

the fears of important sections of French industry that they would be unable to meet the greatly increased foreign competition which would result from the simultaneous implementation of the Treaty of Rome and a free trade area convention. Moreover, in a special protocol to the Treaty of Rome, France had secured certain concessions from its partners intended to allow an additional time for adjustment to conditions of intensified competition that was needed by the country's wage and price structure. This, for a variety of reasons (including the continued heavy drain caused by the political situation in Indochina and subsequently in Algeria) had become seriously distorted. Without any such safeguard, the impact of the free trade area, in view of the inflationary situation existing in France, could, it was believed, have serious consequences for French industry.

It was for these reasons that the impasse which developed in the free trade area negotiations in 1958 was often regarded as being primarily a crisis between France and the United Kingdom. In fact, however, the other members of the EEC were not prepared to proceed with the negotiations unless France was able to go along. During October, the Maudling Committee discussed a memorandum of October 20 from the European Economic Community, re-affirming its determination to associate with itself on a multilateral basis the other members of the OEEC in a European Economic Association to come into force on January 1, 1959. It did not prove possible at these meetings to reach final decisions on the major issues and a further session of the Maudling Committee was convened for November 13-14. On November 14, the announcement was made to the Press on behalf of the French Government that it did not seem possible for them to establish the free trade area as it had been proposed, and that they were looking for a new solution. In these circumstances, the negotiations were suspended and have not since been resumed. The search for a compromise solution has not however been dropped and on January 30, the United Kingdom Government issued a command paper which ends with the following words:

Her Majesty's Government are firmly convinced of the over-riding importance for the future of Europe of finding a multilateral solution which will provide for freedom of trade including the removal of tariffs and quantitative restrictions among all members of the OEEC. The outstanding points are indeed of considerable significance. But Her Majesty's Government do not believe that they are incapable of solution by further negotiation in an atmosphere of common determination to succeed and agreement on the ultimate objective.

When during the negotiations, it had become more and more unlikely that a permanent treaty of association could be worked out to take effect on January 1, 1959, attention began to be concentrated on finding a so-called "interim arrangement" by which the members of the EEC could implement their obligations towards one another under the Treaty of Rome, without simultaneously discriminating against their other partners in the OEEC. An agreed solution was not found, but instead the countries of the EEC decided unilaterally to extend to the other members of the OEEC the benefit of the 10 per cent tariff cuts that became effective on January 1, and to make certain concessions on quantitative import restrictions which however fell short of those effective among the members of the Community themselves. In the light of their obligations under the General Agreement on Tariffs and Trade, the members of the EEC were required to extend the tariff cuts to all GATT members and they accordingly did so.