

Statement by Geoffrey Rippon (London, 16 December 1970)

Caption: On 16 December 1970, Geoffrey Rippon, head of the British delegation for the negotiations on the United Kingdom's accession to the European Economic Community, informs the House of Commons of the state of progress of talks concerning the United Kingdom's financial contribution to the Community budget.

Source: Parliamentary Debates. House of Commons. Official Report. First session of the Forty-Fifth Parliament of the United Kingdom of Great Britain and Northern Ireland. Nineteenth year of the reign of her Majesty Queen Elizabeth II. Dir. of publ. Hansard. 1970-1971, n° 808; fifth series. London: His Majesty's Stationery Office. "European Economic Community", p. 1354-1356.

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[...]

With your permission, Mr. Speaker, and with that of the House, I wish to make a statement about certain proposals which I have today tabled in Brussels regarding United Kingdom participation in the European Economic Community's financial arrangements in the event of our accession.

In brief, Her Majesty's Government have proposed that over the first five years of our membership of the Community our contribution to the Community budget should build up by equal annual steps to a basic key which should lie in the range of 13-15 per cent. of total contributions. Thereafter, for a further three years, the year-to-year changes in our share of contributions should be subject to limitations on the lines of the correctives the Six have provided for themselves up to 1978.

We have further proposed that there should be provision to review, if necessary, the operation of the financial arrangements in an enlarged Community.

The House will expect me to explain the significance of these proposals for the United Kingdom. I must first emphasise that any estimates inevitably depend on a large number of assumptions which have to be made about the ways in which the enlarged Community would develop in the years after we and the other applicant countries had joined. To take just two of the most important factors: it is really very difficult to judge what the size of the Community's budget will be at the end of this decade, and what share of the total will be devoted on the one hand to schemes of agricultural support, from which we, with our relatively small and highly efficient agriculture, cannot expect to be major beneficiaries, and on the other to regional and industrial development and other programmes.

It is because of these uncertainties that in the past the Six themselves have in practice reviewed their own arrangements whenever unforeseen developments have upset the balance which previous agreements were expected to produce. We have, therefore, proposed to the Six that a suitable review provision should be an essential part of any agreement.

Having made clear to the House the inevitable limitations of any estimates, I can give some indication of what we expect the proposals we have put to the Community might involve. If we assume that the Community budget in 1977 was to be 4,500 million dollars as we have suggested to the Community, then under the proposals we have now made, after making an estimate for receipts, our net contribution would build up gradually from about £30 million in 1973 to about £140 million to £180 million in 1977. If, however, the Community budget remained at its current level of about 3,000 million dollars, then our net contribution would reach about £60 million to £85 million in 1977, on the same estimated basis of receipt.

We have also to take account of the fact that in the short term, membership of the Community will have certain other adverse effects on our balance of trade as a result of the increased cost of food imports and the loss of some of the trade preferences we enjoy in other markets. For this reason, it is important that we should move up gradually towards our ultimate contribution.

Neither this Government nor our predecessors have ever attempted to disguise the fact that membership of the Community will involve a substantial net contribution to the Community budget and, at least in the early stages, other balance of payments costs. But again, like our predecessors, we believe that account must also be taken of the prospect of dynamic economic advantages of membership which would be substantial. As to these, one has to make a judgment about the likely response of British industry to the opportunities and challenges that would be presented by our entry into the Community. The Government's judgment-and it is shared by the overwhelming majority of our leading industrialists-is that the response would be vigorous and determined and that we could expect to achieve a significantly higher economic growth rate if we joined the Community than if we remained outside.

The Government also consider that membership of an enlarged Community will provide considerable

opportunities for British farmers. Without underestimating the problems that have to be faced in the early years of our membership, therefore, we hold firmly to the view that our entry into the Community on reasonable terms would be in the long-term economic interests of this country.

We are also convinced that enlargement of the Community would be in the interests, political perhaps even more than economic, of the whole of Western Europe. It is with these considerations in mind that the Government have formulated the proposals which I have tabled in Brussels today.

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