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"ONE YEAR OF NATO"

ANNUAL LUNCH OF THE  
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MONDAY, 1ST JULY, 1985

REMARKS BY THE SECRETARY GENERAL OF NATO  
THE RT. HON. THE LORD CARRINGTON

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## "ONE YEAR OF NATO"

I have no need to remind this distinguished audience that courage, self-sacrifice and a spirit of endurance are among the qualities that made Britain great. Nor need I remind you that there are those, both at home and abroad, who claim that we are not what we used to be. I can think of no more eloquent refutation than to look around this room today, at the seemingly ordinary men and women prepared to submit themselves after a splendid lunch to a speech entitled "One Year of NATO". I think I can leave you to guess what the second prize would have been.

The title was proposed in an anniversary spirit - it is almost exactly a year since I took up my functions as Secretary General. And, like so many of the ventures of mankind, it seemed a good idea at the time.

Since then, of course, I have had occasion to think about what might conceivably be of interest to you and to your guests. Someone not very helpfully suggested that you might be expecting extracts from my diary. And I did actually look into that. At Wednesday 17th September for example:

- "Wake. Look outside. Raining. Brussels.
- Arrive NATO. Spirits rise, as they unflinchingly do, at sight of prefabricated military hospital which serves for Headquarters.
- Make mental note to enquire about large, twisted metal structure which fulfills presumably ornamental purpose in forecourt.
- Suppress unworthy thought that it is part of Maginot line, surreptitiously removed when we left France.
- Meeting with private office. Take many important decisions. Make quite clear that I will not address annual lunch of London Chamber of Commerce and Industry.
- Chair meeting of North Atlantic Council in Permanent Session. Ambassadors rabbit on. I rabbit on. Things become very complicated. Suddenly become clearer. Must be lunchtime.
- Return to NATO. Spirits rise etc. Make mental note etc.
- Two or three meetings in my office. Subjects too trivial or highly classified to record. Or both.
- Sign outgoing mail. Including letter accepting invitation from London Chamber.
- Marvel at the ways of Private Office."

Well, I suppose that that wouldn't quite do. An alternative approach would be that of the Chairman's Annual Report; and, if NATO were a public company, I would certainly feel justified in proposing a somewhat increased dividend on the basis of last year's results. But that, of course, is not to be. I will not disturb your digestion by inviting you to consider what a Civil Budget Committee, consisting of sixteen representatives of sixteen national Treasuries, would make of such a suggestion.

But the Alliance has had a good year nonetheless.

On the defence side, we are faced by a picture which may be a little blurred at the edges, but which is clear enough in the essentials. The Soviet Union remains a formidable nuclear power. It shows no sign of abandoning the very considerable superiority which it enjoys in conventional forces in Europe. And it is working hard to narrow still further the qualitative gap which has so far favoured the West. The result is an accumulation of military power beyond anything which a Western analyst would regard as necessary for defensive purposes, even allowing for a natural tendency to over-insure.

In response, we do not seek to match the Warsaw Pact tank for tank or gun for gun. As an Alliance which is purely defensive, we do not need to. But common sense, and a sense of history, suggest that we do need to maintain a sufficient counterweight to that power, both in the nuclear and the conventional fields, if we are to continue to ensure the peace, freedom and prosperity which Western Europe has enjoyed since the Alliance was founded over thirty five years ago.

And that is what Allied governments have been doing. First by deploying CRUISE and PERSHING missiles; and now by taking action to correct some important deficiencies in our conventional defences. The objective in both cases is the same: to maintain the sufficient counterweight to which I have referred. Not to strive for numerical parity where this is not necessary to a credible deterrent and an effective defence; and certainly not to achieve superiority.

Having seen the Alliance in action over the last year, I am confident that governments on both sides of the Atlantic remain determined to do what is necessary to keep the peace. But it is very clear to me also that they want to do more than that: not only to keep the peace, but to improve its quality. Which means trying to strike a security balance which is fair and reliable at much lower levels of arms and armed forces than we see at present. And which means working for better East-West relations across the board, and not only in the field of arms control and disarmament.

These political questions are just as much part of what the Alliance is about as the defence issues which I touched upon first. And here too, I think that we can look back with some satisfaction on the past twelve months.

The major event in East-West relations was the Soviet return to Geneva. A victory for common sense, in that these issues are too important not to be the subject of serious negotiation and continuing close contact between the two superpowers. And a response also to Western policy, and to the quiet determination of the United States and its allies to stick to the reasonable position which they had put forward: that they were prepared to negotiate an equitable solution, but that they were not prepared to be pressured into accepting something less than that.

That remains the basis of the Allied approach; and we are ready to work for the most radical measures of disarmament, at Geneva and elsewhere, if this fundamental requirement of equity can be assured. And I see no reason why it should not be, because we are not seeking to ensure our security at the expense of that of the Soviet Union, or of anyone else. Progress in Geneva may not be quick - the history of the START and INF negotiations bears witness to the fact that the issues are formidably complicated, and the addition of the space dimension, however necessary and desirable, has not made things any simpler. But progress is certainly possible, and this is a field where I should very much like to see the new Soviet leadership show some constructive dynamism. Which will mean abandoning attempts to freeze inventories which are both too high and tilted in the Soviet favour; and working with the United States for major reductions to a level acceptable to both sides.

But the politics of East-West relations are not confined to Geneva, or even to the wider context of arms control and disarmament. The last year has seen also a significant increase in the level and frequency of political contacts between Western leaders and their counterparts in the Soviet Union and Eastern Europe.

All Allied countries are playing their part in this. Not because they have suddenly gone soft in the head, and forgotten about Afghanistan, Poland or human rights. But because political contacts are necessary in bad times as well as in good; and because it is particularly important during this period of leadership change that our message be clearly received and understood in Moscow.

Mr. Gorbachev has before him in February the 27th Congress of the Communist Party of the Soviet Union. That may be the occasion for giving to Soviet policy new orientations which will guide it for a decade or more. Or it may be merely something that the new leader feels he has to get under his belt before he can really get down to business. Or it may be a bit of both, with rather more signs of new thinking in the domestic than in the foreign policy field. As so often with the Soviet Union, it is a part of wisdom to acknowledge what we don't really know.

But we do know that there is a forceful new hand at the helm; and it seems sensible to assume that Mr. Gorbachev will want to set a course for the longer term. The impressions which he forms of Western policy and Western determination over the next year or so may thus prove of more than usual significance;

and Western leaders, and not least President Reagan, have surely been right to emphasise their readiness to participate in a constructive dialogue. And in a dialogue based on the strong Allied conviction that East-West relations is not what the theorists call a zero sum game; but, on the contrary, an area where there is common ground to be found and built upon to the benefit of all: to the Soviet Union as well as to the United States; and to the countries of Eastern Europe as well as to those of the West.

To talk of common ground in the City of London is, no doubt, to preach to the converted. The common ground, after all, is where business is done; and the facts of commercial life are not kind to firms who fail to find it with reasonable frequency and reasonable despatch. You may even feel that some equivalent discipline might usefully be applied to our negotiators in Geneva, Stockholm and Vienna; but, on reflection, arms control should perhaps be regarded as one of those areas currently so confused as to be unsuitable for early privatisation.

But to get back to business and to the common ground. That it exists in the field of East-West trade is a matter of record; and it is also a fact of which some of you here will have had direct - and I hope profitable - experience. And I hope very much that you will continue to do so - both wearing my international hat, because trade is an important part of the wider picture of East-West relations which we as an Alliance want to improve; and, if I may allow my international hat to slip for a moment, as someone who has spent a good deal of his professional life promoting British exports.

In terms of volume, one can look at East-West trade in two ways. From the point of view of the individual firm, it can be of considerable importance - not least, of course, where the Soviet Union is concerned, and where individual contracts can be very large. But from the point of view of the economy as a whole - both in Britain and in other Western countries - the figures look relatively modest. The share of British merchandise exports going to the Soviet Union and Eastern Europe since 1965 has averaged just over 2½%; and the corresponding figure for NATO Europe as a whole is just over 4%. These of course are percentages of a tidy sum. But it is nevertheless hard to resist the chilling conclusion of the headmaster's report: this boy could do better.

The next question is how. I have been both a politician and a businessman for long enough to know that the first reflex will be to blame the politicians. But I am not sure that that is entirely fair.

Western governments have not, in fact, done too badly in this field. They have, first of all, recognised that an intergovernmental framework can be helpful in encouraging two different economic systems to work together; and we already have much experience of the contribution that bilateral joint commissions can make. The multilateral approach also has its part to play; and useful work in identifying obstacles, and suggesting ways to overcome them, has been done in the Economic Commission for Europe and in Basket 2 of the CSCE.

That has not, of course, prevented ups and downs in political relations. But I am not at all sure how far variations in the trade figures over the years can reasonably be attributed to the political climate at the time.

That leaves the question of strategic embargo - although this cannot in fairness be attributed to the Western side alone. Methods may vary, but both sides take steps to ensure that certain goods do not enter East-West trade because of their military significance. And there is certainly agreement within NATO that trade must be consistent with Allied security concerns.

The problem, of course, is where exactly to draw the line; and I am perhaps fortunate that this on the Western side is not the responsibility of NATO. So I can afford to take a layman's view. Which is that there is a line to be drawn somewhere between cardigans and cryptographic machines of advanced design; and that it is perhaps no accident that the dictionary entry for computers appears between the two - and somewhat to one side.

But as I say, I am not an expert. My interest in the matter as Secretary General is that decisions should be taken on the Western side which make sense in terms of defence policy; and which command political support. And that means that they have to be fair both in conception and in execution. I do not need reminding that problems may arise for the Alliance as well as for governments and individual firms if these conditions are not met.

These are serious questions and they need to be handled in a serious way. But I do not believe that they are major factors affecting the growth of East-West trade or the lack of it. You do not need to go through the SITC with a magnifying glass to find areas where trade can be done. There is no lack of what the Russians call "reserves"; and of what we - less succinctly - call opportunities to be exploited.

Here too, I would like to see some constructive dynamism on the part of the new Soviet leadership. Not because I believe that more trade offers a magical solution to political difficulties. But because I believe that improving East-West relations is something that requires a rather special combination of wide perspective and narrow attention to detail. We need to think in terms of a broad front; and we need equally to think in terms of practical steps, however small some of them may be.

Commercial contracts may seem to be small steps against the wider background of East-West relations. But what they have to offer by way of example is by no means negligible. They are, for example, of advantage to both sides; they are verifiable, in the sense that goods are either delivered to specification or they are not; and there is generally also some well-established and reliable procedure for impartial arbitration.

In short, the politicians should not only wish the traders well. They should also look carefully at their example. If those of you here today who are closely involved in East-West trade feel able to talk in terms of increased dividends this time next year, then there will certainly be no complaint from the NATO side. On the contrary, I shall feel somewhat confirmed in the view that the last 12 months have not been too bad.