

The British plan for a large free trade area

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After the British delegation's withdrawal in November 1955 from the work in Brussels of the Intergovernmental Committee created by the Messina Conference, the government in London was faced with two options: either to allow integration to continue on the continent, at the risk of finding itself quickly isolated, or to come up with an alternative. The United Kingdom certainly did not want to end up with a Common Market based on a customs union with an external tariff, which could harm its privileged trading position in the sterling zone and with the Commonwealth. Peter Thorneycroft, the Minister for Trade, lost no time in setting up working groups to look at speeding up the abolition of tariff barriers and quantitative restrictions in Europe. The Organisation for European Economic Cooperation (OEEC), created in 1948 to administer the Marshall Plan of economic aid for Europe, immediately appeared to be the structure most capable of responding to Britain's concerns. Having tried in vain to undermine the current negotiations between the six Member States of the European Coal and Steel Community (ECSC), which they viewed as 'Little Europe', the British then decided they would prefer to establish a regional free trade zone excluding agricultural products, a project known as Plan G. The British government, invited in the meantime to join the Val Duchesse negotiations on the Common Market and Euratom, proposed to send an observer to Brussels but refused to consider the Spaak Report as the basis for future negotiations. The Six rejected this out of hand.

Having tried and failed to win time in order to have a clearer idea of whether Europe's relaunch was likely to succeed, the British submitted their plan for a large free trade area to the OEEC Council of Ministers on 17 July 1956. Two days later, the OEEC Council of Ministers decided to set up a working group, known as the Group of Seventeen, to study the establishment of a multilateral system combining the customs union of the Six and the other OEEC Member States. On a proposal from Harold Macmillan, the British Prime Minister, Baron Jean-Charles Snoy et d'Oppuers, the Secretary-General of the Belgian Ministry for Economic Affairs and head of the Belgian delegation to the Intergovernmental Conference on the Common Market and Euratom, led the working group. The British thus hoped to be able to establish a close link between the two European projects and to have direct access to information on the progress of the Val Duchesse negotiations. For London, the free trade area was intended to meet three objectives: giving the United Kingdom a more clearly defined position if the Imperial Preference system with the Commonwealth were maintained, confirming its dominant role in the OEEC, and enabling it to retain influence over the development of European integration through close links between the free trade area and the Common Market. With this formula, the British officials wanted to abolish obstacles to trade between the member countries of the area for industrial products only, while maintaining for each of these countries an individual customs tariff vis-à-vis countries outside the area. However, Spaak feared that the British initiative was just a tactical ploy to delay the relaunch, which he regarded as vitally important, and he refused to view the British plan as an alternative solution. The USA, which actively supported the efforts of the Six, also warned the government in London against any action that would hamper the implementation of the future Common Market.

In January 1957, the special OEEC group presented its report defining the technical scope for creating a free trade area in Europe. On 13 February the OEEC Council of Ministers decided officially to open negotiations to establish a free trade area in Europe 'combining on a multilateral basis the Common Market of the Six and the other member countries of the Organisation'. Peter Thorneycroft, Chancellor of the Exchequer and President-in-Office of the OEEC Council, was responsible for coordinating the work of the specialised working groups and for doing for the free trade area the task that Spaak had carried out at Val Duchesse for the Common Market. On 8 March the OEEC Council began proper negotiations by creating three working groups to look at, respectively, the problems of the free trade area and overall technical issues, agricultural issues, and the problems of the less-developed countries. However, following the signing in Rome on 25 March 1957 of the Treaties establishing the European Economic Community (EEC) and the European Atomic Energy Community (EAEC), the ratification discussions in the parliaments of the six Community Member States, particularly France, slowed down the talks, especially as the Six had to hold discussions among themselves, with the help of the Interim Committee for the Common Market and Euratom, to define a common position before each meeting.

It was not until 13 October 1957, therefore, that the OEEC Council decided to set up a steering committee in the form of an Intergovernmental Committee chaired by Reginald Maudling, the British Government's Paymaster General. Two weeks later, Maudling handed the Seventeen a note recommending the internal dismantling of customs tariffs and the abolition of quotas following the same stages as those in the EEC Treaty. He also proposed to introduce controls on the origin of industrial products in order to counter the risk of deflection of trade. However, the definition of the origin of products, the application of safeguard clauses and the harmonisation of tariffs led to serious clashes between the British and French delegations, particularly when, in March 1958, the French Government put before its EEC partners a new plan which did not go as far as the British plans for a free trade area, but provided for a multilateral association arrangement with the other OEEC member countries. The French authorities, however, occupied from May onwards by the armed uprising in Algiers, dragged their feet. Led by Ambassador Roger Ockrent, the head of the Belgian delegation to the OEEC, the Six nevertheless prepared a joint memorandum on the European Economic Association. But it was not until the end of the Venice conference, also attended, on 20 September 1958, by the EEC Commission, that the Six reached agreement. One month later, the Ockrent Report was put before the OEEC. The negotiations between the Seventeen became bogged down, however, and on 15 November General de Gaulle, French President for the last six months, unilaterally rejected the British plan for a free trade area. One month later the discussions were definitively suspended. The three Benelux countries' attempts at conciliation came to nothing. In spring 1959, seven OEEC member countries reacted to this failure by opening new negotiations with a view to setting up a smaller free trade area themselves that would give them some of the benefits of eliminating customs barriers. On 20 November 1959, the representatives of Austria, Denmark, Norway, Portugal, Switzerland, Sweden and the United Kingdom initialled the European Free Trade Association (EFTA) Treaty in Stockholm.