Association of the overseas countries and territories

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Faced with slow disintegration of the French Union, France sought in the framework of the revival of European integration a way of anchoring its colonies to the emerging Community structure, to save what it could of its historic imperial links. The aim was to secure new commercial outlets in Europe for products from the overseas territories and to enable the latter to benefit from European investment in public infrastructure which the home country alone was no longer able to afford. France's continuing links with its overseas countries and territories (OCT) inevitably imposed a considerable financial burden (administrative costs, subsidies and capital investment, incremental costs and price support for overseas agricultural products) that would be a definite handicap if it had to continue bearing it alone in a European common market open to free competition. Since its future European partners exported more to the OCT than they imported from those territories, France saw association as the best way to boost the volume of OCT imports into the Common Market and thus reduce the empire's trade deficit. At the same time, it was trying to reconcile free trade in the Franc Area with its future commitments in a European common market.

There could be no question of simply integrating the OCT into the European Economic Community (EEC). The fundamental differences of economic and social structure between those territories and the European countries would put the OCT's development prospects at risk. Association, however, would enable France to compensate for the weakening of its political ties with the countries of sub-Saharan Africa by securing a preferential trade regime and stronger economic links between the OCT and Western Europe.

Once the principle of including the OCT in the Common Market had been adopted in Paris, the practical problem was how to form a European customs union with a common external tariff (CET) while maintaining preferential links between France and its overseas possessions. Over 70% of imports to the French OCT came from metropolitan France, which in turn took 67% of OCT exports. Since less than 10% of exports from the French OCT went to Germany, Italy, the Netherlands and the Belgo-Luxembourg Economic Union (BLEU), there was reason to hope that there was considerable scope for growth. While the French authorities did not want a CET that would separate metropolitan France from its African markets, they were well aware that France now needed its European partners to help develop its overseas territories, especially in the Sahara region, and to absorb an increasing share of their produce. They therefore proposed opening up the overseas market of the Franc Area to France's European partners without discrimination — in other words, the gradual abolition of its tariff and quota privileges — in exchange for joint participation by the Six in the capital investment necessary for the economic and social development of those territories. France's partners would thus have to make a financial contribution that would help relieve the metropolitan power's overseas burden. To the colonial powers, development aid in the form of capital investment seemed the best means of countering the separatist and pro-communist temptations of certain African leaders. The outlook was not too good. France's influence in North Africa and sub-Saharan Africa was steadily declining. Relations with Tunisia and Morocco, which had been independent protectorates since March 1956, had already worsened, and the situation since the outbreak of the Algerian war in November 1954 was also extremely worrying. There were fears of financial difficulties and a balance-of-payments crisis that could be contained only by massive budget allocations from the public authorities in metropolitan France. In these circumstances, the fresh competition created by OCT involvement in the Common Market appeared to be the best means of increasing production, boosting economic competitiveness and exports, and restoring financial equilibrium. Capital investment by the European countries in the overseas territories and the purchase of OCT produce would reduce the balance-of-payments deficit in the Franc Area, which was likely to be further aggravated by the increase in purchases by the OCT within the Common Market.

Furthermore, the Suez crisis was still very much in people's minds. French diplomacy had been humiliated, and the country had proved helpless in the face of the two superpowers. A united Europe seemed once again to be the best means for France to continue to play a meaningful role in international affairs. But the Suez crisis and the attendant diplomatic setback also highlighted Western Europe's energy dependence and the need to keep control of overseas reserves of raw materials. Finally, under the impetus of the Bandung Conference of non-aligned third-world countries in April 1955, anti-colonial feeling was gaining ground in the United States and the United Nations Organization (UNO).

The deliberate silence of the authors of the Spaak report, who had left it to France to take a diplomatic initiative on the matter, obliged the French negotiators to put their cards on the table, since their European partners definitely did not want to appear to be asking for anything. Although the Foreign Ministers of the Six, meeting in Brussels in February 1956 to review progress in the work of the Intergovernmental Committee set up by the Messina conference, did instruct the Heads of Delegation to give more thought to the situation of the overseas territories, nothing came of their deliberations. It was clear to all concerned that OCT relations with the Common Market would be a complex issue, and they were not included in the negotiations until 29 May 1956, the first day of the conference of Foreign Ministers of the Six in Venice, when the problem was tabled by the French Foreign Minister, Christian Pineau. France immediately made a solution to the problem a prerequisite for any overall agreement on the revival of European integration.

France's European partners, led by the Federal Republic of Germany and the Netherlands, were very reluctant to make a financial commitment to the overseas territories when they were not being asked to participate in their administration. They baulked at contributing — possibly for no return — to capital investment in social projects or non-profit-making infrastructure in countries politically linked with France or Belgium that could, given rapid developments on the international scene, subsequently break off their links with the Common Market. Moreover, political and demographic pressure overseas portended ever greater public investment. France's European partners were also worried by the protectionist implications of such a system, which was clearly inspired by imperial preferences and price support, and its possible incompatibility with the rules of international trade laid down in the General Agreement on Tariffs and Trade (GATT). They did not want to run the political risk of endorsing or compromising themselves in an operation with potentially neo-colonial repercussions, when the Algerian war was at its height. Faced with this reluctance, the French negotiators had to overcome yet another major obstacle: France was demanding that the exact amounts of the financial contributions asked of its European partners should figure in the EEC Treaty, whereas the commercial benefits which the latter could hope to obtain from the gradual opening of the OCT markets were a matter of pure speculation.

In response to a French request of 24 and 25 May 1956, Belgium gave Guy Mollet's government its support in principle. But Spaak announced straight away that the association arrangement envisaged by France would have to take account of the need to defend the emerging industries of the overseas territories, the protection of raw materials from the OCT and metropolitan industry's overseas outlets, and the European countries' contribution to public investment. Finally, he insisted that such investment must not impede the full exercise of national sovereignty by the metropolitan powers. On his return from Venice, Spaak informed his French partners that he was convinced that the states of Western Europe should join forces to ensure fuller development of the African territories. In autumn 1956 the Belgian and French governments drew up a joint memorandum on the possible involvement of the OCT in the Common Market. They decided that OCT participation should be based, after a transition period, on full reciprocity of treatment with respect to European countries in the overseas territories and to overseas territories within the Common Market. The treatment accorded to the European countries would be that which the relevant metropolitan power already enjoyed, and the treatment accorded to the OCT would be that which the EEC Member States accorded to each other. However, a special arrangement was envisaged to promote exports of agriculture products from the OCT. Similarly, an investment fund would be established to take over from the public capital which the metropolitan powers made available to the OCT in the form of budget allocations or guaranteed loans. The initiative on investment programmes would remain the sole prerogative of the relevant political authorities. It was explicitly stipulated that the means of establishing a common market in Africa, followed by a single common market between Europe and Africa, would be examined upon completion of the association process.

On 29 November 1956, Spaak, who was chairing the Committee of Heads of Delegation of the Intergovernmental Conference on the Common Market and Euratom at Val Duchesse, proposed the creation, within the Common Market group, of a working group charged solely with examining the technical issues raised by the Franco-Belgian memorandum. By 5 December, the Ad-Hoc Overseas Territories Group was already at work under the chairmanship of a Belgian diplomat, Albert Hupperts, who had been actively involved in drawing up the Spaak report a few months earlier. The ad-hoc group was instructed to report to the Heads of Delegation and Foreign Ministers, by 13 December at the latest, on the progress made in its deliberations. In a series of highly technical meetings, it focused on the legal status of the OCT involved in the proposed association, the commercial regime, and the institutional and financial operation of the Investment Fund.

The ad-hoc group submitted its final report to the Heads of Delegation on 20 December 1956. It justified association of the OCT with the Common Market by an explicit reference to the idea of external assistance behind the Marshall Plan for American aid to Europe, and pulled together the arguments of the various delegations concerning the association arrangements. Paul-Henri Spaak then spared no effort to meet the French demands, arguing that the political and economic benefits expected from the Common Market must take precedence over narrow national interests. On 2 February 1957 he travelled to The Hague to persuade Joseph Luns, the Netherlands Foreign Minister, to drop his reservations about Community investment in associated OCT. Meanwhile, France kept up the pressure on its European partners. In January 1957 the National Assembly and the Assembly of the French Union made it clear that the Common Market treaty would not be ratified unless the French delegation at Val Duchesse obtained guarantees for the overseas territories. The Netherlands and the Federal Republic of Germany, however, dug in their heels, and the conference of the Foreign Ministers of the Six in Brussels on 26, 27 and 28 January failed to break the deadlock.

With the deliberations hopelessly blocked at the level of the Heads of Delegation, the Six did not reach final agreement on the arrangements for association until 20 February 1957 at the Paris meeting of Heads of Government and Foreign Ministers. The final agreement provided for the abolition, from the first year, of customs duties and charges having equivalent effect, and of all quotas at the end of a maximum period of 12 to 15 years, for products from the OCT on the European market. The Six would also benefit from special tariff quotas for specific products (bananas, raw coffee and cocoa beans). In exchange, the produce of the European countries would be subject to the same regime in the OCT as at home. It was a non-discrimination regime rather than total abolition of customs duties, since the levying of exceptional customs duties on incoming and outgoing products was authorised, notably in order to protect the fledgling industries of the OCT. The Belgian Congo, for example, obtained an explicit waiver to the principle of free trade allowing it to maintain a non-discriminatory customs tariff (on incoming products, to feed its budget) for essentially fiscal purposes. OCT products thus gained access to the whole market of the Six with the benefit of customs tariffs lower than those levied on similar products from countries outside the area covered by the association arrangement. Hence they enjoyed a very advantageous regime in the Common Market — a combination of external protection and internal free trade.