

## Report by Peter Thorneycroft on the establishment of a free-trade area in Europe (19 July 1957)

**Caption:** On 19 July 1957, Peter Thorneycroft, British Chancellor of the Exchequer, presents to the Council of the Organisation for European Economic Cooperation (OEEC) a report in which he lists the various obstacles to the establishment of a free-trade area in Europe.

**Source:** Negotiations for a European Free Trade Area, Documents relating to the negotiations from July, 1956, to December, 1958. London: Her Majesty's Stationery Office, 1959. 237 p. (Cmnd. 641). p. 42-44.

**Copyright:** Crown copyright is reproduced with the permission of the Controller of Her Majesty's Stationery Office and the Queen's Printer for Scotland

**URL:**

[http://www.cvce.eu/obj/report\\_by\\_peter\\_thorneycroft\\_on\\_the\\_establishment\\_of\\_a\\_free\\_trade\\_area\\_in\\_europe\\_19\\_july\\_1957-en-815a60b4-b09c-4738-ad6f-5dd34a5ad8a6.html](http://www.cvce.eu/obj/report_by_peter_thorneycroft_on_the_establishment_of_a_free_trade_area_in_europe_19_july_1957-en-815a60b4-b09c-4738-ad6f-5dd34a5ad8a6.html)



**Last updated:** 05/11/2015

## Report by Peter Thorneycroft on the establishment of a free-trade area in Europe (19 July 1957)

1. It became clear some time ago, for reasons well known to all of us, that the Working Parties set up in O.E.E.C. to hammer out the problems of creating a Free Trade Area would not be able to move as fast as some of us had hoped when Ministers last met in O.E.E.C. in February. I therefore asked the Chairmen of the three Working Parties to make personal Reports to me on the state of the work. I am arranging for these Reports to be circulated to members of the Organisation. I, and I am sure all my colleagues, are most grateful for the work which these three gentlemen have done for us both in their labours in the Working Parties and in preparing these Reports. It quite clearly emerges from these documents that, despite the decision we took last February to enter into negotiations, we have not yet been able to tackle some major issues, on which the discussions have shown that we are widely divided: there is far from a community of view among us as to what kind of Free Trade Area we want.

2. The first essential point on which there must be general agreement is, do we accept as our objective the creation of a Free Trade Area? I have been much encouraged in my discussion with a number of Ministers to find that they do feel that it is in the best interest of Europe that we should succeed in our endeavour to complement the Customs Union by a Free Trade Area to maintain wider co-operation and avoid division. I hope that we shall all keep this essential need constantly in mind during the negotiations: we shall not be successful unless we do.

3. What are the major points on which we must at least move together a little if negotiations are to have any prospect of success? They appear to me to be the following:—

A (i) In general, what should be the scope of the Free Trade Area Convention? We are all agreed that if a Free Trade Area is to succeed there will have to be continued co-operation, and indeed further progress, in many fields other than the removal of tariffs and quotas. But we are not clear on how to do this. Should we seek in the Convention to deal specifically with all those matters relevant to a Free Trade Area which fall within the Treaties of Rome? Or, alternatively, should we deal in the Convention only with tariffs, quotas and other essentially related matters such as rules of fair competition while we provide at the same time for continued work and where necessary take new decisions for further progress in other fields of economic co-operation in O.E.E.C.?

(ii) So far as the movement of goods is concerned, do we accept that while we all keep our own external tariff autonomy we should have liberal rules for defining the origin and content qualification of goods entitled to move freely within the Area?

(iii) We are all agreed that the Free Trade Area will require new institutions and procedures, including voting procedures, which may differ in important respects from those at present used in O.E.E.C. It will be necessary to agree also on:—

(1) what institutions and procedures, including voting procedures, the Convention should provide for; and

(2) what measures should be taken to relate the reciprocal obligations of the members of the Free Trade Area to those of the signatories of the Treaty of Rome;

(3) what arrangements should be made to ensure that the institutions established under the Rome Treaty and those of the Free Trade Area work closely and continuously together?

B On foodstuffs there are serious questions to consider. How far are the members of O.E.E.C., including the signatories of the Treaty of Rome, willing to agree now to enter into reciprocal arrangements with all or any of the members of O.E.E.C. about trade in foodstuffs including the removal of tariffs and quotas, similar to

or identical with those proposed and envisaged by the Treaty of Rome? Some members have made it plain that they regard this as impossible. Are there other arrangements which members of O.E.E.C., including the Six, would be prepared to accept?

C (i) Certain members of O.E.E.C. have indicated their desire to be associated with the Free Trade Area while feeling unable to subscribe to the full obligations of members at least at the outset. It appears to me that until there is some general agreement on the questions in Parts A and B above these countries will not be able to state in detail how far they would require derogations from the ordinary rules of membership, nor shall we be able to see arrangements worked out for associating with the Free Trade Area members of O.E.E.C. who are not able to accept the general obligations.

(ii) Certain members feel that they will not be able to join or be associated with the Free Trade Area unless they have additional resources of external capital available to them to assist in their development and readaptation. How far can this additional capital be made available? Are new institutional arrangements needed, and if so what arrangements would be appropriate?

4. I doubt whether we can reasonably ask officials to do much further work in Paris on these problems until they have been discussed at a meeting of Ministers. I should therefore like to make the following proposals for procedure in the immediate future.

5. Firstly, I think we should all of us in our capitals during the coming weeks give most earnest attention to these basic problems and consider what we can do to take account of the diverse positions of our partners.

6. Secondly, I suggest that we should meet together as soon as is practicable to consider all these problems. I believe that, given the diversities of view that exist now, we should regard this primarily as an informal meeting of Ministers. This would not prevent our meeting as a Council if we wish to conduct any formal business. At that meeting we should seek to take stock of the position, and consider by what methods and procedures the negotiations concerning the Free Trade Area should be conducted. I will very shortly make proposals on the date of such a meeting.

7. It will also be necessary to consider the negotiations which will be required to bring coal and steel within the Free Trade Area.

8. I am sure I do not need to emphasise the importance of the matters to which we set our hand last February. It will be a very serious day for Europe if we are not able to create a Free Trade Area as a complement to the European Economic Community established by the Treaty of Rome. We have made considerable progress in understanding the complexities of the problems and the attitudes of the various members. But it is clear that we shall not create a real and effective Free Trade Area as a complement to the Customs Union unless we are all determined to succeed and are all prepared for an intensive and continuous effort.