

Plans for a free trade area and the birth of EFTA

Source: CVCE. European Navigator. Étienne Deschamps.

Copyright: (c) CVCE.EU by UNI.LU

All rights of reproduction, of public communication, of adaptation, of distribution or of dissemination via Internet, internal network or any other means are strictly reserved in all countries.

Consult the legal notice and the terms and conditions of use regarding this site.

URL: http://www.cvce.eu/obj/plans_for_a_free_trade_area_and_the_birth_of_efta-en-24be7640-f29c-41ba-8a2d-59d608ab1cco.html



Last updated: 08/07/2016

Plans for a free trade area and the birth of EFTA

In July 1956, following the 'Spaak Report', which set the scene for the revival of European integration, the United Kingdom submitted to the Organisation for European Economic Cooperation (OEEC) a proposal, known as 'Plan G', to study the feasibility of an association between the Six and the other OEEC Members in the form of a free trade area. The proposal provided for the progressive abolition of all customs duties and other barriers to trade between Member States, though each would retain the right to set the level of customs duties and establish trade policy in relation to third countries. In this way, the United Kingdom would be able to maintain its imperial preferences with the Commonwealth.

An Intergovernmental Committee of Experts, chaired by Reginald Maudling, the British Paymaster-General, was set up to consider the feasibility of a large free internal market. However, the French took an anti-British stance, withdrawing their support from the Maudling Committee, while the other European countries hesitated as to which side to support. In the interim, the signing of the Treaty of Rome in March 1957 had laid the foundations for the European Economic Community (EEC). Some German and Dutch economic circles reacted favourably to the British proposal. While the Benelux countries and Germany had a genuine interest in developing trade with the United Kingdom, the Six were also aware of the risks of a free trade area. These included an economic element — in the absence of a common tariff, the more liberal countries would benefit more than the protectionist countries — and a political element, for the idea of a European federation would be sidelined if the free trade area succeeded.

When General de Gaulle took office on 1 June 1958, he hammered a final nail into the coffin of the British proposal. General de Gaulle and the German Chancellor, Konrad Adenauer, were striving above all to enhance solidarity among the Six. The project collapsed totally on 14 December 1958. Following a vain attempt to delay the entry into force of the Treaty of Rome, the British supported the signing, on 4 January 1960, of the Stockholm Convention, creating the European Free Trade Association (EFTA) with seven founding members, namely the United Kingdom, Denmark, Norway, Sweden, Austria, Switzerland and Portugal. In terms of trade, Western Europe was divided between the Six and the Seven.