

A split of this kind in Western Europe would, moreover, seriously impair political co-operation.

It was for these reasons that the OEEC Council in July 1956 decided to study the feasibility of an association between the Six and the Eleven "on a multilateral basis". In January 1957, the working party which had been entrusted with the task, reported that it was technically possible to operate a free trade area in Europe which would include the customs and economic union of the Six. The difference between the suggested free trade area and the Customs Union would be that the members of the former who did not join the EEC would retain their separate tariffs vis-a-vis the outside world. The form of organization contemplated was also somewhat looser and lacked the supranational characteristics of the EEC. In February 1957, the United Kingdom Government brought before the OEEC Council a memorandum suggesting a plan for an industrial free trade area: one which would not include agricultural products. The Treaty of Rome had, as already mentioned, dealt with agricultural products by a special procedure and it was generally recognized that this sector was difficult to deal with on the same basis as the other. The United Kingdom particularly was not prepared to accept the inclusion of agricultural products in a free trade area, because it was in this group of commodities that most Commonwealth preferences were to be found. By agreeing to free trade with its European partners, the United Kingdom would destroy the margin of preference enjoyed in its markets by the other countries of the Commonwealth.

Though work continued fairly steadily in the OEEC, and though many useful technical studies were produced, it proved difficult to reconcile the opposing views and interests. In October 1957, there was established an Inter-Governmental Negotiating Committee, under the Chairmanship of Mr. Reginald Maudling, Paymaster General of the United Kingdom, which was to press the negotiations as rapidly as possible, so that the first step in the removal of tariffs and quotas by the free trade area countries could be taken on January 1, 1959, simultaneously with the first measures to reduce tariffs and quantitative restrictions in the European Economic Community. If this could be achieved, it would greatly simplify the future development in parallel of the two associations and would also avoid the creation of "discrimination" between the two groups: a situation in which the Six would apply more favourable trading regulations among themselves than vis-a-vis the other members of the OEEC.

Inter-Governmental Negotiating Committee

There were many technical complexities in the negotiations carried on between July 1956 and December 1958, but the basic difficulties really boiled down to three. The first was the exclusion of agriculture and fisheries from the original United Kingdom proposals for an industrial free trade area which created difficulties for countries like Denmark, Iceland and Norway, whose export trade was heavily dependent on these products. The countries of the EEC were also unwilling to leave agriculture altogether outside and several new sets of proposals were therefore made, by the United Kingdom, Switzerland, the EEC and the Scandinavian countries, which would have provided in varying degrees for closer co-operation and consultation in this sector, but all of which stopped short of suggesting that agricultural and fisheries products should be treated exactly like industrial goods.