

Interim report by the British government on the ECSC Treaty (20 April 1951)

Caption: On 20 April 1951, in an internal report, the British government comments on the main provisions of the Treaty establishing the European Coal and Steel Community (ECSC) and analyses their repercussions for the United Kingdom.

Source: The National Archives of the United Kingdom, [s.l.], Kew, Richmond, Surrey, TW9 4DU.

<http://www.nationalarchives.gov.uk/>, Prime Minister's Office: Correspondence and Papers, 1945-1951, PREM 8. Parts I-II: Schuman Plan 1950-1951, PREM 8/1428.

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SECRET

20th April 1951

Cabinet

Working Party on the proposed Franco-German Coal and Steel Authority

The Foreign Ministers of France, Germany, Italy, Belgium, Luxembourg and the Netherlands, signed on the 18th April the Treaty setting up for fifty years a European Coal and Steel Community. The Treaty does not come into effect until ratified by the six countries with the approval of their Parliaments. This may occur before the summer recess of the six Parliaments, but may well take longer. Approval is not certain. While the six Governments are fully committed to it, there are elements of hostile opinion in all countries; in Germany in particular, the Social Democrats on the left and influential interests on the right are opposed to it.

2. This interim report summarises the main features of the Treaty and Interim Provisions (paras.3 to 11) and makes recommendations in the light of a preliminary assessment of the implications of the Treaty for the United Kingdom on two matters on which early Ministerial decisions are necessary, i.e.

(a) the line to be adopted towards M. Schuman's proposal to hold preliminary talks on the question of relationships between the United Kingdom and the Coal and Steel Community, and

(b) the line to be adopted in public statements on the attitude of H.M.G. to the Treaty.

[...]

Implications of the Schuman Treaty for the United Kingdom

12. The full provisions of the Treaty and Interim Provisions have only recently been known, and the Working Party, with the Departments concerned is at present examining the implications for the United Kingdom coal and steel industries. The implications for the United Kingdom depend in part on the general attitude and behaviour of the High Authority and other institutions of the Community, which can vary widely within the framework of the Treaty, and which will themselves largely depend on the degree and conditions of association between the United Kingdom and the Community. In very general terms, the more closely it is associated with the Community, the better the United Kingdom can influence the development of policies along lines which are not prejudicial to us, but the more our freedom of action would be circumscribed.

13. It is convenient to look at the position in the first place on the basis of the United Kingdom being outside the Community without special arrangements with it. The Working Party in its report last June, reached the conclusion that by staying out, the U.K. might suffer some but not intolerable disadvantage over a continuing period. Since then the immediate situation has changed from one of potential surplus into one of continuing shortage.

14. As regards coal, we have a very great interest in the markets of the Schuman countries, but have, in the past, been severely handicapped by the quantitative restrictions imposed by them, and by various unfair practices followed by the Germans and Poles before the war. The Treaty professes liberal principles vis-à-vis third countries as well as within the Community. To the extent that these are followed, the need of association to further our coal interests would be less. But whether it would be possible to secure the removal of restrictions, and the cessation of unfair practices, short of full association with the Community, cannot be reliably assessed. But it is certain that these are objectives of major importance to the long-term interests of the U.K. coal trade. In the short run the creation of the Community can scarcely affect us, in face of the scarcity of U.K. coal, and the transitional safeguards for the interests of the French, Belgian and

Italian coal industries.

15. In regard to steel, the situation has to be examined in the light of the likelihood of a continuing shortage of steel-making raw materials. The Treaty contains provisions regarding the allocation of scrap (presumably to the exclusion of non-members) but the Ministry of Supply have not, however, regarded Germany as a long term source of supply. As regards iron-ore, the small quantities we obtain from North-West France are not, in view of transport factors, likely to be prejudiced. The supplies of ore from French Africa, which are important to us, are outside the control of the High Authority, though under shortage conditions we expect that the French would be under considerable pressure to give some preference to their fellow-members (the Italians have apparently already secured an agreement about supplies of French North African ore). On the other hand we have, or are negotiating, substantial financial interests in certain new schemes in French Africa.

16. More generally, the creation of the Community would be likely to tend to improve the competitive position of the steel industry of the Group, particularly that of Germany. In the longer run, with a growing free market and growing specialisation, costs of production in the Community should fall. But even without this Treaty, the German competitive position is likely to improve, while within the Community the non-German interests are likely to want to keep within bounds the development and improvement of the German industry.

17. Our first reactions are that the creation of the Community does not create a serious threat to the U.K. coal and steel interests even if no arrangements were made for close relationship between the U.K. and the Community, but we think that our long-term interests may well make some form of mutually satisfactory association desirable. Much further careful analysis is needed both of the complex provisions of the Treaty and their detailed bearing on U.K. interests and of the arguments for and against various possible arrangements between the U.K. and the Community. This is in hand.

Negotiations between the U.K. and the Community

18. Apart from the general question of association, discussions between the Community and the U.K. Government will probably take place regarding the U.K. attitude towards the request which Schuman countries will have to make to the Contracting Parties to G.A.T.T. in order to secure a waiver of their obligations under G.A.T.T. which are in conflict with the intentions of the Treaty. Furthermore, the French Government are going to invite the other Governments concerned to discussions regarding the relationship between the Schuman Treaty and the Allied Controls over Germany's heavy industry – see C.P. (51)108 and C.M.(51) 28th Conclusions, Minute 2. These negotiations are outside the scope of this paper.

19. The timing of formal negotiations between the Community and the United Kingdom is governed by Section 14 of the Interim Provisions, which reads:

"Upon establishment of the High Authority, the member states shall undertake negotiations with the governments of third countries, and particularly with the British Government, on over-all economic and commercial relations concerning coal and steel between the Community and such countries. The High Authority, acting upon instructions adopted unanimously by the Council, shall act for the member States as a group in these negotiations. Representatives of the member States may be present at these negotiations."

The participants in the Paris discussions have always taken the line that a close relationship should be established between the Community and the United Kingdom. This point of view has been reaffirmed by the French Foreign Minister and German Federal Chancellor, who have expressed the hope that the U.K. will enter into a special agreement with the six countries. Such an agreement could not of course be made until after the Treaty was ratified.

20. However, some talks could take place in the intervening period before the Treaty is ratified. M. Schuman told the Foreign Secretary last week through the British Ambassador in Paris that he will be ready to hold discussions with H.M.G., if they so desire, before the Plan is submitted to Parliament.

21. The immediate question is whether we should take advantage of M. Schuman's suggestion that there should be preliminary talks. It appears that there is some possibility of talks with the six participant countries at an early stage, and that we shall receive no more formal invitation. Some reply should therefore be given to M. Schuman on the basis of what he has already said.

22. It would be premature, even if our own objective could be clearly defined in the near future, to embark on thorough-going discussions of a Treaty which may not be ratified. It may however be desirable to seek preliminary elucidation on certain specific points, so that we can more easily determine in advance the line to be pursued in formal talks after ratification. Some of these points could conveniently be taken up in other contexts, e.g. the compatibility with G.A.T.T. of sections of the Treaty enabling quantitative instructions to be imposed. Whether or not it would be necessary to embark immediately on preliminary discussions, depends partly on the date at which ratification may be completed in the various Parliaments. There is probably no need for immediate action.

23. From some points of view, it would be advantageous at least to delay any preliminary discussions, so that full time may be given to the examination of the documents now before us. But on the other hand the following considerations should be borne in mind.

(a) By refusing to embark on discussions at an early stage, we might miss the opportunity of keeping in touch with the practical development of the Schuman Plan; but there is not likely to be much in the way of developments before ratification.

(b) The fact of our entering upon even preliminary and non-committal discussions might favourably impress the Socialist Parties in participant countries and so improve the chances of ratification, particularly in the German Parliament. It is however unlikely that any action from our side would be vitally important in this connection.

(c) Participation in discussion might conceivably be misinterpreted as a desire to sabotage or shape the Treaty to our own ends. This is unlikely at the present stage, but equally there is no disadvantage in maintaining our previous attitude of benevolent disinterest.

24. On the whole, therefore, it hardly seems desirable or necessary to embark on immediate preliminary discussions on specific points, though it would be desirable to leave the door open for such discussions later. A further reason for going slow at present is that H.M.G. is already committed to a conference of interested powers on the overlap of jurisdiction between the Schuman plan machinery on the one hand and on the other the existing international control of the German coal and steel industries. At this conference, which is likely to take place soon, it may well be possible to obtain additional light in important aspects of the Schuman Plan.

25. It is therefore recommended that a reply should be given to M. Schuman's invitation on the following lines:

(a) That the text of the Treaty is at present being studied by H.M.G.,

(b) Until such studies are complete, we shall not be in a position to indicate the manner and timing of the discussions we should wish to have with the Community,

(c) We note with pleasure from Section 14 of the Interim provisions that the Community intend to initiate negotiations with us.

Public Attitude by the United Kingdom

26. The general attitude of H.M.G. to the discussions in Paris was made clear in the exchanges with the French Government last May and June, and the Parliamentary debates here in June. It has been maintained in subsequent Parliamentary statements and discussions in the Council of Europe.

27. The main points are:

- (a) that H.M.G. welcomed the French initiative and earnestly hoped that an agreement would be reached;
- (b) that the United Kingdom could not take part in the Paris discussions because of the initial condition imposed of prior acceptance of the setting up of a supra-national authority;
- (c) that we had deliberately refrained from putting forward any counter proposals of our own lest these might delay agreement, and
- (d) that if agreement is reached, we should be most anxious to consider how far we could be associated with any new organisation created by the six Governments and Parliaments.

The latest statement, in a Written Answer to a Question on the 20th March 1951, expressed gratification of the initialing of the Treaty by experts and informed the House that His Majesty's Embassy in Paris had been kept generally informed of the progress of the negotiations.

28. It seems clear that for the present the United Kingdom attitude can be dealt with on the same lines, that is to say

- (a) that H.M.G. welcome the fact that agreement has now been reached, and
- (b) that we are anxious to consider how and how far we could be associated with the proposed organisation.

It is reasonable for the Government to wish to take time to consider the situation created by the signature of the Treaty, and not to give any indication of its attitude to the arrangements or to United Kingdom association with them.

Treasury Chambers, S.W. 1.
20th April, 1951