

## 'Rocks loom for European trade' from the Süddeutsche Zeitung (7 November 1958)

**Caption:** On 7 November 1958, the German daily newspaper Süddeutsche Zeitung analyses the reasons underlying the failure to create a free-trade area in Western Europe.

**Source:** Süddeutsche Zeitung. Münchner Neueste Nachrichten aus Politik, Kultur, Wirtschaft und Sport. Hrsg. Friedmann, Werner; Goldschagg, Edmund; Schöningh, Dr. Franz Josef; Schwingenstein, August ; R Herausgeber Friedmann, Werner. 07.11.1958, Nr. 267; 14. Jg. München: Süddeutscher Verlag. "Klippen für Europas Handel", auteur:Slotosch, Walter , p. 1.

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## Rocks loom for European trade

By Walter Slotosch

The Paris Conference, which, following already lengthy negotiations, saw a final push last week to achieve at least a basic framework treaty on the Free Trade Area, has ended in failure. The disappointment at this outcome is so great that the optimism, which the German authorities have so manifestly struggled to maintain over the past months, has now given way to palpable irritation. The disappointment is just as great in London. In less than eight weeks, the British export industry will have to contend with higher import duties on goods delivered to Common Market countries than their competitors in France and West Germany. Other countries trading with the Common Market will, of course, also suffer from 'discrimination'.

Whether the French Foreign Minister, Maurice Couve de Murville, currently negotiating in London with the Foreign Office, will, in fact, extend his talks to embrace the question of the Free Trade Area is not certain. It is unlikely that de Gaulle will take any action in favour of the Free Trade Area before the French elections at the end of November. But even after that point in time, there is little prospect of Paris acquiring new passion for the Free Trade Area project. If there was enough political goodwill, a solution to the technical problems could also be found. The willingness to make concessions to France produced a series of compromise proposals, but these were only met on the French side with fresh demands and further complications. This created the impression that French tactics were to drag out the negotiations, steer clear of binding commitments and, while avoiding an open break, withhold any practical cooperation on the task in hand.

The technical problems that these negotiations are mostly about arise out of the attempt to link the *Common Market* and the *Free Trade Area*. The Common Market is formed by six countries: France, the Federal Republic of Germany, Italy, Belgium, the Netherlands and Luxembourg. These countries intend gradually to eliminate import duties in their reciprocal trade dealings. The first practical step will be taken at the beginning of next year with a 10 % cut in import duties. The remaining 11 member countries of the Organisation for European Economic Cooperation (OEEC) will not have the benefit of these reduced import duties. The Free Trade Area is now the attempt to extend the Common Market to the 17 OEEC partners and grant all partners the benefit of these reductions in duties.

The problems that have so far proved intractable arise from the fact that the six Common Market partners have relinquished their sovereignty in customs policy matters in favour of common external tariffs. The advocates of the Free Trade Area, however, are unwilling to go that far. While prepared to participate in the dismantling of customs duties within the Free Trade Area, they want to preserve the right to autonomous customs policies in trade with the rest of the world. Eliminating the resulting distortions in competitive conditions within the Free Trade Area through countervailing duties, through the introduction of certificates of origin and other technical methods — this has been the central issue.

The further the elimination of customs duties progresses in the Common Market, the harder the competitiveness of the external trade partners will be hit. It is by no means unlikely that these partners will try and take defensive action. Rather than *integrating* European trade, this would, however, mean *splitting* it into two blocs. The consequences for the future cannot be foreseen. The continued existence of the European Payments Union and the Organisation for European Economic Cooperation would definitely be called into question. A further postponement of the Treaty on the Free Trade Area would, at all events, lead to serious difficulties and dangers for all countries involved in European trade.

If we start from the assumption that the economic integration of Europe from the changed perspective of a new French foreign policy might start to look quite different than hitherto, then the simple question arises whether France can have an interest in calling the Free Trade Area and maybe even the viability of the Common Market into question. The country has still by no means succeeded in genuinely breaking even on its trade balance. Only with the help of official import controls and controls on foreign transactions and through successful gold purchases at home has temporary relief been achieved. It seems unlikely that France would be able, by deviating from the course it has hitherto pursued of economic and commercial cooperation in Europe, to improve its economic position. Considerable new expenditure for overseas

development is imminent. The country's economic power will determine to a large extent whether de Gaulle's foreign policy aims can be achieved.