

'EFTA, a customs disarmament agreement going nowhere', from Le Monde diplomatique

Caption: In December 1967, the French monthly publication Le Monde diplomatique focuses on the future of the European Free Trade Association (EFTA) following General de Gaulle's second veto of the United Kingdom's accession to the Common Market.

Source: Le Monde diplomatique. dir. de publ. BEUVE-MERY, Hubert ; Réd. Chef HONTI, François. Décembre 1967, n° 165. Paris. "L'A.E.L.E., un accord de désarmement douanier qui tourne désormais à vide", auteur:Loby, Paul , p. 6.

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EFTA, a customs disarmament agreement going nowhere

By Paul Loby

The atmosphere at the meeting of the ministerial council of the European Free Trade Association in Lausanne on Thursday 26 October, which was scheduled to last only one day, was strained, to say the least. On 23 and 24 October in Luxembourg, the Council of Ministers of the Six and the attitude of France at that council meeting had shown that, in any event, the opening of accession negotiations between Britain and the Common Market was a long way off. The obvious discomfiture on the British side, reflected the next day by the Chalfont incident, was due in part to the official optimism of Britain's Minister for Europe and in part to the pessimism of the British journalists who had followed the deliberations of the Common Market Council of Ministers in Luxembourg before coming to Lausanne. Their pessimism was shared by many EFTA delegations apart from the British. For the Swedes in particular, the negotiations were doomed to failure. As for the Swiss, Hans Schaffner, the Minister for Economic Affairs, made no secret of his view that the only reasonable solution was to envisage the association of EFTA with the Common Market, with the latter keeping its Community hard core.

The statements by the British delegation on Wednesday evening, as it strove to dispel the unease caused by the Luxembourg deliberations, can be summed up as follows: Her Majesty's Government maintains its application to join the Common Market despite the difficulties; contrary to the rumours circulating in London on the evening of 24 October, it envisages no alternative, least of all reinforcement of the European Free Trade Association.

On Thursday evening, at a banquet laid on by the Swiss Government for the delegations and the foreign press after the meeting, Lord Chalfont, the Minister for Europe, held an impromptu confidential press conference. He was pushed onto the defensive by the British journalists in Lausanne, who criticised his optimism and demanded he face facts. Stung to the quick, Lord Chalfont retorted that the British Government still had some cards to play in its negotiations with Brussels and could put pressure on some of France's partners to good effect.

On Saturday morning the whole of the British press except *The Times* carried an unattributed alternative plan that caused a sensation for a few hours: if its efforts to join the Common Market failed, Britain would revise its whole foreign policy, withdraw its troops from Germany, and recognise East Germany.

The fuss caused by the late-night, no-holds-barred discussion with journalists determined to make the front page nearly cost the new Minister for Europe his job.

Very limited possibilities

The Chalfont incident helped disguise the fact that EFTA no longer serves any useful purpose. Since 1 January 1967 customs disarmament among the seven member countries of the free-trade area — Britain, Norway, Sweden, Denmark, Switzerland, Austria and Portugal — has been complete. As a free-trade association, however, EFTA has now reached its limits. Future meetings of the ministerial council can only give rise to recrimination.

For example, the Stockholm Treaty excludes agriculture from customs disarmament: the free-trade area applies only to industrial products. As one of Europe's main agricultural producers, Denmark is unhappy about the situation in which it finds itself as a result of its membership of EFTA. Its agricultural exports used to be almost equally divided between Britain and Germany, which is a member of the Common Market, but the common agricultural policy now makes it harder for Danish farm products to enter Germany. For three years Denmark has been seeking compensation from its EFTA partners with respect to agricultural products, but to no avail. Switzerland, for example, imports most of its food products from France and Italy, which are in the Common Market, and has no wish to change its suppliers. And the Swiss delegation makes no secret of its view that, when it comes to agriculture, nothing can be done in Europe without the Common Market. Denmark is very impatient, despite the fact that diversification and

industrialisation have reduced the percentage of agricultural products in total Danish exports from 65 % to 37 % over the last seven years. Although Portugal is not such a large exporter as Denmark, it also wants to increase sales in the free-trade area, especially of wine.

The problem is that the Free Trade Association is not an economic union and therefore does not apply a common external tariff that forces its members to harmonise their economic, financial, monetary and social policies. It has reached its limits even in the industrial sector. An issue raised forcefully in Lausanne by Norway provides a clear illustration. Norway is a large producer of aluminium and non-ferrous metals thanks to its hydro-electric power, in which respect it is one of the best endowed areas in the world along with Canada. The Norwegian Government, which has just relaxed its legislation on foreign investment in the hydro-electric sector, is annoyed about the construction of an aluminium plant in Britain driven by nuclear power. The Norwegian trade minister, Kare Willoch, has complained that both nuclear power and the construction of the aluminium plant on the English coast are subsidised.

The issue was referred to EFTA's ministerial council, which was unable to resolve it since the European Free-Trade Association has no power in such cases. It could only decide that the British and Norwegian Governments should engage in bilateral talks to resolve this difficult problem.

Another issue makes it quite clear that the Free Trade Association is a coalition of politically and geographically disparate partners. The Swedish delegation, egged on by the trade unions, raised in council the issue of low wages and unsatisfactory working conditions in Portugal. The council proved even more powerless than on the aluminium issue, and was again able to do nothing at all. Confined to classical trade issues, the Stockholm Treaty contains no social provisions.