

The United Kingdom's accession to the EC

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URL: http://www.cvce.eu/obj/the_united_kingdom_s_accession_to_the_ec-en-6a3b2cef-b775-40f0-9256-9b4b1fce09e8.html

Last updated: 01/03/2017



The United Kingdom's accession to the European Communities

Negotiations with the United Kingdom, interrupted in December 1967 following the second French veto, resumed officially on 30 June 1970 in Luxembourg in the wake of the Hague Summit, which, in December 1969, had associated the strengthening of the Community with its enlargement. Parallel diplomatic discussions were conducted with Denmark, Ireland and Norway, whose economies remained closely connected to the British market, particularly under the European Free Trade Association (EFTA). Nevertheless, the negotiations took place in conditions very different from those of 1961 and 1967. Since then, the Community had actually consolidated its position, common policies had proved their worth, and the establishment of the Common Market had entered its final phase. The entire body of Community legislation, which would have to be accepted by the applicant countries, was therefore much more extensive than it had been in 1961.

Negotiations with the United Kingdom

During the first accession negotiations in 1961, the Conservative-led British Government had laid down a number of conditions, since it wanted to preserve the UK's privileged economic and monetary relations with the Commonwealth countries. Labour politicians were equally concerned at the prospect of throwing away the achievements of the Commonwealth for a Europe that was, in their view, largely capitalist. There were also many who feared that they would see the price of Commonwealth imports soar because of the disappearance of the imperial preference system. Senior British politicians were also careful to reassure their partners in the Dominions, who were very worried that they would find themselves henceforth relegated to the second rank of British concerns. For that reason, the Commonwealth Industries Association, a powerful employers' organisation, conducted a vigorous campaign against the British application for accession.

But by the late 1960s, links between the United Kingdom and the Commonwealth had been considerably weakened. Whilst the Commonwealth countries still provided 48 % of British imports and took 49 % of its exports in 1954, by 1972 the UK was importing a mere 19 % of its goods from the Commonwealth, which, moreover, was taking no more than 20 % of British exports. During the same period, the European Community was tending more and more to replace the Commonwealth share of United Kingdom outward investment. In addition, political and strategic links between the UK and the countries of the former British Empire, despite a traditional sentimental attachment, continued to decline during the 1960s.

Accordingly, British negotiators took a more flexible line and, this time, laid down fewer conditions to be met by their future European partners. The United Kingdom's decision to accede to the European Economic Community (EEC) was taken on both economic and political grounds. The British were well aware that, having virtually abandoned the imperial dimension of their foreign policy, it could no longer stand isolated from the Community which was, in contrast, becoming more and more assertive on the international scene. It was also increasingly difficult to reconcile the UK's privileged relationship with the United States with its closer involvement in European affairs. At the same time, the constant economic growth of the Six made the EEC more attractive day by day. For its part, France was now more favourable to British accession to the EEC since it was looking for some way of balancing German power in Europe by relying on British support.

The most hotly debated issues were the United Kingdom's financial contribution to Community resources and its participation in the common agricultural policy (CAP). These problems, which were closely linked, were never properly clarified. As a result, the Thatcher Government would return to them in the late 1980s. By contrast, a definitive solution was found for the other stumbling-blocks, namely West Indian sugar and New Zealand butter. During the summer of 1971, Edward Heath's Government pursued an intensive propaganda campaign in the UK in favour of accession to the Common Market. On 7 July 1971, the Government published *The United Kingdom and the European Communities*, a White Paper which reviewed the advantages of British accession to the EEC on a point-by-point basis.

The British financial contribution

The problem of the British financial contribution was by far the most difficult issue to resolve. Following the decision taken by the Six to finance the Community budget by own resources, there was a danger that the United Kingdom's bill would indeed be extremely large. Furthermore, France called on the UK to pay its entire contribution — that is to say, almost one fifth of the entire budget — as soon as it joined the European Economic Community (EEC). A compromise solution was needed.

According to Community financing rules, in particular applying the principles of Community preference and those underpinning the establishment of the internal market, the United Kingdom had to pay substantial sums to the EEC in agricultural levies. As the UK imported most of its food products from non-Community countries at prices lower than Community prices, the levies were very high. On the other hand, as the British agricultural sector was becoming less and less important to the national economy, the financial return from the European Agriculture Guidance and Guarantee Fund (EAGGF) was small.

Moreover, depending on the region involved, British agriculture was either extremely efficient and productive at very competitive prices, or very weak and in need of support by direct subsidy in the form of deficiency payments. That system was specifically prohibited by the common agricultural policy (CAP), which preferred a system of levies and refunds.

Feeling somewhat cheated by the Community's financing method and the absence of a 'fair return', the United Kingdom did its utmost to secure a reduction in its contribution. However, the Six were only prepared to offer a longer transitional period, and the political climate became strained. The meeting held on 20 and 21 May 1971 between the French President, Georges Pompidou, and the British Prime Minister, Edward Heath, resulted in an overall improvement in relations and a shared conviction to reach a successful conclusion to the current negotiations. In the following months, London accepted the system of Community preferences and agreed to a contribution to the financing of the EEC budget that would gradually be increased until it accounted for 19 % of the total Community budget.

The international role of the pound sterling

One significant point of discord was the international role of the pound sterling. The Commission made a point of drawing the attention of the negotiators to this question. France called on the United Kingdom to abolish the pound sterling as an international reserve currency in the medium term. The UK did indeed have strong monetary links with the Commonwealth countries in the sterling area. Secondly, the Six had no desire to make an indefinite commitment to support the pound, which had been weakened over a long period of time by the chronic deficit in the British balance of payments. Those deficits were also a result of an ongoing imbalance between British revenue and expenditure, as well as the UK's large foreign debt. By increasing their holdings in dollars and their balances with the IMF, the countries of the European Community were in effect financing a major part of the financial aid which the UK was receiving from foreign central banks and the International Monetary Fund (IMF).

However, on 21 May 1971, talks between the British Prime Minister, Edward Heath, and the French President, Georges Pompidou, broke the deadlock.

A compromise was ultimately reached on the role of the pound and on the level and evolution of the British contribution. However, the text adopted included certain ambiguities, which would allow the British to return to the subject of their contribution in the late 1980s.

Relations with members of the Commonwealth

Exports of sugar from the West Indies and butter from New Zealand were significant stumbling-blocks in the negotiations between the United Kingdom and the European Economic Community (EEC).

As regards Caribbean sugar, the UK accepted a moral commitment, to be formalised in agreements between the Community and the countries of the Commonwealth, which would agree to sign up to the second Yaoundé Convention that entered into force on 1 January 1971.

On 23 June 1971, a compromise was also reached on imports of New Zealand butter. For New Zealand, an agricultural country situated on the other side of the world, the United Kingdom was an essential market for exports of butter. Eventually, the Community granted the United Kingdom a special regime and a suitable transitional period to help it conform to Community rules.

The United Kingdom's accession

In the United Kingdom, the House of Commons approved accession to the European Economic Community (EEC) on 28 October 1971 in a vote described as historic. Despite divisions within the political parties, the 'yes' vote carried the day.

On 22 January 1972, in Brussels, the United Kingdom signed the Accession Treaty. On 13 July 1972, the House of Commons once again declared itself in favour of accession. On 20 September 1972, the House of Lords followed suit. On 6 October, the Queen gave the Royal Assent to the accession of the United Kingdom to the European Community, which came into effect on 1 January 1973.

The British call for renegotiation

The victory of the Labour Party in the British general election of February 1974 caused some concern amongst the founder members of the European Economic Community (EEC). Labour's Harold Wilson had himself sought British accession to the EEC in 1967, when he was Prime Minister. A member of the Opposition since 1970, he severely criticised the compromises accepted by his successor, the Conservative, Edward Heath, when the Treaty of Accession was ratified in 1972.

In February 1974, Wilson returned to power. He immediately called into question the terms for the United Kingdom's accession to the EEC. His Foreign Secretary, James Callaghan, right from his initial address to the Council of Ministers on 1 April 1974, called for a fundamental renegotiation of the terms laid down in the treaties of accession negotiated by the Conservative delegates.

Although the new British Government did not challenge the principle of British accession itself, it nonetheless hoped to obtain improvements and amendments if the United Kingdom were to remain within the Community. In particular, it wanted to obtain an extension to the preferential terms agreed with regard to the transitional period, the purpose of which was to allow the entry of Caribbean sugar and New Zealand butter into the United Kingdom.

The British also demanded a reduction in the contribution to the Community budget and the renewal of direct subsidies, or deficiency payments, to small farmers in the poorest regions. Cornered by the left wing of his party, Harold Wilson finally had to accept a referendum on the principle of British accession to the EEC following a renegotiation of the terms of accession.

The United Kingdom's partners in Europe, in spite of French reservations, showed themselves ready to make certain concessions to the United Kingdom in order to avoid a victory for the opponents of European integration, an outcome which would have been damaging to the entire unification process. At the Paris Summit, held on 9 and 10 December 1974, Wilson obtained satisfaction with the creation of a European Regional Development Fund, which would be of great benefit to the UK, and with the prospect of obtaining a correction mechanism for the country's budgetary contribution. The correction mechanism was approved at the Dublin European Council held on 10 and 11 March 1975.

On 27 March 1975, the Wilson Government, which recommended the electorate to approve the results of the renegotiation, published a new White Paper, calling for continued British membership of the Community. An intense campaign to influence public opinion then began. Movements such as Britain in Europe (BIE), which supported continued membership of the EEC, vied with the National Referendum Campaign (NRC), which fostered a nostalgic view of the Empire. When the national referendum was held on 5 June 1975, supporters of European unification succeeded in convincing a majority of the British to approve continued membership of the EEC, with 67.2 % of the electorate voting in favour.