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Political, economic and social aspects of the Free Trade Area

Motion for a recommendation
tabled by Mr John HAY, Marquess of George J. LANSDOWNE, Mr Marinus van der GOES - van NATERS

The Assembly,

Noting that the Treaty establishing the European Economic Community came into force on 1st January 1958, and having examined its political implications ;

Recalling that it has expressed its conviction that the creation of a Free Trade Area including the European Economic Community was essential to the development of a unified European economy (Recommendation 152 of 29th October 1957) ;

Noting the progress made in the negotiations in the Intergovernmental Committee of the 0. E. E. C. for a Free Trade Area, and that provisional solutions to a number of important problems appear to have been reached already ;

Noting that a solution to the problem of trade in agricultural and fishery products is being sought on the basis of a draft Agreement directed to the expansion of such trade and the co-ordination of policies, to be linked to a Free Trade Area Convention as suggested by the Assembly in paragraph 9 of its Recommendation 152;

Expressing its appreciation of the fact that the views of the Assembly as set out in its Recommendation 152 have been forwarded by the Committee of Ministers to the Council of the 0. E. E. C, and have been taken account of by the Intergovernmental Committee ;

Noting that alternative proposals, designed to solve the overall problem of associating States which are not members of the European Economic Community with the Common Market, have recently been made by the Government of France, and are at present under discussion in the E. E. C. ; and also that suggestions have been made by the Government of Italy to minimise thè problems of deflection of trade

Considering that, despite the absence of detailed information concerning these proposals, enough is known to permit the Assembly to offer general observations upon the problems which have prompted those proposals and suggestions ;

Believing :

that no serious disequilibrium as between rights and obligations to be undertaken by Member States is inherent in the conception of a Free Trade Area to such an extent as to render participation by any Member economically dangerous or hazardous to that country, provided that appropriate measures are taken and sufficient time margins allowed to reduce the effects of any such disequihbrium ;

that problems of harmonisation of social charges and other factors affecting costs and prices of goods to be traded in a Free Trade Area do not appear so difficult as to be an insurmountable obstacle to the foundation and successful working of such an Area ;

that an examination of the related problems of origin rules and the diversion of trade indicates that these difficulties will not present themselves in any acute form at the outset and that it should be possible gradually to work out solutions to meet them as they emerge ;

that an examination of the related problems of origin rules and the diversion of trade indicates that these difficulties will not present themselves in any acute form at the outset and that it should be possible gradually to work out solutions to meet them as they emerge ;

that special measures would be required for the economically less developed countries,

Recommends to the Committee of Ministers that it should urge the Council of 0. E. E. C: On the political side:

to make every effort to ensure the conclusion before the end of this year of at least an outline treaty linking all other members of the 0. E. E. G. with the European Economic Community on a multilateral basis; this outline treaty would set out the rules governing whatever conventions were established and would be based on the following principles:

a. The European Economic Community must maintain its whole momentum, which is an essential element in the strengthening of free Europe;

b. A split between the European Economic Community and the other members of the Council of Europe may well lead to the setting up of two economic systems increasingly opposed to each other; such an opposition would inevitably lead also to a political split in free Europe;

a. Any agreement between the European Economic Community and the other Members of the 0. E. E. C. should be negotiated and concluded within the latter organisation, with the continued active participation of representatives of the European Economic Community ;

b. In pursuing negotiations towards such an agreement, the Consultative Assembly of the Council of Europe, as the body exercising political control over the activities of the 0. E. E. C, must be consulted;

c. The direction of the Free Trade Area should be vested in a joint body, composed of representatives of the European Economic Community and of representatives of the 0. E. E. C, and in a ministerial council;

A Free Trade Area which creates a genuine economic equilibrium among the Members of the 0. E. E. C. must be based, whether directly or by stages, within a suitable period, on arrangements aimed at the confrontation and harmonisation of national economic policies; On the economic side:

to seek solutions to the problems outstanding in the negotiations for a Free Trade Area, taking account of the legitimate preoccupations of countries or groups of countries, in a spirit of compromise rather than allowing conflicting interests to result in rigid and doctrinaire negotiating positions;

to keep firmly in mind the ultimate objective of associating the Common Market of the Six with the other member countries ofthe 0. E. E. C. by means of a multilateral agree-. ment, based on the fundamental principles of reciprocity and non-discrimination laid down in the OEEC Convention of 1948;

to make every effort to achieve the greatest possible measure of synchronisation in the development of the Free Trade Area and the Common Market compatible with the vital economic interests of each of the member countries, of the overseas countries and territories associated with the Common Market and those constitutionally linked with other member countries of the 0. E. E. C;

to provide the necessary safeguards to ensure that the European economic system to be set up will not, either in the short term or in the long term, inflict damage on the trade of countries which are traditionally suppliers of European markets or which traditionally provide markets for European goods.

Furthermore, on the social side, the Assembly,

Convinced that the primary objective of the creation of a European Free Trade Area is the economic and social progress of the European countries and the well-being of their peoples;

Realising that it is not impossible that the establishment and operation of the Free Trade Area might have adverse effects of a temporary nature upon certain areas in Europe and upon certain groups of the population;

Considering that positive social measures may be necessary both to achieve this primary objective and to protect those who may temporarily be adversely affected,

Recommends to the Committee of Ministers:

– that the Treaty of the Free Trade Area should:

  a. clearly recognise as one of its principal aims to further the economic and social development of the participating countries and to raise the standard of living for all;

  b. contain provisions for the maintenance of full employment;

  c. contain suitable provisions for collective action in cases where individual member countries are unable fully to safeguard the inte-rests of workers in sectors of industry which are experiencing temporary difficulties as a result of the establishment of the Free Trade Area;

  d. ensure facilities for the collection and dissemination of all the necessary statistical and other relevant information pertaining to the social conditions throughout the Area, in order to co-ordinate the social policies of the member countries;

  e. ensure facilities for consultation with workers' and employers' organisations;

  f. allow for the revision of the social provisions of the Treaty at reasonable intervals;

– that the 0. E. E. C. should be encouraged further to develop its plans for the liberalisation of the movement of manpower;

– that all Member States of the Council of Europe should be encouraged to ratify International Labour Convention No. 97 (1949) on Migration for Employment, the European Interim Agreements on Social Security, and the European Convention on Establishment;

– that the European Convention concerning the Social Security of Migrant Workers, signed by the Members of the European Coal and Steel Community on 9th December 1957, should be extended to all Member States of the Council of Europe;

– that the European Social Charter and the European Code of Social Security and the Protocol thereto, now in preparation, should be brought to completion as soon as possible.

Signed (see overleaf)

Signed:

HAY John, United Kingdom
GOES - van NATERS Marinus, van der, Netherlands
LANSDOWNE George J., United Kingdom