

'The Common Market–Free Trade Area imbroglio' from The Statist (8 March 1958)

Caption: On 8 March 1958, the British financial newspaper The Statist comments on the difficult negotiations between the United Kingdom and France on the establishment of a free-trade area in Europe which would include the European Economic Community (EEC).

Source: The statist: an independent journal of finance, trade and industry. 08.03.1958, n° 4174. London. "The Common market-Free trade area imbroglio", p. 340-341.

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

The documents available on this Web site are the exclusive property of their authors or right holders.

Requests for authorisation are to be addressed to the authors or right holders concerned.

Further information may be obtained by referring to the legal notice and the terms and conditions of use regarding this site.

URL:

http://www.cvce.eu/obj/the_common_market_free_trade_area_imbroglio_from_the_statist_8_march_1958-en-f08ca424-4e87-49f8-b069-b4f70bd12f06.html



Last updated: 05/11/2015

The Common Market–Free Trade Area imbroglio

A Franco-British Tussle

From our own correspondent

Paris, March 2.

“Do not force the United Kingdom to make a choice between the Commonwealth and Europe”, said Mr. Maudling a few days ago in an appeal to his “French friends” delivered before the British Chamber of Commerce in Paris. Coming from H.M. Minister in charge of European questions it may be taken as a solemn warning in face of the tide of French opinion against the campaign which the UK has been leading these many months past on behalf of what goes under the misleading title of a Free Trade Area for Western Europe as it is represented by the seventeen member-nations of OEEC. That tide has been sweeping high and wide.

The French Government, having subscribed to the unanimous declaration of the OEEC Council of July, 1956, in favour of the “study of possible forms and methods of association on a multilateral basis” between the (then) prospective Customs Union and member countries not taking part therein, including the creation of a Free Trade Area, has become embarrassed by the opposition to it. M. Gaillard, the Premier, impressed by the difficulties encountered by the experts in overcoming the obstacles to the proposals in the White Paper of February 27 for an FTA within OEEC but working in close co-ordination with the European Economic Community, stressed the complexity of the problem only a month ago. While expressing his intention to strive for an agreement, he felt obliged to assure his audience of businessmen of his intention to reject “any adventure of a nature to menace either the country’s economy or European construction” as undertaken within the limits of the Common Market.

In search of a way out, the Minister in charge of European questions, M. Faure, is at this moment touring the capitals of the Six Powers to obtain their reactions to a French version of FTA. Neither its terms nor their reactions are yet known. But according to unofficial inspired investigators the new version is based on the idea, recently endorsed by the National Economic Council (a numerous advisory body set up by the Constitution which has proved its activity but not yet its usefulness) that any FTA should be reached solely by negotiations on one product after another and between one country or group of countries and another, without reference to the dates set by EEC for the dismantling of tariffs. This body’s resolution also insists on safeguard clauses and compensatory duties designed to maintain fair competition, on making the final complete freedom of trade dependent on harmonization of all FTA members’ “policies and economies”, on the exclusion of overseas territories, and on a special statute for agriculture.

If the French proposal turns out to be framed in these terms it is doubtful whether the other five members of EEC will approve it, but it is beyond doubt that the UK and other outsiders would not. Hence, it may be, the caution exercised by the French Government in making known its proposals, and hence Mr. Maudling’s warning. Should a complete deadlock arise, it would have such serious implications, political no less than the economic, as to seem excluded as a possibility.

But any more delay in coming to an agreement would be serious also, seeing that even if agreement were reached within a few months, only a few more would remain for the business of putting it through the legislative mills of at least a dozen countries before the date at which the Six Powers must lower their tariffs on trade within the Common Market by 5 per cent. Preparations by business within the “Little Europe” for the necessary adaptations are already in fact underway. They are preparations for a system of discriminatory trade in disfavour of all nations outside the Common Market. Among other results would be that the “outsiders” would have to contemplate measures of self-defence, and the fate of OEEC and EPU would be in the balance.

Of the virulence of the French opposition to FTA as originally proposed by the UK there is no matter of doubt. The business world’s practically unanimous initial reaction was confirmed by the Conseil National du

Patronat Français when in September last it denounced FTA in no uncertain terms in a communication to the Government. It damned the British project as based on the principle of excluding the idea of a common external tariff for the Common Market and thus embodying "Great Britain's determination to safeguard the tariff structure of the Commonwealth and remain free in her relations with the rest of the world." It pointed to the technical difficulties involved and declared that even if solutions were found for them, they would hamper exchanges between the participating countries. It went on to allege a "fundamental antinomy" between the conceptions inspiring the projects for EEC and FTA because the latter would exclude the former's mechanism for harmonisation of working conditions and economic policies would apply only to industrial products, thus protecting the agricultural interest of the Commonwealth and the mother-country, and would exclude the Crown Colonies from the disciplines to which the French Overseas Territories are subjected. It even ventured to express its alarm over the Government's intention to negotiate any sort of FTA as "likely at once to compromise the interests of the French economy and the possibilities of the edification of CEE."

After that attack it is not surprising to hear the chorus of cries of alarm from chambers of commerce, trade federations, regional economic groupings and individual enterprises. The Steel industry through its spokesman was the bitterest of all in its opposition. According to him, FTA is irreconcilable with ECSC and not even a political necessity; and there are only two possible issues, either the assimilation of FTA to ECSC or the revision and possible collapse of the latter. One may search the entire press of the country without discovering a half dozen words of sympathy for the British case.

Why this outburst of wrath? It is a hard question to answer. One might say that business finding itself obliged to accept the hazardous experience promised by the EEC is doubly loath to see that experience extended into new fields and in new complicated forms. There may be some lingering resentment here over the reluctance of Britain to enter EDC and over her delayed half-hearted entry into ECSC. There is certainly now scarcely any of the old resentment against Germany, who looms more and more largely as the leading co-operator in the move towards European union and the development of French overseas resources. The marked differences of viewpoint between French and American external policies, by reason first of what happened in Indo-China and then in Egypt and is now happening in Algeria, may well also tend to undermine sympathy with a country the guiding principle of whose external policy is to hold to the USA. And then it may well be that, ill-fitted as she patently is to enter on the Common Market experiment with anything like the assurance of her partners, France thinks she can better pull her weight when it comes to safeguards and concessions if she has to deal with not two but one major European power, and that the one with which her commercial relations are more important than those with any other country.

Be the explanation what it may, it can be taken for granted that the original British idea of FTA must suffer transformation if it is to be made such as any French Government can with any hope put before Parliament. There are already signs of British recognition of that fact. The British chances of avoiding the necessity of a choice between Europe and the Commonwealth are also the better for strong sympathies in principle expressed by German and Benelux leaders with the effort to avoid a breach between the six and the eleven member-countries of OEEC. That would also certainly not suit the statesmanship of USA.

But time presses hard, and fateful decisions cannot long be delayed.