'The economic concerns of the Commonwealth countries' from the Süddeutsche Zeitung (6 September 1961)

Caption: On 6 September 1961, in its coverage of the United Kingdom's application for accession to the European Communities, the German daily newspaper Süddeutsche Zeitung emphasises the significance of economic relations between the United Kingdom and the Commonwealth countries.

Source: Süddeutsche Zeitung. Münchner Neueste Nachrichten aus Politik, Kultur, Wirtschaft und Sport. Hrsg. Friedmann, Werner; Goldschagg, Edmund; Schöningh, Dr. Franz Josef; Schwingenstein, August ; RHerausgeber Friedmann, Werner. 06.09.1961, Nr. 213; 17. Jg. München: Süddeutscher Verlag. "Die wirtschaftlichen Sorgen der Commonwealth - Länder", auteur:Geyer, Curt , p. 4.

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The economic concerns of the Commonwealth countries

Australia and New Zealand main opponents of British accession to the EEC

From our correspondent, Curt Geyer

London, 5 September

At the Conference of Commonwealth Finance Ministers that opens on 12 September in London, the main topic of discussion will be the general repercussions of British accession to the Common Market. Specific aspects will include political misgivings, an assessment of the effects on the social structures of the individual Commonwealth countries, and the influence on their balance of payments.

On the eve of the Conference, the Australian Government has raised various new points in London, and has in particular expressed its fears concerning the future of the pound and of the sterling area. Australia has a larger sterling credit balance than any other country in the world. Australia's Ministers fear that Britain's accession might make it necessary for the pound to be devalued in every country of the sterling area, that the value of the reserves of the whole sterling area, held in London, could be reduced substantially, and that, ultimately, the general stability of the sterling area might be very severely undermined. The Australian Treasurer recently argued in Parliament that the United Kingdom would be putting Australia's supply of capital at risk. Under Articles 67 and 73 of the Treaty of Rome, the United Kingdom might be compelled to restrict its exports of capital to non-members of the Common Market.

The facts of trade policy

In considering whether the United Kingdom has any prospect of safeguarding vital Commonwealth interests in the forthcoming negotiations, it is first necessary to look at the facts of trade policy. The Commonwealth's share of world trade is approximately 30 %, exports and imports being of the order of 10 to 12 000 million pounds per year.

The Commonwealth countries are among the world's largest suppliers of raw materials. They account for 99 % of world exports of jute, 80 % in the case of lamb and mutton, wool 75 %, butter 53 %, cocoa 50 %, rubber 43 %, wheat 41 % and sugar 20 %. The Conference of Finance Ministers will be unable, if only for technical reasons, to discuss the details of the special interests of the individual Commonwealth countries and the terms that they would like to see imposed to safeguard those special interests, unless this Conference is to evolve into a long-term congress.

A survey of what interests of the individual Commonwealth countries will be affected, and what their fears are, shows that the real problems arise in connection with the agricultural interests of Australia, New Zealand and, to a lesser extent, Canada.

For the new Commonwealth countries on the West African seaboard, the problem is more one of political orientation than a threat to their vital interests. Ghana is already shipping more than half of its cocoa to the countries of the European Economic Community, Nigeria more than a third. In Ghana, there are already calls for the African States to join together to form an economic community of their own. For these reasons, the attitude of Ghana and Nigeria towards Britain's accession to the Common Market is cool, if not openly hostile. This is partly associated with their leanings towards neutrality: Nigeria is currently in the process of terminating its defence agreement with the United Kingdom, which it sees as no longer compatible with its neutral posture.

Sir Roy Welensky's protest against British accession on behalf of the Central African Federation and his gloomy prophecies about its repercussions on the position of the Europeans in Rhodesia were also prompted in the main by considerations of politics rather than trade policy.

As far as the Asian countries of the Commonwealth are concerned, India ships 27 % of its exports to the

United Kingdom, Pakistan 15 % and Ceylon 33 %. India exports jute products, cotton goods, tea, raw cotton, vegetable oil, fruit, hides, leather and spices; Pakistan's exports are raw jute, raw cotton, wool, tea and hides; Ceylon's are tea, rubber and coconut products. As suppliers of raw materials, the three countries face little threat to their most important exports. Furthermore, in times of political crisis, India and Ceylon, at least, have been prepared to leave the Commonwealth on political grounds — evidence that they certainly do not see it as vital to their economic interests.

The situation in Australia is different. The political fears expressed by Prime Minister Robert Menzies are based on very real economic problems. Australia supplies the United Kingdom primarily with agricultural produce: wool, wheat and flour, meat, butter and sugar. Of the country's total exports of 926 million Australian pounds, agricultural produce accounts for 70 %, wool contributing 40 % of the total while the remaining agricultural products account for 272 million Australian pounds. The United Kingdom takes 26 % of all Australia's exports. The Australians believe that between one-quarter and one-fifth of all their exports are at risk if Britain joins the Common Market and if the EEC reaches agreement on joint protection of Common Market agriculture.

Although the threat extends only to between one-quarter and one-fifth of Australia's total exports, any loss or reduction of existing markets would necessarily result in a crisis among the farming population, which plays the most important role in Australia's social structure. Admittedly, Australia has become accustomed to crises in the markets, because wool and wheat prices fluctuate sharply. But Australia fears that, even as things stand, it is only able to stand up to American competition in the United Kingdom because of the customs preference. It is hardly surprising, then, that Australia's farmers are exerting considerable pressure on the Government.

While Australia is facing no more than a period of adjustment, New Zealanders see Britain's accession to the Common Market as nothing less than an economic and social disaster. The livelihood of New Zealand's population — and a comfortable one it is — is based on four pillars: wool, frozen meat, butter and cheese. 64 % of the country's total exports go to the United Kingdom. Apart from wool, Britain is virtually New Zealand's only market: 94 % of frozen meat exports, 94 % of cheese and 89 % of butter are shipped there. Outside Britain, there will be hardly any demand in Europe for frozen New Zealand lamb and mutton. As a result, some New Zealand farmers are already thinking about gritting their teeth and opening negotiations with China. The recent growth of New Zealand's agriculture has taken place against a background of customs preferences and the system for the protection of British agriculture, so that the country is an integral part of the United Kingdom's food supply arrangements. But if Britain reorganises those arrangements within the Common Market, New Zealand's agriculture will be left in limbo.

New Zealand's livelihood at risk

The main issue for the farmers is butter sales. Even today, they are protesting vigorously about European competition and European prices. They ship an average of 160 000 tonnes of butter to Britain each year. Two years ago, these exports earned them £55 million, but the figure today is no more than £40 million. Britain obtains 34 % of its butter supply from New Zealand, 12 % from Australia and 19 % from Denmark, while 10 % is produced nationally. The main competition comes from Ireland, Holland, Poland and Finland. Not only for New Zealand but for other European countries, too, the increase in dairy production is a problem. The New Zealanders fear that their throats are being cut, even though the country's dairy production is the most advanced in the world from the standpoint of technical progress and climatic conditions.

The critical mainstays of Canada's economy are its massive exports of timber and paper, metals and wheat. Only 15 % of all Canada's exports go to Britain. The future of Canada's wheat exports, like the issue of wheat itself, is an international problem. As far as timber and paper are concerned, the most dangerous competition is to be found not in the Common Market but in EFTA. Canada has already conducted favourable negotiations with the Common Market on exports of metals. There are fears for the future of Canada's growing manufacturing industry, which sells 40 % of its exports to the United Kingdom: machinery, chemicals, household goods and women's wear. In the overall balance sheet, Canadian exports to Britain are not a major factor, but the Canadian Government fears that any restriction or obstruction of those exports could result in severe disruptions at local level.