

Statement  
introducing the Commission's  
Report on the Negotiations with  
the United Kingdom

made before the  
European Parliament

by

Professor Dr. Walter Hallstein,  
President of the Commission of the  
European Economic Community

Strasbourg  
27 March 1963

On 6 February this year, at the end of a debate whose urgency and variety are still very much in our minds, this House adopted two resolutions. The first expresses the opinion of the House on the factual situation in which the negotiations for United Kingdom membership of the European Economic Community were interrupted. The resolution provides an assessment of the event from the political angle, placing it against the general background of European integration. After examining the situation in the light of the policy which it had consistently followed, the European Parliament drew the first conclusions on the line to be followed by our Community.

The second resolution runs as follows:

"The European Parliament

invites the European Commission to report to it on the state of the negotiations between Great Britain and the six countries of the Common Market on 29 January 1963.

In this report the European Commission will set out both the results already obtained and the problems still outstanding and will give its opinion on the latter.

The report is to be submitted to the European Parliament within three weeks and will be discussed by the Parliament at its March session."

The Commission complied with this request and transmitted the Report to the European Parliament on 26 February. It is now before the House.

II

As I have the honour of introducing this Report, perhaps I should begin by reminding you just how much time the Commission had to compile it. After the close of the session at which you adopted the resolution calling for a Report, the Commission had first of all to decide on its scale, character and purpose. This was done as soon as the Commission returned to Brussels. The necessary instructions for the preparation of drafts were given. A start had already been made in collecting material. Exactly a week and a half later the Commission got down to discussing in detail the formulation of the Report, and this lasted for several meetings. On 26 February the final version was approved and on 28 February the covering letter signed. This enabled us to keep within the time-limit set by the Parliament, but at the same time it meant that we had little more than ten days (and nights) for the actual work of writing the Report.

III

The first question that arose during the preparation of the Report - what points should be included - was easy to answer. The Commission restricted itself to the Parliament's request for a report on the state of negotiations on 29 January. So it did not go into the general content of the Treaty of Rome and the Community regulations which spring from it. It ignored everything which had neither come up in the negotiations nor been put forward by either side as a subject for subsequent discussion. The fact that in the selection of these matters the wishes and desires of the British Delegation were chiefly, though not exclusively, decisive is no

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accident but is in the nature of things. Essentially, a new member joining the Community must accept the Treaty of Rome and its implementing legislation as they stand. How much of all this needs to be changed, how much must be left out or added in framing the terms of accession, terms which in the words of Article 237 constitute the requisite adaptation of the Treaty, is of course first and foremost a matter for the State applying for membership. So it is only natural that our Report, too, reflects what was already discernible when I spoke on 5 February - the fact that the negotiations revolve essentially around the problems of the Commonwealth, of British farming and of Britain belonging to the European Free Trade Association.

IV

In its presentation of these problems the Commission has again followed the order in which they arose during the negotiations - just as was done in the picture I gave you orally on 5 February. This appeared to us to be the natural sequence and the one which gave the most lively picture of the way in which the discussions developed during the Conference. The Report therefore deals in turn with:

1. General questions relating to the Common Customs Tariff;
2. Commonwealth problems, which cover
  - a) the "white" countries of the Commonwealth: Canada, Australia and New Zealand;
  - b) India, Pakistan, Ceylon and Hong Kong;
  - c) the problems involved in associating the dependent territories in the Commonwealth and the African and West Indian countries;
  - d) the other Commonwealth countries;
  - e) States not belonging to the Commonwealth but enjoying Commonwealth preference;
  - f) problems connected with the Commonwealth and Commonwealth preference (the difference in timing, or décalage, and the preferences granted by the Commonwealth countries to Great Britain;
  - g) Commonwealth agricultural exports;
3. British agriculture;

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4. The special problem of the financial regulation as part of the common agricultural policy;
5. Economic union;
6. The problems presented by the interests of other European countries, particularly the members of the European Free Trade Association;
7. Legal, financial and institutional questions.

V

On the statements contained in the Report - the material side of the document - I can be brief.

This is because all I could say by way of introducing this Report to the House has already been said when I spoke to you at the beginning of the debate on 5 February. The statement I made when I had the honour of addressing this House on that occasion - a statement which expressed the unanimous opinion of the Commission and which gained the approval of the House - was not merely an outline, reduced of course to the barest essentials, of the cause and results of the negotiations in their various phases; it contained an assessment of the outlook for the negotiations when the Conference was interrupted. It also sketched the Commission's role in the Conference - as intended by the six Governments and as it worked out in practice. It was the duty of the Commission to give its opinion on the causes leading to the suspension of the Conference, and my statement contained that opinion.

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The Commission has not changed its views. In preparing this Report it has endeavoured to supplement the statement of 5 February as fully and as carefully as possible with details, to go more exactly into points which at the time could only be hinted at, and to explain further what I said then. The Commission has sought to present an accurate, complete and detailed picture of the course of the negotiations, of the results obtained and of the failure to obtain results.

The European Parliament, however, wanted the Commission to go beyond this descriptive picture and to give its views on the problems left outstanding. Here too the Commission has sought to meet the wishes expressed by the Parliament. The result is that an expression of opinion occurs at many points in the Report.

In formulating these opinions the Commission was conscious that it had been given some degree of latitude. It must be said that this latitude has been very broadly interpreted - here the Commission believes it has acted in accordance with the intentions of the Parliament. We very much hope it will not be felt that we have gone too far. In any case, we have not felt ourselves tied to the lower limit. It seemed to us that the least that the Parliament expected of us when it asked for opinions was an assessment of the difficulties inherent in the problems that had not been solved. For one of the motives, indeed a major motive

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behind the mandate given us, was the desire of the Parliament to obtain a clearer picture of the situation and see whether the outlook was good or bad at the moment when the Conference on the accession of Great Britain was interrupted. The upper limit was the point at which the Commission, by giving what it considered to be a possible solution, would have moved into the sphere of speculation. That would have been the case if we had sought to answer the question: "What solution could have been agreed upon by the seven Governments if the negotiations had not been suspended?" We did not consider that we were called upon to produce a phantasia of this sort.

Instead, the Commission has stuck firmly to the line laid down for it by the part it had to play in the negotiations. I described this part on 5 February and I hope that the House will find that what I had to say then has been confirmed by our written Report. It was in line with what the Commission was doing that during the Conference we were able to prepare and submit all but one of the compromise proposals which eventually led to partial agreements. As a rule, these agreements conformed with our proposals or, after certain changes had been made, were still so similar that it is no exaggeration to say that they were based on our proposals. This was no doubt so because the Commission endeavoured to make proposals which were correct in substance and which from the tactical angle had a good chance of being accepted. Its first care, in accordance with its

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constitutional responsibilities, had to be to ensure that the solutions suggested were in line with the Treaty and the other legal rules of the Community and that they should promote the further development of the Community, not undermine it. At the same time our proposals had to take into account the difficulties facing the candidate for membership in its effort to adapt itself to the Community - and, as the Report shows, these were considerable. Finally we had to take into account - and the need to do so was particularly evident, as it had been the unanimous wish of the Governments that the negotiations should be in the form of a multilateral conference - the individual interests of the existing Member States as expressed at the Conference by the six delegations. In practice therefore the discussion of a given problem never began with a proposal by the Commission, but our proposals were made after the relevant factors and the interests of the various countries had been sufficiently aired for the proposals to be framed with good chances of success, since they made due allowance for all the points of view that had been put forward. This means that deductions from the position reached in the negotiations on 29 January will still not give us a reliable picture of the trend of the solutions.

In view of this, the Commission began by putting into its Report the proposals and suggestions it had made during the Conference, either at meetings of the Seven or in the discussions at which the Six co-ordinated their views. The Report gives full details and describes what happened to the various suggestions in the subsequent discussions.

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In addition, wherever the Commission felt that the Conference was clearly on the road to agreement, the Commission points this out, even if agreement was not actually reached, and gives its opinion on the value of the solution being aimed at.

Nor has the Commission hesitated to suggest the direction in which a solution might be found, even when such a solution was not yet to hand; it has at least indicated the criteria that should be followed if a solution consonant with the Treaty and its implementing regulations is to be found.

In so doing, we hope we have found the happy mean in the dilemma confronting us - the dilemma between giving too much or too little of our own opinion on the state of negotiations and the possibilities they offered.

## VI

To sum up, I may define our purpose in this Report in the following words : we have aspired to be strictly objective. We started out with no preconceived ideas about the situation, and we had no tactical aim in view when drawing up the Report. We believe that in this way we are serving both historical truth and the requirements of the situation, that is, the need to do whatever can in the circumstances of today make the best contribution to the development of the Community and the solution of outstanding problems. We cannot of course hold up either the development of the Community or the settlement of our relations with the outside world until the day when, as we suppose, the United Kingdom will have become a member of the Community. Even under changed circumstances, the tasks before us still remain, and we must approach them with a clear mind and with confidence. We cannot allow ourselves to be bogged down in disappointment and resignation. That would be giving up any policy at all and would be the end of us. No, we must fix our eyes resolutely on the future.

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Allow me, then, to close this introduction to our Report on past events with a word on the immediate future. Despite all the caution still demanded by the situation, more can be said today than was possible on 5 February. The positions of those directly and indirectly concerned, particularly our member Governments, are more clearly visible.

I shall begin with the Community's external relations, and I beg your indulgence if whatever I say should impinge on the debate on the excellent report submitted by M. Blaisse on behalf of the Foreign Trade Committee of this House.

## VII

First, Britain. We do not know when the negotiations will be resumed. So there is surely no objection to our probing the possibility of intermediate solutions and trying to work them out as far as possible. But quick results are hardly to be expected. This is particularly true of the association formula, as far as it has any specific content. The British reaction is one of reserve. The Americans have never thought much of the idea of a free trade area, which to them means trade discrimination without compensating political advantages, and they are sceptical about a partial customs union. In the Community, too, there is some hesitation about a customs union which excludes agriculture. Furthermore, each of these types of association would require lengthy negotiations. There remain procedural expedients of the type used in the association between Great Britain and the European Coal and Steel Community. It is also possible, without making formal arrangements, at least to intensify diplomatic contacts as part of the slowly evolving common commercial policy, particularly the contacts between the Community itself and the United Kingdom. This would at least keep the ball rolling and do something towards preparing future action. On the

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psychological plane we obviously all want to prevent any estrangement between Great Britain and ourselves, and on the material side to avoid any unnecessary increase in the gap which separates us economically, without of course going as far as providing for a veto. This calls for continuous mutual effort, which in turn is only possible if there is permanent contact.

#### VIII

Far more important than the individual case of Britain, however, is the point I made on 5 February - and I hope that this too has been confirmed by our Report. I said that we were coming out of the negotiations with a more lively awareness of the way in which our Community is woven into the warp and woof of international relations, with a deeper knowledge of the problems that this raises, and with a greater sense of the urgency of the topics being discussed. Consequently, the problems which it seemed it would be possible to solve as part of the United Kingdom negotiations, or in connection with them, have not ceased to exist because the negotiations have been suspended - except in a few special cases concerned with Britain's membership. What is required of the Community has therefore not grown less, it has only changed.

This applies for a start to a large part of the underdeveloped world. Solutions for the African countries of the Commonwealth were beginning to be visible and a particularly interesting kind of solution had been reached for countries as important as India and Pakistan. These solutions were in part the result of the peculiarly British problem; they were necessary because Britain's membership would have spelled the end of Commonwealth preference. But they were also due to another factor - the external impact of the Community.

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So we must now examine, precisely and with reference to specific problems, but much benefit can be drawn from all the experience we have gained. In doing so we shall have to take into account both the fact that many problems change their character when we take them out of the context of the British negotiations, as we are now doing, and also the fact that the scale of the problems changes with the change of context. For it may well be asked whether the solutions that must now be sought can be limited to Commonwealth countries. All this is an important part of commercial policy, of a modern and dynamic commercial policy that can no longer be defined as narrowly and conservatively as before. Just as the laissez-faire of the nineteenth century evolved into the complex forms of modern economic and social policy, our classical trade policy is now turning into a comprehensive system regulating the activity of a civilized and free world conscious of its interdependence.

IX.

Basically the position is much the same with regard to our European neighbours. The first result of the suspension of the United Kingdom negotiations was to put an end to the discussions with these countries also.

Does this raise an immediate problem in the light of the continued progress being made by our customs union? No general answer can be given to this question. It depends on the individual situation, on the geographical conditions, on the competitiveness of these European neighbours, it depends which are the main economic sectors concerned and how far they depend in their foreign trade on the EEC. We should not - and the Blaisse Report hints at this problem - rule out the possibility that in a given case, should really serious economic reasons make it necessary, use should be made of special methods and solutions which might be quite unorthodox and should consequently not be looked upon as a precedent.

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Only one thing can be said in general: the problems of our European neighbours, like those of Great Britain, must for the present be looked on in a wider setting which includes the United States and other industrialized countries such as Canada and Japan. In this setting the general trend is towards increased tariff liberalization. But this is just the policy which is most likely to ease the commercial difficulties separating us from our European friends, to take the sting out of them and possibly to bring a lasting solution nearer, even if it cannot be a substitute for such a solution.

X

There is therefore nothing artificial or far-fetched in this line of thought when it is carried logically through to the next major round of tariff negotiations, the Kennedy Round on the basis of the Trade Expansion Act. For the Community these negotiations will fulfil three purposes.

They will provide a means of taking the sting out of a number of specific problems and of providing at least a partial solution to them; at present these problems cannot, owing to the suspension of the negotiations on United Kingdom membership, be solved in any other manner.

They will be an essential factor in building a bipartite Atlantic partnership which lacks nothing but European integration, with the closest economic interdependence, in order to gain the stability which alone can assure the safety of the free world. Its importance points to something beyond the economic sphere: for it is becoming steadily clearer that all and sundry that the second element in our Atlantic relationship, that of a joint defence, is most closely bound up with the economic element; politically the two elements are merely the obverse and reverse of the same medal.

The third purpose which this round of tariff negotiations will serve for the Community is that it will be an exceptionally important factor in the shaping of the Community itself. In these negotiations we must of course maintain and defend our individuality, but at the same time it is just by means of these negotiations that we will be able to round off our individuality. The Community must establish its image in the world as an economic and trading partner in the broadest sense of the word and show that it has the qualities

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which the Treaty seeks to give it, showing a sense of responsibility, thinking in world-wide terms and acting in liberal fashion. The Community has always resisted attempts to dissolve it in larger units, like sugar in tea. It intends that in the future too it shall be recognized as a partner in its own right and treated as such, not as someone who has as it were to apologize for existing. From the preparations which are now moving ahead rapidly it has become evident that the negotiations will raise difficult problems of substance on both sides. On my last visits to America I have often been asked in anxious tones whether the coming negotiations between the United States and the European Community are going to be "hard". My regular answer was : "If I know the American negotiators, they will !". Any negotiation of this sort is of course a matter of give and take. It is not without reason that ample time has been allowed for them; to expect too much too quickly would endanger everything.

This makes it all the more important that the negotiations should be conducted in the right frame of mind and on a constructive basis. As far as the Community is concerned, this is provided by our constitution, by the Treaty of Rome, in its preamble, in Article 18, and in Article 110, which lays down that the aim of our common commercial policy shall be "the harmonious development of world trade, the progressive abolition of restrictions on international exchanges and the lowering of customs barriers".

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XI

This is a rough outline of the situation we are left with now that the negotiations have been interrupted, or, to put it more correctly, of a situation that has become if possible even clearer than before because of the interruption. But does the situation of our Community allow us to approach the tasks before us, tasks which are as urgent as they are extensive? Have we the requisite degree of unity? Is the readiness to tackle the tasks widespread enough? Or are we in a cul-de-sac in which no movement is possible? We cannot blame anyone who wishes to ask such questions. But history will not pause over these. History makes its demands, and we cannot dodge them. But now people are also saying that no progress in external matters - or, to put it another way, no mastery of the external problems from which we cannot escape - is possible till progress has been made within the Community. This is correct in two respects, but at the same time it is formulated too one-sidedly.

Firstly, it is correct to the extent that there must be a strong Community before we can make great advances in the shaping of our commercial policy or, to put it more generally, of our relations with the world around us; and we can have a strong Community only if we have a dynamic Community. Secondly, the premise is correct in so far as the problems facing us without and within are in every case the expression of certain interests. But these interests must be considered, taken into account and dealt with as a whole; they cannot be isolated arbitrarily, otherwise tension arises and leads finally to complete paralysis.

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But this also shows the extent to which this premise is formulated too one-sidedly. If we may say that external progress depends on progress at home, then it can be said with equal justice that progress at home depends on external progress. Similarly, business affairs at home and business relations abroad are matters which affect the real interests both of the individual and of the group. Consequently, any point of view based on individual circumstances is false. What is necessary is a composite view taking in all aspects of the picture and doing justice to all interests. So we shall have to treat our manifold tasks as one whole - certainly in generous rather than in niggardly fashion, certainly in pragmatic manner rather than with the eyes of the idealist - but definitely as a single package. To do so is certainly legitimate. In so close-knit an organization as a Community, too, the confrontation and adjustment of interests is admissible; it is even necessary - provided that behind this exercise there is the will to strengthen the organization and promote its development. At the same time the Commission, drawing its inspiration from the Action Programme to which your Resolution of 6 February makes specific reference, will not evade the huge, difficult and responsible task of helping to frame such a comprehensive policy, any more than it evaded a similar task which is still fresh in our memories - that of linking the transition to the second phase of the transitional period with the shaping of certain policies which the Treaty did not automatically link with the decision taken under Article 8.

What exactly this means can already be partially recognized: the draft decisions that have been submitted to the Council and the preparations for general international negotiations in the economic sphere indicate the lines along which internal differences will have to be resolved. It will be our task to give a positive slant to any inclination to impose conditions or block progress and so to ensure that events follow a constructive course.

XII

This too makes it clear that we need a Community resting on strong institutions imbued with growing self-assurance because they realize that they have to perform specific tasks which can be fulfilled by no one else, institutions alive to their responsibility for solving these problems and resolved to act in a manner befitting their responsibility. The constitutional set-up of our Community is not an instrument serving the particularist policies of the Member States but the instrument of the Community's own policy as laid down in the Treaty. If we look back on the five years which have provided such an unprecedented test of our Community, in which we have seen the growth of enormous vested interests that underpin this Community, we are tempted to believe that its constitutional set-up is such that it will be able to stand up, in the future as in the past, to any strains imposed upon it.

Of course, if we measure the available instruments against our final purpose - the political unification of Europe - much remains to be desired: the European Parliament's position must be strengthened by means of direct elections and by increasing its share in Community legislation and its powers of supervision; there must be a rationalization of the three European Communities through the merging of their Executives; the process of integration, which up to now has only included economic and social policy in the Member States, must

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be extended to other spheres - particularly non-economic foreign affairs and defence. The Commission has made its basic position in all these matters clear from the start, and there is no need to repeat the arguments on which this position is based. We regard strengthening Parliament's role as the most essential point of constitutional progress; we regard the merger of the Executives as a matter of common sense; and we regard the unification of those spheres known as pure policy - in a form that does not affect the existence, working and momentum of what has been achieved - as a necessary extension of economic and social integration; economic union leads by its own logic to full political union. Nor should we forget that the internal strengthening of the Community contributes to its geographical enlargement.

In view of the peculiarities of the current situation, however, a further consideration comes to mind. It is not sufficient simply to develop a procedure which has no internal dynamism and embodies no Community interest as distinct from individual interests. I repeat that we and the European Parliament have often said when certain variants of what is known as "Political Union" have been under discussion: this would be a retrograde step. Nor would it be acceptable if an attempt were made to superimpose on the constitution of our Community, or to undermine or supplant that constitution by introducing, a political structure based on ideas other than those which

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have been observed in our Community life for twelve years and by virtue of which the Member States have all been prepared to gain joint progress at the price of renouncing individual interests. This must be the criterion by which we judge any arrangement that channels the problems of common interest dealt with in our institutions into special forms of preliminary examination and cause them to be dealt with by special procedures which differ from those we are now using.

XIII

This brings me to a question that was put in this House during the debate on 5 February and has since been repeatedly put to us - the question of our attitude to the Franco-German treaty of 22 January.

We are as aware as anyone else of the significance of the basic political fact that is to be re-affirmed by this treaty - the Franco-German reconciliation inaugurated by Robert Schuman and Konrad Adenauer. This fact is not only an immeasurable contribution to peace in Europe and throughout the world; there is also no doubt that without it any attempt to achieve complete, lasting unity in Europe would be in vain. Furthermore, we have no reason to see in the unfortunate coincidence of the conclusion of the treaty with the interruption of the British negotiations - a coincidence that has had considerable influence on people's reaction to the treaty - any trace of an agreed plan directed against the geographical enlargement of our Community and against its constitutional development. But the scope of this treaty extends specifically to matters relating to the European Communities. The consultation to which the contracting parties bind themselves "on all important questions of foreign policy... with a view to reaching as far as possible an analogous position" also covers "problems relating to the European Communities", "East-West relations both on the political and economic planes", and "matters dealt with within ... the various international organizations". Each country also intends to examine its own development programme in the light of the corresponding programme drawn up by its partner,

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and to study the possibility of undertaking joint projects. The treaty also lays down that "within the framework of the Common Market" there shall be reinforcement of co-operation "in other important sectors of economic policy, such as agricultural and forestry policy, energy policy, communications and transport matters and industrial development, and export credit policy". Each of the inter-departmental commissions in Paris and Bonn is also required to stimulate the extension of the programme to new fields. On the organizational level, provision is made not only for regular meetings of the Heads of State and Government, of the Foreign Ministers and of Foreign Ministry officials, but also for all necessary contacts between the two countries' permanent representatives at international organizations (which will include the Communities).

The Commission, which is specifically charged with the guardianship of the Treaty of Rome, believes that these circumstances require it to make the following observations (and I would state that the Commission has examined the content of the Franco-German treaty entirely without prejudice and has obviously not imputed to either signatory any intention to act in contravention of its Community obligations). The criterion of the Commission's judgment is not any formal, legalistic one - indeed it considers in any case that the heart of the matter is political - but rather the "philosophy" of the Treaty itself - the interest in a Community whose substance and dynamic force is unimpaired, in other words in the assured and unrestricted execution of the substantive content of the Treaty and in the smooth and fully effective functioning of the Community's constitutional set-up.

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It is with this sort of consideration in mind that the Commission must ask whether the material conditions for the co-operation of those forces to which our Treaty confides Community policy may not be changed by the application of the consultation procedure set up by the Franco-German treaty in a manner not consonant with the spirit of the Treaty of Rome. The Council in particular is of course not a diplomatic conference in which a consensus among the agreed positions of the various delegations is reached by additions and subtractions: it is the legislative organ of the Community where, in discussion among the members and a continual dialogue with the Commission, reasons and counter-reasons are weighed and a balance is sought between individual interests and the Community interest. Compulsory prior consultation between two member Governments - with the purpose, as the Franco-German treaty puts it, of reaching as far as possible analogous positions - introduces into this balanced Community process a new element that is foreign to the Treaty - especially if extraneous arguments (by which I mean arguments unconnected with Community affairs) have been thrown into the scales of bilateral compromise. I repeat: these are developments that may derive from the nature of the matter and do not imply any ill will in those participating. One need only imagine a treaty of this kind being concluded among all six Member States of the Community to see immediately that conformity with the Treaty of Rome could then only be achieved by transferring all consultation on Community affairs to the Community organs themselves. This need not be taken so far as to insinuate - and this certainly cannot be deduced from the past attitude of the two Governments - that consultation might grow into a systematic pooling of votes - a combine between two partners whose co-ordinated votes could make it impossible to reach a qualified majority in the Council.

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