

Memorandum on the Portuguese position in the negotiations between the EEC and EFTA (5 June 1961)

Caption: On 5 June 1961, the Portuguese Government publishes a memorandum in which it gives a progress report on the initial negotiations between the European Economic Community (EEC) and the European Free Trade Area (EFTA), of which Portugal is a member.

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‘TECHNICAL COMMITTEE FOR EXTERNAL ECONOMIC COOPERATION

The Portuguese Government's initial reactions to the negotiations between the European Economic Community and the European Free Trade Association

1. The considerations set out in this memorandum reflect only the Portuguese Government's initial reactions to the problems raised in the two British Government memorandums. After the meeting of the senior representatives of the member countries of the European Free Trade Association on 16 and 17 May, the Portuguese Government was convinced that only after another meeting, scheduled for 6 June, would the governments have the information that would allow them to take a definitive position on such an urgent and delicate problem: the future of the Association established in Stockholm and the future of its member countries. This is why we await the clarifications that will undoubtedly be given to us at the meeting on 6 June, and which we believe are essential for a correct appraisal of the problem.

2. Without consulting their partners in the Organisation, six member countries of the Organisation for European Economic Cooperation (OEEC) decided to establish a system of relations amongst themselves designed to lead to total economic and political integration.

The Treaty of Rome was the instrument devised for the attainment of that objective, and as such it formulated and resolved the problems relating to the negotiating countries that were signatories to the Treaty. It did not take into account, however, and even less seek to resolve, the problems of the other OEEC member countries. These problems were an inevitable consequence of the creation of the European Economic Community, with regard to both relations with the Community and the accession of new Member States. Having ensured that their interests would be thereby safeguarded, the six signatories to the Rome Treaty restricted themselves to inviting their OECD partners to accede to the Economic Community — in other words, to subscribe to a policy that they themselves had defined — while declaring that the provisions of the Rome Treaty were immutable, which means that they were in no way minded to try to reconcile their legitimate interests with the no less legitimate interests of potential new members of the Community.

3. After considering the terms of the Rome Treaty, the Portuguese Government had to acknowledge that political as well as economic reasons did not allow it to accede to the European Economic Community without serious damage and great risks. Nevertheless, given the Community's existence in fact and in law, the Portuguese Government always felt that, if the intention was actually to find a realistic solution to the political and economic relations between the countries of Western Europe, such a solution should have two objectives:

(a) To ensure the establishment of the economic and political Community, considered by the six signatories to the Rome Treaty to be a formula that best serves their interests;

(b) Simultaneously to guarantee to the other OECD member countries a system of relations with the Community that is not only fair but is also capable of ensuring that the Western European economy expands constantly on the basis of the balanced development of the economy of each constituent country.

The first stage of the negotiations failed, since the mistake was made of seeking to destroy or dilute the reality which is the European Economic Community. The Portuguese Government feels that the present stage of negotiations could also fail, if the same mistake is repeated, even if it were in the contrary sense this time, i.e. if the intention this time were to impose upon the countries that have not yet signed the Rome Treaty a simple choice between the two terms of this alternative: either to remain isolated or to be compelled to accept political and economic obligations contrary to their fundamental interests.

4. By establishing the European Free Trade Association in Stockholm, we were not thinking of uniting in order to wage war but rather of uniting so as to seek an understanding with the European Economic Community on an equal footing.

The members of the Association established the closest links amongst themselves.

The climate of perfect harmony in which the life of the Association developed only entrenched and consolidated the desire for mutual understanding and for the defence of the vital interests of all its members.

Based on this notion of solidarity, and bearing in mind that no solution which, thanks to the victory of the strongest at any given time, might lead to the destruction of the European Economic Community or to the imposition upon EFTA members of principles and solutions contrary to their interests and principles could be either sustainable or constructive, the Portuguese Government has always taken the view that the natural and logical solution to the problems raised by the current economic division of Europe lies in defining a *modus vivendi* between the two existing blocs. What is more, nothing prevents this *modus vivendi* from leading to the establishment of a third system which, starting from different bases, is capable of encompassing all the countries of Western Europe. The Portuguese Government also considers that there is no reason as yet to abandon the route that we are taking, in the sense referred to above.

When the problem is viewed in this way, we believe that accepting the guidelines set out in point 3 of the British memorandum, without a joint line of action having been established in advance, would not lead to satisfactory results for all EFTA members.

Accepting a means of negotiating that would allow the EFTA countries to negotiate individually with the EEC would in effect equate to declaring the immediate and automatic bankruptcy of the Association. We seriously doubt that such bankruptcy would suit any EFTA members since, as we are all aware, the spirit of understanding now shown by the six European Community countries in relation to certain vital issues facing the signatories to the Stockholm Convention stems to a large extent from the acknowledgement of EFTA's present power and potential. We therefore firmly believe that any act or stance that casts doubt, either in our countries or abroad, on the solidarity that unites the Association's member governments or on the economic vitality of the Stockholm system would be the greatest mistake that we could make, both jointly and severally.

5. Even if subscribing to the Rome Treaty did not raise any problems for Portugal, only in the last resort would the Portuguese Government consider such a possibility, since it knows that three of its EFTA partners, which are unable to subscribe to the Treaty, would be on a patently unequal footing. This reflection prevents us from understanding how, in the name of European harmony and unity, it is intended to impose on that same Europe a system that blatantly excludes the full participation of three nations which are amongst the most representative of European thought and capability. Although we have no problems with European harmony, we do on the other hand have serious reasons for fearing that such harmony can be achieved only through a political federation or confederation, which will undermine customs, principles and laws that have been defined and consolidated over centuries. We are sure that the intentions informing the position of some European countries and the attitude of our friends on the other side of the Atlantic are generous, but we also think that the models of political organisation are not equally valid and equally productive when they are applied rigidly or are transposed to structurally different situations.

6. Portugal would find it very difficult to accept the obligations arising out of its accession to the Rome Treaty.

It would have both political and economic difficulties.

Although it is not for us to cite the ground of neutrality that stands in the way of some of our partners in the Association joining the European Economic Community, there is no doubt that the multicontinental structure of our country and the principles on which our Constitution and our political administration are

based make it particularly difficult for Portugal to take part in a supranational body.

Meanwhile, the problems generated by political and economic integration for countries whose territory as a whole is situated within Europe are not comparable, either in their nature or in their severity, to the problems that such integration raises for nations like Portugal, whose territory is spread over several continents.

In economic terms, our accession to the Rome Treaty would not be dependent solely on safeguarding the concessions that we secured in Annex G of the Agreement that established the European Free Trade Association.

The Rome Treaty lays down an obligation to harmonise policies, particularly social policy. If we were to accept this, bearing in mind our economic structure and potential, it would be an even heavier burden for our economy than the burden that would arise out of the tariff discrimination to which our isolation would condemn us.

It is also important to remember the impact that our accession to the Rome Treaty might have on the development of Portuguese economic structures which is already under way. Such economic integration would furthermore be a logical consequence of a centuries-old policy, and currently an objective enshrined in the country's Constitution.

7. The Portuguese Government is once again convinced that the spirit of understanding and solidarity that underpinned the establishment and operation of the European Free Trade Association will prevail. That spirit, which is also a natural defence mechanism, will not allow us to adopt ill-judged and irreversible attitudes. That spirit will not allow us to enter into isolated negotiations, with no certainty that all negotiations will lead to fair and favourable results.

The Portuguese Government is convinced that the negotiations between the two blocs cannot be abandoned and could be successful, if we are prepared to accept what is effectively acceptable: common customs tariffs, possible specific harmonisation in the range of policies underlying harmonious expansion and fair competition, and majority decisions in all areas which are not connected to the vital and inalienable interests of the sovereignties involved.'

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