

British White Paper on the Ministerial Meeting with the EEC (7 August 1962)

Caption: On 7 August 1962, the day after the meeting, in Brussels, of the representatives of the United Kingdom and of the governments of the Six, Edward Heath, Lord Privy Seal, draws up a report on the progress of the negotiations on British accession to the European Communities.


Source: Western European Union Assembly-General Affairs Committee: A retrospective view of the political year in Europe 1962. March 1963. Paris: Western European Union Assembly-General Affairs Committee. " White Paper containing the report by the Lord Privy Seal on the Ministerial Meeting with the EEC in Brussels, from 1 to 5 August 1962 (7 August 1962)", p. 56-60.

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Miscellaneous No. 25 (1962)

The United Kingdom and the European Economic Community

Report by the Lord Privy Seal on the meeting with
Ministers of Member States of the European Economic
Community at Brussels from August 1-5, 1962

*Presented to Parliament by the Lord Privy Seal
by Command of Her Majesty
August 1962*

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PROGRESS OF THE BRUSSELS NEGOTIATIONS: MINISTERIAL MEETING, AUGUST 1-5

Introduction

In recent months the Lord Privy Seal has made statements in the House of Commons on the progress of the negotiations between the United Kingdom and the member Governments of the European Economic Community after each Ministerial meeting in Brussels. His most recent statement, following the Ministerial meeting of July 24 to 28, was made on July 30, shortly before the House adjourned for the Summer Recess. (Hansard, Vol. 664, No. 155, Cols. 34-35).

2. After making the statement Mr. Heath undertook to issue a further public statement after each Ministerial meeting which took place when the House was not sitting.

3. The following is an account of the meeting which took place in Brussels from August 1 to 5.

Association under Part IV of the Treaty of Rome

4. Ministers gave further consideration to the question of association under Part IV of the Treaty of Rome in relation to both dependent and independent countries of the Commonwealth. The United Kingdom has made known to the members of the European Economic Community its own views in this respect and there was a further exchange of views on this occasion. It will be recalled that member countries of the European Economic Community have been engaged in discussion with the associates of the Community on the content of a new Convention of Association to take effect from January 1, 1963.

5. As regards dependent territories of the Commonwealth, Ministers agreed that, with certain possible exceptions, association under Part IV of the Treaty of Rome provided the most satisfactory arrangement for such territories and that they would be eligible for it. It will be for the British Government at an appropriate moment, and when the terms of the new Association Convention are settled, to state which of these territories are to be associated after such consultations as may be necessary.

6. Particular considerations arise in respect of:

Singapore, Sarawak, North Borneo and Brunei.—In view of the discussions which are taking place on the establishment of a Greater Malaysian Federation, the position of these territories will be considered at a later date.

Aden.—There will be further examination of the appropriate arrangements for Aden taking account of the production there of petroleum products.

Basutoland, Bechuanaland Protectorate and Swaziland.—Certain technical problems arising from the existing customs union with South Africa are to be given further consideration.

Hong Kong.—The Community agreed to work out with the British Government, before Britain's entry into the Community, appropriate measures in the field of trade relations.

7. As regards independent countries of the Commonwealth and those which will shortly become independent, Ministers agreed that association with the Community under the proposed new Convention would be a suitable arrangement for Commonwealth countries in Africa and the Caribbean which so desired. It was also agreed that at the appropriate time there should be consultation between the member Governments of the Community (after consultation with the States already associated) and the British Government (after consultation with the Governments of the Commonwealth countries concerned) with a view to the association of these countries.

8. The heading under which arrangements suitable for the Federation of Rhodesia and Nyasaland should be considered remains for further discussion.

9. If certain countries do not become associates, there will be consultations between the United Kingdom and the member States of the European Economic Community about what alternative economic arrangements might be possible.

10. Further discussion will be needed at a later stage about the level of the Common External Tariff on certain tropical products and about trade in tropical products of interest to Commonwealth countries and territories which do not become associated.

11. As European territories, Malta and Gibraltar are not eligible for association under Part IV of the Treaty of Rome. The British Government will make proposals in due course about the relationship of these territories to the enlarged Community.

India, Pakistan and Ceylon

12. Provisional proposals were agreed on the treatment of trade (with the exception of certain items) between an enlarged Community and India, Pakistan and Ceylon. Ministers recognised that in the definition of the future commercial policy of the enlarged Community, account should be taken of the necessity for these countries to increase and diversify their national production with a view to raising the standard of living of their populations. The arrangement worked out comprises the following elements:

(a) Comprehensive Trade Agreements

The enlarged Community would seek to negotiate comprehensive trade agreements with India, Pakistan and Ceylon, at the latest by the end of 1966. The objective of these agreements would be to develop trade and so to maintain and increase the foreign currency earnings of these countries and in general to facilitate the implementation of their development plans. The means by which this could be done would include tariff policy, quota policy, export policy and measures to

facilitate the promotion of private investment and the provision of technical assistance.

(b) Tea

Agreement was reached on a reduction to nil of the existing Common External Tariff of 18 per cent. on tea.

(c) Cotton Textiles

The Common External Tariff would not be applied to these imports in accordance with the normal timetable but in four stages: the first step of 20 per cent. would be taken on the accession of the United Kingdom to the Community; a second step of 20 per cent. 18 months later; a third step of 30 per cent. a year thereafter; the final step of 30 per cent. when the Common External Tariff applies throughout the Community. As in the main the rate of duty in the Common External Tariff is 18 per cent., the rates applied by the United Kingdom in the first three stages would be about $3\frac{1}{2}$ per cent., 7 per cent. and $12\frac{1}{2}$ per cent. *ad valorem*.

It was agreed that until the conclusion of the trade agreements referred to in (a) above, or the end of 1966, the enlarged Community would take steps without delay to restore the situation if, as a result of the progressive application of the Common External Tariff by the United Kingdom exports to the Community were to decline. Such a decline would be measured in relation to a base level for such exports to the Community which would be established before the accession of the United Kingdom. It would be at least the average tonnage of imports into the member countries of the enlarged Community during the years 1959 and 1960.

Provision for certain additions in accordance with the Geneva Arrangement was also agreed in principle so far as the markets of the present Community are concerned. The United Kingdom would restrict its imports from India and Pakistan to about the present limit.

Arrangements were agreed that during the period when exports to the United Kingdom of Indian or Pakistani grey cloth pay a rate of duty lower than that represented by the Common External Tariff, a control should be exercised over exports of goods made from this material from the United Kingdom to other members of the Community in the event of difficulties arising in the latter's markets.

(d) Other Manufactured Goods and Processed Foodstuffs

Agreement was reached that the Common External Tariff should be reduced to zero in the case of some minor industrial products, notably certain sports goods.

As regards the remainder of products under this heading, it was agreed that there should be a substantial delay in the normal timetable for the application of the Common External Tariff. The agreement provides for the application of the tariff by the following stages: 15 per cent. of the appropriate rate on Britain's accession; 15 per cent. on July 1, 1965; 20 per cent. on January 1, 1967; 20 per cent. on July 1, 1968 and the final step on January 1, 1970.

(e) Jute Goods

The provisional proposals agreed provide for a progressive application of the Common External Tariff. The United Kingdom would establish a quota for goods (other than heavy jute goods) from other member States of 3,000 tons increasing annually by 700 tons. Quantitative restrictions would be abolished on January 1, 1970, at the latest.

(f) Tropical Products

A suspension of duties (under Article 28) was agreed for a number of items including cashew nuts and handloom products (the latter subject to an agreement on customs definition). The treatment of other tropical products, including coffee, which are also of interest to associates of the Community, will be considered at a later stage.

(g) Items for Further Discussion

The British Government's proposals for nil duties on East India kips, coir mats and matting, certain heavy jute goods and hand-knotted carpets are to be discussed further.

Temperate Agricultural Products

13. There was a prolonged discussion on arrangements for trade in temperate agricultural products from Canada, Australia and New Zealand and much common ground was established. A good deal of work remains to be done, however, both as regards individual commodities and in order to give greater precision to some of the proposed arrangements.

14. The arrangements proposed relate both to the longer term and to the transitional period.

15. As regards the longer term, it will be recalled that, in earlier discussions, all the Seven Governments agreed, in the context of an enlarged Community, to take an early initiative to secure world-wide agreements for the principal agricultural products. This decision reflected recognition of the responsibility of the enlarged Community as the most important food importer in the world. In the discussions that have just concluded, Ministers clarified further the purposes of such agreements and amplified the points to be covered in them. The latter would include the price and production policy to be followed by the exporting and importing countries, the minimum and maximum quantities to enter international trade, stock-piling policy and the special aspects of trade with developing countries. The purpose would be to seek to work out the most suitable structure of international trade in agricultural products in order to ensure an agreed balance between the interests of consumers and of producers and to meet in particular the development of requirements and outlets in the different parts of the world. It was agreed that such world-wide agreements would be subject to revision every three years.

16. It was agreed that the Community's future price policy was particularly important since it would largely determine the volume of production and thus the outlet opportunities for exporting countries. Ministers recognised therefore that it would be desirable that the Community should make an early declaration expressing its intention to define its price

policy as soon as possible and to pursue a reasonable policy in conformity with the objectives of Articles 110 and 39 of the Treaty of Rome.

17. Thus the Community, in taking appropriate measures to raise the individual earnings of those engaged in agriculture in the Community by ensuring the rational development of agricultural production, would also endeavour to contribute to a harmonious development of world trade including a satisfactory level of trade between itself and third countries, including Commonwealth countries. The price policy of the Community would, within the framework of world-wide agreements, be the subject of a confrontation with the price policy of other producer countries ready to take part.

18. An explicit statement was also agreed that the policy which the enlarged Community intended to pursue would offer reasonable opportunities in its markets for exports of temperate foodstuffs. It was confirmed that the agricultural regulations adopted by the Community required the abolition of quantitative restrictions both between member States and on imports from third countries subject to exceptional provision in the event of grave disturbance.

19. Ministers further considered the position which would arise if world-wide agreements did not prove practicable. The Community reaffirmed their readiness to conclude agreements for the same purpose with those countries who wished to do so and, in particular, with Commonwealth countries.

20. As regards the transitional period, further arrangements remain to be discussed for a number of major commodities. But a framework was worked out for the treatment which could be applied to all individual commodities for which there would be an intra-Community preference. In the case of cereals, the members of the Community stated their intention to ensure that the operation of the intra-Community preference would not lead to sudden and considerable alterations in trade patterns. If these were to occur, the Community would review the operation of the intra-Community preference in consultation with Commonwealth countries. A similar safeguard was offered for all products where there would be an intra-Community preference. It was agreed that imports into the United Kingdom of cereals at present enjoying a tariff preference in the United Kingdom should benefit from an agreed application of the intra-Community preference. The precise application is to be discussed further when negotiations are resumed.

21. The Ministers of the Community said that they had been giving special consideration to the position of New Zealand. They recognised the particular difficulties affecting New Zealand because of its high degree of dependence on the United Kingdom market and expressed their readiness to consider special provisions to deal with these difficulties.

Financial Regulation

22. Ministers considered the Regulation of the European Economic Community relating to the financing of the Common Agricultural Policy. The United Kingdom delegation confirmed that the British Government would accept the Regulation in full if the United Kingdom joined the Community and indicated that at the appropriate time they would be prepared to participate

with other members of the Community in an examination of the relation of this Regulation to the financing of Community expenditure in the period from 1965 to 1970 and in the Common Market period. The French Delegation took the view that it was not possible for it to give its agreement to arrangements for temperate foodstuffs from the Commonwealth until further consideration had been given to the question of the Financial Regulation.

Future Programme of Work

23. At earlier meetings, Ministers had worked out arrangements covering other sectors of the negotiations, including the treatment of manufactured goods from the developed Commonwealth countries and some aspects of domestic agriculture, notably provision for annual reviews and a further assurance for farmers in the enlarged Community.

24. At the meeting which has just concluded a great deal of progress was made on major questions affecting the Commonwealth—association under Part IV of the Treaty of Rome, the particular interests of India, Pakistan and Ceylon, and temperate agricultural products from Canada, Australia and New Zealand. In addition to the work which remains to be done on some of these questions, Ministers have to take decisions on the proposals which the British Government have put forward for nil tariffs on some industrial raw materials and arrangements have to be agreed on processed foodstuffs. There are also important matters to be settled in the fields of domestic agriculture and horticulture, in particular those concerning individual commodities.

25. Ministers agreed that the negotiations would be resumed in September at the official level and that the next Ministerial meeting should take place in the first days of October.

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