, strengthened by the progress achieved toward harmonization, from which we may preclude neither social nor cultural aspects, as these are at the very heart of the "European identity". This European goal is now well known and analyzed throughout the world. It has given rise to questions, and even fears; it generates misunderstandings and sometimes controversies.

Thus, I should like to tell you how Europe is being constructed and the kind of Europe we are endeavoring to build. I must stress first of all, that we are not building

Europe against anyone: quite on the contrary, we are creating an historic opportunity to base our external relations, particularly with Asia and the Pacific on a true partnership.

### I. The New Europe of 1993

The extraordinary movement which has spread throughout Europe does not aim at constructing a "fortress" but, quite simply, at setting up a vast and homogenous economic and social area.

Our objective is to create a market of 320 million consumers in which men, services, capital and ideas, by the 31st of December 1992 may be able to circulate freely.

A larger market means more

Indeed, for Europe, the deadline of 1993 is to be seen in a broader project, to be achieved at a later stage: the constant strengthening of links between States. This is the final objective of the European endeavor.

Hence, the implementation of the Single Market already entails complementary actions, which are prerequisites to its success.

To discuss only those which are of essential importance, I shall list four:

– the first condition concerns Europe for Human Beings: we are not to build Europe only for businessmen and bankers. We must construct a Europe for its citizens. This is why, it is up to us to progress in parallel towards a Social Europe, so as not to generate development drop-outs.

We must also determine those conditions which will allow European nationals to circulate as freely throughout the Community as American citizens within the United States;

Likewise, it is indispensable for environmental and cultural actions to be the subject of a joint approach, as these elements are of paramount importance for the living conditions of our people.

– the second condition has to do with the common rules of the game. The Single Market is not the "law of the jungle". Competitive rules have to be defined and adapted to the new market which is being created.

– the third condition has to do with currency. Monetary Europe — even though some understandable reluctance can be perceived amongst some of our partners — cannot be separated from the Single Market and the Europe of capital.

This entails, in the long-run, a common currency and joint-management of exchange reserves. In fact, international financial consultation, to which we are now committed will be easier and more effective when the ECU (European Currency Unit) will have its rightful place, along with the dollar and the yen. Though it is the first commercial power in the world, Europe does not yet exist from the monetary point of view. This anomaly must be corrected.

Last but not least: to see to it that European construction neither weakens nor remains limited to the western half of Europe.

The Community's success has turned it into an immensely attractive pole to Central European countries. Success in the West is the driving force behind the remarkable changes we have seen in the

East: it has endowed with reality the dreams of freedom of all the peoples of Central Europe and their hope for prosperity.

But the growing economic gap between the two parts of Europe is dramatic and alarming. Eastern Europe is turning into the "Third World", and we cannot accept this situation without reacting.

Our democracies may no longer deem themselves satisfied with a narrow vision of European construction. We must thus reconcile what has already been accomplished in this field with the irrepressible aspiration for closer ties felt on both sides of Europe. The whole question is to know whether, in doing so, we might not risk delaying or jeopardizing the on-going integration process within the Twelve, and making the objectives which they have set for themselves less attractive.

These risks exist: let us not deceive ourselves. But we must go beyond this, and act along three main axes:

– to strengthen measures of political concertation between the main European states so as to avoid the temptation of acting alone in our relations with the East. There can not be as many "Ostpolitiks" as European states.

– to assemble, and to make wise use of powerful means to bring the economies of Eastern countries out of the morass.

– finally — but this already at a later stage — it will be necessary to consider institutional modalities of cooperation between Eastern countries and the European Economic Community.

Under such conditions, the European Community will have asserted its identity, and its capacity to live up to this "appointment with History".

Hence, European construction may continue to progress, and Europe to exist as such.

But this Europe is in no case "Fortress Europe" denounced by some.

Europe is not protectionistic: it is the most open commercial area in the world, as the share of imports in its GIP is of 32 percent as opposed to 10.4 percent for the United States and 12.3 percent for Japan. In any case, it is not possible for Europe to attempt to enclose itself within illusory borders: fortress brings to mind a long-gone past, the Middle Ages. Today, with not state intervention, hundreds of millions of dollars may move, within a few seconds, from one end to the other of the globe. Satellites convey throughout the world, and instantaneously, both images and data.

Never has economic and commercial interdependence been so strong.

No. Fortress Europe can be neither a project, nor an intention, nor in the best interest of Europeans.

European ambition is quite different. In an industrialized world which focuses around the North-American pole and the Asia-Pacific pole, Europe wishes to become the third pole, dealing on equal footing with the two others. In compliance with its obligations, it intends to participate in the development of international economic relations, and to enable its partners to enjoy the opportunities created by the opening of its borders. But it will not unilaterally, blindly and freely surrender its market to the world at large. This would mean the ruin of any chance of achieving the Single Market by 1993. In other words, without imposing any new additional barrier, without challenging any acquired right, it wishes to negotiate a concerted and reciprocal liberalization of trade, with all those who are, as Europe is, convinced that growth and well-being of people depend upon a harmonious development of commercial relations.

The world must thus see in 1993, not a threat, but an opportunity to be able to work with a richer and stronger partner. There are no reasons for misunderstandings; these generate confrontations. Our mutual interest is to develop a closer partnership.

## II. What shall be the relations between the Pacific and the European community?

Could it be conceivable for this new Europe, who so greatly wishes to further open to the outside world, to ignore Asia and the Pacific?

Can one truly imagine, at the end of this century where economies, markets, cultures, and men appear so irrevocably entwined, that Europe should not be present in Asia and the Pacific, as well as open to the ever-increasing dynamism of this region of the world?

What are we to note in this respect? Europe and the Asia-Pacific region have many things in common, starting with their specific talent to draw from their past and their traditions those resources which enable them to innovate.

We must not, however, deceive ourselves: Europe and the Asia-Pacific region must learn to work together, and to do so, to get to know each other better, to dispel

certain misunderstandings, give proof of a common will;

In doing so, they shall be able to draw profit from their true complementarity and play, in the coming century, their rightful part in the development of international exchanges - and in the new economic order which shall then prevail.

1. On the eve of the XX1st Century, many things bring Europe and the Asia Pacific region close:

- first of all, economic buoyancy.

In 1988-1989, Europe enjoyed a particularly favorable economic situation, and regained growth levels which, although not comparable with those of the 60s, are encouraging: the investment "boom", during these past two years, has demonstrated the optimism of business and banks, and it appears to gainsay the alarmist statements of many so-called "experts", following the October 1987 Crash.

The buoyant economic situation contributes to bring European growth rates closer to those recorded in the Asia-Pacific area.

- secondly, the increasing internationalization of the goods and services markets and of financial flows, which makes us ever more aware of the interdependence of our economies.

Let me tell you an anecdote as an example: Radio audiences in France hear every morning about the Tokyo Stock Market trends, and are as familiar with the Nikkei index as they are with the Dow Jones.

This economic vitality shared by Europe and the Pacific is greatly based on free-trade.

I have just recalled how Europe is open onto itself, with the Common Market and the abolition of intra community barriers, but is open as well to the outside, as almost 40 percent of EEC trade is done with the "rest of the world".

Asia and the Pacific are also a free-trade zone, where goods, men, and knowledge circulate freely. It is this determined openness, namely to foreign investments, of the "Newly Industrialized Countries" — of which Singapore is a most remarkable example — that has been the driving force behind their growth.

I must also point out that the complementarity of Asian and Pacific economies with those of the United States and Europe militates in favor of free-trade, but a free-trade always better guaranteed under international agreements.

Let us however beware of a concept of international trade akin to the "technological mercantilism" denounced by Mr Mulroney, where

differences in technological expertise and levels of productivity might lead to a "vertical division of labor".

What Europe and the Pacific also share is not only their faith in the virtues of free-trade, albeit organized within regional and international agreements; it is as well, and to my mind this is of paramount importance, their concern to promote regional and international security.

ASEAN has always, and again most recently with the events in Cambodia, affirmed itself as a forum of concertation and joint initiatives for regional security.

For its part, the European Community intends to develop a "common external policy". It aims at strengthening its coordination in the diplomatic field, whether vis-a-vis the rapidly evolving Eastern countries, or in cases as complex and painful as the Lebanese tragedy.

As concerns international security, I shall recall that Asia and the Pacific as well as the Europe of Twelve are attached to the same values, in the respect of their identity, and fidelity to their alliances and military agreements.

This is why, for their international relations, whether economic or diplomatic, Europe and the Asia Pacific region share a vision for the future, which recalls the famous words of General de Gaulle: "detente, entente, cooperation".

2. We must not however deceive ourselves as to the problem which remain, and I believe that it is also necessary to dispel some misunderstandings.

Europe and the Asia-Pacific region can and must learn to work together, but I think it necessary to strike a new balance.

a) Indeed, Europe, as the first commercial power in the world, is not sufficiently present in the region. It is possible to make up for this delay, but this calls for a common will.

At present, Europe represents only 13.7 percent of ASEAN's external trade, whereas it accounts for more than one fifth of world trade. However, procedures exist to foster such trade, and it is quite likely that the Single Market will stimulate European exports.

We may also note some lagging behind in terms of investments. Despite the will of some of its leaders, Asia and the Pacific sometimes still give the impression of being "Japanese hunting grounds".

France, for its part, has yet too small a share of ASEAN trade. But, as all European countries, it is increasingly turning outwards; and I should point out that, these past two

years, in terms of flows, France has been the second exporter of capital.

We must also recognize that Asia and the Pacific, for their part, have turned more towards America and Japan than towards Europe, despite a long shared history.

This is why I must repeat that Europe represents a market of 320 million consumers, and that European Integration will standardize specifications in the various Community countries, hence providing greater facilities for those companies wishing to export or invest in Europe.

As our economies are highly complementary, because of the qualifications of their labor force and because of the type of products they export, and as Asia intends to diversify its economic partners, one may consider, and I personally hope, that Europe will play a greater role in the future.

b) In this perspective, it is paramount to be wary of the creation of "trading blocks", and to always favor a multilateral approach.

As I have already stressed, Europe is attached to the freedom of economic exchanges, on which it has founded its growth for the past thirty years; it remains faithful to GATT, and has therefore, in the framework of the URUGUAY ROUND, decreased its customs tariffs.

Projects aiming at strengthening regional cooperation are considered by Europeans as positive initiatives, — which they are in the best position to understand — provided, of course, they do not tend toward the creation of "trading blocks". These would necessarily generate distortions in international trade, and might lead to retaliatory measures.

Such is the rationale which has led several countries of the Asia Pacific region to suggest creating an OECD — modelled organization, which could lead to better regional economic cooperation.

ASEAN has already set a remarkable example based on free-trade, and I should like to pay tribute to its action.

Naturally, the deepest wish of the EEC, which already is engaged in a close and fruitful dialogue with ASEAN, would be to be associated, in one way or another, to such a body.

3. Beyond difficulties, and sometimes misunderstandings, which however do not seem insurmountable, I should like to insist on the will of Europe, and in particular France, to institute not only increased cooperation with Asian and Pacific countries, but also and above all to find a true partnership.

⇒ ⇒ ⇒ Page 4

Allow me to stress that France has undertaken a long term policy in Asia:

— in South-East Asia, it is one of the main aid suppliers, namely in the Philippines and in Indonesia, where it comes second after Japan.  
— via commercial protocols, it fosters - and guarantees - trade with Asian countries; in the Pacific, France is a factor of stability and development:

first, through its Overseas Territories (French Polynesia, Wallis and Futuna, New Caledonia) and by the infrastructures and development projects for local populations, which enable them to enjoy standards of living comparable with those of the most developed countries; but also through its increased cooperation policy in the region (Fiji, Samoa, the Cook Islands).

This is why France must be involved in economic concertation and cooperation in Asia and the Pacific, whose recent developments it supports.

I do not think that it is in the interest of Pacific states — particular-

ly Island states — to enclose themselves in a kind of "club", as some regional powers would like them to. This immense Ocean carries a tradition of openness and exchange which is the source of its wealth and the foundation for its future.

You do see, in fact, that when some friendly countries are tempted to decrease their presence, others rush in to fill the vacant space.

French pressure must base itself on the very assets of its Pacific territories. It must be fraternal, open, and enriching for our partners. This is the reason I appointed, in my Government, a Secretary of State for the South Pacific who was himself Polynesian. This is also why I decided to create in Noumea and Papeete a French University of the South Pacific which is now operational and must increasingly be open to all students from the region.

Between this "Europe of the Pacific" and the Old Continent, Singapore is best placed to act as a relay and as a link, not only because of its geographical position, half-way on the most direct route, but also because of its cultural diversity which can make it a focal point of

European, Oceanian and Asian traditions.

In concluding, I would like to tell you that the Europe-Asia-Pacific partnership, greatly stimulated by the deadline of 1993, must not restrict itself to economic dynamism. It must also be a partnership for solidarity.

Indeed, I believe it indispensable, out of realism as much as out of generosity, for our countries, whether they are older or more newly industrialized, to bring assistance to Third World nations, whose plight increasingly appears as one of the main challenges of the end of this century.

I am now prepared to entertain your questions.

*This is the full text of a talk given by H.E. Mr Jacques Chirac on "The New Europe and the New Pacific: Beyond the 1992 Agenda" on 1 November 1989 at the Le Meridien, Singapore. The talk was hosted by the Information & Resource Center with the support of the French Business Association.*

## Information & Resource Center

The Information & Resource Center was established in 1985. It is a private, independent research center devoted to strategic studies in the Asia-Pacific region, particularly the study of critical economic, social and strategic changes and their impact on the security of the region.

*IRC Forum* is published regularly by the Information & Resource Center, Singapore, for the benefit of decision-makers in government, politics and business, the media and academic communities, and the public at large. It carries the notes of meetings organized by the IRC, as well as comments on important issues of international concern. *IRC Forum* is circulated free on request. If you wish to be on the mailing list, write to the Editor, Information & Resource Center, Orchard Point P.O. Box 79, Singapore 9123.