INDUSTRY, POLITICS AND TRADE DISCRIMINATION IN WEST GERMANY'S EUROPEAN POLICY

1957-1963

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Abstract

This thesis addresses the German position in the negotiations on the British proposal for a Europe-wide free trade area, on the acceleration of the tariff schedule of the European Economic Community (EEC) in 1960, the formation of EFTA, and the first British application for membership of the EEC. To do this it analyses the attitudes, interests and lobbying efforts of German industry, West Germany's European policy from 1957 to 1963 after the establishment of the EEC and industrial influence on the respective decisions by the Federal Government. The main focus is on the trade relations with Western European countries outside the EEC.

Previous historiography has stressed the overriding German economic interest in and corresponding industrial pressures for avoiding trade discrimination by the EEC vis-à-vis the other European members of the OEEC/OECD. It has however failed to address the problem that, despite an alleged political consensus in line with these economic interests, Chancellor Adenauer was able to deliver a policy precluding the Europe-wide solution demanded by parliament, German business, and Ludwig Erhard, the Minister of Economics. It seems to suggest that this policy outcome was mainly a function of Adenauer's personal authority and his constitutional prerogatives as Chancellor.

In order to address this central problem, the thesis examines industrial interests at the sectoral level. These are analysed on the basis of a quantitative study of sectoral foreign trade in manufactured products with the countries of EEC and EFTA respectively in the 1950s and 1960s. From other sources it examines the influence which German industry exerted on government policy towards European economic integration. This reveals that industrial interest at the sectoral level in fact gave rise to lobbying pressures for the policy outcome sought by Adenauer, to prevent the large Europe-wide free trade area and to prevent British accession to the EEC. The quantitative analysis shows that for those sectors in favour of the proposed free trade area and British accession the opportunity costs of the failure of these two projects were practically invisible. For sectors in decline and in structural difficulties, on the other hand, both these projects constituted a major threat. The EEC of the Six, however, offered them not only protection against competition from outside, but at the same time considerable export opportunities, particularly in the French and Italian markets.

The intra-governmental power struggle over these issues is analysed first with regard to industrial pressure and second to the international framework and the respective constraints and opportunities it provided for domestic policy makers in West Germany. The eventual policy outcome is explained in three dimensions: first in terms of the particular structure of industrial interest and respective pressures; second an alliance between protectionist interests and the specific political agenda of the head of the executive; third in terms of opportunities for the Federal Chancellor arising from the interplay of policy and power at the international level. It is argued that this is a more convincing interpretation and more securely based on the historical evidence.

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Abbreviations

AA	Auswärtiges Amt
ABCC	Association of British Chambers of Commerce
ACDP	Archiv für Christlich-Demokratische Politik
AHC - CCE	Archives Historiques de la Commission - Commission de la Communauté Européenne
AN	Assemblée nationale
AVI	Arbeitsgemeinschaft der Eisen- und Metall Verarbeitenden Industrie
BA	Bundesarchiv
BAC	Bruxelles Archives Centrales
BAW	Bundesamt für Gewerbliche Wirtschaft
BDI	Bundesverband der Deutschen Industrie
BHDI	Bibliothek Haus der Deutschen Industrie
BMELF	Bundesministerium für Ernährung Landwirtschaft und Forsten
BMFin	Bundesministerium der Finanzen
BMWi	Bundesministerium für Wirtschaft
CCP	Common commercial policy
CDU	Christlich Demokratische Union
CEMT	Conférence Européenne des Ministres de Transport
CET	Common external tariff
CM	Common market
CNPF	Conseil National du Patronat Français
CSU	Christlich Soziale Union
CU	Customs union
DBV	Deutscher Bauernverband
DI	Deutsches Industrieinstitut
DIHT	Deutscher Industrie- und Handelstag
EBM	Eisen, Blech und Metall Verarbeitende Industrie
EEC	European Economic Community
EFTA	European Free Trade Association
EIU	Economist Intelligence Unit
FAZ	Frankfurter Allgemeine Zeitung
FBI	Federation of British Industry
FDP	Freie Demokratische Partei
FHZ	Freihandelszone (free trade area)
FO	Foreign Office
FTA	Free trade area
HAGHH	Historisches Archiv der Gutehoffnungshütte
HDI	Haus der Deutschen Industrie
HZ	Historische Zeitschrift
JOCE	Journal Officiel des Communautés Européennes
KCA	Kessings' Contemporary Archives
MAC	Mutual Aid Committee
MAE	Ministère des Affaires Etrangères

MAE-AD	Ministère des Affaires Etrangères - Archives Diplomatiques
MEF	Ministère des Affaires Economiques et de Finances
NZZ	Neue Zürcher Zeitung
ORGALIME	Organisme de Liaison des Industries Métalliques Européennes
PA	Politisches Archiv (Auswärtiges Amt)
PEP	Political and Economic Planning
PRO	Public Record Office
PTOM	Pays et Territoires d'Outre-mer
REI	Rat der Europäischen Industrieverbände
RWW	Rheinisch-Westfälisches Wirtschaftsarchiv
SEU	Simple economic union
SITC	Standard International Trade Classification
SPD	Sozialdemokratische Partei Deutschlands
TOM	Territoire d'outre-mer
VDMA	Verein Deutscher Maschinenbau-Anstalten e.V.
VfZG	Vierteljahreshefte für Zeitgeschichte
VWD	Vereinigte Wirtschaftsdienste
ZVEI	Zentralverband der Elektroindustrie

Introduction

In the early stages after the formation of the European Economic Community the fate and future relevance of that new organisation were far from clear. A great effort had indeed been made by the six countries which had signed the Treaties of Rome in working out this balanced compromise for the establishment of a customs union and a common market in the near future. Yet it was by no means certain that some of these six countries might not develop second thoughts about the desirability of the entire project in terms of political or economic costs and benefits. In West Germany many were eager to supplement the envisaged common market with a free trade area that was to encompass all other member countries of the OEEC. For German industry in particular, the EEC was not the most desired framework of activities. Many industrialists and their respective associations had accepted the EEC without resistance because they expected that the Paris negotiations on a Europe-wide free trade area were bound to succeed. On British initiative these negotiations had begun in the autumn of 1957.

Among the member countries of the EEC Germany was and remained the strongest advocate of the free trade area. When the negotiations broke down at the end of 1958, the Germans tried to keep the momentum for a Europe-wide solution with the principal aim of securing the British market for German industry. The German attempts at "building a bridge" between EEC and EFTA, and their stance in favour of British membership of the EEC in the negotiations after 1961 were clear signs of this. The apparent domestic support in favour of this policy was overwhelming. One could indeed suggest that public opinion, organised industrial and labour interests as well as all segments of the political system, parties, parliament and cabinet alike, all supported the free trade area and, later on, British accession to the EEC. Given this seemingly unanimous support for these options it remains hard to understand why and how the federal chancellor Konrad Adenauer could accept the failure of these plans on the international level without any visible resistance on his part, and without facing major problems at home as a result of the silent acceptance of this failure.

The group most affected and most concerned with these matters of foreign economic policy was obviously the German business community. German industry in particular kept pushing strongly in order to obtain the free trade area in one form or another. Consequently, industrial associations brought strong pressure to bear in this respect on the leadership of the federal government. In the context of this analysis, which is concerned mainly with the relationship between industry and government in the decision making process on the "free trade area issue" (as the whole complex of negotiations, debates and concepts relating to Britain and the EEC 1957 to 1963 is called here), the theory of interest groups will be an essential tool in order to assess the potential and actual industrial influence on government decision making. The nature and concrete forms of industrial interest in foreign economic policy as such are likely to reveal to a certain extent their chances of being successfully represented to the Federal Government when seen in the light of the theoretical assumptions about collective action. The thesis therefore continues a theoretical and empirical approach to the impact of economic integration, be it by customs unions and free trade areas, in order to identify the effects on German industry of having or not having the free trade area as a supplement to the EEC. The theoretical work on customs unions gives some tentative estimates as to the overall welfare effect of these different options on the West German economy, while the empirical studies do this for individual industrial sectors.

A second determining factor for the success of any attempt by pressure groups to influence government decision making, apart from the relative strength of the groups themselves, is the nature of the system of interest representation. The probable outcome of lobbying within an ideal type pluralist system of competitive pressure groups is bound to be very different from the outcome to be expected in a corporatist system with strong institutionalised ties between government agencies and interest associations. Thus the institutional structure of the interest groups themselves, of the political system and the system of interest representation in Germany at the end of the 1950s and the beginning of the 1960s is delineated as a frame for the present study. Finally, the analysis put forward cannot disregard the fact that the main forum of government action concerned here was the international scene and more precisely a set of more or less continuous international negotiations.

While there is no body of coherent theoretical literature which would make it possible to square the international aspects neatly with the domestic ones, more recent publications in international relations have made rather promising attempts at formulating models that allow us to integrate some important features from both sides of the coin. The focus of this literature has been the position of the chief executive and the constraints and opportunities with which the holder of this position is faced as a consequence of acting simultaneously on both levels.

The existing literature on Germany's position in the early stages of the EEC has ignored a very obvious inconsistency between two features of the free trade area debate in Germany. On the one hand, there is the fact that the free trade area option enjoyed unanimous domestic support from all sides in the Bundestag and was advocated with particular fervour by German industry as well as by the Minister of Economics. On the other hand there is the strong impression that the federal government pursued this option without throwing its full weight behind it, and indeed accepted its failure at the international level without resisting this outcome. Given the extremely strong domestic support for the free trade area option it has to be explained why the top political leadership, the federal chancellor Konrad Adenauer, did not pursue this line of policy with the required force. Moreover, it will have to be explained how it was possible for the chancellor to conduct a policy that seemed to be effectively in contradiction with the express wishes and resolutions of the Bundestag and clearly with the strong parallel pressures coming from the powerful West German industry federation.

The answer put forward by the existing historical and political science literature is anything but satisfactory. There it is said, or implied, that only political considerations mattered and that Adenauer commanded so much personal authority in the realm of foreign policy as to be able to impose his decisions practically at will. The literature hardly ever sets out to explore the actual importance of economic and commercial factors and the corresponding pressures from groups of producers on the government. Nor does it make the attempt to analyse the structural elements of power in the relationship of the top government level and the most influential interest groups in the question of the free trade area. Because a good part of the literature seems to implicitly assume that European integration was destined to come about in the form of the EEC, the free trade area problem has been widely regarded as a "non-issue" or at best as a futile attempt by the British and some of their allies in Germany to derail the train of integration from its "proper" track. In view of this line of thought, the neglect by the literature of the problem sketched out above is not so surprising. However, the underlying assumption, according to which European integration was already safely on its way to achieving the common market at the beginning of the 1960s, must be challenged. In this respect, it is the free trade area issue which must be seen as the crucial decision in the case of Germany.

Until at least 1963, the so-called small-European solution ("kleineuropäische Lösung") of the EEC of the Six had not been accepted in Germany without the supplement of a wider multilateral European framework of free trade. German industry was the major factor in keeping the momentum of this debate throughout the period after the signing of the Treaties of Rome. The fact that the debate and the pressure from German industry seemed to die down in 1963 needs to be explained. Why was it that at this point German industrial interests ceased to pursue their view of how the EEC should look with as much vigour as before? Was it out of resignation in the face of the political realities established by de Gaulle and Adenauer? Or was it that by then German industry had made its peace with the EEC and started to enjoy the Community's advantages? The answer to these questions cannot be derived from the findings of the existing literature, which has tended to ignore the role of economic interests and failed to analyse its impact on Germany's European policy.

One assumption of this analysis is that within the existing climate of overall strong support for the free trade area and subsequently for British accession to the EEC, a united front of industrial interest would have been able to force the West German government into a tougher position on the international level and thereby to generate a more favourable outcome for German industry. That this did not come about cannot only be attributable to the supreme will of the most powerful individual political actor on the German scene, i. e. Adenauer, as is suggested by some of the literature[1]. Rather more detailed analyses will be necessary to answer this question.

Was German industry really united in its efforts? If there were diverging interests within industry, how powerful were their respective associations? How good were their connections to the executive, the bureaucracy and the chancellor himself? Was the government bureaucracy divided or unified in these matters? To what extent was the chancellor able to offset competing domestic interests against each other and against real or pretended constraints on the international level? These are the questions that might eventually lead to a more profound assessment of the free trade area issue in Germany. It cannot be denied that this issue was ranking high on the political agenda of the Federal Republic for a good number of years. If anything, this can be taken as a clear indication of its importance and of the fact that an option different from the one which finally prevailed was being very seriously considered within the political system of the Federal Republic. The analysis of this decision making process is likely to yield more than an answer to the question concerning the inaction of the federal government on the matter of the free trade area issue. It should also yield an insight into the state of the system of interest representation, the power of interest groups and its determinants in the institutions of the German political system towards the close of the Adenauer era. In the end the analysis comes to the conclusion that the German acceptance of the European Economic Community was only sealed effectively once the defeat of the free trade area plan was irreversible, and once this defeat had been finally accepted by the advocates of that option in German industry and their allies and agents in politics.

1 See GROEBEN, HANS VON DER: *Aufbaujahre der Europäischen Gemeinschaft. Das Ringen um den Gemeinsamen Markt und die Politische Union (1958-1966)*. Baden-Baden 1982, p. 75; MARJOLIN, ROBERT: *Le travail d'une vie. Mémoires 1911-1986.* Paris 1986, p. 307; Charles Wighton sees .Adenauer as an autocrat surrounded by subservient characters in the cabinet, party and in .parliament. See WIGHTON, CHARLES: *Adenauer - Democratic Dictator. A Critical Biography.* London 1963, pp. 13-15.

1 German industrial interest and the free trade area issue

The theoretical framework

The answer to the historical questions which have been formulated in the introduction requires a careful analysis that takes account of the existing historiography on the subject as well as of the theoretical concepts relating to it. The following discussion of a number of theoretical concepts, paradigms and analytical tools aims at highlighting the many factors that are likely to have played a role in German industry's attempt to influence the federal government's positions on the free trade area issue. The theoretical considerations presented here are not intended to serve as a blueprint for the study as a whole. Nevertheless, a sensible historical analysis of domestic policy formulation in the context of international negotiations and relating to foreign economic policy could not possibly do without being informed by the more important debates in customs union theory, modern political economy and theories of international relations. Moreover, negotiation analysis and bargaining theory have produced "metaphors" that can help analyse complex negotiating situations as those dealt with here.

The present analysis is primarily concerned with the influence of industrial pressure groups on a process of governmental decision making. The subject matter is foreign economic policy relating more specifically to economic integration. We are thus looking at the attempts by domestic groups to influence a state executive which is not only acting in response to these domestic pressures, but also to the constraints set by actors on the international scene. This international scene takes the shape of formal multilateral negotiations and bilateral contacts of a more informal nature. The two formal negotiation processes are envisaged to lead to a binding agreement on lasting conditions for the elimination of barriers to trade with a number of countries outside the EEC. These are, firstly, the negotiations in the Maudling committee for the establishment of a free trade area encompassing the states which are not members of the EEC and the EEC as one unit, and secondly, the negotiations on British accession to the EEC. Throughout both sets of negotiations the member states of the EEC agreed to form common positions among themselves. In both cases the removal of quantitative restrictions (QR) and tariffs among the participating countries were the main points of attention. From the arrangements envisaged on the international level flow the corresponding concerns and interests by the domestic pressure groups in each participating country, and hence their respective activity in influencing their governments.

The interest groups concerned crucially depend on the information and consultation opportunities provided to them by the government bureaucracy. On the other hand, the government bureaucracy has to rely on the information provided by the interest groups in order to properly assess the effects of arrangements to be made in the international negotiations on the domestic economy. We have thus to consider primarily two levels of analysis: firstly, the domestic level on which the government bureaucracy interacts with domestic pressure groups and other influences within the political system; secondly, the international level on which the government is involved in negotiations with other governments. Since the government or the state can hardly be seen as a wholly unitary actor either on the domestic or the international level, the government itself must be considered as a third level of analysis. In other terms, the system of domestic interest representation, the international environment and the role of the state within the domestic political as well as in the international system have to be defined in order to establish the framework of the analysis. The theoretical tools needed to do so are found mainly in the theory of collective action, the literature on interest groups and their relationship with the state, as well as in more recent international relations literature trying to develop a mode of analysis capable of integrating domestic and international influences at a time.

While the aforementioned theories and sets of categories of analysis focus on the institutional and procedural features of the decision making process, the theory of customs unions and free trade areas is able to specify the nature of the expected interests that industrial pressure groups are likely to develop for the essential questions that would certainly be treated in any negotiations on a free trade area or on the accession of a major industrial producer to a customs union. Customs union theory has thus put forward general indications under which circumstances a customs union or a free trade area would be preferable to an individual country. Some empirical studies in this field have tried to show the specific impact of the formation of the EEC and the division that occurred between the Community and the EFTA not only on the German economy as a whole but also on individual sectors. Studies of this nature might on the one hand have been considered by the actors involved in the decision making process at the time. On the other hand their results might indicate economic sectors with particularly great problems where one hence would expect to find a high level of interest group activity.

1.1 Customs union theory and the free trade area issue

Theoretical criteria for assessing the effects of customs unions and free trade areas

As has just been said, one use of customs union theory in the context of this analysis is to clearly define the nature of the interests that were going to be defended or promoted by the industrial pressure groups during the negotiations of the Maudling committee, the deliberations on how a bridge could be built between EEC and EFTA, and finally, during the negotiations on the accession of the United Kingdom to the EEC. The theory provides the definitions of customs unions and free trade areas and shows how both arrangements can have very different effects depending on how particular variables of their construction are worked out in practice. These considerations have to be seen in connection with the decisions that were to be taken in the two international negotiation processes. In the first case, the objective was to include a customs union that already existed as one unit into a free trade area with the other members of the OEEC. In the second case, with the United Kingdom, a major industrial producer and at the same time a major consumer of agricultural products was to be included into the existing customs union, with the understanding that the other members of EFTA would also in their majority be included. The scientific exchange about customs unions and free trade areas in the 1950s is also likely to have been the major point of reference for the contemporary political debate of these issues. Hence the estimates given by that literature as to the desirability of the different options considered since the beginning of the Maudling negotiations in 1957 have to be seen as the background of these discussions.

The pioneering study of customs union theory is the book written by Jacob Viner in 1950[1]. Viner was struck by the observation that free traders and protectionists seemed to agree in their favourable judgement of CUs as a tool for pursuing their contradicting motives and approaches towards the general rules governing international trade. He argued that a free trader could not reasonably be in favour of a CU, while the protectionist was right in regarding it as a tool to promote trade protection. Viner's view seems thus to have pre-shaped a good deal of the debate on free trade and economic integration that was conducted throughout the 1950s and during the free trade area negotiations in particular. In broad terms, Ludwig Erhard seems consistently to have been following this line of thought in the struggle about the free trade area issue within the German Cabinet, in associating the concept of a CU with protectionism and that of a free trade area with free trade in general.

Viner defines a CU by the complete (not just partial) elimination of tariffs between member states, the existence of a uniform outside tariff and the apportionment of customs revenue between the member countries[2]. He analyses the effect of a CU with two members for the individual member states, for both members together, for the outside world and the world as a whole. While the overall effect has been the main concern of CU theory, in the present case the focus is on the effects for one single country. With the terms "trade creation" and "trade diversion" Viner provided the key concepts for CU theory. Trade creation denotes a consequence of union formation leading to a shift in the locus of production from a high-cost to a lower cost source of supply. Trade diversion denotes the opposite shift of the locus of production. Viner also pointed to economies of scale as a possible factor, but did not think its impact to have any greater significance in the absence of the mobility of production factors (common market). A pure expansion of the sales market was thus not seen as sufficient for bringing about an increase in the scale of the national economy. However, these considerations matter mainly for

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1 VINER, JACOB: *The Customs Union Issue*, (London, New York 1950), pp. 41-81.
2 VINER, CU Issue, p. 5.

smaller economies, whereas, as Viner implies, they do not really apply to larger economies where optimum scale can be reached in any industry[3].

As far as he provides criteria for assessing the impact of a CU Viner's work seems to be quite relevant for our question, since it is most likely (and was certainly seen so at the time when the free trade area issue was discussed) that the inclusion of the EEC into a free trade area would have modified or "moderated" its character in a way as to make it more palatable to the "free-traders". Viner gives some criteria for a CU to be acceptable from a "free-trade position"[4]. According to Viner a "free-trader" would assess a customs union more favourably; 1) the larger the economic area and thus the potential scope for internal division of labour; 2) the lower the common external tariff (CET) of the CU in comparison with the average, level of tariffs before union, 3) the greater the degree of rivalry of high-cost products in different parts of the CU which were previously protected in both parts of the CU, 4) the greater the differences in unit-costs of production for protected industries of the same kind as between different parts of the CU, (i.e. the greater the economies to be derived from free trade within the CU), 5) the higher the tariff levels in potential export markets outside the union for commodities in which the CU would have a comparative advantage under free trade, and 6) the greater the range of protected industries for which an enlargement of the market would result in unit-costs lower than those at which the commodities could be imported from outside the CU. Viner is at pains to stress that there cannot be an a priori judgement of customs unions as such, but that the particular features of each existing union have to be weighed against each other.

His considerations of these factors and some analysis of the history of CUs in the 19th century bring him to the conclusion that if two countries A and B are to form a CU, and if country A is protectionist while B follows free trade principles, then B joins the CU only for political reasons. Viner emphasises the predominance of political reasons for joining a CU particularly for free-trade oriented large economies, while for small countries the economic factors are seen as the only

3 The question of economies of scale has been more profoundly analysed later. See OWEN, NICHOLAS:*Economies of Scale, Competitiveness and Trade Patterns within the European Community*, Oxford 1983.

4 VINER, *CU Issue*, pp. 51-78.

decisive ones. This argument also played a role in the debate over the EEC and the free trade area in Germany during the late 1950s and early 1960s. As has been mentioned above, almost everyone involved saw Germany's joining of the EEC as an economic sacrifice for political benefits. The establishment of the Europe-wide free trade area on the other hand was seen as diminishing that sacrifice or perhaps even as turning it also into an economic gain.

Free trade areas are barely mentioned in Viner's work, perhaps mainly because the term had only figured for the first time in the Havana Charter of the GATT in 1948 and an actual FTA had never existed. Viner holds that it would be much easier, to negotiate partial CUs or FTAs rather than a complete CU. His assessment of the prospects of customs unions is quite pessimistic. The reason for this might be the economic situation prevailing in Western Europe at the end of the 1940s. A CU applying to all kinds of trade barriers between countries of comparative economic importance is completely unrealistic in Viner's view. He sees the only way forward in bilateral bargaining within a framework of multilateralism with the right of third countries to claim most favoured nation status. A CU, he says, would function only as a psychological barrier to the greater economic solution of a balanced mutual tariff reduction on a non discriminatory basis[5]. Given that the economic situation in Western Europe had changed considerably by the mid-1950s, it seems surprising that a good many of these points still made up the core arguments of the advocates of the free trade area and the opponents of the common market in Germany at the end of the 1950s and the beginning of the 1960s.

While the essential contribution of Viner's study, the identification of trade creation and trade diversion as the main effects of regional economic integration, some features of the model he used have been criticised and altered in subsequent research by other authors like James E. Meade writing in 1955[6] and Richard G. Lipsey writing in 1970[7]. Their main criticism was that Viner had overlooked the

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5 Paul and Ronald Wonnacott show that membership of a customs union yields some welfare gains that cannot be obtained by unilateral non-preferential tariff reductions. See WONNACOTT, PAUL/WONNACOTT, RONALD: "The Customs Union Issue Reopened. " In: *Manchester School of Economic and Social Sciences* 60 (1992), pp. 119-135.

6 MEADE, JAMES E.: *The Theory of Customs Unions*. Amsterdam 1955.

7 LIPSEY, RICHARD G.: *The Theory of Customs Unions: A General Equilibrium Analysis*. (LSE Research Monographs, 7), London 1970.

effect customs unions can have on consumption patterns and thereby on welfare. An additional criticism was that Viner, by assuming constant costs, had arrived at the conclusion that either trade creation or diversion would come about, while under the more realistic assumption of increasing costs both could be at work simultaneously[8]. Lipsey introduced welfare as determined by community indifference curves into the analysis. In his more complex general equilibrium model Lipsey differentiates inter-country and inter-commodity substitution as additional welfare effects brought about by the introduction of a tariff. He points to the fact that changes in real prices make it extremely difficult to predict the impact that the establishment of a CU might have, while this can be done more easily where real prices are assumed to remain constant and changes in domestic market prices directly reflect the impact of tariffs. Some of his conclusions represent strong reservations about Viner's view that trade diversion has a consistently negative welfare effect. His analysis suggests that trade diversion, when taking into account the effects of inter-country an inter-commodity substitution, might in certain cases be associated with a shift from a higher to a lower real-cost source of supply for an individual country whose trade is being diverted, may lead to more trade even if it brings about a shift from a lower to a higher real cost source of supply, looking at the world as a whole it may result in more trade even though there might be less gain per unit of trade. Therefore, the assessment of negative effects on welfare from the establishment of a CU, according to Lipsey, is far less certain than assumed by Viner[9]. What seems the most important point apart from the refinement of the model is that Lipsey reinforces the findings of Viner and Meade that a priori judgements of customs unions are not possible.

While these authors tried to assess potential differentials of gains or losses between member countries, non- members and the world at large, Tibor Scitovsky has tried to come up with an estimate of the overall impact of the establishment of economic union within Western Europe in terms of a percentage

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8 For a detailed discussion of the underlying assumptions in Viner's work see MICHAELY, MICHAEL: "The Assumptions of Jacob Viner's Theory of Customs Unions." In: *Journal of International Economics* 6 (1976), pp. 75-93.

9 LIPSEY, *Theory*, p. 30.

change in GNP[10]. One has to keep in mind that the object of his attention was not just a customs union or a free trade area, but a fully fledged economic union with complete factor mobility. The estimated gains of economic union in Western Europe that Scitovsky presents are so small as to suggest that the whole exercise of union formation is completely pointless from an economic perspective. In his view, the greatest gains to be expected would arise from increased competition which, he holds, could be achieved far more easily by other means than by establishing a complete economic union[11].

It is clear that Scitovsky's basic assumptions about the role of economies of scale and the potential growth of intra-European trade through further integration soon proved to be entirely inappropriate for describing the reality of trade among highly industrialised countries[12]. It is certainly difficult to assess what influence works such as that of Scitovsky had on the political debate, but it is likely that they were considered by many to be state of the art scientific arguments in the debate about regional integration in Western Europe[13].

It should not be surprising that the first more detailed theoretical analyses of free trade areas were not produced before the first such arrangement (EFTA) had been in operation for some time. The concepts of the precise nature of the arrangements were all but clear to most of those who debated the problem in the political arena of the late 1950s. It seems that the label "free trade" led people like Erhard and many others to the assumption that any free trade area was by definition going to be less discriminatory and more disposed to the development of world wide

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10 SCITOVSKY, TIBOR: *Economic Theory and Western European Integration.* London 1958, pp. 67-70.

11 SCITOVSKY, Theory, p. 68.

12 For a discussion of the determinants of the growth of intra-trade within regions of highly industrialised countries and on the possible impact of regional integration see MAIZELS, ALFRED: *Industrial Growth and World Trade. An Empirical Study of Trends in Production, Consumption and Trade in Manufactures from 1899-1959 with a Discussion of Probable Future Trends.* (Economic and Social Studies, 21), Cambridge 1963, pp. 383-393, 415-417. See also OWEN, NICHOLAS: *Economies of Scale*, pp. 8-9; on the relevance of intra-industry trade in European integration see JACQUEMIN, ALEXIS/SAPIR, ANDRÉ: "International Trade and Integration of the European Community. An Econometric Analysis. " In. *European Economic Review* 32 (1988), 1439-1449.

13 For a brief overview of and a recent contribution to the core arguments of the customs union debate since 1950 see WONNACOTT/WONNACOTT, *Customs Union Issue*, pp. 119-135.

free trade than any customs union[14]. A clear general theoretical definition of a free trade area was lacking still long after EFTA had already been created. Hirofumi Shitaba seems to have provided the first such definition of a free trade area and its distinctions and similarities with a customs union in 1967[15].

Victoria Curzon reviewed CU theory and extended it to the study of the effects of an FTA[16]. On the basis of six varying models she compared the effects of a tariff averaging CU with those of an FTA under the same set of assumptions. Her general conclusion was that it is very difficult to imagine a situation where a tariff averaging CU is more trade creating and had a larger consumption effect than an FTA and that, even in such an extreme case, the negative effects of a CU in one member country would on the whole offset the benefits accruing to the other. Curzon therefore suggests that an FTA is either identical with or preferable to a tariff-averaging CU in terms of the static effects of integration[17]. A further advantage of an FTA is seen in the fact that the gains from integration are fairly well distributed since both partners (the analysis considers two countries only) gain. It has to be added however, that the static effects are expected to be very small, indeed almost negligible in any case. Thus, an advantage in terms of static gains as such is not a very convincing argument in favour of an FTA. The only real problem with the FTA would be the disadvantage of the distortions of production patterns due to tariff disparities on imports of raw materials and intermediate goods. Yet Curzon holds that the size of these distortions is in practice quite small and does not outweigh the positive political and economic aspects of the FTA solution. She suggests that a tariff averaging CU will only be chosen in preference to an FTA, if

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14 It is interesting to note that already in the mid-1960s Murray Kemp suggested that there is a level of a common external tariff within a customs union that should render every member of the union better off while not impairing the welfare of the world at large. This proposition was taken up by other authors and presented again more rigorously by Kemp and Henry Wan in 1976. See KEMP, MURRAY C./WAN, HENRY Y.: "An Elementary Proposition Concerning the Formation of Customs Unions. " In: *Journal of International Economics* 6 (1976), pp. 95-97.

15 SHITABA, HIROFUMI: *The Theory of Economic Unions: A Comparative Analysis of Customs Unions Free Trade Areas, and Tax Unions*. In: Shoup Carl S. [ed.]: *Fiscal Harmonization in Common Markets. Vol. 1*: Theory. New York, London 1967, p. 145.

16 CURZON, VICTORIA: *The Essentials of Economic Integration. Lessons of EFTA Experience*, London 1974, pp. 253-285.

17 It should be borne in mind that the static effects are considered to be in all likelihood very small for both sorts of arrangements.

the tariff disparities are of such size as to make the negative effects of production distortions outweigh the positive effects of an FTA[18].

The principal difference between the effects of a CU and an FTA is seen in the "shifting effect" of the FTA which brings about more trade with the world's lowest cost producer after the formation of the FTA, while in the tariff averaging CU this trade is reduced after union. This "shifting effect" of the FTA, Curzon argues, makes an FTA equivalent to a CU which would take the lowest pre-union tariff as common external tariff. This effect is only possible because the assumed strict rules of origin in the FTA can only prevent direct re-exports while they cannot prevent indirect trade deflection via the "shifting effect" whereby insufficient FTA supply is made up for by imports from the lowest cost source from outside the FTA. The "shifting effect" is certain to be reduced by transport costs. Hence the FTA solution to economic integration is suggested only for non-regionally cohesive associations of countries, since only in the case of a certain geographical distance between the member states, they can actually retain effective sovereignty over their tariffs.

According to Curzon an FTA will inflict less damage on itself and third countries than a tariff averaging CU. The margin of superiority of the FTA will diminish if the CU adopts a CET lower than the average tariff before union. The FTA would lose this superiority at a point somewhere above a CET equal to the lowest tariffs before union, because of the distorting effect of tariff disparities on production. If agreement can only be reached on a CET equal to the higher tariffs before union then the CU would be highly trade-diverting an as undesirable as a highly production distorting FTA.

Shitaba's analyses of customs unions and free trade areas not only help the understanding of the economic implications of these arrangements, they also allow to relate the different forms of economic union to the pressures that are likely to occur from the side of producers and consumers and their interest groups within member countries if, in specific sets of circumstances, one or the other arrangement

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18 See, CURZON, *Essentials*, p. 267.

is chosen by political decision makers[19]. Shitaba focuses his analysis of free trade areas and customs unions on the operation of the specific rules governing the respective arrangements. He shows how strongly the character of these rules influences the general impact which a free trade area or a customs union will have on the welfare of consumers and producers. Since these considerations give attention to the range of options that exist within either arrangement and the effects that these options are likely to have, his study is particularly useful as a point of reference for the analysis of the negotiations on the free trade area that took place in 1958 among the member countries of the OEEC. The questions addressed by Shitaba on a mainly theoretical level were most certainly discussed in a very practical way during these talks. It will be relevant to ask whether the players in these negotiations and in the talks on commercial arrangements between EEC and EFTA which followed later were aware of these sorts of concepts. The study is also relevant in that it helps identify arrangements and rules which are likely to lead to mechanisms which build up pressures forcing the lowering or the heightening of external tariffs of the type of economic union in question.

Shitaba sees the functional characteristics of any economic union as a "co-ordinated reorientation of geographic discrimination" prescribed in the member states' tariff system[20]. He analyses four different types of economic unions: the simple economic union, the customs union, the free trade area and the tax union. In our context only the first three are relevant. Shitaba's simple economic union is merely a theoretical construct, but is quite useful in highlighting certain misunderstandings prevailing during the discussions about the free trade area issue in the late 1950's. He defines the simple economic union (SEU) as an economic union formed with respect to tariffs on all trade between the member states, requiring the elimination of tariffs on trade between the members and the freedom of the latter to determine their tariffs with third countries[21]. The customs union is

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19 Arye Hillmann provides a summary of models for political decisions on protective measures HILLMAN, A. L.: *The Political Economy of Protection.* New York 1989, on protection in representative democracies see especially pp. 43-53.

20 SHITABA, HIROFUMI: *The Theory of Economic Unions: A Comparative Analysis of Customs Unions Free Trade Areas, and Tax Unions.* In: Shoup Carl S. [ed.]: *Fiscal Harmonization in Common Markets. Vol. 1*: Theory. New York, London 1967, p. 145.

21 SHITABA, *Theory*, p. 148.

defined as an economic union with respect to tariffs on commodities traded among member states and on commodities traded between member states and third countries. The establishment of a common external tariff (CET) leads to an equalisation of the member states' discriminatory measures against third countries[22]. This is the main difference as compared to the free trade area. Shitaba defines it as an economic union formed with respect to tariffs on products originating in the territories of the participating countries. He points to the fact that most previous definitions of free trade areas, such as Balassa's, denoted what Shitaba describes as SEU. Shitaba therefore stresses that a free trade area is more than an SEU[23]. The crucial difference is the handling of deflections of trade. Deflections of trade are defined as a "redirection of imports from third countries through the partner country with the lowest tariff with the sole aim of realising tax advantages by exploiting the rate differentials between member states within an economic union"[24]. While the danger of deflections of trade does not exist in a CU because of the CET, the fact that in a free trade area external tariffs of member countries can vary and can independently be changed, makes deflections of trade quite probable, if transport costs do not compensate for the differences in external tariffs on imports. In a free trade area, these risks of deflections of trade are countered by rules of origin which limit the free movement of goods to those originating from member countries or goods that are defined as being of area origin.

Therein lies the main difference between a CU and an FTA, in the measures taken in order to counter deflections of trade. In aiming at regional economic integration both arrangements discriminate against third countries. The SEU on the other hand would not do so. It could be described as a customs union with a CET at the level of the lowest pre-union tariff or as a free trade area without rules of origin. It is hence an approach to implement international economic integration on a global rather than a regional level. Deflections of trade will occur unhampered[25].

In the discussions in the mid and late 1950's the concepts of free trade areas held by many actors on the international scene seem indeed to have been ones of

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22 SHITABA, *Theory*, p. 157.
23 SHITABA, *Theory*, p. 172.
24 SHITABA, *Theory*, p. 151.
25 SHITABA, *Theory*, p. 174.

simple economic unions as presented by Shitaba. Hence in the debate at that time the free trade area approach to regional integration was seen by some as a way of economic integration which would not cause discrimination and which served to promote the "free-traders'" views. In this understanding, a free trade area would not lead to a higher level of regional protection but eventually to the integration into the world market at lower protection levels than before the formation of such an arrangement. That this concept of free trade areas did not at all correspond to projects that could possibly be undertaken by governments with the support of domestic producers and their interest groups does not seem to have been commonly accepted by many at that time. Otherwise it would be hard to understand why Shitaba makes such a big thing of the point that both a CU and an FTA are acceptable to import-competing domestic manufacturers in the member countries because of the expectations to profit from the trade diversions caused by either arrangement giving them advantages over their competitors in third countries. It should be clear that in order to induce countries to join any kind of economic union, the direct losses of some manufacturers may have to be accompanied by direct gains of other manufacturers in each country so that the governments of the respective countries can obtain enough political support for their participation in the union[26].

In the assessment of the rules governing a free trade area it is quite important to have some idea as to the effect that these rules will have on the development of the level of tariffs. It can be said that within an SEU, downward pressures on tariffs are likely to materialise while upward pressures are impossible. This does not necessarily hold true for free trade areas in the real world. Curzon's assertion that free trade areas will *always* be preferable over customs unions has to be seen with reservations. Curzon states herself that the importance of the shifting effect is at least partly offset by transport costs. This implies that a priori statements as to the welfare effects of free trade areas are impossible just as in the case of customs unions. The actual circumstances of any real world arrangement will have to be taken into account before. The geographical location of member countries in relation to each other is at least as important in this respect as the likely political

26 SHITABA, *Theory*, pp. 156, 176.

pressures building up in response to changes in the competitive position of individual industries.

Thus, the free trade area does not necessarily have an advantage over a CU from the point of view of the world as a whole, as has been claimed. The argument has been that within a free trade area there are pressures to align tariffs with the lowest rates prevailing in other member states. Again, it is to be assumed that the problem with this argument is that it actually refers to a simple economic union which does not constitute a realistic form of a free trade area. With the three country model which Shitaba uses he shows convincingly that within a free trade area the tendency to lower tariffs in those member countries whose prices for a given product are higher than the new area price will run up against political pressures from producers' pressure groups once the level of an effective protective tariff has been reached. Further lowering of tariffs would be extremely unlikely. Shitaba concludes that a reduction toward the lowest tariff will not occur and that, if it were possible, measures of trade deflections would not be needed in the first place[27].

For a CU or an FTA to be acceptable and to work fairly smoothly it is important whether the economies of the member countries are rather complementary or rather competitive in relation to each other. In the first case an FTA would be more appropriate, in the latter a CU. In the case of competitive economies there is a mutual interest of producers in the other member states external tariffs. If such an interest is given, it will usually lead to some joint control over tariffs or at least to some intervention in members' external tariff policies[28]. In the negotiations on the free trade area in 1958 one can see these mechanisms at work. The question to what extent the Council of the proposed free trade area should have a say in the decisions by individual member countries concerning their external tariffs constituted one of the major problems of the negotiations.

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27 SHITABA, *Theory*, p. 183.

28 SHITABA, *Theory*, p. 187.

Empirical studies on the impact of EEC and EFTA on trade

After the establishment of the EEC and the EFTA a number of authors have tried to apply customs union theory in order to assess trade creation and trade diversion that was caused through these arrangements of regional integration by analysing the actual changes in trade flows in Western Europe. Some of these authors also tried to come up with ex ante assessments of the likely impact of joining such a framework from the point of view of one country[29]. Other studies attempted to assess the impact of EEC and EFTA as a whole[30]. Four such studies had been done by the late 1960s and early 1970s on the effects of the establishment of EFTA and EEC. One of them was done by the secretariat of GATT on changes in import trends in EEC and EFTA countries after the establishment of both organisations in order to measure the effect that economic integration had exerted on the economies of the member states[31]. Similar studies were conducted by Bela Balassa and by the EFTA secretariat[32]. Victoria Curzon has discussed these four analyses in the final chapter of her book on European integration[33]. Following the line of the studies by Balassa

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29 WORSWICK, G. D. N. (ed.): *The Free Trade Proposals*. Oxford 1960; THE ECONOMIST INTELLIGENCE UNIT: *Britain and Europe. A Study of the Effects on British Manufacturing Industry of a Free Trade Area and a Common Market*. London 1957.

30 KREININ, MORDECHEI.: "The 'Outer Seven' and European Integration." In: *American Economic Review*, June (1960), pp. 370-386; KREININ, MORDECHEI: "Trade Creation and Diversion by the EEC and EFTA." In: *Economia Internazionale* 22 (1969), pp. 273-280; NEVEN, D. J./ROLLER, L. H.: "European Integration and Trade Flows." In: *European Economic Review* 35(1991), pp. 1295-1309; ROBERTSON, DAVID: *Effects of EFTA on Member Countries*. In: CORBET, HUGH/ROBERTSON, DAVID [eds.]: *Europe's Free Trade Area Experiment. EFTA and Economic Integration*. Oxford [et al.] 1970, pp. 79-111; TRUMAN, EDWIN M.: *The Effects of European Economic Integration on the Production and Trade of Manufactured Products*. In: BALASSA, BELA [ed.]: *European Economic Integration*. (Contributions to Economic Analysis, 89), Amsterdam [et al.] 1975, pp. 3-40; BALASSA, BELA: *Trade Creation and Diversion in the European Common Market: An Appraisal of the Evidence*. In: BALASSA, BELA [ed.]: *European Economic Integration*. (Contributions to Economic Analysis, 89), Amsterdam, [et al.] 1975, pp. 79-118.

31 GATT SECRETARIAT (ed.): "Trends in Sources of European Imports. " In: *International Trade* (1966), pp. 15-36.

32 BALASSA, BELA: "Trade Creation and Trade Diversion in the European Common Market. " In: *Economic Journal* 77(1967), pp. 1-21; EFTA SECRETARIAT (ed.): *The Effect of EFTA on the Economies of the Member States*. Geneva 1969; EFTA SECRETARIAT (ed.): *The Trade Effects of EFTA and EEC, 1959-1967*. Geneva 1972.

33 CURZON, Essentials, pp. 286-308.

and by EFTA, Torsten Tewes has analysed trade creation and diversion effects on Germany arising from the formation of EEC and EFTA[34].

It is fairly obvious that all of these studies faced considerable practical problems in that they work on the basis of data comprising changes of trade flows only during a very short period of time and also in that it is difficult to isolate the factors trade creation and diversion due to regional economic integration from other effects that might have altered trade patterns in Western Europe at the beginning of the 1960s. In addition, the data available were often aggregate data which would not allow the assessment of different directions of effects on trade among different sectors of the economy. Furthermore, the quantitative results of these studies have to be seen in the light of the broader theoretical assumptions about the effects of customs unions and free trade areas.

As a general yardstick for a rough approximation toward the likely impact of a free trade area on trade patterns, the Economist Intelligence Unit study emphasises the importance of differences in the nature of the real barriers to trade as they exist before the formation of the free trade area. They differentiate between three sorts of trade barriers: First, those which are going to be abolished in a free trade area, such as tariffs, quotas, export restrictions and subsidies; secondly, barriers which would not be swept away by a free trade area, but many of which would tend to disappear under the pressure of competition of tariff free markets, i. .e non tariff barriers; and thirdly, those which free trade cannot eliminate, such as transport costs. Others writing on the future impact on a country's economy of joining a free trade area have emphasised that the immediate problems connected with entry into the area are only temporary and therefore secondary, while the focus should be on the long term effects that are to be expected[35]. Yet it is also made clear that it was very difficult for economic policy makers at the end of the 1950s to obtain some reliable estimates as to the size and nature of the potential effects on an individual country of the formation of a Europe-wide free trade area as opposed to the "economic division of

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34 TEWES, TORSTEN: "Handelschaffende und handelumlenkende Wirkungen der EWG bei der deutschen Einfuhr unter besonderer Berücksichtigung der EFTA-Länder. " In: *Weltwirtschaftliches Archiv* 106(1971), pp. 221-239.

35 JOHNSON, HARRY G.: *The Criteria of Economic Advantage*. In: WORSWICK, G. D. N. (ed.): *The Free Trade Proposals*. Oxford 1960, pp. 31-36.

Europe" which was the result of the establishment of two trading blocs discriminating against each other. The distinction between politically appealing pseudo-arguments and valid economic judgements which Harry G. Johnson is asking for was a difficult one to be made in the heated debate over the best way for economic integration in Western Europe that took place in West Germany at the end of the 1950s.

The four studies mentioned above on the effects of EEC and EFTA formation on Western European trade used roughly similar methods to arrive at their results. All of them used changes in income elasticity of demand as indicator for trade creation and trade diversion. By extrapolating the findings for a certain period prior to the formation of EEC and EFTA they obtained an import-elasticity function for the period following the formation of the two arrangements valid under the assumption that this function would have represented trade flows if regional integration had not occurred. This function was then compared with the one arising from the actual trade figures. The differences between them was used as a direct indicator of trade diversion and trade creation[36].

Torsten Tewes set out to analysing the degree of trade diversion and creation occurring in the commercial relations between the Federal Republic and the rest of the EEC member countries on the one hand and third countries on the other[37]. His method was based roughly on that of the Balassa and EFTA Secretariat studies. Tewes applies this method to five different commodity groups, foodstuffs, raw materials, two different classes of semi-manufactures (Halbwaren, Fertigwaren-Vorerzeugnisse) and finished goods. The results of this study show that, for foodstuffs, the trade diverting effects of EEC were twice as high as the trade creating effects, while for semi-manufactures trade diverting effects were very small in relation to trade creating factors. In semi-manufactures trade creation increased considerably in the years during 1964-1968 while diverting effects did not change. For finished products trade creating and diverting factors were almost equal for the period as a whole. In this case, different from the other commodity groups, trade

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36 The four studies did not all investigate exactly the same questions. For a detailed discussion of the methodology and the results of the four studies see CURZON, *Essentials*, pp. 286-308.

37 TEWES, *Wirkungen*, pp. 221-239.

diverting effects became much more important 1964-1968 and even exceeded the trade creating effects.

These results suggest that in the period 1960-1963 trade diverting and trade creating effects were largely equal to each other. German imports from third countries during that time would have been 5% higher and those from EFTA 7% higher than they actually were, if there had been no trade diversion. Without trade creation and trade diversion German imports from EEC countries would have been 20% lower than they actually were. In the period 1964-1968 trade creating effects of the EEC were about 50% stronger than diverting effects. Without trade diversion German imports from third countries would have been 10% and those from EFTA 20% higher than they were. Without trade creating and diverting effects German imports from the EEC would have been roughly one third lower than they were. Tewes study gives thus a useful indication as to what extent and in what wider commodity groups German producers would profit from trade diversion in trade with third countries and suffer from trade creation within the EEC. In chapter six of this study a similar quantitative analysis of the effects of EEC and EFTA will be provided for individual sectors of German industry.

1.2 Interest groups and collective action in the democratic state

The present analysis is concerned with the attempt by German industry to influence government decision making in the field of foreign economic policy, more specifically trade policy. As has already been said, one pre-theoretical assumption in this context is that, within the overall favourable public climate for the free trade area issue, German industrial associations should have had a very good chance to push the West German government into pursuing this option much more forcefully on the international level than was actually done. This assumption rests mainly on the fact that there were manifold public statements by practically all camps of the political and industrial scene and the important institutions of the political system in favour of this solution. One would therefore assume that particularly forceful pressure from influential groups like the Federation of German Industry (BDI) should have been able to bring about the desired action by the federal government. It appears that the historical questions arising from this obvious contradiction cannot be answered without recourse to theories about the political decision making process in general and here particularly about the chances of individual interests of being represented successfully at government level, i. e. being heard and being made part of the public policy pursued.

The relationship between interest groups and agencies of the state has been the focus of attention of an ever increasing number of theoretical writings in political science. Contributions have been made by group theory, the theories of rational choice and collective action, by game theory and the theoretical deliberations connected with the paradigms of pluralism and corporatism. This literature has thus come up with a good number of different theoretical approaches towards the analysis of decision making processes in modern industrial states. Many of them suffered either from an overly high degree of abstraction, while others lacked in coherence and systematic rigour. Mancur Olson's "Logic of Collective Action" for example has thus introduced an original and intriguingly simple and systematic approach for the analysis of particular problems related to the organisation of interests[38]. It has on the other hand been criticised for limiting itself to the analysis of the inherent conditions of interest group formation, while not providing insights into the continuing process of the representation of interests[39]. Furthermore, the rhetorical battle between advocates of pluralism on the one side and of corporatism and neo-corporatism on the other has often blurred, rather than clarified the picture. Indeed, it seems that a good part of this battle was fought merely over differences in terminology rather than substance. While there have recently been more fruitful attempts at working towards a common ground between

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38 OLSON, MANCUR: *The Logic of Collective Action. Public Goods and the Theory of Groups.* Cambridge/Massachusetts, London/England 1965.

39 Frans van Waarden criticises that Olson does not analyse the logic of influence of interest groups, that he neglects the dimension of time and the influence of institutionalisation of the associational structure. See van WAARDEN, FRANS: *Zur Empirie kollektiven Handelns: Geschichte und Struktur von Unternehmerverbänden.* In: SCHUBERT, KLAUS (ed.): *Leistungen und Grenzen politisch-ökonomischer Theorie. Eine kritische Bestandsaufnahme zu Mancur Olson.* Darmstadt 1992, pp. 156. See also CZADA, ROLAND M.: *Interessengruppen, Eigennutz und Institutionenbildung: Zur politischen Logik kollektiven Handelns.* In: SCHUBERT, KLAUS (ed.): *Leistungen und Grenzen politisch-ökonomischer Theorie. Eine kritische Bestandsaufnahme zu Mancur Olson.* Darmstadt 1992, p. 67.

pluralism and corporatism, neither can claim to have developed into a fully-fledged theory. As a consequence, little progress has been made in defining the role of the state in relationship to the representation of interests in democratic political systems.

The more promising conceptual developments seem to spring from the "rapprochement" between pluralist and neo-corporatist writings on the one hand, and an increased focus of analysis of individual levels (macro-meso-micro) and their peculiarities on the other. The acknowledgement that pluralism and corporatism are not mutually exclusive concepts but rather the poles (or ideal types) in a continuum of modes of public policy making has brought about a truce between the two sides which finally seems to allow the possibility of a common way forward. Thus the shift of attention to the sectoral level by the neo-corporatists and the proposition to use the metaphor of "policy networks" for the analysis of more closely specified areas of policy making seems to provide a useful and practical framework capable of accommodating pluralist and corporatist concepts without forcing their complete integration. This approach also offers new ways to achieve a more precise definition of the role of the state in its relationship with societal interests and the groups representing it.

In the context of the present analysis those theoretical concepts and analytical categories referring to the relationship between government bureaucracy and industrial interest groups will merit particular attention. This is also true for considerations concerning the internal structures of interest groups and their effects on the probability of individual interests to prevail over others. Given that interest representation in democratic political systems is effected by interest groups as well as by political parties through the parliamentary process, the theoretical assumptions about their relationships also have to be considered. Despite the continuing lack of any precise concept of the role of the state the present analysis will have to find at least some tentative working notion of that role. All of this has to be defined as far as possible in order to arrive at an understanding of the theoretical variables that might allow an evaluation of the power of industrial pressure groups to influence government decision making. In this respect the role of the state will have to be reconsidered when addressing the theoretical aspects of international bargaining situations in the final section of this chapter. A second aspect in this context is the relationship between interest groups and political parties constituting the parliamentary branch of the political system.

Interests and their chances for successful representation

This first subsection will look very briefly at the inherent logic of collective action as formulated by Mancur Olson and the assessments derived from these arguments for the conditions of interests to prevail in competition with others. It will also look very generally at the determinants of power of interest groups as given by their size and internal structures, the role of social and political institutions and by the nature of decision making as such. If we define the power of interest groups in very general terms as their capacity to procure future benefits[40], a some determinants of this capacity can be seen in the nature of the interests pursued, and the internal structure as well as the economic resources of the respective interest group. One could suggest that these factors are, in the short term, largely independent of influences coming from outside the interest group. Other general factors determining the power of interest groups, such as the dominant ideology, the competition of other interest groups and the institutions of the political system, are of an external character[41].

Olson's main arguments have been discussed so widely that it is unnecessary to repeat them here in great detail[42]. While some have refuted Olson's "Logic of Collective Action" as illogical and wrong[43], others have criticised that elements of

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40 PIZZORNO, ALESSANDRO: *Interests and Parties in Pluralism.* In: BERGER, SUZANNE (ed.): *Organizing Interests in Western Europe.* Cambridge, New York 1981, p. 265.

41 WILSON, GRAHAM K.: *Interest Groups.* Oxford 1990, p. 15.

42 For the core of the argument see OLSON, *Logic* (1965), pp. 1-3; for a summary of the argument see also OLSON, MANCUR: *The Logic of Collective Action.* In: RICHARDSON, JEREMY J. (ed.): *Pressure Groups.* (Oxford Readings in Politics and Government), Oxford 1993, pp. 23-37; Olson restates his argument in connection with his analysis of the overall impact of the existence of numerous powerful interest groups on the welfare of a modern state. See OLSON, MANCUR: *The Rise and Decline of Nations. Economic Growth, Stagflation and Social Rigidities.* Hew Haven 1982, pp. 17-35. For a broad discussion of Olson's works see SCHUBERT, KLAUS (ed.): *Leistungen und Grenzen politisch-ökonomischer Theorie. Eine kritische Bestandsaufnahme zu Mancur Olson.* Darmstadt 1992; see also MITCHEL, WILLIAM C.: "Interest Groups: Economic Perspectives and Contributions." In: *Journal of Theoretical Politics* 2 (1990), pp. 85-108.

43 Kimber, Richard: "Collective Action and the Fallacy of the Liberal Fallacy." In: World Politics 33/2 (1981), pp. 178-196.

his argument, such as the by-product theory, could not be validated by the results of empirical research, and that while analysing the logic of membership of interest groups, he neglected the logic of their influence[44]. It is indeed an important question in the context of the present analysis whether one can draw inferences from the nature of an interest and from the relative size of the organised group supporting it as to the interest's chances of being successfully represented. One should assume that an interest that has a greater tendency to be organised is also going to have a better chance of being successfully represented, particularly if, as Olson suggests, a large proportion of the group membership is highly interested in the public good[45]. To be sure, these purely internal aspects of the group do give only a very limited picture, and Olson has been justly criticised for not including institutional and other external factors, and failing to specify the role and nature of the state[46]. Yet as one of the many influences determining associational power, the internal factors of*relative group size* and *degree of interest in the public good* might be of similar importance for the chances of the respective interest to be successfully represented as some of the external institutional factors. Given that group coherence is likely to rise with both these factors according to Olson, one should assume that, ceteris paribus, the propensity to act and to act forcefully on behalf of this interest is also relatively higher in such a group than it is in larger groups with lower proportions of members with a high degree of interest in the public good. This point might be of extreme importance when looking at the associational representation of individual sectors of German industry throughout the negotiation processes on the free trade area and British EEC membership.

In the course of this analysis it might be possible to identify and define other internal factors of associational power. As far as industrial associations are concerned, e. g. the numbers of those employed in the corresponding industrial sector might be of relevance in interest representation, if the interest involves preventing the decline of employment in that industry that might effectively be

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44 van WAARDEN, FRANS: *Zur Empirie kollektiven Handelns: Geschichte und Struktur von Unternehmerverbänden*. In: SCHUBERT, KLAUS (ed.): *Leistungen und Grenzen politisch-ökonomischer Theorie. Eine kritische Bestandsaufnahme zu Mancur Olson*. Darmstadt 1992, pp. 139-168.

45 OLSON, *Logic* (1993), p. 33.

46 MITCHELL, *Interest Groups*, pp.88-89.

brought about e. g. through free foreign competition. It is obvious that substantial losses in employment can be used as a leverage with a government in a democratic state. While unemployment was not a problem in Germany at that time, this example still shows that internal resources as factors of associational power cannot be properly evaluated when detached from their concrete situational and institutional context. This means that in a particular situation an industrial sector's economic weakness might be its strength when it comes to putting pressure on politicians. A booming sector with equally high figures of employment could hardly make the same use of them as the potentially shrinking sector would be able to do. The members of the association representing the booming sector would neither feel so pressed to act as would those in the shrinking sector who might stand to lose their fortunes. Thus the properties of the interest groups and their members are clearly important factors in determining the relative power with which their interest can be represented. In the example used here, the association of the sector in decline would most likely have a very high degree of interest in the collective good which would lead it to act forcefully and add to its capacity of successful interest representation as determined by the other internal factors group size and economic resources. Thus one important aspect of the power of interest groups has been identified on the basis of Olson's argument about the logic of collective action.

Factors determined by the environment of the interest groups are of equal, and perhaps sometimes of greater importance. These are the existence of other interest groups with competing interests, a particular institutional setting of the political system, a dominant ideology in the society and the peculiarities of the policy area in which the interest group is operating[47]. All these external factors have been interpreted by rational choice theory as constraints or opportunities to the interest group facilitating or inhibiting the use of the power given by internal factors and thus affecting the balance of cost and benefit of collective action. Yet it seems impractical to integrate the role of institutions in the equation of the political decision making process by simply reducing them to constraints and opportunities and to assume their role as a constant given. It is not argued here that institutions do

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47 For a model of competition among pressure groups see BECKER, GARY S.: "A Theory of Competition Among Pressure Groups for Political Influence. " In: *The Quarterly Journal of Economics* 98 (1983), pp. 371-400.

not change the balance of cost and benefit of collective action. They certainly do. The stress is rather on the point that this undoubted function of institutions for the interest groups as such does not capture the full importance of institutional factors in the political decision making process. Institutions can neither be seen as a constant given nor as neutral[48]. Adrienne Windhoff-Héritier thus argues that political institutions are not merely the arenas in which political processes occur. She sees them as factors in their own right, influencing available options and thereby the choices open within the decision making process[49].

The result of these considerations is thus that the view of institutions as providing constraints and opportunities to individual interest groups is a valid and important point, but can serve only as an approximation as to the full understanding of the role institutions play within the political decision making process. Although the approach of "New Political Institutionalism" does not provide a systematic theoretical framework and therefore no alternative to the rational choice theory, it might be possible to fruitfully combine them by focusing on the constraints set by political institutions, while not losing sight of the wider aspects of institutions in this context[50]. In this respect the different nature of decision making processes in different political institutions (e. g. parliament in comparison with a government ministry) will have to be taken into account when analysing constraints and opportunities for interest groups.

Interest groups and the state

In the previous subsection an assessment of some general conditions of interest group power has been given. Group size and degree of interest of the membership have been identified as important internal variables of relative power in competition with other interest groups. Factors of the environment of interest groups, mainly political institutions, have also been considered on a very general level in their

48 RICHARDSON, JEREMY J. (eds.): *Pressure Groups*. (Oxford Readings in Politics and Government), Oxford 1993, p. 2.

49 WINDHOFF-HÉRITIER, ADRIENNE: *Institutions, Interest and Political Choice*. In: CZADA, ROLAND M./WINDHOFF-HÉRITIER, ADRIENNE (eds.): *Political Choice. Institutions, Rules, and the Limits of Rationality*. Boulder, Frankfurt 1991, p. 28.

50 WINDHOFF-HÉRITIER, *Institutions*, p. 37-38.

impact on the capacity of interest groups to procure future benefits for their members. The present subsection will reconsider the problem of interest group power and take a look at the internal structures of interest groups and the question of who is going to dominate interest group action. It will have to be seen whether and how the analysis of the internal structure of interest groups will require modifications of the suggestion made above concerning the role of group size and degree of interest in the collective good. Here we shall also roughly sketch out the main features of the paradigms of pluralism and corporatism as far as these frameworks are likely to prove helpful to the present study.

The question of interest group power is very problematic. The definition given earlier can hardly be operationalised and applied directly to an empirical study. The "capacity to secure future benefits" in a modern democratic political system is contingent upon so many more or less obvious factors that it seems impossible to come sufficiently close to a complete set of well-defined variables. The only way open to arrive at some approximation will be to compare interest groups according to their structures, styles, tactics and relationships with the state[51]. Other relevant categories to compare interest group power are: 1) the general attitude toward interest groups in the political culture; 2) the density of membership; 3) the degree of unity or fragmentation; and 4) the tactics used by them in the context of the political framework[52]. Whether the size of the group as such is going to have the important impact attributed to it by Olson in terms of the potential influence of the interest group is doubtful when seen in connection with the requirements of campaigning in favour of a certain interest policy within a modern democratic system. The advantage of smaller groups over larger ones could easily be compensated by the need for a group to establish a bureaucracy of its own, to rely heavily on the economic resources of its members and to be able to muster votes as leverage in the bargaining process. Thus Roland Czada recognises positive

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51 For a discussion of state and interest groups see STEINBERG, RUDOLF [ed.]: *Staat und Verbände. Zur Theorie der Interessenverbände in der Industriegesellschaft.* (Wege der Forschung, 298), Darmstadt 1985, see in particular WEBER, WERNER: *Der Staat und die Verbände.* In: STEINBERG, RUDOLF [ed.]: *Staat und Verbände. Zur Theorie der Interessenverbände in der Industriegesellschaft.* (Wege der Forschung, 298), Darmstadt 1985, pp. 64-76.

52 WILSON, *Interest Groups*, pp. 12, 18-21, 34-35.

effects of scale for large interest groups in terms of the provision of information, of mobilisation capacity, public relations and the control of free riders[53]. A variable of greater importance for the likelihood of forceful interest group action remains the degree of interest among its members. Jeremy Richardson provides a formulation of this aspect by saying that interest group activity is most likely to develop in cases where costs and benefits are concentrated on a relatively small number of interest group members and when they are significant[54]. Rather than the small size of an interest group it might thus be the relative "smallness" in scope of the interest represented (as compared to a more general interest) which might provide the group with a higher chance of advancing its objective. In chapter six it will be argued that the visibility of potential costs and benefits as well as of the opportunity costs of sub-optimal solutions is another crucial factor in determining the nature of group interest.

Another important question in the context of this analysis is how group decisions are actually determined and to what extent the internal structures of interest groups favour some members over others in the pursuit of individual interests. The elements of the organisational structure of interest groups are fairly uniform. The larger groups usually have the following eight different functional units: 1) members' conference; 2) steering committee (Hauptausschuß); 3) Special committees (Fachausschüsse); 4) Presidency; 5) advisory committees; 6) special circles (Fachkreise); 7) regional subsections; and 8) management (Geschäftsführung)[55]. Hubert Scherzinger gives a detailed account of the influences at work in the internal decision making processes of interest groups. He points out that the degree of affectedness (Betroffenheitsgrad), the availability and access to information as well as the capacity to digest them are of crucial importance to this internal process. Other elements for determining the intra-group power distribution are the frequency with which particular functional units convene and the

53 CZADA, *Interessengruppen*, p. 65.

54 RICHARDSON, *Pressure Groups*, p. 11.

55 SCHERZINGER, HUBERT: *Theorie der Willensbildung in Unternehmerverbänden: Zusammenstellung der wesentlichen ökonomischen Einflußgrößen und der strukturellen Bedingungen sowie deren Einarbeitung in ein System von Modellen.* (Untersuchungen über Gruppen und Verbände, 14), Berlin 1978, p. 52.

composition of the group's material wealth[56]. Scherzinger analyses the process of intra-group decision making and policy formulation by looking at different sets of situations and evaluating the corresponding power distributions.

The relationship between interest groups and the agencies of the state has been the core of a long debate concerned with the essential question of who actually governs in any particular political system[57]. The exchanges between "pluralists" and "corporatists" have been marked by the normative and prescriptive character of many of their respective arguments. The debate was thus not only one over the adequate description and theorisation about public policy making in the modern state, but also, if not mainly, about how things should and could be done in the best way given a number of political, functional or even moral imperatives that had to be observed. At the present stage of the debate which began in the 1960s there are some who suggest that the ideas put forward under the labels of "corporatism" or "neo-corporatism" are essentially a variant of pluralism and that the whole argument of corporatism was based on a profound misconception of the pluralist paradigm in the first place[58]. Others see both approaches as poles of a continuum of modes of public policy making which could also be regarded as ideal types in the Max Weber sense.

When one reads the more recent literature on pluralism and corporatism one starts wondering why there was ever any disagreement between the two sides in the first place apart from conceptual misunderstandings. Pluralist writers today see their paradigm as being continuously misinterpreted by the corporatists and hold that basically everything pluralism was ever criticised for lacking had actually been said or implied by earlier writings. Similarly, corporatist writers, initially keen on

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56 SCHERZINGER, *Theorie*, pp. 55-76.

57 For a formulation of the essential aspects see DAHL, ROBERT A.: *Who Governs? Democracy and Power in an American City*. London, New Haven 1961; see also JORDAN, GRANT: *The Pluralism of Pluralism. An Anti-Theory?* In: RICHARDSON, JEREMY J. (ed.): *Pressure Groups*. (Oxford Readings in Politics and Government), Oxford 1993, pp. 49-53.

58 Ross Martin goes so far as to suspect that "the corporatists" deliberately misunderstood pluralism in order to be able to reject it more easily, while Andrew Cox sees them reinventing the wheel. See MARTIN, ROSS M.: "Pluralism and the New Corporatism. " In: *Political Studies* 31 (1983), p. 95; COX, ANDREW: "The Old and New Testaments of Corporatism: Is it a Political Form or a Method of Policy-Making?" In: *Political Studies* 36/2 (1988), pp. 300-301; see also Jordan's critique of Schmitter: JORDAN, *Pluralism*, p. 63.

marking the profound difference between pluralism and their own concept, now imply that both concepts are closer to each other than previously admitted. Thus the dividing-line between the two concepts has become blurred in recent years. Since this was accompanied by rather vague re-formulations of, and amendments to, neo-corporatism, it would not seem very useful to engage in disentangling the two concepts. We shall rather present very briefly the essentials of the concepts and give the overall tendency with which both paradigms regard the role of the state, the role of interest groups and their interaction in policy making.

Pluralism assumes a large number of dissimilar pressure groups representing their dissimilar interests and influencing the public policy making of the state[59]. The relationship among interest groups is generally seen as one marked by competition and temporary alliances among each other. Yet in the context of this study account has to be taken of the fact that according to Jordan another tradition of pluralism also emphasises the closed-group departmental relationships and sectoral policy making. Cox calls such relationships "corporatist pluralism", and asserts that this tradition (which must have been overlooked not only by corporatists but also most other writers in the field) encompassed all that the neo-corporatists later claimed was new in their analysis[60]. In pluralism, the state is seen as a rather passive register of interests. A pluralist state would also preclude any systematic incorporation of functional interests and have little or no power to influence the structure and power of individual groups. The relationship between interest groups and state in pluralism are thus of an entirely voluntary nature.

Within the context of democratic theory pluralism legitimised the role of interest groups as one checking the potential domination of minorities by the majority. Another advantage of the pluralist system was seen in the provision of a flexible mechanism of government which, through the accommodation of the major societal interests, ensured governability. Criticism of this descriptive as much as prescriptive concept began to be raised in the 1960s when competition between groups endowed with varying amounts of political and economic resources was

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59 For this and the following see WILSON, *Interest Groups*, p. 109; MARTIN, *Pluralism*, pp. 91-95; JORDAN, *Pluralism*, pp. 57-58; COX, *Testaments*, pp. 300-301; PIZZORNO, *Interests*, p. 259.

60 COX, *Testaments*, p. 299.

increasingly seen as a contradiction of democratic principles. Despite having been the dominant doctrine of democratic theory for quite some time, pluralism did not become a coherent model. Jordan depicts it rather as a "simple idea about the nature of political life"[61].

The latter statement would also hold true for the corporatist approach. It has not provided a systematic explanation for the relationship between institutional structures, economic policy making and economic development[62]. The definition of this concept has been provided by Philippe C. Schmitter:

> Corporatism can be defined as a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created by) the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports[63].

This definition shows clearly that the relationship between state and interest groups is reversed in comparison with the pluralist concept. Under corporatism the state is in the condition to dictate the terms under which political bargaining takes place. The state uses this power in order to facilitate government through the delegation of specific functions to interest groups. While there is clearly an exchange relationship in which the state grants public and legal status to private organisations, which in turn take over part of the burden of government, the state remains ultimately in control. One essential feature of the relationship between interest groups and state under corporatism is thus the immediate link between

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61 JORDAN, *Pluralism*, pp. 59-61.

62 LEHNER, FRANZ: *Interessenstrukturen und Wirtschaftspolitik: Leistungen und Defizite von Olsons Theorie.* In: SCHUBERT, KLAUS (ed.): *Leistungen und Grenzen politisch-ökonomischer Theorie. Eine kritische Bestandsaufnahme zu Mancur Olson.* Darmstadt 1992, p. 83.

63 SCHMITTER, PHILIPPE C.: *Still the Century of Corporatism?* In: LEHMBRUCH,, GERHARD/SCHMITTER, PHILIPPE C. (eds.): *Trends Toward Corporatist Intermediation.* Beverly Hills, London 1979, p. 13. The first print of the article is to be found in: *Review of Politics* 36 (1974), pp. 85-131.

interest representation and policy implementation. The state determines the conditions of both and thus enjoys a very high degree of autonomy. Thus Schmitter's definition is not concerned with the process of policy making which became the focus of attention later on, but with the political form of the state[64].

Neo-corporatism, meso-corporatism and policy networks

The definition of corporatism as introduced by Schmitter is hardly compatible with the notion of a liberal democratic political system. However, since corporatism was thought to be, or to become, a set of categories and hypotheses capable of delivering at least the adequate description of modern democratic states, adaptations of the original concept had to be made. Thus corporatist writers came up with the notion of "liberal corporatism" (which Winkler and Pahl contrasted with "state corporatism"[65]). The formulation of this concept by the corporatist "school" led to some confusion, in the sense that almost everybody presented a slightly different view of what this term (that should lead corporatism out of a dead end road) was to denote in practice[66]. Instead of providing a way out, the new approach initially seemed to cause confusion as to which road to take among the many paths that suddenly seemed to be available. Lehmbruch defined "liberal corporatism" as a corporatism that remained embedded in a system of liberal constitutional democracy with institutionalised rules such as freedom of association, and in which interest groups enter voluntarily into relationships with the government and are also free to terminate these relationships. This version of corporatism seems to be so far watered down from Schmitter's original concept that the clear differences in comparison

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64 For the main features of the corporatist system of interest representation see COX, *Testaments*, pp. 294-296; ATKINSON, MICHAEL M./COLEMAN, WILLIAM D.: "Strong States and Weak States: sectoral Policy Networks in Advanced Capitalist Economies." In: *British Journal of Political Science* 19 (1979), p. 56; O'SULLIVAN, Noel: *The Political Theory of Neo-Corporatism.* In: COX, ANDREW/O'SULLIVAN, NOEL (eds.): *The Corporate State. Corporatism and the State Tradition in Western Europe.* Aldershot 1988, p. 9.

65 For the definition of "state pluralism" which basically replicates the original definition of corporatism in which the state is seen as directing and controlling the relationship with interest groups see O'SULLIVAN, *Theory*, p. 7. Cox refutes the whole neo-corporatist approach as useless in that it has not led to any significantly new insights. He welcomes Schmitter's original definition of corporatism as useful when taken as an ideal-typical form of the state. He rejects the variants state and liberal corporatism accordingly. See COX, *Testaments*, p. 294.

66 For this and the following see MARTIN, *Pluralism*, p. 87-90.

with pluralism are difficult to establish. More importantly, the now "neo"-corporatists ceased to claim that states as a whole were of a liberal corporatist type, but that this term would more appropriately refer to individual sectors which coexist with sectors of a pluralist nature within the same political system.

Cawson defined liberal corporatism as a method of economic administration entailing group assumption of responsibility for delegated enforcement of government policy. Thus Ross Martin states correctly that, apart from the context of a constitutional form of political system, the voluntary nature of group-government relationship and the claim to be still distinct from pluralism, "liberal corporatism" remained ill-defined and hardly coherent. This becomes particularly visible in the diverging opinions among the proponents of that "school" about the role and nature of the state. Martin suggests therefore, that "liberal corporatism" is simply a developed variant of pluralism and that the modes of policy making that it denotes could be seen as being somewhere in a "continuum centred on pluralist relationships with corporatism as one extreme"[67]. Martin's continuum is thus not one with corporatism and pluralism at the extreme ends. It is rather a continuum reflecting different degrees of group access to government agents. The corporatist pole would thus be the extreme where access is institutionalised while the opposing pole would have to be seen as one where access of organised interest to government is at best indirect, e. g. via parliamentary channels only. Martin thus concludes that, since both neo-corporatism and pluralism are essentially concerned with the power of interest groups, their affinity is greater than between liberal corporatism and state corporatism[68].

In a further attempt to enhance and thereby rescue the notion of neo-corporatism a shift was made in the level of analysis. The new focus of attention was to be the sectoral or meso-level where, it was argued, neo-corporatist patterns might be more easily detected, while they might be hidden at the macro level if the system on a whole was more pluralist in nature[69]. It was also argued that there

67 MARTIN, *Pluralism*, pp. 99-100.

68 MARTIN, *Pluralism*, pp. 102.

69 WILSON, *Interest Groups*, p. 111; see also CAWSON, ALAN: *Varieties of Corporatism: The Importance of the Meso-Level of Interest Intermediation.* In: CAWSON, ALAN [ed.]: *Organized Interests and the State. Studies in Meso-Coporatism.* London [et al.] 1985, pp. 1-21.

would be a particular type of group-government relationship at this level: "meso-corporatism"[70] where attention would have to be paid to specific bureaucratic arrangements, the relationships maintained between officials and the key societal actors and the specific organisational properties of associational systems and individual firms. The key factor in group-government relations at sector-level is seen in the degree of mobilisation of business[71].

At this stage it becomes clear that the seemingly fruitless debate over neo-corporatism and its variants was not as pointless as some suggested. After much meandering about the many attempts at saving the neo-corporatist concept did not necessarily achieve the objective they sought, but still pointed the way toward a new focus of attention that might indeed further the analysis of group-government relationships in the modern state. The focus on the sectoral level might provide the possibility to integrate Olson's "logic of membership" with a "logic of influence" capable of taking account of the institutionalisation of group-government relationships[72]. The new concept related to this approach is the metaphor of "policy networks"[73]. It sets out to define more precisely the determining factors in the autonomy of the bureaucratic agents in their relationship with societal interests groups. Depending on the critical variables of the degree of centralisation in society and state and of the degree of differentiation between them, the concept attempts to define the autonomy of the bureaucracy and flowing from that the nature of possible patterns of group-state relationships at this level. Atkinson and Coleman come up with six ideal typical policy networks reflecting rising degrees of bureaucratic autonomy: 1) pressure pluralism; 2) clientele pluralism; 3) parantela pluralism; 4) corporatism; 5) concertation; and finally 6) state direction. The detailed definitions of these networks are likely to be useful tools in order to arrive at approximations of associational power at sectoral level. Given that the focus of the analysis is narrowed to individual segments of the system of interest representation, their

70 LEHMBRUCH, *Organization*, p. 130.

71 ATKINSON/COLEMAN, *States*, pp. 49-50; 53.

72 van WAARDEN, *Empirie*, p. 167.

73 For this and the following see ATKINSON/COLEMAN, *States*, pp. 50-51; 55-59. For a discussion of the terms policy community and policy network see JORDAN, GRANT: "Sub-Governments, Policy Communities and Networks. Refilling the Old Bottles? " In: *Journal of Theoretical Politics* 2 (1990), pp. 319-338.

elements can be more precisely defined and assessments of associational power integrating the factors used by Olson with institutional aspects might be possible.

While so far, attention has focussed on the relationship between interest groups and government bureaucracy, i. e. parts of the executive branch, their relationship with political parties within a democratic political system is also important and needs to be addressed. Any system of interest representation is of a dual nature. Interest groups as well as parties are organisations fulfilling the tasks of interest aggregation and representation within particular frameworks. While the activities of political parties are likely to be very clearly and often formally defined by constitutions, statutes, parliamentary procedures and the political practice, the definition of the respective realm of activity of interest groups is generally not specified in this manner. In the optimist pluralist view of interest groups their activities have been seen as countering potential negative effects of majority rule. Yet after strong concerns have been expressed over interest group domination of democratic systems it seems rather that interest group power has to be checked by democratic institutions. Because of their interest in winning votes political parties tend to pay more attention to some sort of aggregate interest rather than to the special interests of particular groups. This tendency is particularly strong with the modern "catch-all party". While this would tend to give political parties the capacity to muster ideological resistance against the domination of interest groups[74], the general weakening of the role of political parties and their declining ideological differences in modern democratic systems on the other hand, has diminished this capacity[75].

Yet in spite of this apparent weakening of party differences it seems that there are still "issue networks" in which the boundaries between government and interest groups are less important than those between individual political camps[76]. The notion of issue networks suggests that the relationships between governmental, parliamentary and societal actors will take particular forms in different areas of

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74 SCHMID, JOSEF: *Parteien in der Interessenvermittlung: Widerlager oder Verstärker von Verteilungskoalitionen?* In: SCHUBERT, KLAUS (ed.): *Leistungen und Grenzen politisch-ökonomischer Theorie. Eine kritische Bestandsaufnahme zu Mancur Olson.* Darmstadt 1992, p. 170, 173.

75 PIZZORNO, *Interests*, pp. 269-273.

76 WILSON, *Interest Groups*, pp. 156-157.

policy making. In addition, while interest groups are likely to have a greater chance to get their way in those areas where the mediation of different societal interests through negotiation is necessary, there are policy areas where negotiation is not the main feature and where the executive thus retains a very high degree of autonomy and control[77]. This is particularly true with foreign policy where, for a number of reasons, the executive enjoys a particularly high degree of autonomy in decision making. In parliamentary democracies some of this autonomy will also affect the position of the governing party or coalition. Governing parties in general will be subject to sometimes very narrow institutional and procedural restrictions[78]. Their responsiveness toward pressure from interest groups will thus be conditioned upon these institutional influences that might enhance or constrain a party's autonomy.

1.3 International negotiations and domestic politics

The last section of this chapter will give a very brief outline of theoretical approaches that might be able to take account simultaneously of international and domestic aspects of the questions treated here. One approach has been put forward by Robert Putnam and has been somewhat refined by Andrew Moravscik on the basis of a comprehensive analysis of existing theoretical literature and empirical work on the constraints and opportunities faced by statesmen when simultaneously facing linked bargaining situations at home and abroad[79]. Subsequently, Moravscik has formulated the theoretical concept of "Liberal Intergovernmentalism" designed especially, but not exclusively, to explain and predict policy outcomes in a framework of policy co-ordination as existing in the European Community, both on

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77 PIZZORNO, *Interests*, p. 273.

78 SCHMID, *Parteien*, p. 173.

79 For a summary of the attempts at integrating theoretical approaches to international and domestic political decision making see EVANS, PETER B.: *Building an Integrative Approach to International and Domestic Politics. Reflections and Projections.* In: EVANS, PETER B. [et al.] [eds.]: *Double-Edged Diplomacy. International Bargaining and Domestic Politics.* Berkeley [et al.] 1993, pp. 397-430. For the following see MORAVSCIK, ANDREW: *Introduction. Integrating International and Domestic Theories of International Bargaining.* In: EVANS, PETER B. [et al.] [eds.]: *Double-Edged Diplomacy. International Bargaining and Domestic Politics.* Berkeley [et al.] 1993, pp. 3-42; PUTNAM, ROBERT: "Diplomacy and Domestic Politics: The Logic of Two-Level Games." In: *International Organization* 42 (1988), pp. 427-460.

the domestic and the international level[80]. The metaphor of "two-level games", as Putnam's approach is labelled, draws on existing theories of international relations and domestic policy making for the purpose of analysing situations of international bargaining. Yet while previous approaches generally put priority on either the international, the domestic or even the personal character of the main influences shaping policy outcomes of international bargaining situations and neglected the others, the "two-level-game" approach tries to systematically integrate both the domestic and international levels of analysis with equal weight and to highlight the mutual dynamic influences that both have on each other. Essential in the "two-level game" is the role of the chief negotiator. Moravscik's Liberal Intergovernmentalism on the other hand is an attempt to create a comprehensive theoretical instrument to deal with domestic, intergovernmental and supranational features. He does so by linking theories of national preference formation with those relating to intergovernmental negotiation. While for the sake of analytical clarity Moravscik begins with the national definition of policy preferences by governments and a subsequent stage of intergovernmental bargaining, both are evenly integrated into the theoretical concept. This approach seems indeed as a way forward in the analysis of processes of regional economic integration that can be seen as the management by nation states of their increasing interdependence.

Both realist theory and interdependence theory accounted for changes in policy outcomes mainly by reference to changes of external constraints on individual states. Domestic factors were barely taken into account and often simply assumed away by regarding nation-states as rational, unitary actors with given interests and preferences at any given moment and with a fixed ability to mobilise bargaining resources. More recent literature has included domestic politics within the analysis merely as a source of residual variance which could not be accounted for by international factors. A particular analytical approach used to explain the formulation of foreign economic policy saw the way in which distributional coalitions formed as corresponding to a country's relative economic position in world markets. David Lake thus "identifies the 'national trade interest' with the

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80 MORAVSCIK, ANDREW: "Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach". In: *Journal of Common Market Studies* 31 (1993), pp. 473-524.

executive branch of government, while domestic interest groups were viewed as forces impeding the executive from pursuing the 'common good' "[81]. The "national interest" is here defined by the differential impact of international agreements on specific domestic actors. Other currents of recent theoretical writing in international relations take the opposite view and suggest that theories of domestic preference formation have to take precedence over international approaches. While Moravscik states that there are almost no empirical studies that have not included both sides of the coin, no equivalent on the theoretical level has yet been provided in any systematic manner. He then sets out to give a thorough critique of the existing approaches to the problem and tries to take Putnam's "two-level-game" approach beyond the status of a mere metaphor.

The "two-level-game" approach focuses on the particular role of the statesman as the chief negotiator in international bargaining[82]. While the statesman's role in theories giving precedence to domestic influences is reduced to one of a passive political register for societal demands, theories focusing mainly on international factors see him subjected to dictates flowing from the international system as such. Putnam on the other hand points to the fact that statesmen are not only subject to constraints, be they domestic or international in nature, but that they also enjoy opportunities arising from a realm of autonomy which they might be able to create in their function as chief negotiators which is, as Moravscik stresses, to reconcile the distinct logic of both levels[83]. Moravscik identifies three specifically new features brought to the fore by the "two-level-game" approach. One is the affirmation that complex patterns of interdependence do not simply constrain statesmen, as had been argued by interdependence theory, but also give them new possibilities. The second is the emphasis on the statesman as the central strategic actor and his choice as a crucial element in international bargaining. In combination with the theory of rational choice the "two-level-game" approach thus gives clear indications as to where to look for the domestic influences which are the most

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81 Quoted from MORAVSCIK, *Introduction*, p. 12. See LAKE, DAVID A.: "The State and American Trade Strategy in the Pre-Hegemonic Era." In: *International Organization* 42 (1988), pp. 33-58.

82 For this and the following see PUTNAM, *Diplomacy*, pp. 456-460.

83 MORAVSCIK, *Introduction*, p. 15.

crucial in the determination of foreign policy. Moravscik also relates the approach to the "principal-agent" relationship. The third, and in Moravscik's view most decisive new element of Putnam's approach is the consideration that the statesman includes domestic and international factors simultaneously into his calculus. The strategies employed by the statesmen might thus utilise domestic factors for achieving aims at the international level or vice versa.

The main contribution of the "two-level-game" approach consists of including the ratification process into the analytical framework suggesting that ratification plays a role all throughout the whole process of international bargaining. Starting from the fact that the ultimate condition for a statesman achieving a particular objective in international negotiations is the successful ratification of the outcome at home, Putnam introduced the concept of a "win-set", denoting a "set of potential agreements that would be ratified by domestic constituencies in a straight up-or-down vote against the status quo of no agreement"[84]. This win-set (of ratifiable agreements) constitutes the only constraint on the statesman. In order to generate empirical hypotheses about state behaviour Putnam specifies more closely the concrete features of the three main analytical points of reference: domestic politics, the international negotiating environment and the statesman's preferences. For each of them a number of variables can be named which will lead to the more precise definition of the constraints and opportunities of the statesman. Thus the size of the win-set is the most important domestic constraint on the statesman. The size of the win-set itself depends not on total national costs and benefits, but their incidence, relative to existing coalitions and proto-coalitions. The influence of these coalitions has to be defined ultimately by their power in the ratification process whose structure therefore also enters into the equation. Yet apart from the constraint of the win-set as such the statesman enjoys the exclusive power to negotiate internationally and thus effectively holds a tacit veto over any agreement which he can use by not negotiating in earnest or by refusing to submit an agreement for ratification. Apart from this possibility the individual situation might grant the opportunity to the statesman of altering the domestic win-set itself, by linking the issue in question with other issues and by playing on preference differentials

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84 PUTNAM, *Diplomacy*, pp. 435-452.

between several interest groups. Thus, Moravscik stresses, the statesman's capacity to change the nature of institutions, to control crucial information and to affect the patterns of group mobilisation might leave him with considerable influence over the outcome of the ratification process. Furthermore, even the ratification procedure itself might be influenced in important ways by the head of the executive, be it through formal institutional or informal means. The more control the statesman enjoys over these means, the more greater his ability to shape the outcome of the ratification process[85].

There is no need to describe Moravscik's line of thought in great detail for the international influences and the statesmen's own preferences. It should suffice to say that he is able to show how the fairly large influence over agenda-setting and information at the international level might at times give them the chance to mould domestic coalitions. Collusion of heads of government in order to accommodate their respective strategic needs on the domestic scene might be used to further their individual preferences if these are sufficiently compatible. Yet the potential of statesmen to take things into their own hands is clearly limited by the negative effects of the agreement expected by relatively concentrated domestic groups. According to Olson's collective action analysis, such groups are likely to build up strong resistance to these features of an agreement, thereby diminishing the size of the statesman's win-set. If, on the other hand, costs and benefits are very diffuse, the statesman will enjoy more possibilities to win the support of individual groups at a relatively low cost.

As for the preferences of the individual statesman, they lie mainly in enhancing the position at home, the effort to achieve an optimal response to international imperatives largely regardless of domestic factors, and thirdly, and the individual policy preferences about the issues in question, be it own experience, a certain idealism or other factors. Moravscik calls the statesman's personal preferences his "acceptability set" and draws a number of very interesting inferences about the general position of the statesman from the relationship between his acceptability set and the win set of the domestic polity. If, for example, the statesman's acceptability set reflects the mainstream interests of domestic groups,

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85 MORAVSCIK, *Introduction*, pp. 24-25.

and is fully part of the domestic win-set, then the statesman's position can be described as one of being the agent of his polity. If, however, the acceptability set lies outside the win-set and closer to the win-set of the opposite side in the negotiations, the statesman can be seen as a "dove", while in the opposite case (with the acceptability set lying partly outside the domestic yet farther away from the opposite win-set) he could be labelled as a "hawk". From these classifications of the statesman's position Moravscik draws further inferences as to the strategies which the statesman would be likely to adopt to influence the domestic win-set, how they are likely to deal with the partners at the negotiation table and to what extent the degree of credibility for their personal positions in the negotiation process. Thus statesmen are more likely to expand the domestic win-set when they can be classified as "doves" or "hawks", than when they are classified as "agents"; collusion among chief negotiators is more likely when both sides are classified as "doves" and the arguments, threats and offers made by the statesman who is a "dove" or an "agent" will be taken more seriously than those expressed by "hawks". Since in the latter case, the domestic win-set of the "hawk" is closer to the opposing win-set than his own "acceptability-set", the opposing statesman might be able to dismiss threats from the "hawk" and bring the "hawk's" own domestic groups into opposition to their chief negotiator with targeting them by measures that would affect these groups negatively[86].

Moravscik's concept of Liberal Intergovernmentalism adds to the theoretical approach described above in that it is firmly grounded in theories of domestic and international political economy and in that it stringently integrates domestic preference formation, intergovernmental bargaining and the interest calculation of national and transnational groups. The concept thus allows the combination in a systematic manner of the analytical tools which have been presented in previous sections (concerning economic interest, pressure group influence, state and societal actors), and the theoretical concepts needed for the analysis of the intergovernmental negotiations. In the framework of this study the aspects of "distributional consequences of policy co-ordination" and the role of "policy areas and national preferences" are of great significance for the analysis. The same is true for the

86 MORAVSCIK, *Introduction*, pp. 30-31

predictions made by Liberal Intergovernmentalism for the "issue area" of commercial liberalisation which is at the core of the negotiations about the free trade area and British entry.

As far as the role of European institutions is concerned, the fact that their precise role and significance was by no means well-defined beyond the letters of the Treaty of Rome, as well as the fact that this role was still evolving will have to be taken into account. Moravscik's suggestions as to the effect and the role performed by supranational institutions for the efficiency of decision making and within the considerations of the "two-level game" of national leaders will still provide a valuable point of reference[87].

This very brief summary of the main features of Putnam's approach and Moravscik's concept seems to be an adequate frame for an analysis which looks not only at domestic preference formation and interest group power in government decision making but also at a complex sequence of negotiations and talks on the international level in which the position of several statesmen must also be entered into the equation.

Table 1.1: Economic Interdependence and National Preferences

Issue area	Sources of Societal Interest	Determinants of State action
Commercial liberalisation (e.g. tariffs and quotas, agricultural price policy)	overt pressure, mostly from producers, whose net expected gains and losses reflect competitive position in international markets, levels of intra-industry trade, and the certainty of policy outcomes	where producer interests, strong unified and certain, governments will conform to them; otherwise they are more likely to risk liberalisation when faced with overt and intractable policy failure, signalled by low investment and growth, unsustainable external disequilibria, and/or intolerable fiscal compensation

Source: Moravscik, Preferences, p. 495, extract from figure 2

The "two-level-game" approach seems to make this possible without having to resort to the sheer metaphysics of personal factors and the leadership qualities of individuals. An approach embracing: a) customs union theory in order to identify the nature of the interests at stake; b) Olson's analysis of collective action and the analysis of the nature of the system of interest representation at sectoral level in

87 MORAVSCIK, *Preferences*, pp. 507-517.

order to assess the potential power of those interest groups most affected; and c) the "two-level-game" approach to square domestic and international influences with the power exerted under certain conditions by the chief executive, should yield a sufficiently well-defined framework for the analysis of the historical problem which shall be described more closely in the following chapter.

2 Political and Societal Choices in "Adenauer's Kanzlerdemokratie" West German Democracy and European Integration 1957-1963

2.1 German Industry and the Choice Against the Free Trade Area Option

The essential questions

Throughout all the debates and negotiations on the free trade area issue until 1963, German industry, the federal ministry of economics, its Minister Ludwig Erhard and the large majority of political parties in the Bundestag all saw themselves as Britain's natural allies in the pursuit of a large European and even an Atlantic free trade area[1]. The British saw the Federal Republic of Germany as the only power within the Six that could moderate or break resistance to these plans from a traditionally protectionist France. West Germany's business community also shared Britain's interest in world wide free trade and was wary of becoming locked up in a small European market. Given the strong and ever increasing public political support for Erhard on this matter, one has to ask why in the end West Germany sided with France and effectively endorsed de Gaulle's decision to shut Great Britain out of the common market in 1963, and why it did not instead insist on a European or indeed an Atlantic free trade area.

According to the literature, West Germany was firm and united in its support for the free trade area concept with the sole exception of Konrad Adenauer and

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1 For a contemporary study of the British position see HEISER, JOACHIM: *British Policy with Regard to the Unification Efforts on the European Continent*. Leyden 1959. See also SMITH, ROBERT: "England und die Freihandelszone." In: *Die Politische Meinung* 3(1958), pp. 35-43; GEORGE, STEPHEN: *Britain and European Integration since 1945*. Cambridge 1991; BARKER, ELIZABETH: *Britain in a Divided Europe 1945-1970*. London 1971, pp. 145-164, 168-185; WALLACE, WILLIAM: *Walter Hallstein aus britischer Sicht*. In: LOTH, WINFRIED [eds.] [et al.]: *Walter Hallstein. Der vergessene Europäer?* Bonn 1995, pp. 225-246; WATT, DONALD CAMERON: "Großbritannien und Europa 1951-1959. Die Jahre konservativer Regierung." In: *VfZG* 28(1980), pp. 389-409. A detailed summary of the respective debate in France was written by Pierre Uri. URI, PIERRE: *La crise de la zone de libre-échange*. (Tribune Libre, 43), Paris 1959.

some of his aides. Acceptance of these views requires an acknowledgement that Germany's essential decisions on the free trade area, on British accession and in short on the shape of economic integration in Europe after 1957 were solely determined by the federal chancellor against the express will of Parliament, the Cabinet, his own political party and of the powerful Federation of German Industry and the business community at large. The implications of this view of the free trade area issue in Germany would be grave. It would suggest that Adenauer's role had been that of a "democratic dictator" and that German democracy towards the end of his tenure was unable to translate essential social and economic interests into political decisions which would reflect those interest to a certain degree[2].

A superficial view of the free trade area issue could indeed support such a conclusion. It would imply that the wisdom or folly of one powerful politician could block a whole country's perceived political and economic interests from being duly represented in political decisions. One will, however, have to address and analyse the nature, strength and structure of the essential societal pressures in order to arrive at a valid assessment of the decision making process in the Federal Republic on European policy between 1957 and 1963. To simply accept the implicit assumption in much of the literature that Adenauer could dictate Germany's foreign and European policy practically at will and to explain the policy outcome in that way, would certainly prevent the analysis away from looking at the complexities of the Federal Republic's democratic system in the late 1950s and early 1960s and produce misleading results, as indeed a good part of the respective literature has done, as will be discussed in this chapter.

The essential shortcomings of the literature on the free trade area issue in West Germany consist in the failure to take account of the fact that an apparently unanimous expression of political will and economic interest in the Federal Republic was not matched by corresponding political action. The failure to appreciate this problem is partly due to the widespread conception that considerations of foreign policy and political issues in general were of paramount importance, that factors of

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2 Charles Wighton sees Adenauer as an autocrat surrounded by a subservient cabinet, party and parliament who did serious damage to the "tender plant of German democracy". See WIGHTON, CHARLES: *Adenauer - Democratic Dictator. A Critical Biography*. London 1963, pp. 13-15, 266-267.

economic interest did not matter much if at all in the West German decision making process, and that in these fields the federal chancellor of the time imposed his will based on his constitutional prerogatives and personal authority. The predominance of political factors has been explicitly formulated for the origins of European integration by Werner Weidenfeld[3]. Weidenfeld also displays unwillingness to deal with economic influences. A similar attitude seems to prevail in much of the historical literature on the free trade area issue. While Weidenfeld expresses the highly debatable view that economic factors dominated the evolution of the EEC after 1958 for two decades, he leaves the nature of these factors completely unspecified. He also seems to identify them with the mere technicalities of implementing the provisions of the EEC-treaty[4]. An attempt to relate these economic factors to the realm of political decision making,and to substantiate corresponding interests and groups representing them is not made. Thus in this view "economic factors" remain an abstract concept without any clearly defined political relevance. At the same time,the economic and political realms are kept strangely separated from each other with the political realm being the only one that actually matters. Given that this still seems to be the implicit assumption of writing on Germany's European policy and European integration at large, it is no wonder that these studies did not bother to look into the nature and the influence of economic interests in relation to the free trade area issue[5].

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3 Weidenfeld's analysis of the role of economic factors fails to actually describe any economic factor that might have played a role apart from a general wish for welfare, growth and full employment. His implicit assumption is that the economic and political spheres are worlds apart from each other. See WEIDENFELD, WERNER: "Economic Factors in the Origins of European Integration After the Second World War: A Political Scientist's View." In: *Zeitschrift für die gesamte Staatswissenschaft* 137(1981), pp. 434-449.

4 WEIDENFELD, *Factors*, p. 434-435.

5 This is true for most of the literature describing Adenauer's battle with Erhard over European policy essentially as a conflict between two political heavyweights without reference to the societal forces which they represented or claimed to represent. This reduces the conflict over West Germany's European policy to one between Adenauer's shrewdness and constitutional power and Erhard's popularity and dogmatic zeal. Koerfer's otherwise excellent book on this conflict and Schwarz' biography of Adenauer do not capture this dimension of the political choice made in West Germany at the time. See SCHWARZ, HANS-PETER: *Adenauer. Der Staatsmann: 1952-1967.* Stuttgart 1991; KOERFER, DANIEL: *Kampf ums Kanzleramt. Erhard und Adenauer.* Stuttgart 1987. The same is true for numerous other publications on West Germany's European policy. KÜSTERS, HANNS JÜRGEN: "Adenauers Europapolitik in der Gründungsphase der Europäischen Wirtschaftsgemeinschaft." In: *VfZG* 31(1983), pp. 646-673; GROEBEN, HANS VON DER: *Aufbaujahre der Europäischen Gemeinschaft. Das Ringen um den Gemeinsamen Markt und die Politische Union (1958-1966).* Baden-Baden 1982.

This wide-spread view underlying much of the literature has been challenged by Alan Milward, who argues that national economic interests were actually predominant already in the early stages of European integration[6]. In the last decade or so,numerous studies on economic interests and their role in the political decisions on European integration have been undertaken[7]. Their findings make it impossible to seriously contend that economic interests were not of extreme political importance in the decisions on European integration taken at the national and international level. Naturally, these interests will have different weights depending on their nature and size, the power of the groups by which they are represented and the importance of competing issues on the political agenda at any given point in time. This has already been addressed theoretically at some length in the previous chapter.

For the Benelux countries, Jan Arend Boekestijn has shown how closely the economic interest and its chance of success in competition with other societal interests is interwoven with the crucial political questions and choices to be made by a society. With regard to industrial interest in European integration, Werner Bührer's study on the German steel industry and the ECSC and Thomas Rhenisch's thesis on German industry and the EEC have provided detailed analyses of economic interests and interest group activity relating to complex international

6 MILWARD, ALAN S.: "Nationale Wirtschaftsinteressen im Vordergund. Neue historische Erkenntnisse statt überholter Schulweisheiten." In: *Integration* 10(1987), pp. 100-115.

7 MILWARD, ALAN S.: *The Reconstruction of Western Europe 1945-1951.* London 1984; MILWARD, ALAN S.: *The European Rescue of the Nation State.* London 1992; GRIFFITHS, RICHARD T. [ed.]: *The Netherlands and the Integration of Europe 1945-1957.* Amsterdam 1990; BÜHRER, WERNER/SCHRÖDER, HANS-JÜRGEN: *Germany's Economic Revival in the 1950s. The Foreign Policy Perspective.* In: NOLFO, ENNIO DI [ed.]: *Power in Europe. Vol. 2: Great Britain, France, Germany and Italy and the Origins of the EEC 1952-1957.* Berlin, New York 1992, pp. 174-196; AMBROSIUS, GEROLD: *Europäische Integration und wirtschaftliche Entwicklung der Bundesrepublik Deutschland in den fünfziger Jahren.* In: BERDING, HELMUT [ed.]: *Wirtschaftliche und politische Integration in Europa im 19. Und 20. Jahrhundert.* (Geschichte und Gesellschaft, Zeitschrift für Historische Sozialwissenschaft, Sonderheft 10), Göttingen 1984, pp. 271-294.; BOEKESTIJN, AREND JAN: *Economic Integration and the Preservation of Post-war Consensus in the Benelux Countries.* In: *Economic and Social History in the Netherlands*, Vol. V, Amsterdam, 1993, pp. 179-212; BÜHRER, WERNER [et al.] [eds.]: *Vom Marshallplan zur EWG. Die Eingliederung der Bundesrepublik Deutschland in die westliche Welt.* (Quellen und Darstellungen zur Zeitgeschichte, 30), München 1990; BERGHAHN, VOLKER R. [et al.]: *German Big Business and Europe in the Twentieth Century.* (Occasional Paper, 17), Oxford 1993; Milward and others have put forward a synthesis of the historical evidence and its implications for a historical theory of European integration. See MILWARD, ALAN S. [et al.] [eds.]: *The Frontier of National Sovereignty. History and Theory 1945-1992.* London, New York 1993.

negotiating processes on economic integration[8]. The literature on the free trade area negotiations, on British accession and in particular on the German position in these negotiations is however sparse[9]. Systematic studies on the industrial interest and its relevance for the German position in these negotiations have not been done at all. While a good number of historical studies on Britain and the Six are forthcoming with the opening of the respective archival material, there seems to have been little interest in the analysis of the position of German industry and its influence on Germany's European policy. Volker Berghahn noted that there is strikingly little information about the role of German business in the larger European context in this

8 BÜHRER, WERNER: *Ruhrstahl und Europa. Die Wirtschaftsvereinigung der Eisen- und Stahlindustrie und die Anfänge der europäischen Integration 1945-1952.* (Schriftenreihe der VfZG, 53), München 1986; RHENISCH, THOMAS: *Die deutsche Industrie und die Gründung der Europäischen Wirtschaftsgemeinschaft.* Florenz 1994.

9 Werner Bührer's latest article on German industry and European integration reveals some important aspects of the free trade area issue. See BÜHRER, WERNER: *German Industry in European Integration in the 1950s.* In: WURM, CLEMENS [ed.]: *Western Europe and Germany. The Beginnings of European Integration 1945-1960.* (German Historical Perspectives, IX), Oxford, Washington 1995, pp. 87-114. Most of the existing literature directly relating to these negotiating processes is based on the analysis of newspaper articles and interviews with participants and without access to government documents. Industrial interest and influence has not been analysed. Küsters' account of the establishment of the EEC touches only very briefly on the free trade area negotiations: KÜSTERS, HANNS JÜRGEN: *Die Gründung der Europäischen Wirtschaftsgemeinschaft.* Baden-Baden 1982, pp. 280-294; Küsters puts the FTA problem into its wider context in a later publication: KÜSTERS. HANNS JÜRGEN: *Zollunion oder Freihandelszone? Zur Kontroverse über die Handelspolitik Westeuropas in den fünfziger Jahren.* In: BERDING, HELMUT [ed.]: *Wirtschaftliche und politische Integration in Europa im 19. Und 20. Jahrhundert.* (Geschichte und Gesellschaft, Zeitschrift für Historische Sozialwissenschaft, Sonderheft 10), Göttingen 1984, pp. 295-308; Müller-Roschach's book on Germany's European policy is the only comprehensive account of the German position. MÜLLER-ROSCHACH, HERBERT: *Die deutsche Europapolitik 1949-1977. Eine politische Chronik.* (Europäische Schriften des Instituts für Europäische Politik, 55), Bonn 1980. The most comprehensive study has so far been CAMPS, MIRIAM: *Britain and the European Community 1955-1963.* London 1964. On the free trade area negotiations see KAISER, KARL: *EWG und Freihandelszone. England und der Kontinent in der Europäischen Integration.* (Europäische Apsekte. Reihe C: Politik, 15), Leyden 1963; HESBERG, WALTER: *Die Freihandelszone als Mittel der Integrationspolitik.* Frankfurt 1960; KEISER, GÜNTHER: "Die Verhandlungen über die Errichtung einer europäischen Freihandelszone. Eine Zwischenbilanz zur Jahreswende 1957/58." In: *Europa-Archiv* 13(1958), pp. 10423-10430; CORNIDES, WILHELM: "Die Freihandelszone als Krisenherd der europäischen Integrationspolitik. I: Politische Aspekte der gegenwärtigen Integrationsbehmühungen." In: *Europa-Archiv* 13(1958), pp. 10707-10711; KOHLHASE, NORTBERT/WILLMANN, JOACHIM: "Die Freihandelszone als Krisenherd der europäischen Integrationspolitik. II: Wirtschaftliche Probleme der Verhandlungen über die Freihandelszone." In: *Europa-Archiv* 13(1958), pp. 10711-10718; LOJEWSKI, WERNER VON: "Am "crucial point". Die Freihandelszone in deutscher Sicht." In: *Die Politische Meinung* 3(1958), pp. 44-48; "Die Verhandlungen der OEEC über eine europäische Freihandelszone." In: *Europa-Archiv* 12(1957), pp. 9651-9652.

century[10]. Hence the present study seeks not only to address the particular historical question of why and how Adenauer's view prevailed against massive opposition from all political and social corners, but it also addresses the attitude and interests of German industry in a wider historical context and tries to answer the question why German industry finally endorsed the EEC and relinquished its hopes for the large European free trade area. As will be shown, both issues are two sides of the same coin.

The role of the BDI

The reasons for West Germany's decision to side with the French, to opt for the "small European" solution of the common market of the Six and to keep Britain out for the time being cannot simply be found in Adenauer's constitutional power and personal authority in matters of foreign policy. As will be shown in the following chapters of this analysis, the federal chancellor could also capitalise on the internal divisions of German industrial interest and on the fact that German industry came to appreciate the blessings of the EEC both in terms of increased protection against other European competitors and in terms of increased export opportunities to France and Italy. While the BDI's position remained practically unchanged all throughout, sectoral industrial interests, which were far from being uniform in any case, shifted in a way as to weaken support for the free trade area solution and to considerably strengthen the inclination to firmly hold on to the EEC of the Six and *of the Six only*. That this change of heart within a number of sectors of German industry is not visible in the statements made by the BDI can be explained partly by the fact that the BDI did not systematically gather and aggregate particular industrial interests, but rather had to establish and represent what it saw as the general interest of German industry, and particularly the strong and expanding sectors.

Relatively little has been written on the role of German industry in the European policy of West Germany in the 1950s and 1960s[11]. As far as the

10 BERGHAHN, VOLKER A. [et al.] (ed.): *German Big Business and Europe in the Twentieth Century*. (Oxford, Providence 1993).

11 BÜHRER, *Ruhrstahl und Europa;* MAHANT, EDELGARD E.: *French and German Attitudes to the Negotiations about the European Economic Community, 1955-1957.* London 1969; DEUBNER, CHRISTIAN: *Die Atompolitik der westdeutschen Industrie und die Gründung von Euratom.* Frankfurt, New York 1977; RHENISCH, *Industrie*; BRAUN, GERALD: *Die Rolle der*

negotiations on the EEC treaty are concerned, only Thomas Rhenisch has put forward a detailed account of industrial interest. As stated before, the free trade area issue has not been analysed systematically with regard to the interests of German industry. It is however clear from the existing literature that German industry was very dissatisfied with the level of consultation on the treaties of Rome provided by the federal government and that it accepted the EEC so willingly mainly in view of the expected success of the FTA negotiations under way in Paris[12]. Edelgard E. Mahant suggests that German industry was incurring some opportunity cost from Germany's accession to the EEC[13]. In addition to the prospect for the FTA, the leadership of the BDI also supported the political agenda behind Adenauer's European policy and therefore accepted that political necessity took precedence over purely economic rationality in the case of the EEC. Yet, in the view of the peak associations of German industry and the ministry of economics, the EEC was only a stepping stone towards at least a Europe-wide trade arrangement, if not one that included all of what came to be called the "Atlantic Community".

Table 2.1: German exports to EEC and EFTA in million US Dollars 1955-1963

	1955	1956	1957	1958	1959	1960	1961	1962	1963
EEC	1682	2047	2363	2255	2651	3371	4028	4515	5455
EFTA	1771	2164	2338	2422	2647	3202	3594	3691	3966

Table 2.2: German imports from EEC and EFTA in million US Dollars 1955-1963

	1955	1956	1957	1958	1959	1960	1961	1962	1963
EEC	1343	1409	1589	1715	2345	3027	3429	3998	4345
EFTA	1115	1322	1434	1545	1767	1999	2139	2353	2418

Source: UN Yearbook of International Trade Statistics.

German foreign trade figures showed that trade with the OEEC-member countries outside the EEC was more important than that with the Six, and that the balance of trade with the seven most important trading partners outside the Community was

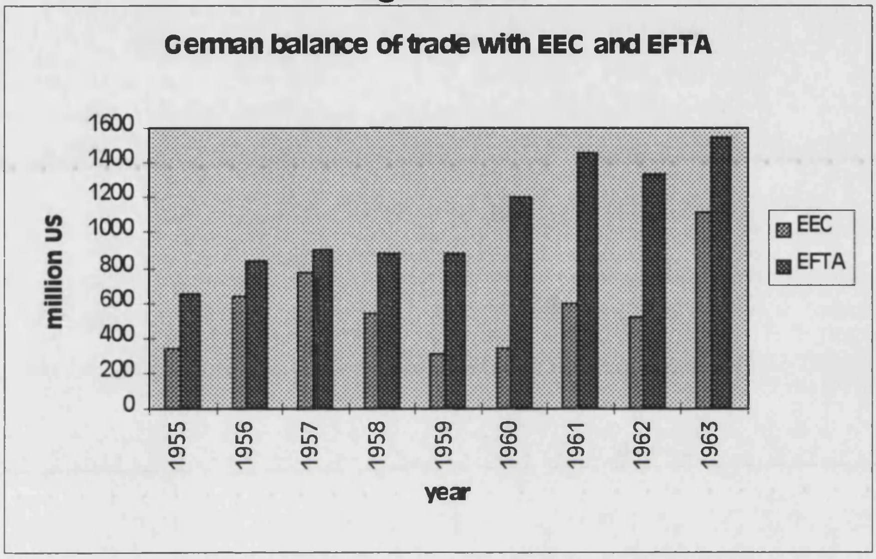
Wirtschaftsverbände im agrarischen Entscheidungsprozeß der EWG. Eine Analyse der Markt-Regional- und Agrarstrukturpolitik. (Schriften zu Regional- und Verkehrsproblemen in Industrie- und Entwicklungsländern, 13), Berlin 1972; NEUNREITHER, KARLHEINZ: *Wirtschaftsverbände im Prozeß der europäischen Integration.* In: FRIEDRICH, CARL JOACHIM [ed.]: *Die Politische Dimension der europäischen Gemeinschaftsbildung.* Köln, Opladen 1968, pp. 358-445.

12 RHENISCH, *Industrie*, pp. 172-185, 294; BRAUNTHAL, GERARD: *The Federation of German Industry in Politics.* Ithaca, New York 1965, pp. 320-322.

13 MAHANT, *Attitudes*, pp. 285-286.

constantly much more favourable than with those within. It was these economic realities that kept the BDI's interest in a Europe-wide solution alive and that helped Erhard to keep the FTA issue very high on the agenda of West Germany's European policy. However, these aggregate figures disguised the reality of industrial interest at the sectoral level.

Figure 2.1:



Source: UN Yearbook of International Trade Statistics.

As will be shown in chapter 6, both the export interests and the protective interests of numerous sectors of German industry were served much better by the EEC than by the FTA or British accession. Hence, while capturing the overall interest of the German economy, the aggregate figures failed to take account of the fact that the pressures exerted by individual industrial interest groups could run counter to the overall picture and could be sufficiently strong to carry the day in a political showdown with the "guardians of the common good" at the BDI's headquarters in Cologne.

Werner Bührer has analysed the aspirations of German industry with regards to European developments in the 1950s. According to him German industrialists felt that they had made a crucial contribution to West Germany's recovery and demanded to be heard by foreign policy makers. Thus, Bührer argues, the BDI, German industry's peak organisation, claimed and actually had an influence on West

Germany's foreign policy in that period pursuing a "Machtpolitik" of a new style[14]. The objectives of that policy were quite clear. If German industry was to continue and to further expand its success Germany needed "Gleichberechtigung" on the political level and the predominance of the principles of market economy in international economic relations. To the BDI the OEEC seemed to be a very apt tool to achieve these goals within Europe. It was the absence of a supranational body within the OEEC which was particularly welcomed by the BDI. The organisation clearly favoured a wide range of manoeuvre for the individual states. They also particularly welcomed the Europe-wide membership of the OEEC, while they were not at all fond of the ECSC for its supranational features and its limited membership. They saw the best chances for German industry in the establishment of a liberal economic system throughout the world, while they acknowledged that a quick and successful comeback of Germany depended also greatly on participation in Western European integration no matter what exact shape it would take.

After the conclusion of the treaties of Rome, the BDI was an ardent advocate of the FTA proposal and was even considering to act as a mediator between the French and the British[15]. The German business community had enthusiastically welcomed the British proposal in 1956 and spoke out unequivocally in favour of it ever since[16]. However, there was disagreement among the members of the BDI as to whether the common market should or should not be rejected unless it was accompanied by the FTA and whether the CM had to be regarded as a crystallisation point which had to be established before the FTA could be installed[17].

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14 BÜHRER, WERNER: "Der BDI und die Außenpolitik der Bundesrepublik in den fünfziger Jahren." In: *VfZG* 40 (1992), pp. 241-261.

15 BÜHRER, *BDI*, p. 260; BÜHRER, *Industrie*, pp. 99, 101, 107.

16 For the documents relating to the British proposals see HMSO [ed.]: *A European Free Trade Area. United Kingdom Memorandum to the Organisation for European Economic Co-operation. Presented by the Chancellor of the Exchequer and the President of the Board of Trade to Parliament by Command of Her Majesty.* (Cmnd. 72), London 1957; HMSO [ed.]: *Negotiations for European Free Trade Area. Documents Relating to the Negotiations from July 1956, to December 1958.* (Cmnd. 641), London 1959; [OEEC-COUNCIL]: "Bericht über die Sitzung vom 17. Bis 19. Juli 1956 in Paris." In: *Europa-Archiv* 11(1956), pp. 9113-9116; "Erklärung des Britischen Schatzkanzlers, Harold Macmillan, vom 3. Oktober 1956 über die Pläne für eine partielle Freihandelszone zwischen dem Commonwealth und Westeuropa." In: *Europa-Archiv* 11(1956), pp. 9295-9296; OEEC [ed.]: *Report on the Possibilities of Creating a Free Trade Area in Europe. Prepared for the Council of the OEEC by a Special Working Party.* Paris 1957; "Die Verhandlungen der OEEC über eine europäische Freihandelszone." In: *Europa-Archiv* 12(1957), pp. 9651-9652.

17 MAHANT, *Attitudes*, p. 280.

The fact that this option was considered shows the strength of the reservation against the EEC in some corners of German industry. Yet the feeling was also widespread (and not only in Germany) that German trade would benefit anyway, whether there was going to be a CM only or whether the CM was to be accompanied by the FTA[18]. Werner Bührer states that the BDI wanted something even bigger than a Europe-wide FTA, including all of the OEEC members. According to that, German industry was actually looking for free trade within the Atlantic community. Bührer observes the development to the point where "Kleineuropa" was felt to be too small for the "economic giant" which was the Federal Republic. The inclusion in supranational and international organisations had been accepted at the beginning of the 1950s. Now, at the end of the 1950s, they were increasingly seen as impeding further expansion. The BDI made itself the speaker for these views within German industry on the FTA, the attempts at bridge building between EEC and EFTA and the British application for membership in the EEC in 1961. Yet the peculiar closeness to the governing Christian Democrats made it impossible for the BDI to put itself into a position of outright conflict with the federal government[19].

2.2 Who Governs in Adenauer's "Kanzlerdemokratie"?

Adenauer, Erhard, de Gaulle and the Free Trade Area Issue

The British proposals for the establishment of an OEEC-wide free trade area were welcomed enthusiastically in Germany. The Federal Cabinet pledged its support for these proposals already in spring 1957[20]. Two months later The federal council (West Germany's upper house) demanded that the government accelerate the steps towardss the formation of the FTA. When the Federal Parliament ratified the treaty establishing the EEC and Euratom in July 1957, it passed a resolution demanding the establishment of a Europe-wide FTA[21]. Toward the end of the FTA negotiations

18 THE ECONOMIST INTELLIGENCE UNIT: *Britain and Europe: A Study of the Effects on British Manufacturing Industry of a Free Trade Area and a Common Market*,. London 1957, p. 61.

19 BÜHRER, *BDI*, p. 260.

20 KOERFER, *Kampf*, p. 145.

21 *Verhandlungen des Deutschen Bundestages*, 2. Wahlperiode, *Stenographische Berichte*, Band 38, 224. Sitzung, Bonn, Freitag, den 5. Juli 1957. Zweite und dritte Beratung des Entwurfs eines Gesetzes zu den Verträgen vom 25. März 1957 zur Gründung der Europäischen Wirtschaftsgemeinschaft und der Europäischen Atomgemeinschaft nebst

and after their failure the Federal Parliament re-emphasised its demands for the FTA with unanimous votes in October and December 1958[22]. The FTA issue was the object of Parliamentary questions in 1959 and 1960[23], and after the failure of the negotiations on British accession the Federal Cabinet pledged to see to it that the negotiations would be resumed as soon as possible. The Bundestag expressed yet again its continued interest in a Europe larger than that of the Six in the preamble which it attached to the highly disputed German-French treaty of January 1963[24]. All of these mostly unanimous expressions of Parliamentary will do not suggest that there were major disputes over European policy in Germany once the EEC had been established.

Ergänzung (Drucksachen 3440, Nachtrag zu 3440, 3615), pp. 13315-13377, for report on the FTA see pp. 13427-13429.

22 *Verhandlungen des Deutschen Bundestages*, 3. Wahlperiode, *Stenographische Berichte* Band 41, 42. Sitzung, Berlin, den 2. Oktober 1958. Große Anfrage der Fraktion der FDP betr. Erfüllung des EWG-Vertrags (Drucksache 371), pp. 2429-2453; KOERFER, *Kampf*, pp. 218-219.

23 Große Anfrage der Fraktion der FDP, 22. Oktober 1959, betr.: Freihandelszone. (Drucksache 1305). In: *Verhandlungen des Deutschen Bundestages*. 3. Wahlperiode. Anlagen zu den stenographischen Berichten, Vol. 64: Drucksachen 1301 bis 1400. Bonn 1959; Große Anfrage der Fraktion der SPD, 29. Januar 1960, betr.: Europäische Wirtschaftsgemeinschaft und Freihandelszone (Drucksache 1464 neu). In: *Verhandlungen des Deutschen Bundestages*. 3. Wahlperiode. Anlagen zu den stenographischen Berichten. Vol. 65: Drucksachen 1401-1580. Bonn 1959/60.

24 Adenauer read out the respective cabinet statement in his "Regierungserklärung" (statement on behalf of the government) on 6 February 1963. See *Verhandlungen des Deutschen Bundestages*. 4. Wahlperiode. *Stenographische Berichte*. Vol. 52. Bonn 1963, p. 2575. For the parliamentary debate on the German-French treaty see *Verhandlungen des Deutschen Bundestages*. 4. Wahlperiode. *Stenographische Berichte*. Vol. 53. Bonn 1963, pp. 3742-3754. For the proposed ratification bill and the text of the preamble see Der Bundeskanzler an den Herrn Präsidenten des Deutschen Bundestages, 26. März 1963, (Drucksache IV/1157) und Anlagen. In: *Verhandlungen des Deutschen Bundestages*. 4. Wahlperiode. Anlagen zu den stenographischen Jahresberichten. Vol. 84, Drucksachen IV/1081 bis IV/1280. Bonn 1963; Schriftlicher Bericht des Ausschusses für auswärtige Angelegenheiten (3. Ausschuß) über den von der Bundesregierung eingebrachten Entwurf eines Gesetzes zu der Gemeinsamen Erklärung und zu dem Vertrag vom 22. Januar 1963 zwischen der Bundesrepublik Deutschland und der Französischen Republik über die deutsch-französische Zusammenarbeit. (Drucksache IV/1252) In: *Verhandlungen des Deutschen Bundestages*. 4. Wahlperiode. Anlagen zu den stenographischen Jahresberichten. Vol. 84, Drucksachen IV/1081 bis IV/1280. Bonn 1963, see in particular p. 10. On the French-German Treaty see HÖLSCHER, WOLFGANG: *Krisenmanagement in Sachen EWG. Das Scheitern des Beitritts Großbritanniens und die deutsch-französischen Beziehungen*. In: BLASIUS, RAINER A. [ed.]: *Von Adenauer zu Erhard. Studien zur Auswärtigen Politik der Bundesrepublik Deutschland 1963*. (Schriftenreihe der VfZG, 68), München 1994, pp. 9-44; JANSEN, THOMAS: *Die Entstehung des deutsch-französischen Vertrages vom 22. Januar 1963*. In: BLUMENWITZ, DIETER [et al.] [eds.]: *Konrad Adenauer und seine Zeit. Politik und Persönlichkeit der ersten Bundeskanzlers. Vol. II: Beiträge der Wissenschaft*. Stuttgart 1976, pp. 249-271; SCHWARZ, HANS-PETER: *Präsident de Gaulle, Bundeskanzler Adenauer und die Entstehung des Elysée-*

There was, however, the ongoing battle over European integration between the federal chancellor Konrad Adenauer and his Minister of Economics Ludwig Erhard and their respective followers. In this battle Erhard represented the view of the vast majority of Germany's political elites as expressed in the Parliamentary resolutions that have been cited. Adenauer on the other hand sought to dampen the Erhard camp's zeal to supplement the EEC with a free trade area. Over the years it became clear that Adenauer was in outright opposition to those in Germany who wanted to see the FTA established and the EEC enlarged. On Adenauer's foreign policy agenda the relationship with France and its leading figure de Gaulle ranked very high. In his view the commercial issues with which Erhard busied himself were of minor importance and should certainly not impede his understanding with de Gaulle and Germany's good relations with France on which, in Adenauer's view, the Federal Republic's security crucially depended.

Konrad Adenauer

The power of the first chancellor of the Federal Republic of Germany has been the object of numerous studies, essays and articles. The term "Kanzlerdemokratie" captures not only the constitutional design endowing the chancellorship with the prerogative to set the guidelines for government policy (Richtlinienkompetenz)[25] but refers mainly to the actual performance of exercising power by Konrad Adenauer while being in office[26]. The fact that until 1955 the Federal Republic was in a state

Vertrages. In: LOTH, WILFRIED/PICHT, ROBERT [eds.]: *De Gaulle, Deutschland und Europa*. Opladen 1991, pp. 69-179.

25 BUCHHEIM, HANS: *Die Richtlinienkompetenz unter der Kanzlerschaft Adenauers*. In: BLUMENWITZ, DIETER [et al.] [eds.]: *Konrad Adenauer und seine Zeit. Politik und Persönlichkeit des ersten deutschen Bundeskanzlers. Vol. II: Beiträge der Wissenschaft*. Stuttgart 1976, pp. 339- 351; JUNKER, ERNST ULRICH: *Die Richtlinienkompetenz des Bundeskanzlers*. (Tübinger Studien zur Geschichte und Politik,20), Tübingen 1965. On the office of the federal chancellor see articles 63 to 69 of the Basic Law of the Federal Republic of Germany. Essential for the powerful position of the federal chancellor are articles 65 (Richtlinienkompetenz) and 67 (konstruktives Mißtrauensvotum), which provides that a chancellor can be forced to resign, only if parliament elects a successor in his place. Seifert and Hömig stress that despite his constitutional prerogative to set the policy guidelines the chancellor will always have to rely on support from the majority faction in parliament. See HÖMIG, DIETER/SEIFERT, KARL-HEINZ [eds.]: *Grundgesetz für die Bundesrepublik Deutschland. Taschenkommentar*. Baden-Baden [4]1991, pp. 298-314, in particular pp. 302-305.

26 BRACHER, KARL DIETRICH: *Die Kanzlerdemokratie*. In: LOEWENTHAL, RICHARD/SCHWARZ, HANS-PETER [eds.]: *Die Zweite Republik. 25 Jahre Bundesrepublik Deutschland - eine*

of distinctly diminished sovereignty and that until then Adenauer performed the functions of both foreign secretary and chancellor contributed considerably to the evolution of his powerful position. However, the most important resource of actual political power was the loyalty and support of and Adenauer's control over the Christian Democratic Union (CDU)[27]. There has been a lot written on the CDU being a mere "Kanzlerwahlverein" (society for the election of the chancellor) and without much political life of its own. While this might be true to a certain extent for the early years of the Federal Republic, it certainly changed by the beginning of the 1960s[28]. At that time Adenauer gradually lost much of his power grip on the CDU with his party desperately hoping to arrange his replacement by Ludwig Erhard quickly and smoothly[29]. In view of this it would be wrong to assume that Adenauer's power was equally strong throughout all of his tenure[30]. Well before he agreed on a date to leave office his position had been seriously undermined.

In contradiction to this a number of writers suggest that Adenauer's command over the federal government in foreign and European policy was so strong that he could easily brush aside whatever opposition from within the Cabinet and any other corner of the German government there might have been[31]. The most far-

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Bilanz. Stuttgart 1974, pp. 179-202; BARING, ARNULF: *Außenpolitik in Adenauers Kanzlerdemokratie. Bonns Beitrag zur Europäischen Verteidigungsgemeinschaft.* (Schriften des Forschungsinstituts der Deutschen Gesellschaft für Auswärtige Politik, 28), München, Wien 1969; KÜPPER, JOST: *Die Kanzlerdemokratie. Voraussetzungen, Strukturen und Änderungen des Regierungsstiles in der Ära Adenauer.* (Europäische Hochschulschriften, Reihe XXXI, Politikwissenschaft, 79), Frankfurt [et al.] 1985.

27 For Adenauer's position within the CDU see PATERSON, WILLIAM E.: *The Chancellor and His Party: Political Leadership in the Federal Republic.* In: PATERSON, WILLIAM E./SMITH, GORDON [eds.]: *The West German Model. Perspectives on a Stable State.* London 1981, pp. 3-17, and in particular p. 3 for the predominance of party allegiance over constitutional powers for the political strength of the chancellor. See also HEIDENHEIMER, ARNOLD J.: *Adenauer und die CDU. The Rise of the Leader and the Integration of the Party.* The Hague 1960, in particular pp. 178-229; DOMES, JÜRGEN: *Mehrheitsfraktion und Bundesregierung. Aspekte des Verhältnisses der Fraktion der CDU/CSU im zweiten und dritten Deutschen Bundestag zum Kabinett Adenauer.* (Politische Forschungen, 5), Köln, Opladen 1964.

28 PATERSON, *Chancellor*, p. 14; KÜPPER, *Kanzlerdemokratie*, pp. 347-364, 405-414.

29 DEDRING, KLAUS-HEINRICH: *Adenauer - Erhard - Kiesinger. Die CDU als Regierungspartei 1961-1969.* Pfaffenweiler 1989, pp. 109- 194; OSTERHELD, HORST: *"Ich gehe nicht leichten Herzens...". Adenauers letzte Kanzlerjahre - ein dokumentarischer Bericht.* Mainz 1986, pp. 67-80, 146-149, 163-168, 194-213.

30 Adenauer's rather ridiculous temporary quest for the federal presidency undermined his effective power for some time in 1959. See WAGNER, WOLFGANG: *Die Bundespräsidentenwahl 1959.* (Adenauer-Studien, 2) Mainz 1972, see in particular pp. 67-72.

31 Robert Marjolin stresses that Adenauer was always able to accommodate French interests, if they did not run directly counter to fundamental German interests. He also points out that

reaching statement of that sort is the assertion by the former European commissioner Hans von der Groeben that all the opposition did not matter, since it was anyway Adenauer who decided in the end:

> Mochten auch Bundeswirtschaftsminister Erhard, sein Staatssekretär Müller-Armack und die Anhänger der Freihandelszone in Wissenschaft und Wirtschaft ihre Bemühungen fortsetzen, die Entscheidungen wurden von Bundeskanzler Adenauer getroffen, der sich dabei auf die große Mehrheit der CDU stützen konnte[32].

Groeben's statement might hold some truth for the very early stages of the negotiations on the treaties of Rome when a clear political decision by the Federal Republic was needed and Adenauer formally forced one against an unruly Erhard at the beginning of 1956 by explicitly invoking his constitutional prerogatives to determine the policy guidelines[33]. Yet von der Groeben's assessment does not refer to that basic decision at the very outset of a debate that continued almost until Adenauer left office. He refers to the time after the failure of the FTA negotiations when Erhard and many others in Germany tried to maintain the momentum of the FTA debate and at a time when Adenauer's authority was about to falter for the first time over his embarrassing quest for the presidency.

Von der Groeben wrongly alleges that Adenauer's position had the support of the vast majority of his own party. He forgets that there were not only Erhard, Müller-Armack, a number of industrialists and academics who fiercely demanded the FTA solution, but also the unanimous resolutions passed by the Federal Parliament - obviously including all Christian Democratic MPs - taking exactly the same view on a number of occasions. It remains true that in matters of foreign

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Adenauer was the only one in Germany who was in the position to do so given that there was considerable opposition to some of that. See MARJOLIN, ROBERT: *Le travail d'une vie. Mémoires 1911-1986.* Paris 1986, pp. 307, 317. Charles Wighton sees Adenauer's power not only based on what he depicts as the chancellor's personal autocratic inclinations but also on the subservient attitudes of those who surround him in government and parliament. See WIGHTON, *Adenauer*, pp. 13-15.

32 "Whatever the Minister of Economics Erhard, his state secretary Müller-Armack and the advocates of the free trade area in academia and business did to continue their efforts, it was Adenauer after all who made the decisions and who could rely on the vast majority of the CDU". GROEBEN, *Aufbaujahre*, p. 75.

33 KÜSTERS, HANNS JÜRGEN: *Europapolitik*, pp. 646-673; KÜSTERS, HANNS JÜRGEN: *Der Streit um Kompetenzen und Konzeptionen deutscher Europapolitik 1949-1958.* In: BÜHRER, WERNER [et al.] [eds.]: *Vom Marshallplan zur EWG. Die Eingliederung der Bundesrepublik Deutschland in die westliche Welt.* (Quellen und Darstellungen zur Zeitgeschichte, 30), München 1990, pp. 335-370; KOERFER, *Kampf*, pp. 137-138

policy the executive tends to dominate while Parliament is less influential in this field than in other areas. This is certainly a very important reality of German foreign policy for most of the 1950s[34]. Yet the unanimous Parliamentary resolutions demonstrate clearly that in these matters Adenauer could not always rely on a majority, even within his own party.

Yet in the existing literature on the FTA issue the constitutional powers and personal authority of the first federal chancellor were explicitly or implicitly regarded as the essential variables explaining the outcome of Germany's European policy in the years from 1957 to 1963. With foreign and European policy being Adenauer's special personal domain, the need to take industrial interest into account in order to understand West Germany's choice for the common market of the Six and the Six only despite apparent overwhelming support for a different policy option was not felt in the literature. Because of his power and authority Adenauer prevailed with his decision not to put pressure on de Gaulle, to endorse his veto. In the words of Hans von der Groeben it was Adenauer who decided and that was that.

It is argued here that the term "Kanzlerdemokratie" is a gross simplification of the nature of West German democracy in that period, if it is to suggest that the incumbent of the time was able to simply impose his will in questions of this dimension in the face of overwhelming opposition from all sides of the political and social spectrum. One has to question whether that sort of "Kanzlerdemokratie" really existed in the period analysed here and indeed if it ever existed at all. The term "Kanzlerdemokratie" as discussed by Karl Dietrich Bracher is certainly not as

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34 BARING, ARNULF: *Außenpolitik in Adenauers Kanzlerdemokratie* ; BESSON, WALDEMAR: *Die Außenpolitik der Bundesrepublik Deutschland. Erfahrungen und Maßstäbe.* München 1970; BESSON, WALDEMAR: "Prinzipienfragen der deutschen Außenpolitik." In: *Politische Vierteljahresschrift* 9(1968), pp. 28-44; BARING, ARNULF: "Westdeutsche Außenpolitik in der Ära Adenauer." In: *Politische Vierteljahresschrift* 9(1968), pp. 45-55; SCHWARZ, HANS-PETER: "Die Politik der Westbindung oder die Staatsräson der Bundesrepublik." In: *Zeitschrift für Politik (Neue Folge)*, 22(1975), pp. 307-337; SCHWARZ, HANS-PETER: *The Roles of the Federal Republikc in the Community of States.* In: KAISER, KARL/MORGAN, ROGER (eds.): *Britain and West Germany. Changing Societies and the Future of Foreign Policy.* London [et al.] 1971, pp. 219-259; NOACK, PAUL: *Die Außenpolitik der Bundesrepublik Deutschland.* Stuttgart ²1981; SCHWARZ, HANS-PETER [ed.]: *Handbuch der deutschen Außenpolitik.* München, Zürich 1975, on the institutional framework of foreign policy making see in particular pp. 31-174; BECKER, WINFRIED: *Views of the Foreign Policy Situation Among the CDU Leadership, 1945-1957.* In: NOLFO, ENNIO DI [ed.]: *Power in Europe. Vol. 2: Great Britain, France, Germany and Italy and the Origins of the EEC 1952-1957.* Berlin, New York 1992, pp. 351-371..

simplistic and one-dimensional as it might sometimes have been interpreted. Yet it seems that the suggestive power of this concept has distracted the attention of many historians and political scientists,preventing them from taking a closer look at the economic and societal interests and pressures underlying the great choices made in West Germany's European policy after 1957. Adenauer was at no point between 1957 and 1963 in the position to close the FTA debate that he would have liked to have seen closed after 1958, nor was he able to openly speak out against his Minister of Economics in this matter. On the contrary, he was forced to pay lip service to the FTA and even to British accession and had to face a humiliating dressing down from his own Parliamentary party when he deviated from that line[35].

Adenauer's conception of European policy differed considerably from that held by his main opponent Ludwig Erhard[36]. For the federal chancellor it was essentially a means to secure the tremendous achievements in terms of international standing and regaining of sovereignty which the Federal Republic had accomplished ten years after the end of the Second World War. For Adenauer West Germany's security and the long-term objective of German unification could be safeguarded[37], only if the West remained firmly united against any Communist threat. Reconciliation and subsequently co-operation between France and Germany were absolutely crucial in his view in order to dissuade France or any other Western power that gains could be made from concessions and détente vis-à-vis the Soviet Union which would almost certainly be at the expense of vital German interests[38].

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35 DIE WELT, 23 VIII 1962, "England muß beitreten", von Georg Schröder, Bonn, "Adenauers Niederlage", "Nicht mehr Herr im Ring?".

36 Werner Weidenfeld has analysed the foundations of Adenauer's policy on Europe. See WEIDENFELD, WERNER: *Konrad Adenauer und Europa. Die geistigen Grundlagen der westeuropäischen Integrationspolitik des ersten Bonner Bundeskanzlers.* (Europäische Studien des Instituts für Europäische Politik, 7), Bonn 1976; SCHWARZ, HANS-PETER: *Das außenpolitische Konzept Konrad Adenauers.* In: MORSEY, RUDOLF/REPGEN, KONRAD [eds.]: *Adenauer-Studien Vol. 1* (Veröffentlichungen der Kommission für Zeitgeschichte. Reihe B: Forschungen 10), Mainz 1971, pp. 71-108; BANDULET, BRUNO: *Adenauer zwischen Ost und West. Alternativen der Westdeutschen Außenpolitik.* München 1970; PÖTTERING, HANS: *Adenauers Sicherheitspolitik 1955-1963. Ein Beitrag zum deutsch-amerikanischen Verhältnis.* (Bonner Schriften zur Politik und Zeitgeschichte, 10), Düsseldorf 1975; BESSON, WALDEMAR: "Zum Verhältnis von Zielen und Mitteln in Adenauers Außenpolitik." In: *Historische Zeitschrift* 214 (1972), pp. 363-377; KÜSTERS, "Europapolitik", pp. 646-673

37 FOSCHEPOTH, JOSEF [ed.]: *Adenauer und die deutsche Frage.* Göttingen 1988.

38 For Adenauer's policy vis-à-vis France see SCHWARZ, HANS-PETER [ed.]: *Adenauer und Frankreich. Die deutsch-französischen Beziehungen 1958-1969.* (Rhöndorfer Gespräche, 7), Bonn 1985.

Thus for Adenauer economic integration in Western Europe was a means to an end. The dogmatic zeal with which Erhard regarded the choices to be made on the precise nature of European integration was completely foreign to Adenauer's way of thinking. He might well have been happy with a free trade area, if it promised to further his foreign policy objectives. Erhard's concerns however seemed to be of rather inferior importance to Germany's interests in Adenauer's view.

Ludwig Erhard

For Ludwig Erhard the FTA issue and the questions of how a national economy, foreign trade and the international economy should be run were matters of principle and thus not to be subject to any other considerations, especially those of political pragmatism and opportunism that Erhard sometimes thought to discern in Adenauer's handling of such matters as the pension reform in 1957[39]. In Erhard's universe of values and priorities economic considerations came clearly first. He was a disciple of neo-liberal or ordo-liberal teachings and stuck to these principles even when the German business community at times was not at all pleased with freer trade through the unilateral removal of tariffs and the anti-cartel legislation[40]. Erhard's general assessment of the economic and monetary preconditions of freer trade in Western Europe were those of the school of Ordo-Liberals of which Wilhelm Röpke was one of the most prominent representatives. Röpke's evaluation of the first steps that had been made after the treaties of Rome had entered into effect at the beginning of 1959 clearly indicates that the Ordo-Liberals and Erhard with them actually favoured the insertion of the German economy and the Western European economies in the world economy without establishing a preferential trading area in Europe[41]. That was one of the reasons why Erhard had been the most

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39 KOERFER, *Kampf*, p. 135.

40 The latest publication on Erhard's economic and political background is Anthony James Nicholls' book on the formulation and establishment of a Social Market Economy in Germany. NICHOLLS, ANTHONY JAMES: *Freedom with Responsibility. The Social Market Economy in Germany, 1918-1963*. Oxford 1994. See also CURZON, GÉRARD: *International Economic Order: Contribution of Ordo-liberals*. In: PEACOCK, ALAN/WILLGERODT, HANS (ed.): *German Neo-Liberals and the Social Market Economy*. London 1989. Herbert Ehrenberg delivers a fierce attack on the politician Erhard and argues that his economic policy successes were rather legend than reality. See EHRENBERG, HERBERT: *Die Erhard Saga. Analyse einer Wirtschaftspolitik die keine war*. Stuttgart [n. y.].

41 Erhard's conviction that the return to the world market was the proper way forward for the German economy was spelled out already in 1953. Erhard argued at the time that the OEEC liberalisation program and the gradual establishment of convertibility through the

fervent advocate of an early re-establishment of convertibility. Convertibility was seen as the end of a regional monetary system that was inherently discriminatory. Once this system was overcome, there would be a payments system that would transcend all regional entities and not only the EEC, but also the free trade area which was seen as the desirable common roof for all member countries of the OEEC, whether they were members of the EEC or not. Thus Röpke saw the re-establishment of convertibility at the end of 1958 as a chance that could help bring to an end the 'tragic state in which Europe had been put by the establishment of the EEC'[42].

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mechanisms of the EPU should open Europe toward the world market and prevent a European seclusion. See ERHARD, LUDWIG [ed.]: *Deutschlands Rückkehr zum Weltmarkt*. Düsseldorf 1953, p. 145. Reinhard Neebe shows that Erhard had the full support of the BDI in these matters already at the very beginning of the 1950s and that the BDI did by no means back the integration of the Federal Republic in the Atlantic Community from the outset. See NEEBE, REINHARD: *Optionen westdeutscher Außenwirtschaftspolitik 1949-1953*. In: BÜHRER, WERNER [et al.] [eds.]: *Vom Marshallplan zur EWG. Die Eingliederung der Bundesrepublik Deutschland in die westliche Welt*. (Quellen und Darstellungen zur Zeitgeschichte, 30), München 1990, pp. 162-202. In his study on the re-establishment of West Germany's foreign trade until 1958 Christoph Buchheim holds that West Germany's return to the world market and the establishment of that world market was achieved by 1958. The liberalisation within the OEEC and the arrangements of the EPU are seen as a necessary preparatory step for that, whereas Buchheim judges the creation of a "kleineuropäische Integration" as disturbing to these developments. See BUCHHEIM, CHRISTOPH: *Die Wiedereingliederung Westdeutschlands in die Weltwirtschaft 1945-1958*. (Quellen und Darstellungen zur Zeitgeschichte, 31), München 1990; BUCHHEIM, CHRISTOPH: *Die Bundesrepublik und die Überwindung der Dollar-Lücke*. In: BÜHRER, WERNER [et al.] [eds.]: *Vom Marshallplan zur EWG. Die Eingliederung der Bundesrepublik Deutschland in die westliche Welt*. (Quellen und Darstellungen zur Zeitgeschichte, 30), München 1990, pp. 81-98, especially p. 97. With respect to the same question see also NEEBE, REINHARD: *German Big Busines and the Return to the World Market after World War II*. In: BERGHAHN, VOLKER R. [et al.]: *German Big Business and Europe in the Twentieth Century*. Oxford, Providence 1993, pp, 39-70; BÜHRER, WERNER: *Erzwungene oder freiwillige Liberalisierung? Die USA, die OEEC und die westdeutsche Außenhandelspolitik 1949-1952*. In: BÜHRER, WERNER [et al.] [eds.]: *Vom Marshallplan zur EWG. Die Eingliederung der Bundesrepublik Deutschland in die westliche Welt*. (Quellen und Darstellungen zur Zeitgeschichte, 30), München 1990, pp. 139-162; ABELSHAUSER, WERNER: *Wirtschaftsgeschichte der Bundesrepublik Deutschland. 1945-1980*. Frankfurt 1983, pp. 151-154; KRAMER, ALAN: *The West German Economy, 1945-1955*. New York, Oxford 1991, pp. 156-163. Rolf Dunke attributes Germany's economic miracle mainly to factors related to reconstruction. DUNKE, ROLF H.: *Reassessing the Wirtschaftswunder: Reconstruction and Postwar Growth in West Germany in an International Context*. In: Oxford Bulletin of Economics and Statistics 52(1990), pp. 451-491; BRAUN, HANS-JOACHIM: *The German Economy in the Twentieth Century*. London, New York 1990, pp. 237-254; BERGHAHN, *Big Business*, pp. 117-118 tables 1.5 and 1.6; GIERSCH, HERBERT [et al.]: *Openness, Wage Restraint and Macroeconomic Stability: West Germany's Road to Prosperity 1948-1959*. In: DORNBUSCH, RÜDIGER [et al] [eds.]: *Postwar Economic Reconstruction and Lessons for the East Today*. Cambridge, London 1993, pp. 1-27, especially pp. 14-20.

42 RÖPKE, WILHELM: "Zwischenbilanz der europäischen Wirtschaftsintegration. Kritische Nachlese." In: *Ordo (Jahrbuch für die Ordnung von Wirtschaft und Geselschaft)* 11 (1959),

People like Röpke and Erhard kept fighting against what they saw as misconceptions of European integration. In their view the essential choice that needed to be made in order to achieve integration was not one between the limitation of national sovereignty in favour of an international order on the one hand and the retaining of that sovereignty on the other. This choice, Röpke argued, did not exist, since national sovereignty could not remain complete anyway. The choice was thus rather between the limitation of national sovereignty in favour of an international agency or in favour of a market economy and the discipline of a free international payments system. Röpke saw the different ways towards international integration as the opposed principles of collectivism, which he saw at work in the EEC, and of a market economy, which was immanent in the move towards international convertibility of December 1958[43]. The main danger that Röpke saw in the establishment of the EEC was that it would split up the free Europe. Additionally he feared that, because of the protectionist tendencies that prevailed in France and Italy, the CET of the EEC would be pushed upward rather than downward and that there would therefore be a high protective wall between the EEC and the rest of Europe as well as the rest of the world. In this context the free trade area was seen as the only means possible to overcome this division. In 1959 Röpke saw his predictions of a split within Western Europe fulfilled, the most significant sign of this being the paralysing uncertainty concerning the further development, especially the question whether the gap could be bridged within a reasonable time-span. Röpke branded it as a 'terrifying mental aberration' to label this 'piling up of barricades within Europe' with terms like "European unification"[44].

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pp. 69-94, see in particular p. 76; Röpke had already delivered a very critical verdict on the EEC a year before. See RÖPKE, WILHELM: "Gemeinsamer Markt und Freihandelszone. 28 Thesen als Richtpunkte." In *Ordo (Jahrbuch für die Ordnung von Wirtschaft und Gesellschaft)* 10(1958), pp. 31-62; also RÖPKE, WILHELM: *Integration und Disintegration der internationalen Wirtschaft*. In: BECKERATH, E. VON [et al.] [eds.]: *Wirtschaftsfragen der freien Welt. Zum sechzigsten Geburtstag von Bundeswirtschaftsminister Ludwig Erhard*. Frankfurt 1957, pp. 493-501; STOHLER, JACQUES: "Neoliberalismus und europäische Integration." In: *Europa-Archiv* 17(1962), 99-118; KOHLHASE, NORBERT: "Zum politischen Charakter der Europäischen Wirtschaftsgemeinschaft." In: *Europa-Archiv* 16(1961), pp. 339-344.

43 RÖPKE, *Zwischenbilanz*, pp. 77-78.

44 RÖPKE, *Zwischenbilanz*, pp. 87-89. On the impact of the division between EEC and EFTA see BENOIT, EMILE: *Europe at Sixes and Sevens. The Common Market, the Free Trade Association and the United States*. New York 1961; WALTER, INGO: *The European Common Market. Growth and Patterns of Trade and Production*. New York [et al.] 1967;

Despite all of that and despite his preference for free trade on a Europe-wide or rather on a global basis, Erhard had accepted the EEC for political reasons, still hoping that it would be supplemented by the proposed FTA. Thus, despite his fierce criticism of the treaties of Rome, especially of Euratom, Erhard endorsed the common market at least verbally[45].Yet he did not stop to criticise the path of integration represented by the EEC favouring instead the FTA and world integration. The establishment of convertibility at the end of 1958 was in his view the best solution to all of that which would end regional discrimination and in the end render the common market harmless[46]. The conflict with Adenauer on the question of the FTA and the British application for entry into the EEC persisted however as long as Adenauer stayed in office.

European integration: Erhard vs. Adenauer

The conflict between Adenauer and Erhard over the best form of economic integration in Europe was the most fierce and enduring one of several rows over individual questions. Matters of economic policy in general had contributed to the worsening of the relationship between the two leading political figures in Germany and led to a climate of complete distrust between them. One of the factors in this conflict might have been that the actual power of the Minister of Economics and the importance of the policies conducted by this ministry had declined as compared to

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GENEVA GRADUATE INSTITUTE OF INTERNATIONAL STUDIES [ed.]: *The European Free Trade Association and the Crisis of European Integration. An Aspect of the Atlantic Crisis?* London 1968.

45 GROEBEN, *Aufbaujahre*, p. 46.

46 In a speech at a Council meeting of the OEEC on 12 February 1957, Erhard calls the FTA project the decisive political and economic measure towards European integration and stresses that EEC and FTA should be regarded as one whole, with the FTA mitigating the flaws of the customs union. See ERHARD, LUDWIG*: Deutsche Wirtschaftspolitik. Der Weg der Sozialen Marktwirtschaft.* Düsseldorf [et al.] 1962, p. 333. In November 1958 Erhard wrote a letter to Adenauer stating that none of the parliaments of the five EEC partners of France would have ratified the EEC treaty without the commitment to create the FTA. See LAITENBERGER, VOLKHARD*: Ludwig Erhard. Der Nationalökonom als Politiker.* (Persönlichkeit und Geschichte, 126-128), Göttingen, Zürich 1986, p. 144. In a speech on 28 December 1958 transmitted on radio Erhard suggests that with convertibility a return to global free trade should be made thereby leaving behind the quarrels over common market and FTA. See ERHARD, *Wirtschaftspolitik*, pp. 417-418. He continued his campaign for a Europe larger than that of the Six in a speech in October 1959 and stressed in a newspaper article at the end of 1960 that the entire German business community was behind him on this matter. See ERHARD, *Wirtschaftspolitik*, pp. 450-455, 530-537.

the very first years of the Federal Republic. In May 1956 the relationship between Adenauer and Erhard suffered greatly as a result of the fact that Adenauer had not been informed of the intention to lower the interest rates. Erhard and the Minister of Finance Schaeffer had been present when the Bundesbank in Frankfurt announced the raising of the discount rate by one percentage point. Vocke, the president of the Bundesbank, had convinced the two politicians that the economy had to be slowed down and inflation had to be fought. This should be done by the lowering of import tariffs which should be initiated by Erhard and Schaeffer and by the raising of the interest rate. Adenauer had not been informed of this. Since 1957 was an election year and since Adenauer feared a negative impact of this measures on the economy, he believed in a conspiracy and overreacted at the annual conference of the Federation of German Industry (BDI) in the "Gürzenich" in Cologne. Finally, Erhard and Schaeffer won Cabinet approval for their assessment of the situation and their support of the measures by the Bundesbank as well as for those they still intended to implement. In his speech at the BDI-conference Adenauer had revealed a profound ignorance of essential economic matters. Thus the whole affair was quite embarrassing to him and constituted a complete victory for Erhard and Schaeffer. Similar conflicts concerned the formulation of a cartel law in 1957 and the revaluation of the DM in 1961. In both cases Erhard was not as successful as in the first one[47].

Yet the "Gürzenich"-incident over the heightening of the discount rate in 1956 left the relationship between Adenauer and Erhard shaken. It never recovered and remained characterised by profound distrust. While Adenauer was never sufficiently powerful to dismiss his Minister of Economics, he did everything to frustrate his policies. Yet the "Gürzenich Affäre" showed as well that Adenauer could not dominate the Cabinet just as he wished. Similarly, Erhard's views had prevailed at the end of 1956 in the session of the Federal Cabinet on the line to be taken on common market and Euratom and had prevented Adenauer from making

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47 KOERFER, DANIEL: *Wirtschaftspolitische Kontroversen zwischen Konrad Adenauer und Ludwig Erhard (1956-1963).* In: POHL, HANS (ed.): *Adenauers Verhältnis zu Wirtschaft und Gesellschaft.* (Rhöndorfer Gespräche. 12), Bonn 1992, pp. 38-42.

substantial concessions to France, which Erhard and the Cabinet deemed unbearable for the Federal Republic[48].

Erhard's arguments for the FTA were founded in his economic philosophy. He continuously pointed to the fact that Germany, as a very export-oriented country, should not lock itself up in a narrow and most likely quite protectionist common market with a limited membership. Some have argued that Erhard with his somewhat dogmatic approach to economic and political matters did not only take the principle of free or freer trade much more seriously than the business community itself, he is seen by some also as the only really important advocate of the FTA on the European continent at least in the early stages[49]. Yet, as has already been stated, the question gained momentum in Germany to such an extent that Adenauer could not dare to trigger a showdown with his adversary within the Cabinet. This means that Erhard managed to help aggregate and concentrate the efforts of German industry and politics in favour of the FTA. He most actively campaigned for this goal utilising his great personal authority with the Germans on all matters of economics, using comparatively unconventional ways of conveying his message via a costly media campaign and permanently dramatising the consequences which Germany had to face if the FTA project should fail, thus risking the escalation of the conflict with Adenauer. The ups and downs of this continuous struggle are described in great detail by Daniel Koerfer and Hanns Jürgen Küsters. It was as much a conflict over political and economic concepts as about power.

Despite Adenauer's very strong position that he had built up during the first years after 1949, the fight over the distribution of authority in questions of European integration that was very intense in 1955 and the following year did not come a conclusion. In sum Erhard and the ministry of trade and commerce won the struggle and ended up with more authority than before, including those for German relations with all international multilateral organisations as far as economic questions were concerned. The Bundeswirtschaftsministerium (BMWi) also acquired the competence for the inter ministerial co-ordination and preparation of Cabinet decisions in European policy and retained the competence for tariffs and commercial

48 KÜSTERS, *Streit*, pp. 360-361.
49 KOERFER, *Kampf*, p. 143.

policy[50]. Erhard's struggle over competencies had primarily been with the Auswärtiges Amt (AA) and the Foreign Minister von Brentano. The details of the arrangement that was finally reached are important in that it was according to these rules that the German representation in the Maudling committee, the EEC council of ministers and interim committee of the EEC was organised. Yet the decision making process concerning the distribution of competencies within the Federal government is revealing in itself in that it gives insight into the potential power that people like Erhard and Adenauer commanded within the Federal Cabinet. It was by no means the case that Adenauer could just do what he wanted and do so unchallenged. On a good number of occasions he had to yield to the majority of Cabinet members standing against him. Thus Erhard proved to be a figure whose opinion had to be heard and who could not easily be ignored in the political decision making process.

The record of success that Erhard was able to score in terms of public statements in favour of the FTA and later on of British accession to the EEC by all political parties, social groups, by Parliament and also by the Cabinet itself was impressive indeed: In July 1957, when the Bundestag ratified the treaties of Rome the German Parliament, even with the votes of the FDP which had rejected the treaties themselves, voted for a resolution supporting the idea of an FTA and for a liberal trade policy to be followed by the EEC. These and other resolution have already been cited. In 1960 Erhard reached a modification of the "Hallstein-Plan" for acceleration of the tariff reduction schedule of the EEC. This was yet again a success for Erhard within the German Cabinet. Erhard hoped thereby to gain some time for further negotiations with the EFTA countries before the EEC could acquire more cohesiveness[51]. The failure of the French plan for political co-operation associated with the name of Christian Fouchet and the reasons given by people like Luns and Spaak for their veto on that had certainly heightened Erhard's hopes for eventual success as well. Even when de Gaulle had held his infamous press conference in January 1963 and Adenauer had still signed the French-German treaty, the Bundestag inserted a clear reservation against a French-German

[50] KÜSTERS, *Streit*, pp. 368-370.
[51] KOERFER, *Kampf*, pp. 412-430.

"Sonderweg" in the very preamble of that treaty, asking among other things for the inclusion of Great Britain and other states into the EEC[52].

Konrad Adenauer, Charles de Gaulle and the Berlin-crises

The importance of Germany's relations with France ranked very high on Adenauer's foreign policy agenda[53]. France's political and economic instability in 1958 and its possible repercussions constituted a threat to almost everything that had been accomplished by the federal chancellor in terms of European integration. The return to power of Charles de Gaulle was seen with great wariness by the German chancellor. Given de Gaulle's previous record in European matters and on Germany there was not much hope that the EEC would continue unhampered nor that Adenauer's desire for reconciliation with France would be matched by similar efforts on the other side of the Rhine[54]. For Adenauer's attitude towards the FTA his meetings with de Gaulle therefore seem to have been of crucial importance.

If one follows de Gaulle's account of his first meeting with the German chancellor, he obtained quite a clear promise from Adenauer for support in the question of agriculture and concerning the British FTA proposal to which de Gaulle clearly expressed his objections[55]. Adenauer's view is clearly different from de Gaulle's version[56]. Hans-Peter Schwarz' description of the conversation rests on a protocol written by the interpreter. According to this source Adenauer, while criticising the US and the UK for some of their policies, was quite careful to avoid any clear statements concerning the FTA issue. Schwarz states that at that time,

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52 GROEBEN, *Aufbaujahre*, pp. 214-215.

53 On de Gaulle's influence on West Germany's foreign policy STADEN, BERND VON: *Charles de Gaulle und die Außenpolitik der Bundesrepublik Deutschland.* In: LOTH, WILFRIED/PICHT, ROBERT [eds.]: *De Gaulle, Deutschland und Europa.* Opladen 1991, pp. 121-133.

54 Peter Schunck describes the great skepticism of the German delegation before Adenauer's first meeting with de Gaulle in September 1958. See SCHUNCK, PETER*: De Gaulle und seine deutschen Nachbarn bis zur Begegnung mit Adenauer.* In: LOTH, WILFRIED/PICHT, ROBERT [eds.]: DE GAULLE, *Deutschland und Europa.* Opladen 1991, pp. 21; on de Gaulle see also LOTH, WILFRIED: *De Gaulle und die europäische Einigung.* In: LOTH, WILFRIED/PICHT, ROBERT [eds.]: *De Gaulle, Deutschland und Europa.* Opladen 1991, pp. 45-60.MAILLARD, PIERRE: *De Gaulle et l'Europe entre la Nation et Maastricht.* Paris 1995.

55 DE GAULLE, CHARLES: *Mémoirs d´espoir. Le Renouveau 1958-1962*, Paris 1970, pp. 188-189.

56 ADENAUER, KONRAD: *Erinnerungen 1955-1959*, (Stuttgart 1967), pp. 424-436.

September 1958, Adenauer was still in favour of the FTA proposal[57]. At their meeting in Bad Kreuznach on November 26, 1958 de Gaulle is even more straightforward in writing that Adenauer and he reached agreement to bring the negotiations in the Maudling committee to an end, since they tended to dilute the EEC from the very beginning by the establishment of a vast FTA that would include first Britain and later all of the West. As in the case of the first meeting in Colombey, de Gaulle points to the problem of Berlin as Adenauer's motive to yield to the French president's wishes in the FTA matter[58]. Schwarz interprets the meeting in Bad Kreuznach as quite decisive in the way de Gaulle described it. In ostentatiously declaring a common policy on the EEC Adenauer and de Gaulle did in fact declare their opposition to Macmillan's plans for the FTA even though this was never publicly and explicitly stated by Adenauer. Another indication for this might be the fact that before the Bad Kreuznach meeting Erhard and Adenauer had particularly tough fights over the FTA issue. Schwarz clearly sees Khrushchev's Berlin-ultimatum behind Adenauer's decision for France and de Gaulle and against the British[59].

While there might have been a commitment by Adenauer on the FTA at the end of 1958, the question did not lose political momentum in Germany. In fact Erhard and his followers were able to muster more and more support over time. Hence Adenauer was not able to openly speak up against the British proposals at any stage. He could not dare to openly address the issue. In 1962 Erhard was simply

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57 SCHWARZ, *Adenauer*, pp. 454-456.

58 DE GAULLE, *Mémoirs d'Espoir*, p. 191. The Berlin crises played certainly a very important role in Adenauer's foreign policy since 1958. There are numerous accounts of the evolution and the importance of the Soviet Policy on Berlin for Adenauer's foreign policy decisions. See GABLENTZ, OTTO MARTIN VON DER: *The Berlin Question in its Relations to World Politics 1944-1963. An Introduction.* (Forschungsinstitut der Deutschen Gesellschaft für Auswärtige Politik, 19), München 1964; MUTZ, REINHARD: *Die zerbrochene Hauptstadt. Berlin als politische Symbol des Ost-West-Konfliktes.* In: HORN, HANNELORE [ed.]: *Berlin als Faktor nationaler und internationaler Politik* (Wissenschaft und Stadt, 7), Berlin 1988, pp. 45-65; WETTIG, GERHARD: *Aktionsmuster der Sowjetischen Berlin-Politik.* In: Außenpolitik 19(1968), pp. 325-339; WETTIG, GERHARD: "Die Berlin-Politik der UdSSR und der DDR." In: *Außenpolitik* 21(1970), pp. 284-296; SCHÜTZE, GÜNTHER: "Französische Vorschläge zur europäischen Sicherheit und zur Lösung der Berlin-Krise." In: *Europa-Archiv* 14(1959), pp. 336-348.

59 SCHWARZ, *Adenauer*, pp. 465-466. The discussion in Britain about disengagement deeply worried Adenauer, whereas the French seemed to offer a more reliable attitude on security matters in the chancellor's view. For these debates in France and Britain see BRÜGEL, J. W.: "Die britische Haltung zum "Disengagement" seit der Suez- und der Ungarnkrise." In: *Europa-Archiv* 14(1959), pp. 65-80; SCHÜTZE, "Französische Vorschläge", pp. 336-348.

too popular to be attacked on the FTA issue[60]. Adenauer was even forced to pay continuous lip-service to the cause of the FTA and later on to the British application for membership of the EEC. Yet he does not change his mind in the matter, or rather he is not forced to do so by the pressures that build up in Germany in favour of the FTA and later on in favour of British accession to the EEC. Adenauer's decision is likely to have come about in Bad Kreuznach and might subsequently have been strengthened by his growing distrust vis-à-vis Macmillan and the American administration under Eisenhower and then under Kennedy[61].

It might well be true that there even was an agreement between Adenauer and de Gaulle from the very beginning that they would wreck the FTA and any attempt the British might undertake of joining and, as de Gaulle said, of diluting the EEC. The mere fact that Adenauer might have struck such a deal does not imply that he would not have forgotten about it, if the political situation in Germany had forced him to do so. This view is taken by Jacques Bariéty. He claims that the personal relationship between Adenauer and De Gaulle was of crucial importance for the German-French relations between 1958 and 1963. His thesis is that de Gaulle and Adenauer had indeed concluded some sort of moral and political agreement since their first meeting in Colombey, an agreement to which they were faithful throughout all the political changes that followed. While this sounds like "great men making history", Bariéty clearly acknowledges that this agreement between Adenauer and de Gaulle did not mean that after Colombey all things in

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60 SCHWARZ, *Adenauer*, p. 720.

61 On Adenauer's attitude towards Britain and the US under Kennedy see SCHWABE, KLAUS: *Adenauer und England*. In: KETTENACKER, LOTHAR [et al.][eds.]: *Studien zur Geschichte Englands und der deutsch-britischen Beziehungen. Festschrift für Paul Kluke*. München 1981, pp. 353-374; HORNE, ALISTAIR: *Macmillan 1957-1986. Vol. II*. London 1989, pp. 109-112; MACMILLAN, HAROLD: *Riding the Storm 1956-1959*. London [et al.] 1971, pp. 435, 451-455, 578-581, 585-586; MACMILLAN, HAROLD: *At the End of the Day 1961-1963*. London 1973, pp. 123-127, 139-141, 159, 163-164; SCHRÖDER, HANS-JÜRGEN: *Kanzler der Alliierten? Die Bedeutung der USA für die Außenpolitik Adenauers*. In: FOSCHEPOTH, JOSEF [ed.]: *Adenauer und die deutsche Frage*. Göttingen 1988, pp. 118-145. STÜTZLE, WALTER: *Kennedy und Adenauer in der Berlin-Krise 1961-1962*. (Schriftenreihe des Forschungsinstituts der Friedrich-Ebert-Stiftung), Bonn 1973; The serious disturbances in German-American relations at that time are described in ambassador's Grewe's "Rückblenden". See GREWE, WILHELM G.: *Rückblenden 1976-1951*. Frankfurt [et al.] 1979, pp. 546-551; MORGAN, ROGER: *The United States and and West Germany 1945-1973. A Study in Alliance Politics*. London 1974, pp. 97-137. A good account of the role of the American administrations and European developments at the end of the 1950s and the beginning of the 1960s is Pascaline Winand's study. WINAND, PASCALINE: *Eisenhower,Kennedy and the United States of Europe*. New York 1993.

German-French relations were predetermined and were only the execution of a set programme. Bariéty acknowledges that such an assumption would be entirely unrealistic. What he stresses is that both statesmen made some basic decisions, the most important of which was to regard and treat each other as their preferred partners[62]. Bariéty points to the psychological and historical background of the meeting in Colombey, the fact that Adenauer actually feared that de Gaulle might be an insurmountable obstacle to the pursuance of those foreign policy goals which were most important to him. This fear proved unjustified at that moment.

More importantly, Bariéty states that de Gaulle proved to be a faithful supporter throughout all of the Berlin crisis, while Macmillan and Eisenhower were regarded by Adenauer as unreliable as far as the protection of vital German interests were concerned. The picture of the essential and profound understanding between Adenauer and de Gaulle would certainly not match the realities. De Gaulle's plans for a NATO directorate were not at all welcome by Adenauer. De Gaulle's proposal for the directorate was put to the British and the Americans only a few days after the meeting with Adenauer in Colombey. Adenauer had not been informed of this. Yet when the Soviets opened the Berlin crisis with their note at the end of November 1958, de Gaulle instantly assured Adenauer of his firm support, and this support remained firm all throughout. Given that Adenauer started to develop and then cultivated his distrust of Eisenhower and Macmillan, it seems plausible that there should be a reward for the general. Bariéty suggests that it was in response to de Gaulle's strong support in the question of Berlin that Adenauer supported the General's policy on Europe when he did not make objections to the break-up of the Maudling negotiations at the end of 1958 and did not do it either when de Gaulle

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62 BARIÉTY, JACQUES: *Die Rolle der persönlichen Beziehungen zwischen Bundeskanzler Adenauer und General de Gaulle für die deutsch-französische Politik zwischen 1958 und 1963.* In: SCHWARZ, HANS PETER (ed.): *Adenauer und Frankreich. Die deutsch-französischen Beziehungen 1958 bis 1969.* (Rhöndorfer Gespräche, 7), Bonn 1985, p. 13; for the role of the relationship between Adenauer and de Gaulle see also, WILLIS, F. ROY: *France, Germany and the New Europe 1945-63.* Stanford 1968, pp. 273-313; see also SCHWARZ, HANS-PETER: *Präsident de Gaulle, Bundeskanzler Adenauer und die Entstehung des Elysée-Vertrages.* In: LOTH, WILFRIED/PICHT, ROBERT [eds.]: *De Gaulle, Deutschland und Europa.* Opladen 1991, pp. 69-179.Gilbert Ziebura criticises Adenauer's attitude vis-à-vis de Gaulle as naiv and as that of a person who only saw in de Gaulle what ever he wanted to see in him without any real critical distance. See ZIEBURA, GILBERT: *Die deutsch-französischen Beziehungen seit 1945. Mythen und Realitäten.* Pfullingen 1970, pp. 94-118, in particular p. 101.

brutally ended the negotiations on British accession to the EEC at the beginning of 1963[63]. In both cases Adenauer had to face extreme difficulties at home.

It is with a certain bitterness that Paul-Henri Spaak describes the events of early 1963 when de Gaulle said «Non!» to British accession and Adenauer still signed the German-French treaty a week later. Spaak describes Adenauer as blind and as seduced by the impressive ceremonies that de Gaulle had arranged for his state visit in 1962. Spaak attributes these events to the fact that Adenauer's judgement had been troubled by the ceremonies and that his lucidity had diminished because of his age[64]. Yet in Spaak's view there was still a chance to do something after de Gaulle's press conference of 14 January 1963. He holds that the anger among the other member states of the EEC was so great after this French veto that the British could have utilised this in their favour, if they had only wanted. Spaak claims that the other five would have been ready to stage an "éclat au sein du Marché commun"[65]. It would have been for those on the continent with particularly good relations with the British to have let them know that this was still possible. If it really was. Ludwig Erhard could have done so. Yet Erhard's role on the international scene is a bit ambiguous. It seems that he and his state secretary Müller-Armack profoundly overestimated their own influence and the general readiness in Germany to back up the FTA-project or British membership by decisive action. All throughout they were publicly very optimistic about the prospects of the FTA and British accession especially when talking to their British counterparts. It seems that a more sober and realistic approach by the German Minister of Economics could have made an important difference to British negotiating tactics and perhaps to the overall outcome[66]. It will be part of this study to evaluate to what

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63 BARIÉTY, *Beziehungen*, pp. 20-23.

64 SPAAK, PAUL-HENRI: *Combats inachevés. Vol.2: De l'Espoir aux Déceptions*. Paris 1969, p. 211.

65 SPAAK, *Combats II*, p. 403.

66 MÜLLER-ARMACK, ALFRED: *Auf dem Wege nach Europa. Erinnerungen und Ausblicke*. Tübingen 1971, p. 214, 237; The praise that George W. Ball pours over Ludwig Erhard is not matched with the extremely sceptical view expressed in documents of the American State Department as to the man's qualities of political leadership. See BALL, GEORGE W.: *America's Appraisal of Ludwig Erhard - A Man of Wisdom and Courage*. In: ALTMANN, RÜDIGER [et al.] [eds.]: *Ludwig Erhard. Beiträge zu seiner politischen Biographie. Festschrift zum fünfundsechzigsten Geburtstag*. [n. p.] 1971, pp. 359-362 and Memo from the Under Secretary of State (Ball) to President Kennedy, FRUS, 1961-1963, Vol. XIII, West Europe and Canada, p. 208.

extent Erhard and the BMWi were out of touch with German industry whose interests they claimed to represent in the FTA issue.

2.3 Personal Power Politics or Societal Choice?

As is clear from all that went before, West Germany's decision to side with the French and to stick to the common market of the Six and of the Six only in 1963 has been described by the literature largely in terms of the political battle between the leading figures of the CDU. While the role and even the style of the main political actors is certainly important for the policy outcomes produced within a political system, one cannot simply take it for granted that these personal factors constituted the determining elements of debates relating to strong societal interest groups.

The purely political question of who would be Heuss' and Adenauer's successors in 1959 or the fact that the independent-minded Schröder succeeded Adenauer's close disciple Brentano as Foreign Minister have certainly had their impact on policy style and perhaps also on the way certain decisions were shaped. Yet no question of a simply personal or party political category of that sort will in itself have made any significant difference to a decision in which societal actors like trade unions and employers took only the faintest amount of interest. Koerfer's and Schwarz' brilliantly presented historical narratives do not therefore do justice to the FTA issue, (which was probably not their objective in the first place)[67]. Yet those writings which explicitly dealt with the conflict over Germany's European policy or Germany's European policy in general have also failed to look beyond the level of personal politics and high politics to the societal forces driving the political ones, and in this case the criticism is more substantial[68]. While all of these writings make important contributions to the completion of the picture of Germany's European policy, the painting in the end will always only show the portraits of the politicians and leave the decisive social and political bargaining processes in the shadow.

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67 KOERFER, *Kampf*; SCHWARZ, *Adenauer*.

68 KÜSTERS, *Gründung;* KÜSTERS, "Europapolitik", pp. 646-673; KÜSTERS, *Streit*, pp. 335-370; KOERFER, *Kontroversen*, pp. 33-45; GROEBEN, *Aufbaujahre*; MÜLLER-ROSCHACH, *Europapolitik*.

It is argued here that the FTA issue was not just a matter of high politics, but that it was an essential societal and political choice made in the Federal Republic in the years after 1957. To study this decision making process in more than its high politics dimension will therefore reveal much of the actual nature of German democracy at the end of the 1950s and the beginning of the 1960s, much of which has been left in the shadow of sometimes contradictory but catchy words and phrases like "Kanzlerdemokratie", "Gefälligkeitsdemokratie" or Eschenburg's question "Herrschaft der Verbände?" often misinterpreted as an assertion[69]. This will require looking at the sometimes very nitty gritty exchanges between sectoral industrial interest groups and the sectoral departments of the BMWi, to try and identify sectoral interests by analysing their trade performance within the EEC and outside over all of the period under investigation, and to match these expressions and indicators of industrial interest with the lobbying action and its impact on government policy by the peak organisations like the BDI and the DIHT[70].

Surely, the importance of high politics and personal influences will not vanish from the overall picture by adopting this approach. On the contrary, it will at last appear in its proper light and perspective. As this thesis will show, the fact that Adenauer was able to get away with the silent acceptance of the failure of the Maudling negotiations and his endorsement of de Gaulle's veto against British entry to the EEC, the fact that Erhard - despite all his popularity and political clout - could not make a real difference in Germany's European policy, all of this will only make sense once the underlying currents of actual industrial interest in the FTA issue will be analysed and understood. For reasons that can be explained in terms of Olson's theory of collective action and understood by looking at the precise mechanisms governing industrial interest representation at the level of the BDI *and* at sectoral level, the actual industrial interests were grossly misrepresented by the

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69 ESCHENBURG, THEODOR: *Zur politischen Praxis in der Bundesrepublik. Vol. 1: Kritische Betrachtungen 1957 bis 1961*. München 1966, pp. 226-229; ESCHENBURG, THEODOR: *Das Jahrhundert der Verbände. Lust und Leid organisierter Interessen in der deutschen Politik*. Berlin 1989, pp. 109-111, 115-116, 125.

70 On the structure of interest representation in West Germany see KATZENSTEIN, PETER: *Politics and Policy in West Germany: The Growth of a Semi-Sovereign State*. Philadelphia 1987, in particular pp. 15-35; BERGHAHN, VOLKER R.: *Corporatism in Germany in Historical Perspective*. In: COX, ANDREW/O'SULLIVAN, NOEL [eds.]: *The Corporate State. Corporatism and the State Tradition in Western Europe*. Aldershot 1988, pp. 104-122.

unequivocal stand the BDI took in its public statements on the FTA issue all throughout and in particular on British accession to the EEC. Thus the position taken by the BDI, the numerous resolutions adopted by the Federal Parliament as well as the campaigns conducted by Ludwig Erhard were less and less in touch with the changing position of German industry at sectoral level. Hence what must have seemed to be an almost unanimous political position of the CDU and indeed the whole Bundestag, i. e. to carry through the FTA project, was not based on a similarly strong coalition of industrial interest. Why the actual situation in German industry was not reflected at the level of Parliament and parties, but clearly in the position of Germany's delegation in the Maudling negotiations and the negotiations on British accession will be explained in this thesis.

2.4 The Political Influence of German Industry

The existing historical and political science literature on the political influence of West German industry has not taken up the suggestion in much of the theoretical literature to focus on the sectoral level of interest representation in order to exploit the scope for investigation offered by Olson's theoretical suggestions on the power of smaller, more clearly defined interests. The numerous studies analysing the political power of German industry have focused on the internal structures and resources of industrial associations, their relationship with leading politicians, political parties, Parliament and the government bureaucracies as well as on the different fields of policy making in which they operate[71]. The main thrust of

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71 ALMOND, GABRIEL A.: *The Politics of German Business.* In: SPEIER, HANS/DAVIDSON, PHILLIPS W. [eds.]: *West German Leadership and Foreign Policy.* Evanston 1975, pp. 195-241; ALMOND, GABRIEL A.: "A Comparativ Study of Interest Groups and the Political Process." In: *American Political Science Review* 52(1958), pp. 270-282; BERGHAHN, VOLKER R.: *The Americanization of West German Industry 1945-1973.* New York 1986; BREITLING, RUPERT: *Die Verbände in der Bundesrepublik. Ihre Arten und politische Wirkungsweise.* (Parteien, Fraktionen, Regierungen, 8), Meisenheim 1955; BUCHHOLZ, EDWIN: *Die Wirtschaftsverbände in der Wirtschaftsgesellschaft. Eine Analyse ihres Ordnungs- und Selbsthilfesystems als Beitrag zu einer Theorie der Wirtschaftsverbände.* (Tübinger Wirtschaftswissenschaftliche Abhandlungen, 6), Tübingen 1969; DETTLING, WARNFRIED: *Macht der Verbände. Ohnmacht der Demokratie? Beiträge zur theorie und Politik der Verbände.* München, Wien 1976; ELLWEIN, THOMAS: *Die großen Industrieverbände und ihr Einfluß.* In: LOEWENTHAL, RICHARD/SCHWARZ, HANS-PETER [eds.]: *Die Zweite Republik. 25 Jahre Bundesrepublik Deutschland - eine Bilanz.* Stuttgart 1974, pp. 470-493; ESCHENBURG, *Jahrhundert der Verbände*; ESCHENBURG, *Zur politischen Praxis*; PIEL, DIETER: *Die außenpolitische Rolle der Wirtschaftsverbände.* In: SCHWARZ, HANS PETER [ed.]: *Handbuch der deutschen Außenpolitik.* München, Zürich 1975, pp. 207-

attention has been given to the Federation of German Industry (BDI). The distribution of functions between the BDI, BDA and DIHT makes the BDI the dominant political force of industrial interest representation in Germany in the more general questions in all fields apart from wage bargaining, which is the domain of the BDA[72]. The BDI commands considerable resources and has privileged access to the leadership of the government bureaucracies, i. e. federal ministers and the federal chancellor. Its president Fritz Berg also profited from a close relationship with Adenauer. The BDI contributed considerable funding to the chancellor's CDU and had some influence in appointments to Parliamentary committees and posts in the government bureaucracy[73]. Yet while all of this suggests that the BDI wielded a very large amount of political power particularly in the Adenauer era, Gerard Braunthal dismisses Terence Prittie's claim that the leading circles of the BDI were the 'true rulers of Germany' at that time[74].

In his analysis of the BDI's attempts at influencing German economic policy at home and abroad as well as its foreign policy, Braunthal concludes that there is a very mixed record of success in all these fields[75]. This suggests that there were considerable countervailing powers exerted by the trade unions, pressures stemming from international economic agreements and the executive's attention to electoral rather than industrial pressure. For our context the relationship of industrial pressure

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215; RASCHKE PETER: *Vereine und Verbände. Zur Organisation von Interessen in der Bundesrepublik Deutschland.* (Politisches Verhalten. Untersuchungen und Materialien zu den Bedingungen und Formen politischer Teilnahme,5), München 1978; RUDZIO, WOLFGANG: *Die organisierte Demokratie. Parteien und Verbände in der Bundesrepublik.* (Studienreiehe Politik, 4), Stuttgart 1977; SCHERZINGER, *Theorie der Willensbildung*.

72 On the BDI see SIMON, WALTER: *Macht und Herrschaft der Unternehmerverbände BDA, BDI und DIHT im ökonomischen und politischen System der BRD.* (Kleine Bibliothek Politik, Wissenschaft, Zukunft, 76), Köln 1976; BRAUNTHAL, GERARD: "Wirtschaft und Politik: Der Bundesverband der Deutschen Industrie." In: *Politische Vierteljahresschrift* 4(1963), pp. 369-385; BRAUNTHAL, *Federation*; on the structure, statutes and membership of the BDI see BRODOCH, GEORG/WOLFF-METTERNICH, HERMANN FREIHERR VON: *Der Bundesverband der Deutschen Industrie.* (Ämter und Organisationen der Bundesrepublik Deutschland, 45), Düsseldorf 1987; VOGL, FRANK: *German Business after the Economic Miracle.* London 1973, in particular pp. 172-190.

73 Fritz Berg did not hesitate to use this power and simply stopped the BDI's monthly payment ot the CDU's head office in response to what he perceived as treason on the part of Adenauer over the question of the revaluation of the DM in 1960. See BRAUNTHAL, *Wirtschaft*, pp. 369, 373-376, on Berg's reaction to revaluation see pp. 379-380.

74 BRAUNTHAL, *Wirtschaft*, p. 384; Braunthal refers to PRITTIE, TERENCE: *Germany Divided. The Legacy of the Nazi Era.* Boston 1960, p. 298. On the same point see BRAUNTHAL, *Federation*, p. 339.

75 BRAUNTHAL, *Federation*, pp. 348-350.

groups with the respective departments of the government bureaucracy and their role within the wider government, executive, Parliament and the federal system will be of particular importance. Most of these issues are being touched upon by many of the studies that have already been mentioned. William E. Paterson and others have provided a detailed comparative study of the relationship between government and the chemical industries in Britain and Germany[76]. They start by identifying the characteristics of "policy communities" and base their analysis on a number of sets of criteria and classifications by which they systematically capture cross-country differences and similarities. Paterson and others find that the main address of industrial demands and the main point of exchange of information between government and industry is the chemicals department of the BMWi, which is described as an advocate for the industry within the government and at times as an apologist for government policy vis-à-vis the industry[77].

The influence of industrial pressure groups depends obviously also on the nature of the overall political system and the structure of and balance between its different elements. Numerous studies have been produced on the federal government bureaucracy, Parliament, political parties and their relationships with each other and with different societal groups in the political system of the Federal Republic[78]. It

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76 PATERSON, WILLIAM EDGAR [et al.]: *Government and the Chemical Industry. A Comparative Study of Britain and West Germany*. Oxford 1988.

77 PATERSON, *Government and the Chemical Industry*, pp. 84-85.

78 MAYNTZ, RENATE/SCHARPF, FRITZ W.: *Policy-Making in the German Federal Bureaucracy*. Amsterdam [et al.] 1975, pp. 31-48, for the structure of the ministerial bureaucracy see pp. 63-94; MAYNTZ, RENATE: *German Federal Bureaucrats: A Functional Elite between Politics and Administration*. In: SULEIMAN, EZRA N. [ed.]: *Bureaucrats and Policy Making. A Comparative Overview*. New York, London 1984, pp. 174-205; PAGE, EDWARD C.: *Political Authority and Bureaucratic Power. A Comparative Analysis*. Brighton 1985, pp. 100-103, 131-132, 153-155, 162-171; DYSON, K.: "The West German Party Book Administration: An Evalutation." In: *Public Administration Bulletin* 25(1977), pp. 3-23; HENNIS, WILHELM: *Die Rolle des Parlaments und die Parteiendemokratie*. In: LOEWENTHAL, RICHARD/SCHWARZ, HANS-PETER [eds.]: *Die Zweite Republik. 25 Jahre Bundesrepublik Deutschland - eine Bilanz*. Stuttgart 1974, pp. 203-243; SCHÖNE, SIEGFRIED: *Von der Reichskanzlei zum Kanzleramt. Eine Untersuchung zum Problem der Führung und Koordination in der jüngeren deutschen Geschichte*. (Beiträge zur Politischen Wissenschaft, 5), Berlin 1968; PRIOR, HARM: *Die interministeriellen Ausschüsse der Bundesministerien. Eine Untersuchung zum Problem der Koordinierung heutiger Regierungsarbeit*. (Sozialwissenschaftliche Studien. Schriftenreihe des Seminars für Sozialwissenschaften der Universität Hamburg, 10), Stuttgart 1968; KATZENSTEIN, PETER: *Politics and Policy in West Germany: The Growth of a Semi-Sovereign State*. Philadelphia 1987, see in particular pp. 15-35; MÉNY, YVES: *Government and Politics in Western Europe: Britain, France, Italy, West Germany*. Oxford 1990, pp. 100-123, 238-295; OFFE, CLAUS: *The Attribution of Public Status to Interest Groups: Observations on the West*

would go beyond the scope of this study to summarise the discussion of corporatism and pluralism with regards to the Federal Republic in the 1950s and 1960s. Yet the literature seems to suggest that the labelling of the overall system will be of no analytical help and that the structures in an individual field of policy making might vary considerably from those in others.

Throughout the 1950s the BDI had fought many a battle on the field of economic policy against Ludwig Erhard whom it judged to be an "ideologist" in the worst sense of the word[79]. During that period the BDI had rather consistently supported the chancellor who was a pragmatist in economic matters and paid more attention to votes and the financial well-being of his party than to the observance of economic principles dear to his Minister of Economics[80]. On the free trade area issue however, the coalitions were inversed. Erhard had and retained the BDI's full support on the free trade area, on the attempts at "bridge building" between EEC and EFTA and especially on British accession to the EEC[81]. At the same time Adenauer was beginning to lose considerably in authority and control over his party. All of these findings of the literature make it rather difficult to understand how Adenauer was able to sustain his policy in the face of strong opposition from almost every possible corner within the political system of the Federal Republic. While the literature states that the end of the "Kanzlerdemokratie" had already begun in 1959, it does not address the question of why German industry did not obtain what it had sought from Adenauer. This was so despite the allegations in the 1950s that the very close relationship between chancellor and BDI threatened to turn the Federal

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German Case. In: BERGER, SUZANNE [ed.]: *Organizing Interests in Western Europe. Pluralism, Corporatism, and the Transformation of Politics.* (Cambridge Studies in Modern Political Economies), Cambridge [et al.] 1981, pp. 123-158.

79 BRAUNTHAL, *Wirtschaft*, p. 373. Erhard had a rather difficult relationship to interest roups in general. See DÜREN, ALBRECHT: *Ludwig Erhards Verhältnis zu den organisierten wirtschaftlichen Interessen.* In: MÜLLER-ARMACK, ALFRED/SCHRÖDER, GERHARD [eds.]: *Ludwig Erhard. Beiträge zu einer politischen Biographie. Festschrift zum 75. Geburtstag.* Berlin 1972.

80 For Adenauer's relationship with industrial pressure groups and his conception of economic policy see HELLWIG, FRITZ: *Adenauers Verhältnis zur Wirtschafts- und Sozialpolitik.* In: POHL, HANS [ed.]: *Adenauers Verhältnis zu Wirtschaft und Gesellschaft.* (Rhöndorfer Gespräche, 12), Bonn 1992, pp. 88-111; MÜLLER-ARMACK, ALFRED: *Adenauer, die Wirtschaftspolitik und die Wirtschaftspolitiker.* In: BLUMENWITZ, DIETER [et al.]. *Konrad Adenauer und seine Zeit. Politik und Persönlichkeit der ersten Bundeskanzlers. Vol. I: Beiträge von Weg und Zeitgenossen.* Stuttgart 1976, pp. 204-228.

81 BRAUNTHAL, *Federation*, p. 325-326; RHENISCH, *Industrie*, p. 294; BÜHRER, *BDI*, pp. 260-261; ERHARD, *Wirtschaftspolitik*, p. 533.

Republic into a "Gefälligkeitsdemokratie" (a democracy characterised by the services rendered by the political leadership to the most powerful interests)[82].

2.5 The Aims of the Present Study

The present study sets out to tackle a question that has been neglected in the existing literature for reasons that have been amply described. The aim of the study is to provide an analysis of the position and the lobbying actions of German industry in relation to the FTA issue primarily vis-à-vis the German federal bureaucracy and in particular vis-à-vis the BMWi. This analysis will go beyond noting the positions and actions of the BDI and will take into account the sectoral interests as presented to the BMWi and as reflected in the sectoral foreign trade performance. The differences and divergence of the interests of German industry at the level of the BDI and at sectoral level will be of great importance in explaining why and how the change of heart in German industry concerning the EEC, the prospect of a Europe-wide FTA or British accession to the common market and towards the threat posed through EFTA was effectively concealed from the public eye.

This study will thus provide the first systematic analysis of German industrial interest and the position of German industry on the British FTA proposal, the attempts to mediate between the Six and the other OEEC members and since 1960 between the Six and the Seven, as well as on the first British application for membership of the EEC. One important finding is that German industry was nowhere near as favourable to the FTA, to British accession and the idea of an Atlantic FTA as is commonly suggested by the literature and in most of the BDI's own public statements on these questions. The balance of sectoral interests and the potential of these interests for being successfully represented at the political level shifted very markedly over the period considered here and made the EEC of the Six and *of the Six only* the clear preference of a number of sectors, while in others this option came to be seen as much more acceptable than it had been regarded at the beginning.

82 Theodor Eschenburg notes examples for Adenauer's willingness to yield to the BDI's wishes in view of the important financial support for the Christian Democrats coming from the BDI. See ESCHENBURG, *Jahrhundert der Verbände*, pp. 114-117.

More importantly, the present study will reinterpret the political battle over the FTA issue in West Germany in the light of the analysis of industrial interest and industrial influence on the German position in the corresponding negotiation processes. It offers an important additional explanation as to why and how Adenauer was able to get away with his collusion with de Gaulle against the express will of the Federal Parliament, his Cabinet and the majority of his own Parliamentary party and why the turmoil over de Gaulle's final veto and Adenauer's endorsement of it died down relatively quickly. It will be shown that Germany's decision to opt for the common market of the Six and of the Six only (at least for the time being) was not just due to Adenauer's resolve to go along with de Gaulle, but in fact represented very important societal forces. At the time when de Gaulle spoke his infamous «Non!», a sigh of relief must have gone through some sectors of German industry for whom British accession and possibly the association of other EFTA members would have caused an extremely difficult situation. Adenauer could capitalise on the internal divisions of German industry and on the fact that the inducement of those in favour of British accession to mount a large campaign was very small given that by 1963 the strongest export sectors of German industry had realised that the expansion of their EEC markets had more than offset the losses that they had feared outside. On the other hand the Erhard camp, which had always expressed the importance of the markets outside of the EEC in terms of aggregate figures and aggregate interests, had to realise that aggregate interests are impossible to translate into actual political force.

3 Linking EEC and OEEC

Germany and the negotiations on a Europe-wide FTA in the Maudling Committee

With the negotiations in the Maudling committee the 17 member states of the OEEC tried to reach an agreement on the formation of a Europe-wide free trade area (FTA). As a country whose trade with the OEEC member states made up for 60% of its exports, Germany had a strong interest in the establishment of an OEEC-wide abolition of barriers to trade. This was expressed in unanimous political support for the FTA from all political parties, the Government, Parliament and the Cabinet. The following chapter sets out to trace the German position during the Maudling negotiations. It will analyse its formulation within the Government and give an account of the role German industrial interest played for the formation and development of the official German position. It will address the expectations of German industry and its general perceptions of the effects that an FTA would have on specific industrial sectors. On the basis of the archival evidence, this chapter will make an attempt at identifying industrial sectors that were likely to gain and those likely to lose from the establishment of a multilateral trade association between the EEC and the other member states of the OEEC. The chapter will try to assess the extent to which a lowest common denominator for a German position on the essentials of an FTA could have been or actually was derived from the industrial interest as indicated by the studies gathered in the German BMWi.

The main conflict that persisted throughout all of the negotiations concerned the question of deflections of trade and the appropriate measures to counter their effects. Differences of opinion did not only arise over the rules of origin or alternative measures, but on the more basic question of the importance of and the effects that would result from deflections of trade as such. Since the operation of counter measures would have to correspond closely to the institutional arrangements of the FTA, disagreement in this point prevented an early settlement on the question of institutions and their voting procedures. A second essential point of conflict was the scope of the proposed FTA. Should it include agriculture? How should the problem of imperial preference for the Commonwealth be solved? Finally, there was disagreement on whether or not co-ordination of certain national policies was needed to make the FTA run smoothly. Some seemed to favour some sort of replicate of the Treaty of Rome, while others wanted a framework in which a downward pressure on external tariffs would foster integration into the world economy.

The Maudling negotiations began on October 18, 1957 in Paris. Preparatory negotiations had taken place under the chairmanship of the Chancellor of the exchequer Peter Thorneycroft since March 1957. Since then three working parties of the OEEC (No 21, 22 and 23) had worked on the general technical problems of the creation of an FTA, on the question of agriculture and the specific problems arising for the less developed countries in the OEEC[1]. Since June 1957 a group of trade experts started working on questions related to the problem of deflections of trade and rules of origin. In September and October 1957 Paymaster General Reginald Maudling who had been appointed Special Minister of the British Government for questions relating to the establishment of an FTA toured the member states of the OEEC, before the actual negotiations began[2] on the ministerial level. The EEC council decided early in 1958 that the negotiations in the Maudling committee should be conducted by its member states themselves and that the commission should not yet represent the community, while it should be present at the negotiating table. The president of the EEC commission began attending the Maudling negotiations in February 1958[3]. The role of the commission and the fact that it began regarding the FTA plan as a threat to the integrity and undisturbed development of the EEC gained importance toward the end of the negotiations. The proposal for a preliminary agreement made by the president of the commission Walter Hallstein became the focus of a increasingly heated debate between the EEC and the other eleven. It finally became obvious that the conception of an FTA held by France and Italy on the one hand and by Britain, the Scandinavian countries and

1 CAMPS, MIRIAM: Britain and the European Community 1955-1963. London 1964, p.117-118.

2 KAISER, KARL: *EWG und Freihandelszone. England und der Kontinent in der Europäischen Integration.* (Europäische Aspekte. Reihe C: Politik. 15.), Leiden 1963, p. 140.

3 CAMPS, *Britain*, p. 47.

Switzerland on the other were by far too different to be compatible. This chapter will therefore also try to assess to what extent Germany fulfilled the role of a mediator between the main opponents during the negotiations. It will mainly ask what room for manoeuvre the German political leadership actually had to fulfil this role in view of the constraints given by domestic industrial pressures.

3.1 The German position on the essential questions of an FTA

Since early May 1957 an inter ministerial committee formed of representatives of several German federal ministries was responsible for formulating the guidelines for the German delegation in the preliminary negotiations on the FTA. The committee was chaired by Freiherr von Mahs of the BMWi and continued to perform its function after the actual Maudling negotiations began[4]. The Auswärtige Amt (AA), the BMWi (BMWi), the ministries of finance (BMFin) and of agriculture (BML) as well as the ministry of labour (BMA) were represented in the committee. The Bundesbank was consulted on a case by case basis. By September 1957 the inter ministerial working party had been able to draw up a very general line to follow in the negotiations. The different ministries reached agreement that the main purpose of the FTA was to guarantee the free movement of goods by a lowering of tariffs and quantitative restrictions. Since 60% of all German exports went to the economies of the OEEC, the establishment of the FTA was of crucial importance to Germany. According to the inter ministerial working party the FTA should also serve to prevent the fading of co-operation within the OEEC. Between the AA and the BMWi the whole question of the FTA was mingled with a battle over competencies in foreign economic policy and diplomacy. Adenauer was entirely behind the AA in these matters. The Foreign Minister von Brentano had his confidence[5]. Apart from distrust, both ministries pursued largely contradicting

4 As ever the chairmanship remained disputed between AA and BMWi. See PA - AA, Ref. 200, vol. 456: Bonn, 3 V 1957: van Scherpenberg an den Herrn Staatssekretär [Hallstein], betr.: Vertretung der Bundesregierung in der Arbeitsgruppe 21 (FHZ in Paris).

5 Adenauer personally imposed a preliminary distribution of competencies at the outset and reserve his right to make changes to that. See PA - AA, Ref. 200, vol 456: Cadenabbia, 16 III 1957, Adenauer an Bundeswirtschaftsminister, Bundesminister für wirtschaftliche Zusammenarbeit, nachrichtlich an AA.

policies as far as their preferences for the EEC and the French or the FTA and the British were concerned. The AA seriously suspected that Erhard was willing to wreck the EEC, if necessary, in order to bring about the FTA[6].

In summer 1957 it was by no means clear which precise form of association between the member countries of the EEC and the other eleven member states of the OEEC should be chosen. The two main working hypotheses contemplated in the inter ministerial committee were that of an FTA of which all 17 member states of the OEEC would be members constructed as a copy of the EEC with co-ordinated commercial and economic policies and strong institutions on the one hand and an association aiming only at the removal of tariffs and quantitative restrictions and not providing for co-ordinated policies, except on a very limited scale, in which the EEC would be regarded as one unit[7]. Concerning the essential questions of deflections of trade and of economic activities as well as on the lowering of tariffs and quantitative restrictions the inter ministerial committee had set out guidelines already in May 1957. Concerning tariffs the committee advocated the same system of linear and selective lowering as applied in the EEC. It spoke out in favour of a liberal definition of area origin. As for the scope of the projected FTA, the committee was in favour of the inclusion of agriculture in the same form as it was in the EEC and against the inclusion of services and the free movement of capital and labour. Nor should the right of establishment be part of a convention on an FTA[8].

In December 1957 a department for European affairs was established in the federal BMWi[9]. Before, the competence for these issues had mostly been with the department VA2 responsible for foreign trade[10]. Apart from an ongoing and never-ending struggle over competencies in questions of European integration between the Auswärtiges Amt and the BMWi, the latter's right of heading the German

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6 According to Hartlieb, Erhard told his staff that the FTA was something like a question of life and death and that therefore the EEC had to be sacrificed, if necessary. See PA - AA, Ref. 200, vol. 149: Bonn, 22 III 1958, Hartlieb an Carstens, betr. FHZ.

7 BA, B102 - 11156,2: Bonn, 10. VII 1957: Protokoll einer Sitzung im Auswärtigen Amt betreffend die Freihandelszone.

8 BA, B102 - 56373: 18 V 1957: Bericht von Herrn Hünke über die erste Sitzung des interministeriellen Ausschusses zur Freihandelszone in Paris.

9 BA, B102 - 11161,1: Bonn, 02 XII 1957: Vermerk zur Schaffung einer Europa-Abtei-lung.

10 BA, B102 - 56373: Bonn, 04 IV 1957: Personalentscheidungen zur Koordination europäischer Angelegenheuiten innerhalb des BMWi.

delegations in the OEEC and also in the EEC council later on was never challenged. Yet it seems to be worth noting that the BMWi regarded the FTA mainly and essentially as an economic and commercial matter, while the Auswärtiges Amt tended to stress the political importance of that project[11]. The ministry of finance became involved only in questions concerning the abolishment of fiscal tariffs and financial contributions to a fund to support the less developed countries in Europe[12]. The Minister of Agriculture, Heinrich Lübke, aired very early on his general reservations and his conditions for an inclusion of agriculture in the FTA . In January 1957 he pointed to the problems that would arise from the tariff autonomy within an FTA. Under such conditions the system of protection envisaged within the EEC would not be able to perform its functions properly. He would not agree to the inclusion unless it was ensured that the same conditions applied to the agriculture of all member states[13]. The ministry of labour was concerned mainly when the question of the free movement of labour was addressed.

Preparatory working parties on the FTA were established following the OEEC council meeting on July 17 to 19, 1956. The Working party No 17 had been concerned with methods for the association of the EEC and the eleven other countries of the OEEC. In February 1957 this working party delivered a report to the OEEC council stating that it was technically possible to associate the EEC with an FTA. In March 1957 three new working parties were established of which working party No 21 was concerned with the main economic problems of setting up such an arrangement, namely the lowering of tariffs and the question of origin. In the Federal BMWi the German representatives for these working parties and co-ordinators within the ministry were appointed a few weeks later. Von Mahs and Kiesswetter were responsible for the co-ordination within the ministry, while

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11 BA, B102 - 11159,1: Bonn, 10 VII 1958: Vermerk zur Abteilungsbesprechung über juristische Aspekte einer FHZ-Konvention am 9. Juli 1958.

12 BA, B102 - 12235b, 1: Bonn, 19 VI 1958: Stellungnahme des Finanzministeriums (Herr Zepf) als Antwort auf den Entwurf des BMWi für ein provisorisches Abkommen über eine FHZ; B102 - 11159,2: Bonn, 20 X 1958: Abteilungsbesprechung betr. finanzielle Hilfe für Entwicklungsländer.

13 BA, B102 - 56373: Bonn, 15 I 1957: Der Minister für Landwirtschaft unf Forsten (Herr Lübke) zur Freihandelszone.

Gehrels and Horn represented Germany in the working party No 21[14]. Horn later joined the group of trade experts that had been given a mandate by working party No 21 and started its work on the specifics of the definition and control of origin in June 1957. The working groups had explored the potential of the solutions that could be found for the central problems of an FTA.

Deflections of trade and rules of origin were at the centre of the negotiations in the working party No 21 of the OEEC and remained on the top of the agenda of the Maudling committee until the failure of the negotiations. These questions were decisive as to the commercial relations with countries outside the projected FTA and would determine the general character of the multilateral trade association. Other important problems that were discussed in the Maudling committee like the role of the Commonwealth, imperial preference were largely seen in connection with the question of deflections of trade and rules of origin. The question of agriculture was of particular importance to agricultural exporters like France, the Netherlands and Denmark, but also for the Federal Republic, which hoped that the inclusion of agriculture would divert agricultural import pressures to the UK.

For Germany the main issue was clearly the overall character of the FTA and hence mainly the definition and rules of origin and the precise way in which they were to be operated. Most of the other questions that gained a lot of attention throughout the negotiations like agriculture, imperial preference and the question of how to achieve a provisional agreement when the simultaneous entering into force of the EEC and the FTA became impossible, were important for the Germans mainly in that the complication that they caused for progress of the talks threatened the overall success of the negotiations. The main positions on deflections of trade and rules of origin had already been spelled out before the Maudling committee assumed its work in October 1957. Representing an economy that performed generally very well on foreign markets and therefore could be regarded as quite competitive, it was obvious for the German negotiators that it would be in the best interest of the German economy as a whole to achieve the most liberal conditions for trade possible. The German delegation in the working parties and later on in the

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14 BA, B102 - 56373: Bonn, 04 IV 1957: Personalentscheidungen zur Koordination europäischer Angelegenheuiten innerhalb des BMWi.

Maudling committee therefore aimed at measures against deflections of trade that would allow the largest number of goods possible to be traded without customs duty within the FTA. Administrative procedures for the control of the origin of goods should also be kept as simple as possible.

It was the German position that counter measures against deflections of trade should only apply to those deflections that were due to differences in the member states' external tariffs. Together with a number of other countries in the OEEC Germany assumed that the deflections arising from the lowering of internal tariffs during the first stage of the transitional period would be negligible anyway, since substantial tariff protection was likely to remain in place during this initial phase. This fact would, the Germans argued, allow the industries in countries with higher external tariffs to adjust to the new situation. The recommendation was therefore to wait and see what happened and then to respond flexibly, if deflections really occurred. Flexibility should therefore be the characteristics of the respective provisions in a convention for an FTA. The German representative in the group of trade experts argued that the usual rules of origin would be sufficient to counter any deflections of trade that might occur[15].

These conventional rules of origin include the percentage rule, a list of raw materials and a list of processes. The percentage rule prescribes a certain maximum percentage content of non-area material as part of the value of the good in question. If the percentage of non-area ingredients in a given good represent less than the maximum percentage possible according to the rule, then the good in question will be defined as of area origin and hence move freely within the FTA. The usual maximum percentage for non-area content as percentage of the value of a good is 50%. All substances on the list of raw materials are regarded as of area origin no matter from where they actually originate. The list of processes defines all those goods as of area origin which have undergone or resulted from one of the processes mentioned on the list. While these are the general definitions of the conventional rules of origin, the subtleties of their actual ways of operation leave room for a good number of variations as to the effect of the measures. It is obviously crucial at

15 BA, B102 - 11157: Vermerk zur Vorbereitung für die Situng des Maudling-Ausschusses vom 11. bis 13. März 1958. [Reference made to the report by the trade experts: CIG(58)12 and the German position taken in this working group.]

what level the maximum percentage is fixed for a certain good and in which way the origin control is being administered between the member states. Thus the British initially insisted on declarations concerning the area origin to be submitted by the producer and the exporter of a good, while the Swiss and the Dutch felt that a declaration by the exporter should be sufficient, since otherwise industrial secrets and special know how might be leaked to competitors abroad. The Germans suggested their own model as a compromise. It required the producer to submit the declaration of origin to the chamber of commerce in the exporting country. Together with all other delegations in the group of trade experts the German representatives supported the British proposal for a raw material list consisting of all those raw materials that were imported by the European states. Again, there was agreement in principle from the German side with this liberal and relatively simple solution, while later on certain reservations had to be made after the industrial associations had been contacted.

One of the main points of disagreement between the more liberal and the more protectionist camps in the working parties and the Maudling committee was the proposal to levy a compensatory charge in cases where deflections of trade arose and especially when these deflections threatened to affect an industry of a member country. This proposal had been put forward and discussed in the group of trade experts already in their session from September 17 to 20, 1957[16]. The Italians put it on the table again in March 1958 in the Maudling committee as "Carli-Plan". It envisaged to levy the compensatory charge when there were differences in price levels so that prices for a given product were higher in the importing than in the exporting country. The condition was that the differences in price levels had to be due to differences in external tariffs. These differences should set the limit for the level of the charge to be levied. The crucial point of the proposal was that the charge should be levied also in the case of products that originated entirely in the FTA.

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16 A proposal for compensatory charges figured already in several French notes responding to Maudling's questionnaire of October 1957. See MAE, Papiers Directeurs Olivier Wormser, Vol. 38: Projet d'intervention au comité intergouvernemental sur la zone de libre-échange [undated draft of the first statement by the French delegation in the Maudling committee, most likely beginning of November 1957].

The views on this proposal were initially split within the federal BMWi. The department of foreign trade (department V) saw the Italian proposal, which was backed by the French as a means of preserving uncompetitive industries. The department argued that, while it was not feasible in the negotiations to reject protection in general and to support a concept of an FTA which would result in a harmonisation of external tariffs at the lowest level, it would neither be tenable to make products of area origin subject to measures countering trade deflections. Nor could there be a harmonisation of external tariffs on the highest level. Hence the department concluded that, if a member country was to protect uncompetitive industries, this should be done either by subsidies or by resorting to an escape clause. Otherwise the concept of an FTA would be destroyed. Department I of the BMWi supported that view. The Department IV A1 which was in charge of the industrial sector of non-ferrous metals on the other hand, thought the compensatory charge to be useful in order to ensure the protection of an industry that was at a disadvantage as a consequence of adverse conditions of production[17]. A week before the Maudling negotiations began in October 1957, the federal BMWi had not yet come to an undivided position on this important question. Department V kept warning that such a charge, aiming at achieving equal starting conditions could theoretically be levied on an extremely high number of goods. Thus it could mean that free trade would in fact be prevented in a number of sectors. The system of compensatory charges would also have to face extreme difficulties in its practical operation, since price differences and their causes vary between countries. Thus the system of compensatory charges would lead to a levelling of prices and to a lowering of incentives to raise productivity, lower costs, to rationalise and to get rid of cartels and other arrangements of that sort. This system would hence prevent the pressures for a harmonisation of tariffs at lower levels to come into effect and thus also prevent, what many supporters of the FTA idea in Germany were hoping for, the build-up of pressures to lower the common external tariff of the EEC. Additionally, the system would be dependent on changing price differentials and thus establish a high level of uncertainty for trade mainly for deals on the forward market.

17 BA, B102 - 56373: Bonn, 07 X 1957: Vermerk zur deutschen Position zum Carli-Plan.

At a meeting in the department V on October 12, 1957 it was agreed to be the German position for the negotiations that protection for individual industrial sectors should be given via the mechanism of an escape clause and that questions concerning the system of origin should not be mixed with questions relating to internal competition. While this was the line that the German delegation to the Maudling committee took in the beginning, and while the rejection of a compensatory charge was complete in the departments I and V of the BMWi because of the general negative effects it would exert on the nature of the FTA, even these departments acknowledged that "shifting effects" or "substitution", as they called it, could not be prevented by the usual rules of origin. The compensatory charge on the other hand could deal with this problem[18].

At the outset of the Maudling negotiations the German delegation had specified the more general ideas laid down before. For the percentage rule the Germans agreed to a maximum level fixed for non-area material at 50% of the value of the good in general. Yet they wanted to have the possibility to have other levels set for certain products where it seemed appropriate. They were in favour of a list of raw materials that should contain mainly those materials on which there were no tariffs levied anyway by the OEEC member states. The German delegation put strong emphasis on a list encompassing a wide range of processes that should be applied in addition to the percentage rule. The Germans argued in favour of rules of origin that should not try to tackle in advance every case that was theoretically possible. They rather wanted to see a flexible arrangement and wait and see whether deflections did actually occur. They saw flexible arrangements as well as a certain co-ordination of the commercial policies of the future member states of the FTA especially toward low price countries and state trading countries as preconditions for such a flexible method of operation. They also put forward their view in the session early March 1958 that rules of origin must not be used as measures of protection

18 The "shifting effect", as described by Victoria Curzon, occurs when a member country of a free trade area with low tariffs exports all its production of a certain good to another member of the area, while the demand for that product in the home market is satisfied by import from third countries only. The actual importance of this effect will largely depend on the question whether the producer of the product in question is at the same time the main distributor of imports of that product into the domestic market. See CURZON, VICTORIA: *The Essentials of Economic Integration. Lessons of EFTA Experience*. London 1974, p. 272-274.

against competition from goods that are entirely of area origin[19]. This was a rejection of the proposal for compensatory charges as put forward in the group of trade experts.

When the Italians came up with the Carli-Plan proposals on 20 March 1958, the first German reactions to that in the internal considerations of the BMWi were slightly more favourable than one would have expected from the line that had been taken before in the group of trade experts and in working party No 21. The Carli-Plan, as it was now called, envisaged the levying of compensatory charges from the second stage of the transitional period onward and only in cases where a certain harmonisation of external tariffs could not be reached among the member countries. The German delegates Horn and Pfeiffer remained sceptical as far as the operation of such a system was concerned, which would be some sort of modified tariff system. They also rejected the idea that products of area origin should be subject to a compensatory charge. Under such conditions, they argued, one could not talk of free trade any more. Yet the German delegates were able to find some positive aspects in the Italian proposal. Under the condition that, for most products traded within the area, a normative tariff level with wide margins around it could be found and that all member countries were able to fit their individual tariffs somewhere within this margin, the German experts saw the Carli-Plan as a useful basis for further discussions. But the preconditions which would ensure freedom from tariffs for most of European trade through some sort of tariff harmonisation were very unlikely to be realised.

The summary of their assessment was the following: While the Carli-Plan was essentially in contradiction to the initial German concept of an FTA, it was regarded as a positive move, in that it meant a departure of the Italian delegation away from its previous merely negative attitude in the work of the trade experts. The basic idea behind the plan, i.e. a far reaching harmonisation of tariffs within the area, was also to be welcome, since it promised to avoid trade deflections and therefore to simplify the operation and limit the necessity of counter measures. The

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19 BA, B102 - 11157: Vermerk zur Vorbereitung für die Situng des Maudling-Ausschusses vom 11. bis 13. März 1958.; B102 - 18399: Undatierter Vermerk [most probably February/March 1958] von Herrn Horn: Vorschlag für eine deutsche Position als Antwort zum Bericht der Gruppe der Handelsexperten.

decisive question was, to what extent it was possible to harmonise tariffs within a wide margin for most goods traded in Europe and thereby ensure free trade for all of them. Finally, the German trade experts laid down a number of conditions for an introduction of compensatory charges. Firstly, goods of area origin must not be subject to the charge. Secondly, the levying of the charge should be limited to exceptional cases. Thirdly, there should be an incentive to lower those tariffs that are higher than the upper level of the margin, so that they enter the margin and finally, there had to be a gradual removal of the compensatory charges after the end of the transitional period with a fixed date for their complete removal[20]. It seems though that the German delegation had to depart from this fairly strict line in the course of the negotiations. This was partly due to the necessity to form a common position on the FTA among the six members of the EEC. At some point during the summer of 1958 the German delegation in the Ockrent committee of the EEC agreed that measures of the Carli-Plan should be taken complementary to the general application of a list of processes. This amounts to a substantial change of position on the German side which seems to have been linked to the French demand for sectoral studies, strongly advocated in their memorandum of March 1958 and with the influence of some sectors of German industry on the BMWi.

By July 1958 the German experts were contemplating three different options concerning this question. One was the general line taken within the Ockrent committee, another one was a proposal put forward by Reginald Maudling[21] and the third one was a document prepared by the Steering Board of Trade of the OEEC[22]. Of these three options the proposals by Maudling came closest to the initial German position. Yet even Maudling's document did not exclude in principle the application of measures according to the Carli-Plan for some sectors and conceded to the French that there was a necessity to conduct sectoral studies in order to determine specific solutions on a sector by sector basis. The German delegation in the Ockrent group had made substantial concessions in the question of compensatory charges

20 BA, B102 - 11161, 2: Bonn, 22 III 1958: Gedanken von Horn und Pfeiffer bezüglich einer von der deutschen Delegation einzunehmenden Position hinsichtlich des Carli-Plans.

21 OEEC, CIG(58)45.

22 OEEC, CIG(58)44, Report by the Steering Committee for Trade on questions of origin and deflections of trade, 10 VII 1958.

which went much further than those made by Maudling in his document. After Maudling had put forward his position, the Germans wanted to abandon the view their delegation had taken in the Ockrent committee. It is obvious from the archival evidence that the German delegations in Brussels and Paris were not pursuing coherent positions at all times. This put them at a disadvantage with the French who sent the same delegation to the EEC and the OEEC talks.

Toward the end of the Maudling negotiations the draft interim report by the Steering Board of Trade had laid down detailed proposals for a solution of the problems of deflections of trade and of rules of origin[23]. The general considerations of this report stated that there would be a very low risk of deflections of trade during the first stage of the transitional period, so that the specific rules governing the definition and control of origin could be established during that phase, while the convention on the FTA should not include detailed provisions on these questions. The report went on to suggest that there should be a certain harmonisation of external tariffs on primary materials in order to diminish the risk of deflections of trade in the first place. Measures against deflections of trade should be applied where the differences of external tariffs were such that the risk of deflection was evident. In such cases either rules of origin or compensatory charges should be applied. The report demanded that the action taken against deflections of trade must not exceed what was absolutely necessary. A code of good conduct should help avoid problems arising from the autonomy of member states to set and change their external tariffs as they wished. The draft interim report asked for a complaints procedure and for escape clauses in cases of unforeseeable difficulties. Finally, it stated the need for satisfactory reciprocity between the member states. In the section on the specific problems of deflections and on possible solutions for them the Steering Board essentially argued that there was no universally applicable solution and that sectoral studies and special rules for individual sectors were needed[24]. The third and final section of the report by the Steering Board of Trade concerned procedures and safeguard clauses in connection with deflections of trade. It included

23 OEEC, CIG(58)57, Report by the Steering Committee for Trade on questions of origin and deflections of trade, 15 X 1958.

24 For the sectoral studies conducted in the OEEC see OEEC-Archives, FTA-file 216, see in particular Paris, 2 X 1958, Chapellier au Secrétaire général, Sergent.

provisions on a code of good conduct which would require member states to give notification prior to a lowering of external tariffs and to consult the issue with any other member state that so wished. It also proposed procedures that would enable the members to change the rules of origin as experience was gained concerning their operation during the first stages of the transitional period.

The Germans generally agreed to the suggestions of the Steering Board of Trade and put forward very detailed views on the procedures and the decision making within the future FTA institutions. They now departed from their initial position that there should be autonomy of the member states as far as the setting of external tariff levels vis-à-vis third countries was concerned. While the German delegation had previously been supporting the British view that there should be autonomy of the member states in this field, they now demanded that the decision on changes in external tariffs and the possibility to take measures against that should be taken by the council of the would-be FTA. The procedures envisaged by the Germans would not give the council the power to prohibit the tariff changes, but, if there was no two thirds majority of the member states stating that the change would not result in deflections of trade, then other members would have the right to take counter measures against them. If there was no two third majority in the council on precise counter measures that should be allowed, then it was left to the member states to take actions as they wished. This was a clear departure from the principle of tariff autonomy.

The shift in the German position on two of the essential questions related to the handling of deflections of trade might partly be explicable with the outcome of the sectoral studies that had been undertaken after the French had demanded that in the spring of 1958. Such studies were presented by the Steering Board of Trade for the chemical industry, the textile industry, for the mechanical engineering sector and the sectors of non-ferrous metals as well as of timber and timber products in the Steering Board's draft interim report[25]. These sectors had been identified as those where the problems of deflections of trade were likely to be most serious. They were also the sectors where internal competition was expected to have a great

25 OEEC, CIG(58)57, Report by the Steering Committee for Trade on questions of origin and deflections of trade, 15 X 1958.

impact. The six member countries of the EEC had begun sectoral studies among themselves in Brussels in order to arrive at a common position in matters concerning deflections of trade. This proved impossible for timber and timber products with France demanding the complete exclusion of this sector from the FTA[26]. In the textile sector the German delegation had taken the view that a co-ordination of commercial policies among the member countries was necessary not only for the sake of achieving a compromise among the six, but also in order to respond to the interests of the German textile industry[27]. Different views from other departments within the ministry were rejected. The Germans also acknowledged the immense problems of internal competition in the sector of non-ferrous metals. The general line taken by the German delegation in the Brussels talks on sectoral problems still aimed at the most liberal principles possible wherever the tariff differences were little. Yet in cases of larger differences between external tariffs the Germans decided to support the French in their demand for harmonisation, which meant to apply measures of the Carli-Plan where harmonisation did not go far enough. The Germans rejected Carli's compensatory charge as inappropriate and saw a better solution in the application of preferential tariffs corresponding to the actual cost advantages between the member countries concerned. Yet this was just a slight modification of the original Carli-Plan, not any less cumbersome in its operation and hardly possible in terms of GATT rules.

It should be obvious from what has been described so far that the German position on the key questions that were discussed in the Maudling committee shifted from a determined liberal position to one that accepted potentially protectionist mechanisms at the very centre of the FTA. It is important in this respect to identify the links between certain industrial sectors that were particularly affected positively or negatively by the project of a Europe-wide FTA and the way in which

26 AHC, CCE, BAC 61/1982, No. 9: Brussels, 10 X1958: Commission, Direction Générale I, Direction B (association des pays tiers), Division 2 1235/58-F, Compte-rendu de la réunion des experts des industries de bois, pâtes et papier tenue les 8 et 9 octobre 1958.

27 BA, B102 - 11159,2: Bonn, 10 XI 1958: Vermerk von Herrn Friedrich zu den in Brüssel vorgenommenen Sektorstudien. For the German position on textiles among the Six see also AHC, CCE, BAC 61/1982 No 6: Bruxelles, 15 XI 1958, Direction Générale des relations extérieures, Direction B (associations avec les pays tiers), Division 2: Compte-rendu de la réunion des experts des industries textiles, tenue le 5 novembre 1958 à Bruxelles; Bruxelles, 28 XI 1958, Compte-rendu, groupe de travail du secteur textiles; réunion 25 novembre 1958.

Government decisions were made and positions within the framework of the international negotiations were adapted. The main modification in the German position during the Maudling negotiations concerned the acceptance of a modified version of the Carli-Plan to be applied in cases where tariff harmonisation did not work out. Another important change in position concerned the tariff autonomy of the member countries.

3.2 German industrial interest in the FTA

Industrial interest and the German position in the negotiations

In the Federal BMWi the department IV was in charge of relations with German business. Its three main sub-sections dealt with iron and steel (section A), chemical industry, mineral oil, timber, cellulose and paper (section B) and all other industries (section C). The sub-department IV2 had the responsibility of co-ordinating questions of foreign trade arising within the department IV. These were the departmental units where the reactions of German business toward the international trade negotiations were gathered, analysed and transmitted into the decision making process concerning the line to be taken by the German delegation in the negotiations, as it had been agreed among the ministries that industrial interest groups should not be directly participating in any sections of the negotiations[28]. At the end of May 1957 Krautwig, the man in charge of co-ordinating the position of the department IV, asked the heads of the subunits A, B and C whether the EEC and the projected FTA would endanger the existence of certain industrial sectors in Germany and whether there were reasons to take measures in order to protect and preserve these industries. In early June he specified what information he was looking for. Since for the FTA a precise definition of what it was going to look like could not yet be given, he asked the sub-sections to try and formulate solutions for the relevant questions that would be best for German business[29]. For the talks

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28 PA - AA, Ref. 200, vol. 457: Bonn, 5 IV 1957, von Rhamm an Hartlieb, Aufzeichung zur FHZ, hier: Ressortbesprechung am 4. April 1957.

29 BA, B102 - 18373,1: Bonn, 27 V 1957: Krautwig an die Leiter der Unterabteilungen IV A, B und C.

among the trade experts on the raw material list the respective sections of the department IV reacted with reservations wherever the sectoral interests of German industry were not yet clear[30]. In summer 1957 German industry had already been fairly well informed about the general importance of the international negotiations that were going on among the member states of the OEEC by the Federation of German Industry (BDI)[31].

It was common practice in the BMWi to inform the industrial associations centrally via the BDI. Thus the BDI had already been contacted about the FTA in August 1956 and been asked by the BMWi to provide a picture of the sectoral interest of German industry by mid-January 1957 as far as rules of origin and questions of distortions of competition were concerned[32]. In September 1956, the Federal ministry of finance (BMFin) had provided the industrial associations with information on the plans for an FTA and the legal basis for the rules of origin as they were operated at that time in Germany[33]. The first inquiry by the BMWi concerning the potential impact of the EEC and the FTA on German industry led to a large number of statements by the different industrial sectors. The responses by German industry varied greatly as to the availability of statistical data. Most studies,

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30 BA, B102 - 18398,1: Kurzer Bericht über die Sitzung der Handelsexperten am 4. und 5. Mai 1957.

31 From August 1956 the BDI's foreign trade section provided the member associations with information about the work on a European free trade area conducted within the OEEC and advised them to contact the respective section of the BMWi whenever the ministry was preparing the German position during the work of the preparatory working parties on questions relating to the definition of origin, the precise rules of origin and the lists of raw materials and processes related to these questions. HDI - NB254: Köln, 12 VIII 1956, BDI Außenhandelsabteilung, Hipp, Gocksch an die Mitgliedsverbände, betr.: Europäische Freihandelszone - Stellungnahme zu den Arbeiten der OEEC; Köln, 13 XII 1956, BDI Außenhandelsabteilung, Hipp, Gocksch an die Mitgliedsverbände, betr.: Europäische Freihandelszone - Stellungnahme zu den Arbeiten der OEEC; Köln, 2 I 1957, BDI Außenhandelsabteilung, Hipp, Gocksch an die Mitgliedsverbände, betr.: Freihandelszone; Köln, 13 II 1957, BDI Außenhandelsabteilung, Hipp, Gocksch an die Mitgliedsverbände, betr.: zollpolitische Fragen; Köln, 19 II 1957, BDI Außenhandelsabteilung, Hipp, Gocksch an die Mitgliedsverbände, betr.: Freihandelszone, Bericht der Sonderarbeitsgruppe 17 der OEEC; Köln, 16 IV 1957, BDI Außenhandelsabteilung, Hipp, Gocksch an die Mitgliedsverbände, betr.: Freihandelszone, Stand der Pariser Verhandlungen; Köln, 18 VI 1957, BDI Außenhandelsabteilung, Hipp, Gocksch an die Mitgliedsverbände, betr.: Freihandelszone, Ergebnis der Aussprache in Köln am 6. Juni 1957.

32 HDI - NB254: Köln, 12 VIII 1956, BDI Außenhandelsabteilung, Hipp, Gocksch an die Mitgliedsverbände, betr.: Europäische Freihandelszone - Stellungnahme zu den Arbeiten der OEEC.

33 BA, B102 - 56373: Bonn, 29 IX 1956: Finanzministerium an Industrieverbände.

that were hurriedly put together, struggled with the fact that the respective data were not at hand and that the form and character of the proposed FTA was barely visible. While German industry was therefore rather slow in putting forward the material needed in the BMWi to arrive at a coherent German position, the talks among the trade experts in Paris proceeded quite rapidly. At the beginning of 1958 the sub-sections A, B and C of the BMWi were informed that, if they wanted to submit additional material concerning the question of origin, they had to do so quickly, since the experts' talks in Paris had already reached a very advanced point and were approaching a conclusion[34]. Nearly all the potentially important questions had been addressed by the trade experts by spring 1958. At the end of January 1958 the representatives of the BMWi present in the negotiations on the FTA and in the expert talks that were continuing met with the leading associations of German industry, the BDI, the German Chambers of Commerce (DIHT) and also with the umbrella organisation of the German trade unions (DGB) in Paris[35]. The files of the BMWi show that the main thrust of industrial response to the questions connected with the FTA was handed in to the BMWi between summer 1957 and spring 1958. not much was contributed from the industrial side after that.

Who gains, who loses?

It soon became apparent that the survey given as a response the BMWi's request for information could merely have a preliminary character. Assessments of the FTA were difficult to obtain, since the precise rules that would govern this arrangement were not yet clear, while they were clear in the case of the EEC. Minor problems for reliable estimates for the effects of the FTA - apart from the lack of specific data for some sectors - arose from the fact that the common external tariff (CET) of the EEC had not yet been fixed for a number of important raw materials on the List

34 BA, B102 - 18398,3: Abteilung IV C7 an Unterabteilungen. Department IV C 7 of the ministry of trade and commerce informs its sub-departments at the beginning of 1958 of the stage of the talks. Concerns that the Germans might be too slow to come up with a clear position because of the lack of appropriate analyses by German industry had been aired some time earlier: 16 IX 1957: Abteilung IV C7 zur Erstellung einer Liste von Rohstoffen.

35 BA, B102 - 56373: 24-25 I 1958: Sitzung von Beamten des BMWi mit führenden Industrieverbänden und Gewerkschaften in Paris.

G[36]. Yet the uncertainty over the CET that would finally be set by the six members of the EEC for the materials on List G remained and impeded clarification on rules of origin within the international negotiations. Hence statements on deflections of trade and desirable rules of origin were particularly difficult to make for industrial sectors whose production involved these materials. These difficulties prevented the German delegation in the group of trade experts to come up with proposals of their own at an early stage. Industrial reactions to the British proposal of a raw material list had been too sketchy. The sub-department IVC7 stressed in mid-September 1957 with regards to the overwhelming German interest in exports that, if the Germans wanted to influence the definition of origin in their interest, it would be crucial to come up with constructive proposals very soon. Concerning the list of raw materials the Germans came closer to having a coherent position.

On September 17, 1957 the department IV addressed a letter to the inter ministerial working group for the FTA criticising the first report of this working group for not acknowledging legitimate interests of German industry in certain questions. It referred explicitly to the sector of non-ferrous metals. In this letter department IV demanded a change in the text of that first report, since otherwise German industry would have the impression that their very legitimate concerns were not being taken seriously by the Federal Government. This impression had to be avoided, since one needed the close co-operation of German industry in order to conduct the very tricky negotiations on the simplification of the definition and control of origin[37].

Despite these difficulties in the process of formulating a coherent and precise German position on the essentials of the future FTA, the response to the first request by the head of department IV of the BMWi for studies on the effects of the EEC and the FTA gave a relatively clear impression of the expectations of the

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36 List G in the annex I to the Treaty Establishing the European Economic Community relating to article 20 of the treaty comprised those products for which the arithmetical average was not deemed feasible for the CET and where the Six had not been able to agree on a common tariff initially. The member states agreed on the common tariff for the products on List G on 2 March 1960 with the exceptions of manufactured tobacco and petroleum products. See CAMPBELL, ALAN: *Common Market Law. Volume II*. London, Harlow 1969, p. 17, § 2028. For the agreement reached in 1960 see *Journal Officiel des Communautés Européennes*, 20 Décembre 1960, 3ᵉ Année N° 80 C, pp. 1825/60-1871/60.

37 BA, B102 - 18398,3: Bonn, 17 IX 1957: Abteilung IV an von Mahs, betr. den ersten Bericht der interministeriellen Arbeitsgruppe.

industrial sectors, even if precise estimates were rare. list Major concerns were aired by the sector of non-ferrous metals that feared the competition to which it would be exposed in an FTA encompassing all members of the OEEC. Serious concerns were also stated by the timber and the timber processing industries. In other sectors the expectations were mixed. The leather and shoe industry had positive expectations concerning the EEC, while the FTA seemed to hold less comfortable prospects for this sector. While the cement and brick industry did not expect any changes in the general situation, the survival of other industries belonging to the same sector seemed to be either endangered or expecting large gains from the EEC and the FTA. Thus the German marble industry feared serious problems within the EEC and the FTA, while the industry of fireproof materials expected a considerable improvement of its export situation. The German textile industry did not fear major negative effects, but had not been able by August 1957 to gather sufficient statistical material to back up that statement with reliable estimates. The glass and ceramics industry did not expect any changes in the overall situation, but stressed that this assessment was conditional on a few very important points that would need to be met by the results of the international negotiations on the FTA. Other sectors, like the construction industry, mineral oil and the aviation and ship-building industries did not feel touched at all by the new developments. The sectors with entirely positive expectations were the car industry, electrical engineering and the mechanical engineering sector[38].

· **Metal industry**

The metal industry was able to provide a very detailed assessment in response to the requests made by the head of department IV at the end of May and the beginning of June 1957. The picture concerning the effects of the EEC and the FTA on the metal industry in general was indeed very mixed and the analysis of the factors at work potentially in favour or to the disadvantage of the industry quite complicated. The general position taken on the EEC was more favourable than that on the FTA,

38 BA, B102 - 18373,1: Bonn, 08 VIII 1957: Abteilung IV A2 an IV c7: Auswirkungen der FHZ auf die deutsche Automobilindustrie und den Maschinenbausektor; 20 VIII 1957: Abteilung IV A 4: Auswirkungen der FHZ auf die deutsche Maschinenbauindustrie.

agreement to which was made dependent on a number of crucial conditions concerning the nature and the operation of the rules of origin that would be applied. The question of tariff differentials for imports of raw materials were at the heart of the concerns expressed by all processing industries. In this respect the uncertainty that prevailed for certain materials on List G brought the sector to insist on a number of important reservations concerning the operation of rules of origin in the FTA and in their industry in particular[39]. The arguments were the following: As the largest producer and the second largest consumer of metals the Federal Republic was more than any other country of the 17 OEEC member states dependent on imports of cheap ores, raw metals and scrap. This dependency was aggravated by the relative disadvantage of not having associated territories with ore deposits and production of raw metals on which Belgium, France and Britain could rely for their imports. Special problems arose for the German founding industry whose capacity by far exceeded German demand and which had been protected by tariffs on imports. EEC and FTA would expose this industry which had begun but not yet concluded a process of rationalisation to the competition of the industry of the Benelux countries, but much more importantly to the competition of Britain's metal industry.

Despite a lot of problems the metal industry as a whole expected an improvement of their sales possibilities through the establishment of both the EEC and the FTA. The dependency on the imports of raw materials and raw metals and the particular importance of exports for the non-ferrous metal industry and the precious metal processing industry were seen as the main problems. The metal industry expected no improvement in the acquisition of raw materials, but tougher competition. The essential problems from the establishment of the FTA for the metal industry arose from the fact that the fixing of a CET among the six member states of the EEC would result in a heightening of certain German tariffs because of the high tariffs existing in France and Italy. This would mean higher costs for raw materials for the German metal processing industries and would be a serious

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39 List G contains among other things iron alloys as well as the raw metals and scraps of aluminium, magnesium, lead, zinc and a number of more rare metals. See *Journal Officiel des Communautés Européennes*, 20 Décembre 1960, 3e Année N° 80 C, pp. 1839/60-1842/60.

obstacle for their exports within the FTA. The metal industries therefore demanded that the German Government should aim at fixing the CET in the negotiations with its EEC partners at the level that would not change the German tariffs valid on January 1, 1957. The Government should agree to the levying of tariffs on raw metals only under the condition that there could be tariff free quotas or a temporary lifting of tariffs on these materials. They demanded that import and export of scrap should be unrestricted in the FTA and that certain special tariffs for raw and auxiliary materials should remain in place. In addition to that they wanted approval for "benign" cartels[40].

As far as the FTA itself was concerned, the German metal industry pointed to the fact that Britain had considerable advantages because of the Commonwealth and because of the fact that the British Government had restricted exports of scrap to Germany. Additionally, Sweden, Norway and Austria had better conditions for the production of aluminium, magnesium and silicon because of their cheap hydroelectric energy. Inspite of these drawbacks the German metal industry expected a generally positive influence on their sales conditions from the establishment of the FTA as well. They demanded though a minimisation of the differences in the starting conditions among the member countries of the OEEC. Unjust disadvantages for individual industrial sectors had to be avoided, they argued. This referred mainly to the question of access to cheap raw materials and scrap. Because of that the metal sector argued in favour of a list of raw materials that should, among a range of other materials, encompass all sorts of scrap and waste. A list of processes should be used in addition to that in order to simplify the rules of origin as much as possible. The metal sector agreed to the British proposal for a list of raw materials that had been put forward in June 1957, but reserved its right to make some modifications, once further studies of the German situation in the metal industry would have been undertaken. In cases where the CET was not yet decided, respective materials should not be included in the list. *Non-ferrous metals* should have a special status and would probably need protection, the associations argued, since their starting conditions were much less favourable than those of the

40 BA, B102 - 18373,1: Bonn, 27 VIII 1957: Abteilung IV A 1 [metal industry] an den Leiter der Abteilung IV betreffend die generelle Einschätzung der Auswirkungen der FHZ auf die deutsche Metallindsutrie.

Scandinavian countries and of Austria mainly because of their access to cheap hydroelectric energy[41]. The industrial associations made their willingness to take risks with the formation of the FTA and the acceptance of the measures required for its efficient operation dependent on the condition that there would be escape clauses which would allow the temporary exclusion of certain products until a common agreement would be found.

In mid-September 1957 the departmental section IV A1 in charge of non-ferrous metals made detailed statements concerning the British proposal for a list of processes. This list, they argued, should contain those products for which the calculation of the maximum percentage of non-area content would be too cumbersome. The list should state the process as well as the product obtained from it. The department had no problem to include all those raw materials and intermediary products as well as finished goods in cases where the raw metal and the intermediary products were free of tariffs in all member states of the FTA or where the differences in external tariffs were negligible. Where, on the other hand, the CET of the EEC countries for such raw metals and intermediary products were not yet fixed (aluminium, zinc and lead which were on list G), they should not be included in the list until the CET had been agreed on. Department IV section A1 came to the conclusion that, instead of a list of processes and a list of raw materials, there should only be a "list of area products" which should include all those products that were agreed by all member countries. This would be much simpler than the application of the list of processes. It would make sure that the export conditions of the German non ferrous metal industry were not impaired by the fact that certain raw materials would not be included in the list of raw materials

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41 Despite the fact that Germany imported 21% of the aluminium which it consumed in 1957, it still levied a 7% protective duty on these imports. On lead and zinc, whose imports stood at 10 and 20% respectively in 1957, Germany had neither quantitative restrictions nor tariffs. See AHC, CCE, BAC 62/1982 No. 10: Bonn 13 XII 1958: Délégation de la République fédérale d'Allemagne, Etude par secteur au sein de la Commission européenne en vue de la constitution d'une Association économique européenne , secteur spécial des métaux non-ferreux. Proposition de la délégation allemande concernant les possibilités de resoudre le problème de l'origine pour le plomb et le zinc; Bonn15 XII 1958: Délégation de la République fédérale d'Allemagne, Etude par secteur au sein de la Commission européenne en vue de la constitution d'une Association économique européenne. Rapport par la délégation allemande sur la situation de l'aluminium.

qualifying them as of area origin[42]. This was the position with which the BMWi had entered the talks among the trade experts. Because of the potential difficulties of the non-ferrous metal sector, it seems to have been relatively easy for the German delegation in the Maudling committee to agree with the French and the Italians who demanded to apply the compensatory charge of the Carli-Plan in cases where external tariffs differed considerably[43].

· **timber and timber processing and paper industries**

Another problematic sector was the timber and timber processing as well as the paper industry. In its response to the request by the head of department IV section B4 said that there were no major dangers to be feared for the industry in general from the establishment of the EEC, while the inclusion of the Scandinavian countries and of Austria in the FTA would make competitive pressures on all products made from timber as raw material much harder. The expected level of the CET for raw materials was also of major concern, since the German industry largely depended on imports and the French had completely contradictory interests[44]. Competition in the FTA would become the harder the lower the degree of refinement of the products would be. This would result in particular difficulties in the young German chipboard industry, which was the first of its kind in Europe and feared that the timber producing countries would establish industries of their own. Similar pressures would have to be faced by the cellulose, paper and paper

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42 BA, B102 - 18398,2: Bonn, 10 IX 1957: Abteilung IV A1 an den Leiter der Abteilung IV betreffend den Britischen Vorschlag einer Rohstoffliste.

43 BA, B102 - 11159,2: Bonn, 17 X 1958: Horn an die Unterabteilungen EA 2 und E1. Horn argues here that the Germans must give in to French demands if they do not want to risk the break-up of the negotiations. BA, B102 - 11160,1: Bonn, 21 X 1958: Vermerk von Herrn Friedrich zu den Gesprächen der Mitgliedsländer der EWG zum Ursprungsproblem. Friedrich states that in the sectors of non-ferrous metals and chemicals the Germans were ready to achieve a compromise. It seems that the initial hesitation within the BMWi concerning the acceptance of the Carli-tax in some fields (aluminium, lead, zinc) was not at all reflected in the German position among the Six. See AHC, CCE, BAC 62/1982 No. 10: Brussels, 19 XI 1958, Commission, DG I, Direction B, Division 2, 2078/58-F: Compte-rendu, groupe de travail du secteur métaux non-ferreux, réunion du 17 XI 1958.

44 After lengthy discussions and the initial French insistence to exclude the whole sector from the FTA, the German proposal for an escape clause seemed to lead toward a compromise toward the end of the negotiations. The whole debate among the Six on timber and timber products is documented in the file AHC, CCE, BAC 62/1982 No. 9, see especially Brussels, 25 XI 1958, Commission, DG I, Direction B, Division 2: Compte-rendu, groupe de travail du secteur des industries du bois, pâtes et papiers, réunions des 20 à 21 novembre 1958.

processing industries. They had already embarked on the way to producing more refined products. This would be their only chance against Scandinavian an Austrian competition, once the lowering of tariffs would begin in the FTA. Card board and all types of wrapping material would be most hit[45]. Section B4 therefore asked the German negotiators to give full attention to the problems of the timber, timber processing and related industries. It made approval to the British list of raw materials dependent on absolutely equal levels of external tariffs for all materials on the list. This, it argued, would be required in order to obtain equal starting conditions[46]. Resistance by British and French associations against the inclusion of timber and timber processing industries in the FTA filtered through to the Maudling negotiations[47]. In November 1958, shortly before the failure of the negotiations, the French still demanded the exclusion of these industries while the Italians wanted a transitional period of at least thirty years, while the Germans were apparently contemplating some proposal for a compromise[48].

· **Stones and earths, marble, cement etc.**

In the sector "Steine und Erden" including the marble industry, the industry of fireproof materials, the industry of construction materials and cement and brick industries, the picture was very mixed. While the marble industry feared to be almost wiped out mainly by Italian competition the industry or fireproof materials expected vast gains from EEC and FTA. The fireproof industry already performed quite well in exports to the other member countries of the OEEC despite fairly high tariff levels in the main markets France and the Benelux countries. The industry welcomed the British proposal for a list of raw materials and urged the German negotiators to do everything possible to abolish administrative hurdles for

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45 BA, B102 - 18373,1: Bonn, 08 VIII 1957: Abteilung IV B 4 [timber industries] to the head of department IV: the effects of the EEC and the free trade area on the German timber and timber processing industries.

46 BA, B102 - 18398,1: undatiertes Dokument von Abteilung IV B4 [probably August/September 1957] zum britischen Vorschlag einer Rohstoffliste.

47 Very surprisingly, the German cellulose industry had spoken out in favour of the free trade area at an international conference in May 1958 reuniting the associations of Britain and the Six. See BA, B102 - 11158: Bonn, 07 VIII 1958: Abteilung IV B 4 an Herrn Keyserling (MdB).

48 BA, B102 - 11159,2: Bonn, 10 XI 1958: Vermerk von Herrn Friedrich (Abteilung IV) zum Stand der Sektorenbesprechungen der sechs EWG Mitgliedsländer in Brüssel.

exporters. The industry of construction materials feared some dangers because of more costly standards that had to be met in Germany, because of lower freight tariffs abroad and restrictive business practices at work in a number of other countries. Additionally, the international diamond syndicate in London still strictly excluded Germany with the result that the Germans had to buy their diamonds at a price 80% above that of the syndicate. The cement industry did not expect any changes in its overall situation.

· **Textiles**

The textile industry was self-confident in their assessment of the effects that EEC and FTA were going to have for them. Without having done any research and without having provided any statistical material they simply assumed that the German thriving for quality would be sufficient to deal with existing inequalities in conditions of production. They were apparently concerned though with the commercial policy vis-à-vis the Commonwealth and other low-price countries like the planning economies of Central and Eastern Europe[49], but felt that the other Western European countries would share their protective interests in that respect[50]. Corresponding to the demands by the industry the German delegation insisted throughout the negotiations that there should be a common commercial policy by all members providing protection[51].

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49 BA, B102 - 18373,1: Bonn, 09 VIII 1957: Abteilung IV C1 an den Leiter der Abteilung IV: zu den Auswirkungen der EWG und der FHZ auf die deutsche Textilindustrie. For the concerns of the textile industry vis-à-vis imports from "low price countries" see BA, B102 - 11159,2: Bonn, 10 XI 1958: Vermerk von Herrn Friedrich (Abteilung IV) zum Stand der Sektorenbesprechungen der sechs EWG Mitgliedsländer in Brüssel.

50 That the assumption of broadly similar conditions of the textile industries in Europe was right is made clear in a report by the working party N 21 looking at the textile sector at the beginning of 1958. See AHC, BAC 61/1982 No 6: Paris, 27 I 1958, OEEC, FTA/WP4(58)6, Suppléants du groupe de travail no. 21 du conseil, groupe d'experts commerciaux définition de l'origine: matières textile et ouvrages en ce matières.

51 AHC, CCE, BAC 61/1982 No 6: Bruxelles, 15 XI 1958, Direction Générale des relations extérieures, Direction B (associations avec les pays tiers), Division 2: Compte-rendu de la réunion des experts des industries textiles, tenue le 5 novembre 1958 à Bruxelles; Bruxelles, 28 XI 1958, Compte-rendu, groupe de travail du secteur textiles; réunion 25 novembre 1958.

· Leather and shoe industry

The leather and shoe industry made its assessment under the supposition that there be equal starting conditions as far as access to raw materials, tariff policies and export policies were concerned. They demanded a co-ordinated commercial policy with respect to the Commonwealth. They expected a slightly less favourable situation in the FTA than in the EEC and were confident to remain competitive and to expand their exports under the new conditions[52]. There general confidence seems to have stemmed from the expectation that all other European countries would agree on protective measures against imports from developing countries like India.

· Glass and ceramics

For the glass and ceramics industry the desirability of the FTA crucially depended on whether the percentage rule could be modified in their case and whether certain important products for the production of glass fibres would be included in the list of materials. The German glass fibre industry depended for their competitiveness on imports of a number of products from the United States. If they were not included in the list of materials, it would mean that the products of the German glass fibre could not be regarded as of area origin. This would be unacceptable. The Federal Association of the Glass industry (Bundesverband Glasindustrie) and the ceramics industry (AG Keramische Industrie) both demanded that for their products the percentage rule should prescribe not 50% but 20% as the maximum percentage of value of non-area ingredients. The reason for this demand was that the percentage of value of unrefined material as compared to that of a refined product was relatively low. A very simple decoration could bring about an increase in value which was several times the value of the raw product. A maximum percentage of 20% would prevent that such raw products from "lower price countries" could obtain area origin through very simple processes. While the industry did not expect any major changes

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52 BA, B102 - 18373,2: Bonn, 28 VIII 1957: Abteilung IV C 2 an den Leiter der Abteilung IV: Die Auswirkungen der EWG und der Freihandelszone auf die deutsche Lederindustrie; 10 VIII 1957: Abteilung IV C 2 an den Leiter der Abteilung IV: Die Auswirkungen der EWG und der Freihandelszone auf die deutsche Schuhindustrie.

in the situation, it was concerned that a certain co-ordination of the commercial policies toward lower price countries should be reached[53].

· Electrical and mechanical engineering, car industry

Among the industries that expected large gains from the EEC and the FTA and that were not daunted by any problems the German car industry, electrical engineering and mechanical engineering were the sectors with the greatest expectations. In the mechanical engineering sector the FTA was seen as much more advantageous than the EEC. Section A2 of department IV argued that France and Italy with their protectionist traditions and particularly France with its unbalanced economic system would have considerable weight within the EEC and would, in this context, be able to avoid major restructuring, while it would be forced to do so within an FTA if it did not want to lose its competitiveness. It is obvious that these rather general concerns were far apart from the serious problems faced by other industrial sectors. As far as the electrical engineering sector was concerned, the lowering of tariffs and quantitative restrictions was predicted to have only positive effects on the German sales. Since the German electrical engineering industry was already operating in most markets of the would-be member states of the EEC and the FTA, they had an efficient marketing structure at hand, while their foreign competitors did not have similar structures abroad. The electrical engineering sector demanded that a equal access to raw materials be ensured by including the materials concerned in the list of raw materials[54]. The German delegation in the Maudling negotiations argued in favour of a careful assessment of the impact of preferences the UK enjoyed in the Commonwealth markets. They even considered to agree to the French suggestion to temporarily exclude certain British products from the FTA because of these preferences[55].

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53 BA, B102 - 19398,1: Bonn, 27 VIII 1957: Abteilung IV C 3 an den Leiter der Abteilung IV: Stellungnahme bezüglich den britischen Vorschlag für eine Grundstoffliste; B102 - 18373,2: Abteilung IV C 3: Vermerk zu den Auswirkungen der EWG und der Freihandelszone auf die deutsche Glass- und Keramikindustrie.

54 BA, B102 - 18373,1: Bonn, 20 VIII 1957: Abteilung IV A 4 an den Leiter der Abteilung IV: Auswirkungen der EWG und der Freihandelszone auf die deutsche Elektroindustrie.

55 AHC, CCE, BAC 61/1982 No. 7: Brussels, 18 XII 1958: Commission, DG I, Direction B, Division 2, I/976/59-F: Compte-rendu, groupe du secteur des industries mécanique et éléctrique, réunion du 17 décembre 1958.

· Chemicals

Expectations in the chemical industry were also very good. The *chemical industry* had understandably a strong interest in the list of raw materials. The section B4 of the department IV agreed to the British proposal for this list in June 1957 only with the reservation that these materials should either be subject to the same external tariff in all member states or that there was no tariff at all levied on them. Since the chemical industry had not been able to assemble statistical data sufficient to come to a clear view and to precise recommendations for the German negotiators they also reserved the right to add other products to the list that had been proposed by the British. While the chemical industry in general expected positive effects from the establishment of the EEC and the FTA, they predicted fierce competition for certain standardised products, particularly in the rubber industry[56]. In the negotiations of the Maudling committee the German delegation demanded the handling of the proof of origin mainly through the list of processes. In cases where the tariff differences for raw materials were too large they intended to opt for a harmonisation of tariffs. Since France demanded the strict application of the Carli-Plan for all of the chemical industry, while the British had many preferential tariffs equal to zero this would have led to the practical exclusion of the chemical industry from the FTA. In November 1958 agreement on this point seemed impossible to the German negotiators[57]. The differences among the Six themselves in this sector were just as important as the differences that existed among all members of the OEEC[58].

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56 BA, B102 - 18373,1: Bonn, 01 VIII 1957: Abteilung IV B 1 an den Leiter der Abteilung IV: Auswirkungen der EWG und der Freihandelszone auf die deutsche Chemieindustrie; B102 - 18398,1: Bonn, 18 VI 1957: Abteilung IV B 4 an den Leiter der Abteilung IV: Stellungnahme der Abteilung IV B 4 zum britischen Vorschlag einer Grundstoffliste.

57 BA, B102 - 11159,2: Bonn, 10 XI 1958: Vermerk zur deutschen Position, die in den Sektorengesprächen bezüglich der Ursprungsprobleme eingenommen werden soll. (Anhang zum Vermekr von Herrn Friedrich (Abteilung IV) zum Stand der Sektorenbesprechunge unter den sechs Mitgliedsländern der EWG in Brüssel.).

58 This became clear once more in the sectoral studies which the Six conducted among themselves from September 1958. For all their talks on chemicals see AHC, CCE, BAC 62/1982 No. 11.

What type of FTA for German industry?

The question that arises from this summary of the positions of German industry at the beginning of the negotiations on the FTA is, whether the variety of the views taken, the problems faced and the successes predicted should have brought the German negotiators to a clear general position which they could have kept throughout the course of the negotiations. Was there thus one mix of arrangements that would have satisfied most sectors of German industry. The general concerns of most industrial associations was access to cheap raw materials and to cheap imports of semi-products. Could that have been ensured, most of the industrial sectors mentioned would have had no substantial reservations against the FTA. There were obviously certain industries that expected to suffer from the EEC just as much or nearly as much as from the establishment of an FTA. For some of them the prospects would have looked gloomy in any case, if they were not able to rationalise and to specialise in certain fields of production where they would be competitive afterwards. Since the negotiations did not really come to a point where their successful conclusion had to be feared by these sectors, it is difficult to assess how powerful their reaction would have been. The potential winners of the FTA on the other hand, those who had nothing to fear but only to gain from EEC and FTA alike, were clearly not exerting any very substantial pressure in favour of the FTA. For them gains were certain with or without the FTA. And while they felt that their gains with the FTA would be somewhat larger, the difference that the FTA would actually make to them was not in any way as concrete as the fears of the metal-producing and processing, timber-processing, paper, glass and ceramics industries.

Even a good number of those sectors which welcomed the FTA (e. g. the chemical industry, textiles), did so only under certain very clear conditions. The discussion about the British list of raw materials reveals the pressures in favour of an arrangement with equal or "harmonised" external tariffs. As Shitaba pointed out in his theoretical study, it is very unlikely that competitive industries in different countries member countries of an economic union could simply accept tariff autonomy of the other members, since it would immediately affect their competitive position within the area[59]. The pressures exerted by the producers of competitive economies therefore tend to favour customs unions. For many German producers the establishment of an FTA might have been quite acceptable, if - and that is the crucial point - if Germany herself had retained tariff autonomy and could thus have catered for the specific import interests of German maufacturers. By entering the EEC (at this point mainly concerned with the establishment of the customs union provisions of the treaty) this had become a competence of the Community and was subject to bargaining among member states. Thus the List G remained one big unknown factor. Unless agreement was reached among the Six on the tariffs on the materials and products listed there, tariff differentials and resulting effects on the competitiveness of German industries could not be assessed. As things stood by mid-1958, the type of FTA for which German industry was asking resembled therefore more a customs union than anything else.

While the German delegation wanted to see itself as a mediator - with a position a bit closer to Britain than to France -, the direction in which German industrial interest pointed, did not suggest that there was much scope for impartial brokerage. Large parts of German industry in actual fact favoured the FTA under liberal conditions. But the number of sectors which made their acceptance of the arrangement subject to specific conditions was large as well. As has been shown, some sectors saw the FTA as a substantial threat to their existence. They were certain to make great efforts to either prevent it altogether or to mould it according to their needs. And moulding it according to their needs would have meant to accept the Carli-Plan at least for some sectors, to try and achieve tariff harmonisation for as many products as possible and to limit tariff autonomy of the member states and thereby watering down the crucial principle of any FTA. In the end, the German delegation agreed to all of these measures.

59 Shitaba, Theory, pp. 156, 176. The problem had been addressed by the trade experts in September 1957. See OEEC Archive, Florence: Paris, 30 IX 1957, G. Keiser to Cahan [and others] Report on the limits to the realisation of independent tariff policies vis-à-vis third countries within a free trade area.

3.3 Germany as a mediator between France and Britain

In June 1957, when the beginning of the Maudling negotiations was still more than half a year away, Ludwig Erhard, his state secretary Alfred Müller-Armack and then vice Chancellor and Minister for Economic Co-operation Franz Blücher had a talk on the tactics concerning the FTA plans under discussion in the working groups of the OEEC. Blücher argued that the greatest danger for the FTA was the possibility that there would be a uniform and common proceeding by the Six. He was convinced that, among the 16 member countries of the OEEC, France would hardly be able to succeed in opposing a solution that would be generally accepted by the others. Within the EEC on the other hand it would be much more difficult to deal with an intransigent France, and if France managed to bring the EEC member countries in line behind her, the FTA would be dead. State secretary Müller-Armack seemed to be little impressed with the logic of this forecast. He argued that it would be easier to deal with the French within the EEC first in order to tie them in to a common position which they then could not challenge any more[60].

It is hard to tell whose argument was logically correct. Blücher's did not prove wrong in any case, since the EEC member states proceeded on the basis of common positions and since the negotiations failed because of an intransigent France. Yet it is not at all clear whether an alternative proceeding of decision making at the international level would have been possible at all and if so, whether the outcome would have been different. There was hardly the possibility for the EEC member countries not to establish a common position first, each time before they entered the council meetings of the OEEC. Otherwise the danger of not even attaining a certain level of cohesiveness within the EEC at the very beginning was evident and could have rendered the previous efforts to achieve the compromise represented by the treaties of Rome useless.

For the Federal Government it was clear from the very beginning what the negotiations would look like. There would be Britain trying to achieve an FTA excluding agriculture, while leaving its relationship with the Commonwealth untouched and thus remaining in a privileged position belonging to two preferential

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60 See, BA, B102 - 11155,1: Bonn, 14 VI 1957: Treffen von Ludwig Erhard, Alfred Müller-Armack und Franz Blücher (Minister für wirtschaftliche Zusammenarbeit).

systems[61]. On the other side there would be France with an industry used to a high level of tariff and quota protection arguing that there had to be harmonisation of the conditions of production in a very broad sense, before there could be free trade in Europe and asking for all kinds of safeguards for the future operation of the arrangement and asking above all for accommodating her agricultural interests[62]. France and Britain being the poles of the negotiations, the other players would group around them depending on the particular problems in question. These problems would make it rather difficult for the German delegation to perform the role that the BMWi-leadership would have liked them to perform, i. e. that of a broker, slightly but consistently biased in favour of the British position. The internal divisions of the Federal Government and the French awareness of that made this task even more difficult[63].

Thus the main point of conflict was going to be the general nature of the FTA. The French were in fact asking for not much less than a replication of the treaty of Rome. They aimed at a common external tariff for the FTA as a general rule and at the least at a substantial harmonisation of tariffs and trade policies. Otherwise, they feared, competitive conditions would be distorted for reasons not relating to the relative productivity of firms. A supporting argument was that the French National Assembly had indicated at the occasion of the ratification of the treaty of Rome that the FTA would have to include similar guarantees as the treaty of Rome in order to be acceptable[64]. the FTA would thus have had to be very close to a customs union, and the member states would therefore have lost their tariff autonomy for which the British and the low tariff countries cherished the idea of an FTA. This related directly to the nature of the rules of origin and the question of

61 PA - AA, Ref. 200, vol. 149: PA - AA, Ref. 200, vol. 149: Bonn, 18 I 1958, Vermerk von Hartlieb, betr.: FHZ/Ministerrat.

62 For the French position at the outset of the Maudling negotiations see CAMPS, *Britain*, pp. 131-132. For the French position on the details of the British proposals for the FTA and the indstructions for their delegation see MAE, Papiers Directeurs Olivier Wormser, Vol. 38-39, see especially: Vol. 39, Paris, 9 V 1957, Projet de mémorandum sur la zone de libre-échange à remettre à nos cinq partenaires du traité de Rome et sous réserve de leurs réactions, aux pays-membres de l'OECE. The French made it clear already in this memo that they would make any final agreement to the FTA dependent on a just settlement on agricultural products.

63 The French were well aware of the differences between BMWi and AA from the very beginning. See MAE - AD DE - CE: A-30-7, 757: Paris 15 II 1957, MAE, Wormser.

64 CAMPS, Britain, pp. 136-138.

compensatory charges that had been brought up by the French in the first session of the Maudling committee as well and figured prominently in the Italian Carli-Plan some months later. A second major problem stemming from the concerns about unequal competitive conditions was the Commonwealth and British imperial preferences. In this case not only the French had major reservations. They wanted either the abolition of the UK's preferences on Commonwealth markets or their extension to all members of the EEC[65]. A third and complicated problem related to the second was the question of agriculture which the British wanted to have excluded from the FTA. This was clearly unacceptable to countries like Denmark and the Netherlands, but also to the Federal Republic which wanted to ensure that the pressure of agricultural exports from France and the Netherlands could be shared with the British[66]. The fourth point, institutional problems, was no less controversial, especially when it came to the question of how the decision on the proceeding from one to the next phase of the transitional period and on the definite end of the transitional period should be made. France demanded that there be unanimity which would give member countries veto power in this point.

All of these four issues were compounded when the necessity arose in 1958 to come up with some sort of interim agreement in order to make the FTA operational at the same time when the EEC made its first tariff adjustments and thus to prevent discrimination between the Six and the other OEEC members. Since the negotiations dragged on without a quick solution being in sight, an interim agreement was aimed at in order to secure approval by the GATT for the FTA. Such an interim agreement would necessarily prejudice the form of the final convention on the FTA. Since the French had the strongest reservations to sign anything before the final arrangements were known, the negotiations came close to a halt. Britain and the other non-member countries of the EEC rejected any proposal

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65 AHC, CCE, BAC 61/1982 No. 7: Brussels, 18 XII 1958: Commission, DG I, Direction B, Division 2, I/976/59-F: Compte-rendu, groupe du secteur des industries mécanique et éléctrique, réunion du 17 décembre 1958.

66 When Walter Hallstein was still secretary of state in the AA, he made this very clear to Maudling. See PA - AA, Ref. 200, Bd. 149: Bonn, 4 I 1958, Leiter der Abteilung IV and Hallstein, betr.: Britischen Vorschlag zur Agrarregelung in der Freihandelszone; in der Anlage: Persönliche Botschaft von Staatssekretär Hallstein an Minister Maudling; Bonn, 30 V 1958, Emmel an Referat 200, betr.: Stand der Europäischen Integration, hier: Stand der FHZ Verhandlungen.

which would lead to the slightest differences in treatment between the EEC and the rest of the OEEC at the beginning of 1959[67]. On this matter Germany tried hard to serve as an honest broker and to bring about a solution that could be borne by both sides.

Germany and the British position in the Maudling negotiations

Beginning with their earliest plans for closer economic co-operation with the European continent in spring 1956, the British hoped that their project of a partial FTA would exert considerable attraction on other European countries but particularly on Germany[68]. The fact that, for economic reasons, Germany would be in favour of the British plans was an important factor in the way Plan G was drafted and presented to the Germans by the British Government in 1956. The feedback that the British got from Ludwig Erhard was very favourable indeed. Having this important figure of German politics as an ally for their initiative, the British were quite confident that the chances to succeed were fairly high. Macmillan's visit to Bonn in early May 1957 strengthened the impression that the Germans would be a reliable supporter of British views on the FTA, since the Federal Government had laid down elements of a German position around that time which came very close to the British concepts[69].

At the outset of the Maudling negotiations the officials of the Federal BMWi seemed to be very confident as far as Germany's influence with the other members

67 Already in March 1958, the US State Department had predicted a breakdown of the negotiations for the end of 1958, if the British retained their rigid position on the timing problem. See FRUS, 1958-60, Vol. VII, Part 1, *Western European Integration and Security; Canada*, pp. 20-23: Washington, 20 III 1958: John Foster Dulles, Circular instruction from the Department of State to certain diplomatic missions. The State Department continued to disagree with the British position on the question of the timing. See FRUS, 1958-60, Vol. VII, Part 1, *Western European Integration and Security; Canada*, pp. 56-58: Washington, 25 VII 1958, Letter from the Deputy Under Secretary of State for Economic Affairs (Dillon) to the Permanent Representative at the NATO (Burgess). The Germans did not believe by then that an agreement on the FTA could possibly take effect at the same time as the first round of internal tariff reductions among the Six. See PA - AA, Ref. 200, vol. 149: Bonn, 3 III 1958, Vermerk von Harkort über Gespräch mit dem britischen Wirtschaftsgesandten Marjoribanks.

68 PRO, T234 - 195: 20 IV 1956: Report of a working group of officials on a UK initiative in Europe.

69 BA, B102 - 11155,2: Bonn, 13 V 1957: Vermerk von Herrn Gocht zur Errichtung einer europäischen Freihandelszone und ihrer Assoziation mit der EWG; Koerfer, Kampf, p. 146.

of the EEC was concerned. When Reginald Maudling toured the capitals of the OEEC member countries in September and October 1957, the assessment he received when he stopped in Bonn should have delighted him. The state secretary of the BMWi, Alfred Müller-Armack, told the chairman-to-be of the intergovernmental committee on the FTA that the questions of agriculture and the associated territories would not constitute a real problem among the member countries of the EEC. The real questions would be the lowering of tariffs and quantitative restrictions. Müller-Armack was confident though that on a number of important points agreement could be reached among the Six. Thus he assumed that the treaty on the establishment of the FTA would be reached quickly, that a definite end for the transitional period after 15 years could be agreed and that potential delays in the proceeding from phase two to phase three of the EEC should be valid for the FTA as well. He also thought that the lowering of quantitative restrictions could proceed from the very beginning of the operation of the FTA, while the regulations on agriculture should only be finalised once the lowering of tariffs began, since otherwise the countries that were agricultural exporters would be at a disadvantage. While the state secretary of the Federal ministry of agriculture, Sonnemann, asked that Britain should provide outlets for the surpluses of the other agricultural exporters since otherwise they would exert pressures in the German market, the overall message that Maudling took with him from Germany was a very positive one: The Germans did not see any serious problems for the FTA[70].

The picture looked slightly less bright when Maudling met with Erhard at the end of February 1958 in Paris. By then the first rumours about the content of the French memorandum had been leaked to the press[71]. Still, Maudling hoped that the Germans would be able to help bring round the French to follow a more constructive line[72], as Müller-Armack seemed to have managed a year before in talks with Maurice Faure. Therefore the British had high expectations concerning

70 BA, B102 - 11156,1: Bonn, X 1957: Protokoll des Treffens mit Reginald Maudling am 4. Oktober 1957.

71 LE MONDE, 28 II 1958. See also OEEC Archives, Florence, FTA 206: Paris, 3 III 1958, OECE: Propositions françaises sur la zone de libre-échange.

72 BA, B102 - 11157: Bonn, 28 II 1958: Treffen Ludwig Erhards mit Reginald Maudling in Paris.

Adenauer's state visit later that month[73]. Concerns arose when Adenauer intended to bring along Walter Hallstein, his former close aide and now president of the Commission of the EEC, whom the British regarded essentially as an agent of the French. Since the British Government intended to turn Adenauer round to being firm with the French, this seemed particularly unfortunate[74]. Hallstein did not come to London in the end, but Adenauer praised him by saying that there was no more convinced supporter of the idea of the FTA in order to promote closer co-operation with the UK than Hallstein. Statements like that should have deepened British awareness that Adenauer did perhaps not mean what the British wanted to understand when he assured them of his support for the FTA. Yet these kinds of doubts were quickly allayed by the typically optimist and reassuring statements made by Ludwig Erhard who had accompanied the Federal Chancellor to London. Erhard told the Prime Minister and other leading figures of the British Government that the negotiations had nearly reached their conclusion and that French objections should not be overestimated. If the Gaillard Government had not fallen, he argued, agreement would have been reached before the end of April. This could be retrieved, Erhard thought. Adenauer added that Anglo-German co-operation was of outstanding political importance to the Federal Republic[75]. Erhard's assumption that the French could be turned around was completely unfounded. While Erhard's meeting with Gaillard had apparently gone very well, the only positive consequence that could have, the AA argued, was to help induce Erhard and the BMWi to accommodate "legitimate" protectionist concerns of the French and certainly not the other way round[76].

Adenauer's visit had apparently been interpreted by the British Government as an important success. The impression seems to have been, that the Germans were still firmly on their side. In early May 1958 the German representative at the OEEC in Paris, Werkmeister, warned Erhard that Britain might have overly optimist

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73 PRO, FO371 - 137386/ WG 1054-41: 14 IV 1958: Talk between Hoyer Millar and the German ambassador in London von Herwarth.

74 PRO, FO371 - 137384/ WG 1054-13: 25 III 1958: Letter by Reginald Maudling to the Prime minister.

75 PRO, FO371 - 137388/ WG 1054-62: Record of talks between Adenauer, Erhard and the British Prime Minister Macmillan and others on the free trade area plans.

76 PA - AA, Ref. 200, vol. 149: Bonn, 13 III 1958, Hartlieb an Carstens, betr.: FHZ/Maudling Auschuß.

expectations concerning the German potential to bring the six member countries of the EEC in line with the position that had been reached between Britain and Germany during Adenauer's visit in London. High expectations could lead the British to the impression later on that the Germans had not been honest with them. The British would have to understand, Werkmeister argued, that the Germans first had to come to a compromise with the EEC partners, if the FTA was to succeed at all. The German Government should make it clear to the British that there was a certain border line that could not be transgressed. It would be necessary to let them know the precise nature and the limits of a possible compromise[77].

While there tended to be a much closer and a bit more realistic exchange of information on substantive matters subsequently, Erhard did not allow his optimism to be damped by facts. Thus at a press conference with Maudling on 26 June 1958, the German Minister of Economics proclaimed that, despite some minor technical questions, there was not only complete agreement between the British and the German Governments, but also that the FTA would be certain to start operating on January 1, 1959. Maudling added that the proposals needed for this to be achieved were actually not yet on the table and that the problem concerning the Commonwealth had not yet been resolved[78]. It was only one week later that the British ambassador to Germany, Sir Christopher Steel, told Adenauer that the negotiations on the FTA had practically failed in his view because of a lack of French co-operation[79]. The British and German perceptions of the reality of the Maudling negotiations could not easily be reconciled at that time, even though Maudling recognised that the Germans had successfully pushed the French to abandon their demand for a 'décalage', which would have a delay of several years in the operation of the FTA. Hence the picture in summer 1958 was quite mixed.

While on the level of ministers the German pledges and statements tended to be overly optimistic and continued to be so, there was serious work being done between the two Governments at the level of experts. At the end of May 1958 Sir John Coulson had come to Bonn accompanied by Figgures, Bretherton and others to

77 BA, B102 - 11159,1: Bonn, 07 V 1958: Werkmeister an Erhard.

78 BA, B102 - 11159,1: Bonn, 26 VI 1958: Presse Konferenz im Bundeshaus in Bonn.

79 BA, B136 - 1597: Bonn, 07 VII 1958: Treffen Adeanauers mit dem britischen Botschafter Sir Christopher Steel.

discuss the essential problems of agriculture, the role of the Commonwealth and the possibility of an interim agreement. On this occasion, the Germans came up with some precise concepts as to which solutions could realistically be obtained in the negotiations among the Six and among the Seventeen. Thus in the case of the Commonwealth the Germans suggested that there should be escape clauses similar to those in article 226 of the treaty of Rome, if an advantage in competition for the UK resulting from preferential trade with the Commonwealth could be proven. Coulson was extremely reluctant to make any concessions on this point. He only came up with the, by then already well-known, British position that imperial preferences had never been held incompatible with British membership in the OEEC and that it could not be understood why they should then be incompatible with the FTA. Müller-Armack insisted that some solution was needed, even if it merely had a psychological effect on the French. He could, for example, imagine to have the right of establishment in the UK for those industries that might feel damaged by the existence of imperial preferences. Coulson replied that it would not be possible for Britain to relinquish the preferences on their exports to the Commonwealth for which they paid in so many ways. Without mentioning France explicitly, he indicated that Britain would be ready to consider special arrangements for countries that might be too weak to fulfil all multilateral obligations, but that this would be a matter of special concession to one country by all the rest. A special handicap for Britain alone would be a very different matter and hardly acceptable. While the British were not ready to move in that question, they were certainly prepared to discuss the matter of equal access to raw materials. Coulson made it clear that putting pressure on Britain to make a choice between imperial preference and free trade in Europe would not bring about anything desirable. Coulson had similarly strong reservations on the question of an interim agreement, nor was there anything new from the British side on this occasion as far as agriculture was concerned. Coulson repeated the previous British position that the UK could not agree to any lowering of tariffs in this field[80].

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80 For this and the following paragraph see BA, B102 - 11159,1: Bonn, 23 VI 1958: Meyer-Cording an Müller-Armack und Erhard: Vorbereitungen für den Besuch Reginald Maudlings am 25. und 26. Juni 1958. [References are made to the latest talks with the British at the end of May].

One month later, toward the end of June 1958, an Anglo-German working group that had been formed to work out a common position between the two Governments studied solutions for rules of origin. The Germans presented their British counterparts with a paper arguing that the examinations of questions of origin should be undertaken sector by sector in order to determine the most useful procedures that should be applied. Four anti-deflections measures should be possible in general: a) the percentage rule, b) lists of processes, c) a certain harmonisation of external tariffs within a set margin and d) compensatory charges. External tariffs for raw materials and intermediary products should be made uniform. A systematic comparison of these tariffs should be undertaken for that purpose. There should be two principles for the sectoral examinations of the rules of origin: First, if, despite differences in external tariffs, deflections of trade do not occur, rules of origin should not be applied. Secondly, questions of origin must never be mingled with protective measures against goods of area origin. Finally, the German paper proposed to use the first four years of the transitional period to undertake the sectoral studies necessary. The British generally agreed to the German proposal with a few exceptions. They stressed that compensatory charges and a harmonisation of tariffs should only be applied exceptionally, while the percentage rule and lists of processes should be generally used. More importantly, they argued that the systematic comparison of tariffs should not aim at their harmonisation, but at keeping them low or reducing them to zero. If a country wished to have a high tariff, it would have to do so entirely at its own risk. No country should have a claim vis-à-vis the other member states as far as the consequences of having a high tariff are concerned. The UK would not be ready to levy any tariffs on raw materials imported from the Commonwealth.

When Maudling came to Bonn the next time on 25 June 1958 these issues were discussed again. On the Commonwealth the British position had not changed. Maudling offered that Britain would agree to a special protocol accommodating France's special needs, if that was what was needed. Beyond that British concessions concerning the Commonwealth seemed to be impossible. In agriculture Maudling was content to acknowledge that the Ockrent paper No 461 that had been worked out among the six members countries of the EEC came close to the British position. The problems that remained were of minor importance and concerned British horticultural products that were protected by very high tariffs. The British had moved in the question of an interim agreement. Had they previously been intractable on this question, they were now ready to negotiate. While they still saw the danger that such an agreement might lead away from the FTA, they acknowledged its necessity in order to obtain the agreement from the GATT for the regional preferences that should be granted the member countries of the OEEC. The question of GATT compatibility would prove to be a complicated issue for the rest of the negotiations in the Maudling committee, leading to a heightening of tensions between Britain and France. Müller-Armack stressed that it would be difficult to come to a compromise with the French on an interim agreement, if it was to entail certain matters of principle with regards to the final arrangements for the FTA. If these matters were to be included in the interim agreement, then the discussion would be as difficult and as lengthy as it was predicted to be for the final agreement. Hence these issues should be cut out and not be addressed in the interim agreement[81].

It seems that the little progress made between Germany and Britain by the late summer 1958 was all that could be achieved. It corresponded to some successes of Germany's mediating efforts with the French as well, as will be seen in the following. The crisis of the negotiations that started with the French memorandum of March 1958 therefore seemed to have finally been overcome. The fact that the French actually abandoned the memorandum in late July seemed to a success of German diplomacy. Yet it is likely that it was actually simply another stage in French delaying tactics. When negotiations resumed again in fall, the direct confrontation between the French and the British at the negotiating table proved to be a fatal environment for progress. Thus the French and the British representatives in the Steering Board of Trade of the OEEC hardened their positions. Responding to the French representative Clappier in a matter concerning the rules of origin that should apply in the chemical industry the British delegate Bretherton took a position that fell clearly short of concessions that had already been made by the British

81 BA, B102 - 11159,1: Bonn, [26] VI 1958: Vermerk Gochts zum Besuch Maudlings in Bonn am 25. und 26. Juni 1958.

before. While the British had previously made some concessions concerning the application of compensatory charges, they now demanded that the percentage rule should generally be applied. Bretherton then also rejected a compromise by the chairman Baron Snoy[82]. The sessions of the Maudling committee in the last week of October 1958 proved to be particularly unfruitful. On 24 October 1958 the French representative in the Maudling committee, Olivier Wormser, replied to a speech made by Sir David Eccles in Geneva at the GATT conference on 16 October 1958 where Eccles had argued in favour of global trade liberalisation. Wormser called in doubt that there would be mutual and binding tariff preferences among the 17 member countries of the OEEC if, as the British apparently wished, there should be complete tariff autonomy.

Reginald Maudling replied to Wormser's statement a couple of days later. He summed up the British position on the issues that were still unresolved and tried to counter the French accusations that Britain would intend to undermine the mutual and binding tariff preferences that had been reached among the six member countries of the EEC. Yet despite the general agreement with the objectives and procedures laid down in the EEC memorandum that had been provided for this session, Maudling did not deny that there were still considerable differences as far as the operation of escape clauses was concerned. He also reaffirmed the British position that tariff autonomy had to be guaranteed and that tariff changes must not depend on the approval of other member states, since otherwise multilateral tariff negotiations would be impossible and hence the lowering of tariffs would become even more difficult than it was anyway. The abandoning of tariff autonomy might in the end even lead to pressures for the heightening of tariffs. The Germans were appalled by the seeming hardening of the positions of the French and the British at this stage. They were convinced that Reginald Maudling had exaggerated when demanding a complete tariff autonomy and they hoped that he would contribute to allay the unease and help prevent further conflicts that his statements could cause

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82 BA, B102 - 11159,2: Bonn, 13 XI 1958: Bericht von Herrn Axenfeld über ein Treffen des "Steering Board of Trade".

with the French[83]. It is not entirely clear why Maudling put the British case so strongly at this particular point. It is probable that, after Wormser's visit in London in mid-October and the visit by Couve de Murville later, the British perceived the imminent failure of the negotiations more clearly than the Germans and might have intended to provoke the French to finally come true, thereby leaving them with the moral and diplomatic burden for that failure[84]. The British were however dissatisfied with the with a lack of decisiveness on German side and Adenauer was at pains to convince Macmillan that the Federal Republic was still committed to the multilateral association, as had been stated so clearly by Bundestag and the Federal Cabinet[85].

Germany and the French position in the Maudling negotiations

The analysis of the French position in the Maudling negotiations and the general attitude toward the FTA is complicated by the fact that, in the middle of these negotiations, the French were about to abolish the political system of the Fourth Republic and to enter into a very different constitution that would end the powerful position of the National Assembly and force the country into political stability by the creation of a monarchy-like presidency. The fact that France faced a tense situation on the internal as well as on the foreign policy level should have convinced its negotiating partners that dealing with the French in the Maudling committee should not be easier than it usually tended to be. The French Government was faced with fierce industrial opposition against any FTA plan. Thus in the substantive discussions on the form of the FTA, the French mainly stressed the need to achieve equal conditions of competition for all partners before an FTA could actually start

83 BA, B102 - 11159,2: Bonn, 12-13 XI 1958: Handschriftlicher Vermerk von Hünke zur Frage der Zollautonomie; 28 X 1958: Erklärung Reginald Maudlingszu Fragen der Handelspolitiken.

84 MAE, Papiers Directeurs Olivier Wormser, vol. 40: Londres, 12 XI 1958, Francis Huré (ambassade français) au Directeur Olivier Wormser.

85 PA - AA, Ref. 200, vol. 150: Bonn, 12 XII 1958, Adenauer an Macmillan. Dissatisfaction came also from the Dutch press already before the failure, accusing the Chancellor for having made a deal with de Gaulle at Colombey. Den Haag, 27 X 1958, Löns an Diplogerma London.

operating. This was and remained the essential French theme. Variations of it were displayed in all individual questions concerning the FTA.

Having started the negotiations with a very clear concept of what an FTA had to look like in order not to potentially harm French interests and with a very rigid behaviour when compromises needed to be made, the French managed to extract a number of important concessions, first from their partners within the EEC and then from all member countries of the OEEC. It would sound a little crude to say that the French political leadership simply did not want the FTA[86]. Yet it might altogether be not only the shortest but also the most precise and correct analysis of the French position in the Maudling committee. Given that there was strong pressure from the French industrial umbrella association, the Patronat, in general and also from individual industrial sectors against such an arrangement[87] and given that an FTA did not exert any attraction to the French on the political level either, the political leadership would have followed France's "best interest", if they pursued a strategy leading to the demise of the whole project, preferably with much less scandal on the international level than the one that arose around the European Defence Community. The Maudling negotiations could thus serve as a useful exercise for the French in order to find out how far they would be able to go with

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86 Vis-à-vis the Americans the French were quite franc about this. Thus François Valéry told the Director of the Office of Economic Affairs at the American mission to the European regional organisations in Paris that France simply did not want the FTA at this time, while she could not afford to be charged for the breakdown of the negotiations. See FRUS, 1958-60, Vol. VII, Part 1, *Western European Integration and Security; Canada*, pp. 51-52: Paris, 18 VII 1958: Telegram from the mission at the NATO and European regional organizations to the Department of State. That the French did not actually agree to any of the important principles of an FTA is already clear from their internal discussions on the preparation of their memorandum of March 1958. Wormser admits that "... si l'on remet en cause une de ces hypothèses de base, mieux vaudrait reconnaître que l'on ne veut ni négocier ni aboutir." See MAE, Papiers Directeurs Olivier Wormser, Vol. 39: Paris, 5 II 1958: Note par Olivier Wormser pour Monsieur Joxe, a. s. zone de libre-échange et rapports de la France avec le Royaume-Uni. At the end of October, Wormser summed up the instructions under which the French delegation had been conducting the negotiations as avoiding their breakdown or a crisis, avoiding any committments and as avoiding their quick progress: "La délégation française avait pour instruction, dans le cadre des 17, de ne pas provoquer de rupture, de ne pas provoquer de crise, de ne pas prendre d'engagement et de ralentir l'évolution des négociations." See MAE, Papiers Directeurs Olivier Wormser, vol. 40: Paris 31 X 1958, Note par Olivier Wormser.

87 CORNIDES, WILHELM: "Die Freihandelszone als Krisenherd der europäischen Integrationspolitik. I. Politische Aspekte der gegenwärtigen Integrationsbemühungen." In: *Europa-Archiv* 13 (1958), pp. 10708-09.

their new partners in the EEC and particularly with Germany, without risking major damage in their foreign policy.

Some assessments by German Government officials as to the influence they thought they commanded with the French Government have already been mentioned. Ludwig Erhard was generally quite optimistic that the French resistance against the FTA could be overcome easily. His general attitude toward France was one of barely disguised contempt for a, what he thought, inferior social and economic system and a protectionist attitude. Erhard had little problems with lecturing French officials about how to run an economy properly. But it is not evident how Erhard himself should have exerted serious pressure on the French during the course of the Maudling negotiations. It should generally be very difficult if not impossible in modern diplomacy among essentially similarly powerful states for a member of a Government to have any influence on the other side, if there is not something that he could trade off in order to obtain something in exchange. The probability of this is even smaller, if, as was the case with Erhard, the person in question did not have any popularity or personal relationship with officials in the other country. Erhard seems to have been underestimating the resolve of the French negotiators and probably expected that the political pressures building up in Germany in favour of the FTA would bring Adenauer to exert the influence that would be needed at the top political level. Whether or not Adenauer could have hoped to do that without running important risks for other foreign policy objectives is an important question, especially after de Gaulle came to power in France. At least some of the German officials were aware of the limitations of their capacity to exert influence on the French, as was shown in Werkmeister's letter to Erhard shortly after Adenauer's visit to London in April 1958[88].

The first major crisis of the Maudling negotiations arose when the French announced in January 1958 that they would come up with a plan of their own and then put forward their memorandum in March. When the French made this announcement in the session of the Maudling committee on 15 January 1958, Ludwig Erhard instantly replied that there could not be such a thing as a distinct

88 BA, B102 - 11159,1: Bonn, 07 V 1958: Werkmeister an Erhard; The AA was very sceptical whether any pressure could be exerted on France given its very difficult internal situation. See PA - AA, Ref. 200, vol. 149: Bonn, 19 IV 1958, von Rhamm an Carstens, betr. FHZ.

"French plan" after the treaty of Rome had been ratified. There could only be a common plan by the Six. Erhard was right, but his objection was easily handled by the French who replied that the French plan would certainly first be considered with the other partners within the EEC before it was to be discussed in the Maudling committee[89]. Thus the French had made it plain that all their views had to be heard first before any progress could be made. The French memorandum was essentially a compilation of all previous reservations and objections against the FTA that the French had mentioned. It aimed at having a number of very detailed sectoral agreements, a much more complete degree of economic integration, the establishment of a CET and a common commercial policy as well as at measures to counter deflections that would bring the FTA in fact very close to a customs union[90]. The memorandum demanded that the FTA should start operating only three years after the EEC had entered into force. According to the French plan conditions of production should be harmonised and economic as well as financial policies should be co-ordinated. The member countries should retain the right to veto the progress toward the last stage of the transitional period. This was clearly unacceptable to any of the OEEC member states that did not belong to the EEC[91].

While the Chancellor's office was already drawing up plans to deal with the failure of the negotiations, bilateral talks between the French and the Germans had begun a few weeks later and promised some hope for the negotiations[92]. In talks with the French side in St. Germain at the beginning of April, Müller-Armack put forward a "personal proposal" that was to replace the French memorandum and should have served as a basis for an agreement in the Maudling committee[93]. It tried

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89 BA, B136 - 2597: Bonn, 22 I 1958: Ehm an Haenlein betr.: Maudling Ausschuß am 15. und 16. Januar 1958; PA - AA, Ref. 200, vol. 149: Bonn, 18 I 1958, Vermerk von Hartlieb, betr. FHZ/Ministerrat.

90 The internal discussions on the drafts for the French memorandum show how little scope the French actually saw for ever seriously considering an FTA. See MAE, Papiers Directeurs Olivier Wormser, Vol. 39: Paris, 5 II 1958: Note par Olivier Wormser pour Monsieur Joxe, a. s. zone de libre-échange et rapports de la France avec le Royaume-Uni.

91 BA, B102 - 11161,2: Bonn, 05 III 1958: Vermerk von Gocht zum französischen Memorandum; B102 - 18399: Undatierte Zusammenfassung des französischen Memorandums.

92 BA, B136 - 2597: Bonn, 06 III 1958: Notiz von Haenlein für Adenauer zum französischen Memorandum und die Möglichkeit des Scheiterns der Maudling Verhandlungen.

93 BA, B102 - 11161,2: Bonn, 09 IV 1958: Bericht über die deutsch-französischen Besprechungen betreffend die FHZ am 2. und 3. April 1958 in St. Germain. See also MAE, Papiers Directeurs, Olivier Wormser, Vol. 39: Paris, 2 IV 1958, Note de la Direction des

to come to a compromise that might still be acceptable to the British while at the same time aiming at allaying as many of the French fears as possible. It also accommodated most of the concerns of German industry and allowed Müller-Armack to do so, while retaining the aura of the honest broker between Britain and France. Thus special arrangements for the treatment of problems relating to the Commonwealth were suggested. While the Germans criticised the concept of sectoral agreements as dividing the FTA treaty into a number of individual agreements, they still accepted the sectoral approach as a "heuristic working method"[94]. They rejected the plan for complete harmonisation of economic and social policies but accepted the French demand for tariff harmonisation and compensatory charges in sectors like the chemical industry where the operation of rules of origin would be difficult. Concerning agriculture the Germans came up with a proposal aiming at guaranteed levels of sales in export markets that should be expanded in parallel with the general increase in demand. The German paper also made suggestions concerning arrangements to open the British market for continental agricultural products. This constituted one of the BMWi's but also the agricultural ministry's main objectives, i. e. diverting some French and Dutch agricultural exports to the UK.

The immediate French response was not very encouraging. While they signalled that they would, under certain conditions, be ready to abandon the 'décalage' they did not see themselves in the position to sacrifice the demand for sectoral agreements. This was needed, the French argued, to satisfy their public opinion at home. They reiterated their preference for the Carli-Plan and their wish to apply it on the widest range of goods possible. They also remained firm in their demand that the markets of the Commonwealth should be opened to a certain degree for products from Western Europe. During Adenauer's visit to London, Ludwig

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Affaires Economiques et Financières, (Olivier Wormser) sur les conversations de Saint Germain le 2 avril 1958; Paris, 3 IV 1958, Note de la Direction des Affaires Economiques et Financières, (Olivier Wormser) sur les conversations de Saint Germain le 3 avril 1958; MAE -AD, DE-CE, A-30-7, vol. 753: Paris, 11 IV 1958, Ambassade de la République Fédérale d'Allemagne: Aide mémoire: proposition du professeur Müller-Armack (entretiens à St. Germain).

94 This had already been discussed at a meeting at Strasbourg on 18 and 19 March. See PA - AA, Ref. 200, vol. 149: Bonn, 22 III 1958, Vermerk von Carstens, betr. FHZ-Verhandlungen; bilaterale deutsch-französische Gespräche in Straßburg am 18. und 19. März 1958.

Erhard was apparently referring to these talks when he claimed that, if the French Government had not fallen, agreement would have been reached before the end of the month. This hypothetical reasoning was politically irrelevant. Nor was it backed by the records of the talks.

In May 1958 the French had asked for an interruption of the talks because of their internal political difficulties, while the Germans pressed for the continuation of the working parties of experts and of the Ockrent group[95]. The readiness to threaten the French with serious consequences, if they did not show some inclination for compromise, seems to have been somewhat greater on the German side during the summer after de Gaulle had resumed power. Yet the only evidence for that is a letter from a member of the European department of the Federal BMWi, Kiesswetter, to the head of this department Klein and the fact that, by the end of July, the French actually took a more positive attitude toward the FTA for the first time and abandoned some of the important demands they had made in the memorandum in March[96]. Kiesswetter suggested in early July to make it entirely clear to the French at the occasion of the EEC council meeting on 23 July 1958 that a failure of the FTA could lead to a failure of the EEC. While this could not be the case de iure, it could well be the case de facto, Kiesswetter pointed out. He recommended to let the French know that Germany would give equal treatment to the other member states of the OEEC as to the member countries of the EEC. One week later the commission of the EEC reported the marked change in attitude on the French side to which was referred already[97].

The question is to what extent pressure from the German side contributed to that change and which concessions the Germans themselves offered to the French in

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95 BA, B102 - 11158: Undatierter Vermerk [Ende Mai].

96 BA, B102 - 11159,1: Bonn, 14 VII 1958: Kiesswetter an den Leiter der Abteilung EA betreffend die nächste Sitzung des Maudling Ausschusses am 24. und 25. Juli 1958.

97 BA, B102 - 11159,1: Bonn, 19 VII 1958: Bericht von Hünke über den Besuch des Kommissionsmitglieds der EWG Jean Rey am 18. July 1958. Similar reports were received at the US State Department. See FRUS, 1958-60, Vol. VII, Part 1, *Western European Integration and Security; Canada*, pp. 56-58: Washington, 25 VII 1958, Letter from the Deputy Under Secretary of State for Economic Affairs (Dillon) to the Permanent Representative at the NATO (Burgess). For the French perception of the Council meeting on 23 July 1958 see MAE, Papiers Directeurs Olivier Wormser, Vol. 40: Paris, 23 VII 1958, J. P. Brunet de la Direction des Affaires Economiques et Financières, Coopération et intégration économique aux embassades à Bonn, Vienne, Bruxelles, Copenhague [..., in all OEEC member states].

July 1958 in order to obtain a more positive attitude from them. There is a statement by Müller-Armack from early November where he complains that the German delegation at the session of the Maudling committee at the end of October 1958 was in trouble because they had made concessions to the French in July on the basis of very firm commitments on their part which had apparently not materialised later on[98]. There must have been some tacit agreement in July between the French and Germans. The attitude displayed by the French Foreign Minister Couve de Murville in connection with the committee meeting on 29 October 1958 must have greatly disappointed the German negotiators. The impression from the archival evidence from the BMWi is that the agreement that the Müller-Armack thought to have reached with the French in July and in the EEC Council meeting at Venice on their general acceptance of the FTA was not honoured by the French delegate Wormser. The Germans therefore contacted Couve de Murville in order to achieve a more lenient position from the French side, but without any success[99]. It is quite likely that this outcome had to do with Adenauer's first meeting with de Gaulle in September 1958. Even before that Adenauer prevented Müller-Armack from putting forward his proposal to overcome the crisis in the negotiations[100]. While Adenauer does not seem to have conceded anything in particular on the FTA issue[101], the French must have made it absolutely clear to Adenauer and von Brentano that the FTA was met with almost complete resistance in France and that, if the Federal Government wanted the FTA to go ahead, it would have to support the French conditions for it. They also left little doubt about the fact that the FTA might

98 BA, B136 - 2597: Bonn, 03 XI 1958: Müller-Armack an Adenauer über die Sitzung des Maudling Ausschusses in der letzten Oktoberwoche 1958.

99 BA, B102 - 11160,1: Paris, 29 X 1958: Müller-Armack an BMWi und Bundeskanzleramt über die Ergebnisse der Verhandlungen am 29. Oktober 1958; Müller-Armack suggests in his memoirs that after the Venice conference of the Six, the way was clear for the success of the FTA. See MÜLLER-ARMACK, ALFRED: *Auf dem Wege nach Europa. Erinnerungen und Ausblicke.* Tübingen 1971., pp. 209-215.

100 In a letter to Erhard Adenauer insists that no new proposals should be made by the German delegation in view of the wider political repercussions they might have also for the EEC. See ACDP, Bestand Müller-Armack, I-236, 033/1: Bonn, 18 VII 1958, Adenauer an Erhard.

101 Hans-Peter Schwarz points out that Adenauer did not give a clear answer to de Gaulle on the question of the free trade area. See SCHWARZ, *Adenauer*, p. 456; for the wider significance of the meeting see MAILLARD, PIERRE: *De Gaulle et l'Allemagne. Le rêve inachevé.* Paris 1990, pp. 145-168.

compromise the success of the EEC[102]. The French were thus implicitly playing the same trump that Werkmeister had advised the German side to play, i. e. the threat with problems for the EEC. While Adenauer was in September personally still in favour of the FTA, de Gaulle's clear stance on the issue might have induced him to reconsider.

At the end of October, the disappointment in the Federal BMWi was overwhelming. It had become clear already in October that, if the French chose to block constructive solutions, there was no way to prevent them from doing so. Thus the French had obstructed the work of the Steering Board of Trade on its report by coming up with entirely new demands at a very late stage[103]. In his recommendation to the ministry the German delegate Horn wrote that the only choice was to follow France's wishes, since otherwise the negotiations would break down[104]. In an interview with the Swiss newspaper "Neue Zürcher Zeitung" on 5 November 1958, Müller-Armack stated that he could not imagine any fruitful development, if EEC and FTA would not start operating at the same time. When asked what would happen, if the FTA failed completely, Müller-Armack replied that the EEC was a firm reality that would not be questioned in any case. His statement still constituated a hidden threat[105]. After the negotiations had failed with the statements made by the French Minister Soustelle on 14 November 1958 and the British reaction to that, Adenauer and de Gaulle met in Bad Kreuznach two weeks later and published a communiqué that indicated the solution they recommended to the EEC member countries for keeping the differences of treatment vis-à-vis the other OEEC members as small as possible. They also asked the commission of the EEC to write

102 For this see the position paper worked out by Olivier Wormser MAE, Papiers Directeurs, vol. 40: Paris 12 IX 1958, Direction des Affaires Economiques et Financières, Olivier Wormser: Note pour le Ministre a. s. Marché commun, zone de libre-échange (entretiens franco-allemands).

103 MAE, Papiers Directeurs Olivier Wormser, vol. 40: Paris, 14 X 1958, Projet d'une intervention française au comité Maudling. Complaints on the French delaying tactics came from the international civil servants at the OEEC. OEEC-Archives, FTA-file 211: Paris, 2 X 1958, G. Keiser to M. Ouin, co-operation with the European Commission on the matter of origin.

104 BA, B102 - 11160,1: Bonn, 17 X 1958: Vorschlag von Herrn Horn (Europa-Abteilung des BMWi) für eine deutsche Stellungnahme; by then the French had already decided to wreck the negotiations: MAE - AD, DECE, A-30-7, vol. 754: Paris, 6 X 1958, Wormser, Note a.s. zone de libre-échange.

105 Neue Zürcher Zeitung, 5 XI 1958; MAE - AD, DE-CE, A-30-7, vol. 757: Bonn, 5 XI 1958, Ambassade français à MAE.

a report concerning the possibility to establish an association between the EEC and the other member countries of the OEEC[106]. It is likely that, for de Gaulle, Khrouschtschow's speech on 10 November indicated that now was a good opportunity to call off the negotiations, since it would allow him to offer Adenauer a firm stance vis-à-vis the Soviets on Berlin in return for the Federal Republic's acceptance of the failure of the FTA. The seemingly shaky position of the US administration on this further enhanced de Gaulle's chances to obtain agreement from Adenauer for whom commercial issues like the FTA negotiations were of very secondary importance[107]. It was also noted with great accuracy by the French chief negotiator, that there was a considerable difference between the political support for the FTA in Germany and the views of those representing the main economic forces. This was one consideration that brought Wormser to suggest that the risk of a strong German reaction against the French after the disruption of the negotiations was quite unlikely[108].

Müller-Armack's interview and the communiqué by de Gaulle and Adenauer show clearly where the limits for German pressure on the French lay. The Germans were not ready to seriously call into question the EEC, even though some in the BMWi apparently harboured that hope. The problem was that, short of doing that, there was apparently nothing that could sufficiently impress the French to make them accept some sort of compromise on the FTA. At the stormy session of the OEEC Council on 15 December 1958, Couve de Murville declared that France regarded Eccles' initial statements suggesting an FTA between Canada and the UK as a threat and was by no means prepared to further negotiate under such

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106 BA, B102 - 12235b,1: Bonn, 28 XI 1958: Deutsch-französische Gespräche in Bad Kreuznach.

107 The German ambassador to the USA, Wilhelm C. Grewe, expressed the concerns of the West German Government to the Secretary of State John Foster Dulles. See FRUS, 1958-1960, Vol. VIII, *Berlin Crisis 1958-1959*, pp. 76-80: Memorandum of Conversation between Wilhelm C. Grewe, the Secretary of State John Foster Dulles and ambassador David K. Bruce. The AA noted de Gaulle's firm stance on Berlin in the meeting with Adenauer on 26 November 1958: PA - AA, Ref. 200, vol. 1: Bonn, 27 XI 1958, van Scherpenberg and Erhard, betr.: Unterrichtung des britischen Botschafters über die Gespräche von Bad Kreuznach. See also GAULLE, CHARLES DE: *Mémoirs d'espoir. Le Renouveau 1958-1962*. Paris 1970., pp. 190-192

108 MAE, Papiers Directeurs Olivier Wormser, vol. 40: Paris 20 X 1958, Direction des Affaires Economiques et Financières, Olivier Wormser: Note a. s. zone de libre-échange.

conditions[109]. Thus the French decision to call off the negotiations had already been reached in October. Part of the motivation was also the fear that within the GATT decisions would be taken concerning the EEC's common agricultural policy and the level of the CET at the request of the British and the USA that would further undermine French interests[110]. In citing all these reasons to end the Maudling negotiations in a letter to Adenauer and invoking their talks at Colombey, de Gaulle concludes:

> Le moment me paraît venu pour les Gouvernements français et allemand de faire front, de concert, à ces attaques de façon à marquer un coup d'arrêt et à décourager une fois pour toutes les adversaires du Traité [de Rome] qui cherchent à semer la discorde entre nous.[111]

3.4 Conclusions

The present analysis shows the extent to which the German position in the Maudling negotiations was shaped and constrained by German industrial interest as well as by the positions of the main opponents at the negotiating table, Britain and France. There is little doubt that the scope for success of the negotiations was very limited by the latter players from the very outset. The belief held by many political actors that France could be pressured into a solution was mistaken. The contrary was true. As the weakest member in the chain, France was able to take the negotiations hostage with the constantly lingering threat of vetoeing their progress and disrupting them altogether. The relative rigidity of the British negotiating position made this even easier for the French.

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109 MAE, Papiers Directeurs Olivier Wormser, vol. 41: Paris, 15 XII 1958, Conseil des Ministres, Sténogramme de la 423° séance tenue au Château de la Muette; MAE - AD, DECE, A-30-7, vol. 754: Paris, 6 X 1958, Wormser, Note a.s. zone de libre-échange; FRUS, 1958-60, Vol. VII, Part 1, *Western European Integration and Security; Canada*, pp. 82-85: Telegram from the Mission at the NATO and European Regional Organizations to the Department of State.

110 The concerns about GATT and the CAP were reiterated in talks between Wormser and Hallstein in December. See PA - AA, Ref. 200, vol. 150: Bonn, 17 XII 1958, Carstens an Hallstein, Aufzeichnung über die Unterredung des Herrn Staatssekretärs mit Wormser über den Stand der FHZ-Verhandlungen vom 17. Dezember 1958.

111 MAE, Papiers Directeurs Olivier Wormser, vol. 40: Paris, 6 XI 1958, Projet de lettre du Général de Gaulle au Chancelier Adenauer; Aide-mémoire du Gouvernement français sur la C.E.E. et la Zone de libre échange.

At the sectoral level German industry did not receive the prospect of having the FTA in addition to the EEC with quite as much enthusiasm as it was greeted by the BDI and the ministry of economics. The reservations, wishes and conditions put forward by a large number of industries were all pointing to a solution that resembled much more a customs union with a common external tariff than a free trade area with member states enjoying autonomy in fixing external tariffs. Sectors like the metal and the chemical industry put forward very concrete conditions for their acceptance of the FTA and basically rejected the notion of complete tariff autonomy. The profound concerns of important industrial sectors had a clear impact on the German position in the negotiations. While starting out with a liberal conception of rules of origin, the German delegation abandoned its initial position on tariff autonomy and on the Carli-proposal, at the end rejecting the first and embracing the latter.

Partly as a consequence of these industrial pressures, the German delegation was not able to perform the function of a mediator in quite the way the BMWi would have liked it to do so. Constrained also by the institutional framework given in the EEC, the Germans had in fact not much at all to offer to the British in terms of influencing the French position. Erhard's view on this was a complete misconception of Germany's influence which contributed very much to the fact that the British remained rather inflexible at decisive moments during the negotiations. The situation was complicated by the continuing rivalry and ideological differences between the BMWi and the AA on European policy. While the BMWi was aware of the industrial problems in Germany and the fact that there was little scope for compromise for the French, its leadership displayed an unrealistic and counter-productive optimism which deceived the German public and misinformed the British on the prospects of success.

4 The FTA concept abandoned

The failure of the Maudling negotiations, the formation of EFTA and the Hallstein Plan for the acceleration of the EEC

The German position on the FTA issue and on the question of what should be done next after the failure of the Maudling negotiations remained quite ambiguous for some time. Understandably, Kroushchev's Berlin ultimatum of November 27, 1958 had received all the attention of the Chancellor, the AA as well as the media and the general public. That Adenauer did not try to press de Gaulle on the FTA issue in the circumstances of increasing East-West tensions and his perceived unreliability of the British and the USA in these matters was probably to be expected. De Gaulle records in his memoirs that agreement was reached between him and the Federal Chancellor at their meeting in Bad Kreuznach that the plan for an FTA should not be pursued any further[1]. While in the midst of the political turmoil over the Berlin crisis the FTA seemed to die a silent death, Ludwig Erhard tried what he could to keep the patient alive or to prepare at least for prolonged mourning. At the French-German talks on 26 November, the Minister of Economics had however spoken, as if nothing major had happened. At that occasion he showed himself convinced that the other 11 would not make too much fuss about the magic date of 1st January 1959. He also seemed entirely satisfied that serious work toward a "multilateral association" would continue[2]. What he had to say to the Prime Minister and the Chancellor of the Exchequer during his visit to London in early December sounded slightly differently, but still rather optimistic[3]. This optimist view was somewhat supported by the political resolve of the Bundestag. A few days later, on December 9, it unanimously passed a resolution put forward by the Social Democrats binding the Federal Government to further pursue the creation of an FTA. German industry had been the first after the interruption of the negotiations on 14 November to urge

1 GAULLE, CHARLES DE: *Mémoirs d'espoir. Le Renouveau 1958-1962.* Paris 1970, pp. 190-192.

2 MAE,Papiers Directeurs Olivier Wormser, vol. 41: Paris, 27 XI 1958, Note a. s. Entrevue franco-allemande du 26 novembre; PA - AA, Ref. 200, vol. 1: Bonn, 27 XI 1958, Carstens an Diplogerma Brüssel, Den Haag, Luxemburg, Rom.

3 MÜLLER-ARMACK, ALFRED: *Auf dem Wege nach Europa. Erinnerungen und Ausblicke.* Tübingen 1971, pp. 221-222.

the Chancellor to put pressure on France. In a letter to Adenauer the BDI's president also put forward a number of proposals that might be acceptable to all sides and help resume the talks. Despite Adenauer's obvious unwillingness to put pressures on de Gaulle, the BDI board kept its resolve to pursue its objectives in talks with the Chancellor and the president of the European commission[4].

With the move toward convertibility, the devaluation of the French Franc and the resumption of the trade liberalisation by the end of December 1958 France had performed a masterpiece to restore its position in economic diplomacy as well as to initiate sound restructuring of the economy[5]. Without measures of this kind, the French situation would have become untenable within the OEEC, where France was in breach of its commitments under the liberalisation program. Without this important move France would not have been in the position to fulfil its obligations under the treaty of Rome either. But despite these obligations, it remains that the timing of the move was superb and its effects important, as it had not been expected by Britain or Germany. It eased international pressure on France and deprived people like Erhard of their most beloved enemy and target of their rhetorical raids: blatant French protectionism. In conjunction with Kroushchev's Berlin ultimatum it created a situation where de Gaulle did not have to fear difficulties from the German side over the French refusal to continue the Maudling negotiations. With the EEC coming into operation at the beginning of 1959 the chances for the resumption of any serious multilateral talks on any solutions to the commercial divisions within Europe were gone for the immediate future. The anger and frustration over the failure of the Maudling negotiations would have to cool off before new steps could be taken. Apart from that new talks would have to be based on concepts different from those which had failed before in the French view.

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4 RWW, HAGHH - Nachlaß Reusch, 40010146/680: Köln, 9 XII 1958, BDI Hauptgeschäftsführung an die Mitglieder des Präsidiums, betr.: Präsidialsitzung vom 3. Dezember 1958 in Köln.

5 PA - AA, Ref. 200, vol. 150: Bonn, 22 XII 1958, Carstens an Brentano und Hallstein, betr.: Gipfelkonferenz über die FHZ. For the French financial measures at the end of 1958 see [Rueff, Jacques:] "Zur Wirtschaftsreform in Frankreich: Bericht zur Finanzlage (Rapport sur la situation financière) erstattet von einer Kommission unter dem Vorsitz von Jacques Rueff." In: *Ordo* 11(1959), pp. 3-68, or RUEFF, JACQUES: "Rapport sur la situation financière." In: *Statistiques et Etudes Financières* 11(1959), pp. 5-55.

The fact that the EEC council of ministers had agreed on some measures to reduce the discriminatory effect of the EEC's coming into operation did not calm the BDI over the the potential damage to Germany's foreign trade interests from a split between the Six and the other members of the OEEC. The BDI warned even before the failure of the Maudling negotiations that the OEEC and the EPU and therefore the framework of Western European trade were in danger, should the FTA not come about[6]. The preparations for the formation of EFTA also led to increased activity of other German industrial associations with the intention to prevent any irreversible move that would effectively widen the gap between the Six and the Seven. For the same reasons German industry greeted the Hallstein-Plan for the acceleration of the transitional period of the EEC-treaty with anger and resistance. At the same time plans began to be put forward for pragmatic and long-term solutions to the intra-European trade problems. Throughout 1960 a plethora of schemes was produced by academics, industrial associations and politicians. On the international level attempts were made to resume the dialogue in the framework of the trade committee of 21 within the OEEC/OECD[7]. The German Government again took on its mediating function between the British and the French in late 1960 when the first serious attempts were made to use the theoretical concepts for solutions which had been contemplated for more than a year as the basis for bilateral talks between the Germans and the British, the Germans and the French, and later on for direct talks between the British and the French Governments.

This chapter will address the role of West German industry in the policy formulation of the Federal Government after the failure of the Maudling negotiations and before the beginning of formal talks on British accession to the EEC in 1961. It will on the one hand focus on the question of who was acting on behalf of German industry when government agencies were contacted, informed and faced with demands of industrial interest. On the other hand the chapter deals with questions relating to the perception and formulation of industrial interest itself. There will have to be some consideration as to what extent the situation prevailing after the failure of the negotiations on the FTA would induce businesses and

6 *BDI Jahresbericht* 1957/58, pp. 33-36.

7 For the transition from OEEC to OECD see ROBERTSON, ARTHUR HENRY: *European Institutions. Cooperation. Integration. Unification.* London 1959, pp. 82-84.

industrial associations to formulate specific demands. It is therefore important to observe which particular interests were formulated and expressed at which level of industrial associations, where these interests were aggregated and by whom they were transmitted to the Government. The chapter will go on to ask to what extent German industrial interest shaped the position of the Federal Government in the talks on the international level, in particular in the bilateral talks with Britain and France in late 1960 and early 1961.

For German industry the failure of the Maudling negotiations meant that the effects of the formation of the EEC on trade with the other OEEC member countries would for the time being not be eliminated by an FTA and that there would be possible retaliation against the EEC's trade discrimination[8]. Under the original provisions of the treaty establishing the EEC the internal tariff changes were to begin only rather slowly in 1959 and the setting up of a common external tariff should only begin in 1962[9]. The move by Britain, three of the Scandinavian countries, Austria Switzerland and Portugal to form EFTA threatened to widen the discriminatory gap. In addition to that the Commission of the EEC proposed in February 1960 a more rapid reduction of internal tariffs and the establishment of the CET at an earlier point than stipulated in the treaty. Thus rather than seeing the preservation of these very important markets being ensured by the establishment of an FTA, German industry was faced with tariff discrimination in the EFTA markets and with higher tariffs on imports from the Seven through the CET. The foundation of EFTA posed yet another problem. Given that the US administration saw the EFTA as commercially discriminatory without the benefit of adding to European cohesion and security, its creation might have caused delays in the new American trade policy which was geared toward major tariff reductions within the GATT.

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8 In its 1958 annual report, the BDI warned that the failure of the FTA negotiations would most likely lead to the collaps of the OEEC and the EPU and would also bring about retaliatory measures from the other OEEC member states against the EEC's discrimination coming about by January 1959. *BDI Jahresbericht* 1957/58, pp. 33-36.

9 BA, B102 - 18555: 10 II 1960: Letter by Pfeiffer (department IV/2) to a number of sub-sections of departments III and IV concerning the tariff burden of German business within the common market. also BA, B136 - 2557, pp. 52-55 in the files of the Federal Chancellor's Office. For the treaty provisions on the tariff schedule (articles 14 and 23) see CAMPBELL, ALAN: *Common Market Law. Volume 2.* London 1969, pp. 13-15, 18-19.

Those in Germany who, like Erhard and the BDI, hoped for the development of an Atlantic community of free trade would then have to wait longer[10].

Apart from Berg's letter to Adenauer and some statements of regret and general concern displayed by BDI and DIHT there was little response by German industry to the failure of the Maudling negotiations as such. The reason for this was perhaps that their interruption in November 1958 was not quite so visibly the failure of the whole concept of a multilateral economic association in the OEEC. It seems that at least the Bundestag as well as the Federal Government did not acknowledge that the end of the Maudling committee was effectively also the end of the FTA concept for Europe as a whole. The BDI looked at it in quite the same way and was not discouraged in the pursuit of its objective to seek an early resumption of the talks by Adenauer's fairly blatant refusal to facilitate this through clear words vis-à-vis de Gaulle.

4.1 The aftermath of the failure: can the FTA concept be saved?

Trade Discrimination on 1 January 1959

The changes in the German tariff schedule that would be required as a result of the operation of the EEC were tariff reductions vis-à-vis the other member states and a heightening of tariffs vis-à-vis third countries in the establishment of a common external tariff[11]. According to the treaty the internal tariff reductions would start

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10 In talks with the Acting Secretary of the Treasury Douglas Dillon in June 1959, Ludwig Erhard developed his views on European economic integration. While Dillon agreed to Erhard's approach, he stressed that the USA would not accept any special arrangements between the Six and the UK which could damage American trade interests. Erhard then clarified that he intended to build a bridge between the Six and the Seven, while keeping the common market as it was. See FRUS, 1958-1960, Vol. VII, Part 1, *Western European Integration and Security; Canada*, pp. 120-125: Washington, 4 VI 1959: Memorandum of Conversation. The French were also very aware of this potentially very important influence working in their favour. See MAE, DE-CE, Papiers Directeurs Olivier Wormser, Vol. 43: Paris, 17 IV 1959: Wormser à l'ambassade à Washington.

11 Elisabeth Müller provided a quantitative assessment of the rate of tariff discrimination prevailing between the member countries of the EEC and third countries for product groups of the SITC and individual products. See MÜLLER, ELISABETH: "Atlantische oder Europäische Wirtschaftsgemeinschaft. Eine Untersuchung über die Bedeutung der Zollpolitik der Europäischen Wirtschaftgemeinschaft für die Länder der Freihandelszone, die USA und Canada." In: *Zeitschrift für die gesamte Staatswissenschaft* 117(1961), pp.

with a reduction of 10% on 1 January 1959 thus inflicting some degree of discrimination on third countries. The process of the establishment of a CET would not start earlier than 1 January 1962[12]. The decision of 3 December 1958 by the EEC Council on the measures to be taken on 1 January 1959 introduced some changes to the stipulations of the treaty in order to prevent some of the initial discriminatory measures from coming into effect by that date[13]. The proposal for this decision had been one outcome of Adenauer's and de Gaulle's meeting at Bad Kreuznach a few days earlier[14]. Since these proposals only related to the initial measures at the beginning of 1959 and given that all further steps would be automatic, the threat of discrimination was not reduced a great deal. It was in any case the main concern to allay the psychological effects and the anger among the other OEEC members about the failure of the FTA negotiations and the beginning of trade discrimination at the same time.

The decision did not only concern tariff reductions which were to be extended to all GATT member states but also import quotas whose first expansion by 20% was extended to OEEC member countries on the basis of reciprocity. An expansion of 10% was to be extended automatically for each quota, while a further 10% could be negotiated by the member states with third countries in relation to their particular interests. For non-liberalised agricultural products a 10% tariff reduction was envisaged. The measures adopted by the EEC Council of Ministers came close to what had been proposed by the Commission and the German delegation in the Maudling negotiations for an interim agreement that should have preceded the operation of the FTA as such[15]. The one difference was that it had to be extended to all GATT member states as far as tariffs were concerned and could not be restricted to the OEEC member countries. These measures however fell well

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494-520. On the EEC's commercial policy see FRANK, ISAIAH: *The European Common Market. An Analysis of Commerical Policy.* London 1961.

12 See articles 14 and 23 of the treaty establishing the EEC.

13 BA, B102 - 11159,2: 4 XII 1958: Decision by the Council of Ministers of the EEC on measures to be taken on 1 January 1959.

14 BA, B102 - 12235a,1: 28 XI 1958: Letter to the BMWi concerning Franco German talks in Bad Kreuznach on 26 November 1958. Annex: Summary of the results of the meeting in French.

15 BA, B102 - 11159,1: 18 VII 1958: Meyer-Cording to Erhard: note in preparation for the negotiations in the EEC Council of Ministers on 23 July 1958 and the Maudling Committee in Paris on 25/26 July 1958.

short of what the British expected by the end of 1958, particularly concerning small quotas. While the globalisation of the so-called 3% quotas and their extension to non-EEC member countries did not constitute a problem for Germany, the French were not ready to yield on this point. The British demands therefore stood no chance of being accepted by the EEC Council of ministers[16].

By charging the Commission of the EEC with the task of preparing a report on the possibilities of creating a European economic association by March 1959, the Council of Ministers provided for a break in multilateral talks on the issue. Before the Commission would deliver its report, nothing further was going to happen within the OEEC. Bilateral talks between France and Britain however began on their bilateral quotas[17]. The details of the proceedings at the international level need not be recounted here. They are set out in great detail in Miriam Camps' report[18].

Conflict with the Commission: West Germany retains the FTA concept

On the international level the Federal Government kept its pledge for a European economic association vis-à-vis the French and the Commission, both of which wanted the FTA theme cancelled from the European agenda. Müller-Armack and van Scherpenberg (AA) made it clear to the commissioners Jean Rey, Hans von der Groeben and Robert Marjolin on their visit to Bonn at the end of January 1959 that the German Government was bound by the decisions of the Bundestag. When the commissioners confronted them with the option of an arrangement of a global nature, the two German ministers replied that it was for political and objective reasons that Bonn remained committed to the position stated at Bad Kreuznach and to the decision of the Council of ministers and that a global solution was no solution to this matter. The European aspect was the core of the issue in the German view. The solution had to be a multilateral association within the OEEC. The second

16 BA, B102 - 12235a, 1: Bonn, 9 I 1959, EA3, Hünke: Bericht über die Sitzung der Ständigen Vertreter in Brüssel am 8. Januar 1959; Bonn, 14 I 1959, EA3, Leyser: Bericht über die Ressortbesprechung am 13. Januar 1959 zur Vorbereitung der 18. Tagung des Rates der EWG am 14. Januar 1959; Bonn, 12 I 1959: EA3, Hünke: Synopse der Vorschläge zur Kontingentsaufstockung im Rahmen einer Übergangslösung (Stand vom 10. Januar 1959).

17 MAE, DE-CE, Papiers Directeurs Olivier Wormser, Vol. 43: Paris, 19 I 1959: Wormser à l'ambassade à Londres, a. s. conversations franco-britanniques; Paris, 7 IV 1959: Note a. s. négociations commerciales franco-britanniques.

18 CAMPS, *Britain*, pp. 173-209.

option presented by the three Commissioners contained further sectoral studies which should form the basis of any agreement. Müller-Armack and van Scherpenberg had some minor suggestions for the improvement of this option. At the end they reaffirmed once more that the Federal Republic regarded an FTA as a binding link between the customs union and liberal world trade the establishment of which, they claimed, was both necessary and possible[19].

As the first and second memoranda of the Commission were to prove, the Germans cut no ice with the Commissioners. The Commission remained committed to an agenda that had repeatedly been rejected by the Federal Government. Müller-Armack and van Scherpenberg had told the Commissioners in January what they thought of their plans. They in turn had chosen to ignore the German view on that occasion. The same was true for the German comments on the two Commission memoranda of 26 February and 17 September 1959[20].

While the German position on the principle of having an FTA did not change at all before the late summer of 1959 and was aimed strongly at an overall solution[21], it changed greatly in terms of the demands with which they would now be content, if the French agreed to have the FTA at all. In talks with Wormser in March, Müller-Armack presented very detailed proposals for an FTA solution generously accommodating all previous French reservations. His proposal sought to achieve a common French-German position among the Six and foresaw a "décalage" (a delay in the start of operation of the association) of four years, a percentage rule requiring 90% value added within the area, harmonised tariffs, the

19 BA, B102 - 11165: Bonn, 29 I 1959: Vermerk über den Besuch der Herren Rey, von der Groeben und Marjolin von der Kommission am 28. Januar 1959 im BMWi.

20 BA, B102 - 11165: Bonn, 14 IV 1959: Der Bundesminister für Wirtschaft an den Herrn Staatssekretär des Bundeskanzleramtes. Betrifft: Verhandlungen über die Freihandelszone. Hier Arbeiten im Sonderausschuß der EWG. Bonn, 7 X 1959: Deutsche Stellungnahme zur 2. Denkschrift der Kommission.

21 Müller-Armack argued for a "solution d'ensemble" in talks with the French in September 1959, while the French firmly insisted that there could only be ad hoc measures for the moment until France was ready to adopt a "global" or a "European" approach. See MAE, DE-CE, Papiers Directeurs Olivier Wormser, Vol. 44: Bonn, 17 IX 1959: Compte-rendu de la réunion franco-allemande tenue le 16 septembre 1959 à Bonn. See also PA - AA, Ref. 200, Bd. 459: Bonn, 17 IX 1959: Abteilung Dg 40, Aufzeichnung, Deutsch-französischer Meinungsaustausch über die multilaterale Assoziation.

Carli-tax and social harmonisation[22]. There was nothing to indicate that the British or indeed any other OEEC member outside the EEC would have agreed to that set of arrangements. Hence Wormser did not even comment on the proposal and pointed to his scepticism concerning their attitude. Müller-Armack made a futile attempt to argue that the British position had evolved in the meantime, but thereby only revealed to what extent he and the BMWi was out of touch with reality. This was highlighted by the fact that Carstens felt the need to tell Wormser privately that what Müller-Armack had said reflected only his personal position and, while it was shared by van Scherpenberg, it did not reflect the opinion of the Federal Government. In a conversation with van Scherpenberg, Wormser later insisted that the Federal Government should handle these problems at least until October in a purely academic way. The impression the French must have got from van Scherpenberg's approval to that and indeed from all the talks at Aachen and Bonn was one of a complete mess in the Federal Government and a complete victory for France's strategic position for the rest of that year. Even the economic committee of the Bundestag seems to have had better information than Müller-Armack. His view that with the restoration of convertibility the EEC had lost its essential functions, and his optimism that the French could soon be persuaded to endorse the FTA approach was regarded as completely unrealistic at a committee meeting in June[23].

Until July the Federal Government treated the whole question on the basis of the analyses which it had done during the course of the Maudling negotiations and in preparation for them. In its reaction to the first Commission memorandum[24] the Federal Government made concrete proposals for a final arrangement of a multilateral association. The ultimate concept was still that of an FTA. In the

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22 For this and the following see MAE, DE-CE, Papiers Directeurs Olivier Wormser, Vol. 43: Paris, 25 III 1959: Note par Olivier Wormser, a. s. conversations franco-allemandes d'Aix-la-Chapelle et de Bonn (24 mars 1959).

23 Bundestagsarchiv, 3. Bundestag, 16. Wirtschaftsausschuß, Protokolle 46. bis 80. Sitzung: Kurzprotokoll der 50. Sitzung des Wirtschaftsausschusses am Mittwoch, den 24. Juni 1959 in Bonn.

24 PA - AA, Ref. 200, Bd. 289: Bonn, 3 III 1959: Aufzeichung: Erstes Memorandum der Kommission der EWG zur Frage der Europäischen Wirtschaftsassoziation vom 26. 2. 1959; see also BA, B102 - 122301: Bonn, 5 III 1959, EA3, Hünke an Müller-Armack, Meyer-Cording, betr.: Stellungnahme zum Memorandum der Kommission der EWG über eine Europäische Wirtschaftsassoziation vom 26. Februar 1959; Bonn, 17 III 1959, EA3, Hünke an Müller-Armack, Meyer-Cording, betr.: Skizze der Bemerkungen der Bundesregierung zur Denkschrift der Kommission.

German view a long term solution of this kind could be best achieved, if tariff reductions were first implemented for goods that were mostly produced in the area, for other goods the tariffs of which were equal or close to equal in the EEC and the member countries of the association which were not members of the EEC, and finally for goods for which sectoral agreements had been reached regardless of whether they also qualified for the two other product groups. The proposal went on to suggest that, for these goods, tariff reductions could start practically immediately, while for all other goods a study group should be formed. The solution for goods not qualifying for immediate tariff reductions was seen in the application of compensatory charges as proposed by Carli or, alternatively, in a harmonisation of tariffs. Other elements of the German proposal were GATT conformity, the co-ordination of commercial policies and a "décalage" in order to allay fears in France and the Commission that the EEC might be damaged by the project[25].

The objective of forming an association was also still the core of the German response to the second memorandum. Yet the concept of an FTA was not mentioned explicitly any more, as had been the case in the response to the first memorandum. In essence the BMWi regarded the second memorandum as completely pointless, since, in the view of their European department, it did not contain any new idea. Hünke criticised the fact that the European aspect was not given enough weight and that the Commission was only aiming to strengthen its own position rather than following its mandate to promote a European economic association[26]. Yet inspite of this negative assessment by the BMWi, the Federal Cabinet welcomed the memorandum at least in principle, while the BMWi as well as the Bundesbank wanted to have the memorandum amended by a clear statement in favour of a European rather than a global solution[27].

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25 BA, B102 - 11165: Bonn, 14 IV 1959: Der Bundesminister für Wirtschaft an den Staatssekretär des Bundeskanzleramtes [Globke]: Kabinettsvorlage. Betr.: Verhandlungen über die Freihandelszone; hier: Arbeiten im Sonderausschuß der EWG. Annex: Bemerkungen der Bundesregierung zu der Denkschrift der Kommission vom 26. Februar 1959 und weitere Anregungen.

26 BA, B102 - 11165: Bonn, 19 IX 1959: EA3, Hünke an Müller-Armack: Erste Stellungnahme zur Denkschrift der Kommission vom 17. September 1959.

27 BA, B102 - 11165: Bonn, 22 XI 1959: EA3 Leyser: Ergebnisprotokoll der Ressortbesprechung am 16 Oktober 1959 über die Denkrschrift der Kommission der EWG vom 17. September 1959.

The first slight change in the German position and the reluctant abandonment of the FTA concept had come about as a reaction to the talks between the Seven on forming an FTA among themselves. In the fourth meeting of the EEC's Special Committee on the FTA (Rey Committee) Müller-Armack made it clear that the Federal Republic continued to pursue a European economic association, but that the likely establishment of the small FTA would make the immediate creation of such an association impossible. The building of a bridge between the two groups would instead be needed[28]. Müller-Armack's reasoning implied that the Seven, by forming EFTA, actually helped Adenauer, the AA and the Commission to get it their way, as far as the German position was concerned. The formation of EFTA, far from being a leverage for the Seven for pressure in favour of the association, thus actually precluded any immediate resumption of negotiations to that end[29].

4.2 The formation of EFTA and its expected impact on German trade

The fear of the small free trade area

It has already been mentioned that German industry was slow to respond to the failure of the Maudling negotiations and that its associations did not contact the Government on developments at the European level before the EFTA project first took shape in the negotiations between the Seven which started in June 1959[30]. One might assume that individual businesses would not tend to alert their respective associations, unless they faced direct problems for their foreign trade. As concrete negotiations on important changes of international trade in Europe had ceased and the impact of the initial measures of the EEC had been lessened, it is unlikely that

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28 BA, B102 - 11165: Bonn, 13 VII 1959: Kurzbericht über die 4. Sitzung des EWG Sonderausschusses "Freihandelszone" am 9. Juli 1959 in Brüssel.

29 According to American reports, it seems that even in Whitehall it was eventually recognised that the formation of EFTA had had a solidifying effect on the Six and had enhanced the likelihood of acceptance of acceleration among them. FRUS, 1958-1960, Vol. VII, Part 1, *Western European Integration and Security; Canada*, pp. 279-281: London, 8 IV 1960: Telegram from Embassy in the UK to the Department of State. The AA pursued a conscious policy of strengthening the position of the Commission. See PA - AA, Ref. 200, Bd. 354: Bonn, 24 XI 1959: Obermann an Abteilung D2, betr.: Stellungnahme des Herrn Bundeskanzlers gegenüber General de Gaulle zur Frage der Beziehungen zwischen EWG und EFTA.

30 On the history of EFTA see most recently LIE, BIARNE: *A Gulliver among Lilliputians. A History of the European Free Trade Association 1960-1972*. Oslo 1995. [Unpublished MA thesis].

German enterprises should have expected a significant change in their foreign trade situation[31]. The fact that the formation of the CET was only to start in 1962 made the odds of this undertaking for the German economy more bearable. Some of the measures involved, like the reversal of the substantial unilateral German tariff reductions of 1957, might actually have been welcome by a good number of industrial sectors. For the economy as a whole the effects of this particular measure was seen as unwelcome by the ministry of economics because of potential inflationary effects[32]. In addition to that it seems highly unlikely that a major part of German industry was aware of what these things would mean to them in a few years time and whether they would have to be judged as beneficial or detrimental. Since 1959 also saw a remarkable production growth and trade expansion, fears and complaints were even less likely to arise[33].

Table 4.2.1: Output of West German manufacturing industries by sectors - annual percentage increase 1958-1959

	1958	1959
NF-metals		
production	2.66	8.29
semi products	4.62	11.24
mechanical engineering	0.84	3.35
vehicles	19.24	16.67
electrical engineering	14.78	10.18
iron-, sheets-, metal products	0.00	11.56
chemicals	7.27	13.98
glass	3.14	9.14
asbestos, kautschuk	3.47	15.79
timber processing	-4.39	3.67
paper production	0.58	6.32
paper processing	0.53	9.04
textiles	-5.99	3.82
finished textiles only	-4.78	5.53
clothing	-4.98	5.68

Source: Wirtschaftskonjunktur. Berichte des Ifo Instituts für Wirtschaftsforschung, 4/1964, 2. Beilage: Zahlen zur Branchenkonjunktur.

31 For the quantitative analysis of the impact of EEC and EFTA on German foreign trade see chapter 6.

32 CAMPS, *Britain*, p. 256.

33 After exports in manufactured goods had grown at 4% in 1957-8 they grew at 11% in 1958-9. To the EEC exports grew at almost 17% and to the EFTA at 13.5% in 1959. Source: STATISTISCHES BUNDESAMT (ed.): *Der Aussenhandel der Bundesrepublik Deutschland und Berlins (West). Teil 3. Der Spezialhandel nach Bezugs- und Absatzgebieten und nach Warengruppen und -untergruppen. 1957-1959.* Stuttgart 1958-1960.

That changed when the Seven convened their first negotiations on the formation of a "small FTA" at the beginning of June 1959. In a speech to the annual general meeting of the BDI, its managing director Wilhelm Beutler stated that the EEC could not be regarded as an end in itself and that solutions had to be found immediately to overcome the trade divisions in Europe[34]. Later that summer the BDI and the DIHT asked the European department of the BMWi for analyses of the importance of the EFTA for German foreign trade. A bit later the first letters from individual enterprises arrived at the BMWi to express their concerns and to report initial difficulties they had in trading with some of the prospective EFTA countries[35]. Throughout the fall of 1959 the German press echoed these concerns in frequent analyses of the consequences that the formation of EFTA was going to have particularly for the Federal Republic as the single largest trader with the Seven in the EEC. The Handelsblatt, a daily business-newspaper, published a series of articles featuring the impact of the small FTA on German exports as a whole and the exports of individual sectors like mechanical engineering, textiles, cars and the metal processing industry. The essence was that the Federal Republic had a greater commercial interest in doing trade with the Seven than it had in doing trade within the EEC[36].

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34 RWW, HAGHH - Nachlaß Reusch, 40010146-680: Niederschrift über die 10. Ordentliche Mitgliederversammlung des BDI vom 23. Juni 1959 in Berlin.

35 BA, B102 - 12146,2: Bonn, 24 VIII 1959: EA3, Hünke an Müller-Armack. Betr.: Erste Auswirkungen der kleinen FHZ. In this letter Hünke reports that the VDMA, the head organisation of the mechanical engineering industry, described a case of a German exporter of heavy machinery who was asked by his Swedish client to guarantee for any tariff changes that might occur between the signature of the contract and delivery and that would render British machinery possibly cheaper. The Swedish client made the order conditional on this guarantee. The Germans brought this case up even in talks with the French in order to stress the urgency of action avoiding further divisions. Müller-Armack also put it to the French that BDI, DIHT and BDA were all rather concerned about the plans for the little FTA. See MAE, DE-CE, Papiers Directeurs Olivier Wormser, Vol. 44: Bonn, 17 IX 1959: Compte-rendu de la réunion franco-allemande tenue le 16 septembre 1959 à Bonn. For a similar complaint by a German exporter see BA, B102 - 12146,3: München, 12 XI 1959: Zündapp-Werke an BMWi. In this letter the manufacturer of motorcycles asks about the necessity to establish branches in the EFTA countries in order to head off any potential trouble in the future.

36 HANDELSBLATT, 3 XI 1959: "Gefahren der kleinen Freihandelszone. Eine Untersuchung des Bundeswirtschaftsministeriums - Bundesrepublik Deutschland am stärksten betroffen." KÖLNER STADTANZEIGER, 3 IX 1959: "Andere Sieben zerren am deutschen Export". HANDELSBLATT, 24 IX 1959: "Skandinavien darf nicht verlorengehen. Verlust dieses Marktes wäre schwerer Schlag für die Textilindustrie"; 2 X 1959: "Der Siebenerblock

In the ministry of economics in Bonn the results of some initial studies on the formation of a small FTA were available within days after news about the talks of the Seven had broken. The first draft study was presented by the head of the European department within the BMWi, Meyer-Cording, to the state secretary Müller-Armack and transmitted to the leading officials of the AA, Carstens and Harkort, to the BDI, the DIHT and the chairman of the economic committee of the German Bundestag, Fritz Hellwig and others[37]. Thus the BMWi provided all relevant groups and Government departments with initial information about the potential impact of the EFTA. The main concern was naturally the preservation of German export markets. The essential conclusion of the studies that had been done during the first half of June 1959 was that German exports of finished manufactured products might be severely hit once tariff reductions between the Seven would come into effect[38]. As far as imports from the Seven were concerned, the only serious impact expected was an indirect one in the field of agriculture. In an undated draft of the study on the impact of EFTA the European department of the BMWi stated the expectation that if Denmark was granted special concessions on agricultural imports among the Seven at the expense of the Netherlands (as it was in the end), this would entail a higher import pressure by Dutch agriculture on the German market[39].

Apart from these general statements on the impact of EFTA on German foreign trade, a more detailed assessment was provided by the BMWi of the trade relations with the EFTA as a whole and of particular areas of concern in trade with the individual member countries of the Seven. The importance of German trade with the Seven matched that of trade with the rest of the Six in 1957. The Seven then accounted for 27% of German total exports, the Six for 29%. In 1957 the trade

gefährdet die EBM [Eisen, Blech, Metall] - Ausfuhr. Die EWG Außenseiter sind wichtige Abnehmer der EBM - Industrie"; 14 X 1959: "Autoindustrie braucht Große Freihandelszone. Kleine FHZ würde der englischen Konkurrenz Vorteile bringen".

37 BA, B102 - 12146,1: Bonn, 8 VII 1959: Meyer-Cording an Müller-Armack: Entwurf einer Studie über die Bedeutung des Projekts einer kleinen Freihandelszone.

38 BA, B102 - 12146,1: Bonn, 9 VI 1959: EA3, Hünke an Abteilungen EA5, IV/2, VA1, VC1,VC4,5 u. 7: Entwurf einer Aufzeichnung für Bundeskanzleramt, Bundestagsausschüsse für Wirtschaftspolitik und Außenhandelsfragen, Sonderausschuß des Bundesrates für den Gemeinsamen Markt und die Freihandelszone, BDI usw.

39 BA, B102 - 64813: Bonn, [undated]: EA3: Betr.: Bedeutung des Projekts der kleinen Freihandelszone.

balance with the EFTA had shown an export surplus of DM 900 million for the Federal Republic. These 1957 figures in the BMWi's study stated clearly that trade with the EFTA was of prime importance to the Federal Republic[40].

While the actual figures remained undisputed in this case, the interpretation of the trade statistics did not. As was often the case and as shall be shown later, rows arose between the BMWi on the one side and the BMF, AA and the Chancellor's office on the other over how to provide reliable statistics and how to interpret them reliably and without bias in favour of one of the potential options of decision making. In this case it was the "Mitteilungsblatt Europäische Gemeinschaft" which made the allegation that the BMWi was making wrong statements on the basis of the right figures. The "Mitteilungsblatt" focused on the decline in German exports to the Seven in 1958 rather than their levels in 1957 and suggested that the BMWi was denying the fact that, in terms of overall value, the rest of the EEC was clearly Germany's largest trading partner. Hünke rejected this in a letter to the BMWi department for public relations. The true importance of the Seven to German trade was not to be discovered by merely looking at the overall trade value, Hünke argued, but mainly by looking at the trade balance, which in the case of the Seven was much more favourable to the Federal Republic than with the EEC[41]. At the aggregate level all these considerations mattered little to individual sectors, nor did they give any suggestions as to which questions would deserve government attention to be resolved on the international level, if necessary. The politically conditioned differences in emphasis by the BMWi as opposed to the AA in matters relating to the overall importance of trade with the Six and the Seven and the assessment of the potential damage done by not achieving this or that desired solution continued and surfaced every once in a while. The general line in such cases was that the BMWi would tend to highlight the extreme importance of trade relations with EFTA and to draw a gloomy picture if its favoured solutions to the problem were not achieved, while the AA, often supported by the BMF, would try hard to present the figures in a rather less dramatic light.

40 BA, B102 - 12146,1: Bonn, 4 VI 1959: Von EA3, Hünke: Vermerk über die Auswirkungen der kleinen Freihandelszone auf den deutschen Außenhandel.

41 BA, B102 - 12146: EA3, Hünke an Referat LP. Betr.: Mitteilungsblatt "Europäische Gemeinschaft vom 130260".

Sectoral trade with the Seven

When looking at the impact of the formation of EFTA on a country by country basis and with regards to individual industrial sectors, the prospects for German industry on the markets of the Seven were more palpable[42]. The factors determining the discrimination with which German exports would be faced after tariff reductions among the Seven would naturally depend on the previous level of tariffs and on the question of whether or not industries in another member country of EFTA would be capable of replacing the supply previously provided by German industry in terms of volume, quality and price. Average tariff levels were the highest in Portugal, Austria and Norway, hence German exports to these markets were likely to be most threatened, if one did not take transport costs into account which would compensate for part of the negative effects in the case of Austria. While the UK also had a relatively high average tariff level, the BMWi's study suggested that German exports were not in any great danger there, given that the other suppliers in the EFTA would hardly be able to entirely replace German exports to this single largest market among the Seven. Sweden was somewhere in between, while the negative effects of EFTA for German exports to the low tariff countries Denmark and Switzerland were expected to be quite small given their geographical proximity[43]. As far as quota discrimination was concerned, important losses could only have occurred in the Austrian market, given that West Germany's other main trading partners among the Seven, the UK, Sweden and Switzerland all had relatively few and small quantitative restrictions[44].

While the overall negative impact of the formation of the small FTA might not have been seen as very detrimental to German foreign trade, a closer examination of the situation in individual markets of the Seven and in relation to individual industrial sectors showed that damage had to be expected in some sectors of German industry, namely in chemicals, capital goods and finished products at large. In these three groups exports to the Seven were significantly greater than

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42 For the quantitative sectoral analysis done country by country see chapter 6.

43 BA, B102 - 12146: Bonn, 4 VI 1959: EA3, Hünke: Vermerk: Die Auswirkungen der kleinen Freihandelszone auf den deutschen Außenhandel.

44 LIE, *Gulliver*, pp. 26-27.

those to the other EEC member states. This was particularly striking in exports of cars, ships and electrical engines[45]. It was feared that, at a certain point, the tariff discrimination that would develop against the non-Seven would offset the transport cost advantages that Germany might have in some of these markets and that then competing industries within the Seven would then be at a clear advantage. The BMWi tried to clearly identify from where these competitive pressures were most likely to arise in individual sectors. To that end its study provided information on the importance of German imports into each of the Seven and on those sectors where imports from Germany represented the largest value of imports from individual countries.

In the British market Germany ranked as only the seventh most important exporter in the year 1958, but as the biggest European one, with the main items being chemicals, iron and steel, engines and electrical engines as well as photographic and optical material and precision tools for scientific purposes. The relatively high level of average tariffs (22.5%) was likely to lead to high levels of discrimination. Yet generally, it was expected that German exports would suffer only little from that, since the other member states of the EFTA would hardly be able to provide the volume of imports needed on the British market.

Table 4.2.2: Imports into the EFTA markets according to origin as percentage of total imports

	1957	1958	1957	1958	1957	1958	1957	1958	1957	1958	1957	1958
	UK		DK		N		SWE		AUT		CH	
FRG	3,06	3,60	19,28	19,83	17,09	20,17	22,06	23,31	36,17	38,93	24,39	25,96
UK	-	-	24,47	22,81	17,44	15,47	13,87	14,03	4,15	4,35	5,41	5,33
SWE	3,85	3,57	8,99	10,10	16,19	15,91	-	-	1,28	1,16	1,58	1,57
DK	2,80	3,06	-	-	3,16	4,43	4,00	4,00	0,54	0,69	0,95	0,82
CH	0,89	0,96	1,71	2,21	1,29	1,38	1,94	2,12	4,92	4,31	-	
N	1,57	1,47	3,58	3,54	-	-	3,69	3,31	0,66	0,50	0,37	0,43
AUT	0,23	0,22	0,54	0,56	0,46	0,42	0,66	0,72	-	-	2,33	2,46
PORT	0,41	0,38	0,32	0,33	0,23	0,19	0,31	0,31	0,15	0,23	0,21	0,20

Source: BMWI, BA, B102-12146,1: Bonn, 4 VI 1959: EA3 , Vermerk betr.: Die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel; Anlage 2-7.

The predominance of imports from Germany was particularly marked in chemicals and engines, while in iron and steel as well as in precision tools and optical material

45 For the following see BA, B102 - 12146: Bonn, 4 VI 1959: EA3, Hünke: Vermerk über die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel.

Germany was only slightly ahead of Norway and Sweden in the first case and of Switzerland in the latter. Competition was mainly expected to come from Sweden in the engineering sector and from Switzerland in precision tools, watches and photographic and optical material. On the Scandinavian markets the main concerns were for German exports of textiles, engines and motorcars but also of chemicals, metals and ships. In all of these sectors, with the exception of ship exports to Norway, Germany was by far the single largest supplier to the Swedish, Danish and Norwegian markets, Britain in most cases being the second largest with the exception of base metals and ship imports to Norway where Sweden took the second largest and the largest share correspondingly. Concerning the value of overall exports, Germany was second to the United Kingdom in the Danish market while it provided more than all other EEC member countries together to all of the EFTA markets and was the largest supplier for Sweden and Norway. In the case of Austria Germany provided more than three times the total value of imports, in the case of Switzerland more than twice as much as the other member countries of the EFTA and in both cases more than the rest of the other EEC member states together[46].

Table 4.2.3: Imports into the EFTA markets according to origin as percentage of combined imports from the Six and the Seven

	1957	1958	1957	1958	1957	1958	1957	1958	1957	1958	1957	1958
	UK		DK		N		SWE		AUT		CH	
FRG	14,03	15,12	25,43	26,21	24,43	27,57	34,58	35,20	57,14	59,51	37,31	38,71
UK	-	-	32,27	30,16	24,93	21,15	21,75	21,19	6,56	6,64	8,27	7,94
SWE	17,66	14,99	11,86	13,35	23,14	21,75	-	-	2,03	1,78	2,42	2,35
DK	12,85	12,87	-	-	4,52	6,06	6,28	6,05	0,86	1,05	1,45	1,22
CH	4,10	4,03	2,26	2,92	1,84	1,89	3,03	3,20	7,77	6,59	-	
N	7,19	6,20	4,73	4,68	-	-	5,79	5,00	1,05	0,76	0,56	0,64
AUT	1,05	0,91	0,72	0,74	0,66	0,58	1,03	1,08	-	-	3,56	3,67
PORT	1,86	1,59	0,42	0,44	0,33	0,26	0,48	0,46	0,24	0,36	0,32	0,30

Source: BMWI, BA, B102-12146,1: Bonn, 4 VI 1959: EA3 , Vermerk betr.: Die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel; Anlagen 2-7.

As for the expectations of the BMWi concerning German exports to the markets of the Seven in future years, some indications have already been given. In Austria the high tariff levels, particularly for textiles, electrical tools, watches and

46 For the detailed presentation of these figures relating to Germany's position in the export markets of the Seven compared to those of potential competitors see annex 4.2. mainly tables A 4.2.1 - A 4.2.6.

motorcars made losses for German exporters likely. In addition to that a report by the German embassy in Vienna suggested that the Austrian economy would face a major crisis because of the disruptions of commercial relationships with the EEC member countries, which in turn would affect Austria's capability to import. Another grave problem was seen in the fact that Austria was only going to abolish quantitative restrictions vis-à-vis the other Seven which would give Germany's competitors a crucial advantage in the non-liberalised sector[47]. Concerning Switzerland the outlook for German exports seemed to be fairly good. Geographical proximity and a well-established network of agents, as well as other factors like the reliability of services were seen as overriding the immediate tariff changes that would come about with the operation of EFTA. The only real concern was that, if the hope for a Europe-wide solution vanished and retaliatory measures against the EEC were taken, German exporters might lose their advantageous position in the Swiss market[48]. In Denmark the Government was just in the process of revising the tariff schedule. The outcome of this revision was expected to be favourable for most German exports. A deterioration was only expected in the case of cars and engines where Britain was expected to make inroads into the German market position[49]. In the Norwegian market German imports had increased while Swedish imports decreased and those from Britain stagnated. The draft study of the European department expected that this favourable development of the last two and a half years would come to a halt and be reversed, once EFTA started operating. The main concern was that British and Swedish imports to Norway would replace a large portion of German supplies in ships and motorcars[50]. In Sweden imports from Germany had increased during 1958 at the expense of imports from Britain. Immediate dangers to German exports on the Swedish markets even after the first tariff reductions of 20% were therefore not expected. The only concerns were that

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47 BA, B102 - 12146: Wien, 2 IX 1959: Deutsche Botschaft, Dr. Müller-Graf an AA, BMWi: Betrifft: Auswirkungen der kleinen Freihandelszone; LIE, *Gulliver*, pp. 26-27.

48 BA, B102 - 12146: Bern, 19 X 1959: Von. Deutsche Botschaft, Mohr an AA, BMWi.

49 BA, B102 - 12146: Bonn, 9 VI 1959: EA3, Hünke an Abteilungen EA5, IV/2, VA1, VC1, 4, 5, 7: Entwurf einer Aufzeichnung für Bundeskanzleramt, Bundestagsausschüsse für Wirtschaftspolitik und Außenhandelsfragen, Sonderausschuß des Bundesrates für Gemeinsamen Markt und Freihandelszone, BDI usw.

50 BA, B102 - 12146: Oslo, 21 IX 1959: Deutsche Botschaft an AA, BMWi: Betrifft: sogenannte kleine Freihandelszone.

German semi-manufactures might quickly lose competitiveness on the Swedish market ~~quickly~~. What became more worrying than the formation of EFTA was the reaction with which the heightening of German tariffs would be met by the Swedish side once the CET would come into effect according to Hallstein's acceleration in early 1960. Under these circumstances the substantial Swedish exports of finished products to Germany might be severely hit, which in turn might have negative repercussions on German exports to Sweden[51].

As far as the EEC as a whole was concerned, the formation of EFTA was of much greater importance to Germany and the Netherlands than to any other member state[52]. The Netherlands were running a balance of payments surplus with the Seven which was particularly important for Dutch agricultural exports. At the other extreme was Italy which, as the only member state of the EEC, had a negative trade balance with the Seven[53].

4.3 German industry, the federal Government and the Hallstein-Plan

Proposals for the acceleration of the internal tariff reductions within the EEC and an early beginning of the formation of a common external tariff were debated among the Six by early February 1960 in the framework of the Rey Committee. Several proposals by the Dutch, the French and by the Commission of the EEC were on the table[54]. The West German Government had not made up its mind by then as to which line to take in response to these proposals. It took the Federal Cabinet roughly until April to come up with modification proposals[55]. In the meantime the Commission had already published the Hallstein-Plan for the acceleration of the tariff changes foreseen in the treaty on the EEC and the public debate about it had begun. The BDI and individual industrial associations as well as the representatives

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51 NEUE ZÜRCHER ZEITUNG, 21 V 1960.

52 BA, B102 - 12146: Den Haag, 27 VIII 1959: Deutscher Botschaft Betrifft: Niederländische Haltung zur kleinen Freihandelszone.

53 BERLINER BANK: Mitteilungen für den Außenhandel Nr. 6/59, 29 VI 1959.

54 For the commission's proposal on acceleration see PA - AA, Ref. 200, Bd. 277: Bonn, 17 III 1960: EWG/Vorschläge der Kommission zur Beschleunigung des Vertrages vom 26. Februar 1960.

55 Müller-Armack briefed the Bundestag's economic committee on the acceleration plan in March 1960. See Bundestagsarchiv, 3. Bundestag, 16. Wirtschaftsausschuß, Protokolle 46. bis 80. Sitzung: Kurzprotokoll der 74. Sitzung des Wirtschaftsausschusses am Donnerstag, den 17. März 1960 in Bonn.

of German agriculture flatly rejected the Hallstein plan or wanted to see at least some important modifications being made[56].

Table 4.3.1: Acceleration proposal and treaty provisions[57]

Hallstein Plan	Treaty of Rome	Hallstein Plan	Treaty of Rome
internal tariff reductions		vis-à-vis third countries (CET)	
1st July 1960: lowering by 20%	1st July 1960: 2nd lowering by 10%	first step toward CET on 1st July 1960 (base CET minus 20%)	first step toward CET on 1st January 1962 30%
31 December 1961: lowering by 20%	31 December 1961: 3rd lowering by 10%	extension of internal reductions to third countries	2nd step toward CET on 1st January 1966, again 30%
end of 1st phase: of the transitional period lowering by 50% p	1962-66: 3 lowerings each by 10%		CET to be reached at end of transition 1970

They therefore pressed the Government at different levels to respond to their concerns and to demand changes at the international level before the final decision of the council of ministers of the EEC was due in early May 1960. In the following a brief account of the early international talks about the acceleration proposal and the initial German position will be given. It has to be analysed what the differences between the possible timetables were for the German external tariff. It will then be shown how German industry and agriculture reacted to the Commission's plans and how they sought to influence the Federal Government to amend these proposals.

The acceleration proposals at the international level

The first multilateral talks about the acceleration of the tariff adaptations envisaged in the treaty on the EEC took place in the Rey Committee on 8 February 1960. In that committee meeting Müller-Armack had to reserve the German position on acceleration, since the Cabinet had not managed to arrive at a united decision on the matter. The issue of acceleration had been mentioned in the second memorandum by the Commission in September 1959 as a means to strengthen the EEC. The BMWi

56 *BDI Jahresbericht* 1960, pp. 28-29; HDI - NB254, Köln, 22 XI 1960, BDI, Außenhandelsabteilung: Ergebnisbericht über die Arbeitsbesprechung mit den Mitgliedsverbänden über Außenhandelsfragen.

57 All internal quotas except those for agriculture were abolished by the end of 1961. For the precise timing of the reductions of tariffs and quotas and the establishment of the CET under the treaty of Rome and the actual schedule followed according to the acceleration decisions see WALTER, INGO: *The European Common Market. Growth and Patterns of Trade and Production*. New York [et al.] 1967, pp. 6-15.

had regarded it from the very outset as detrimental to the German interest[58]. Acceleration surfaced again on the international level only after France and the Commission had brought it on the agenda in spring 1960[59]. It was a particularly difficult issue in West Germany for reasons relating to the precise arrangements envisaged for the creation of the CET of the EEC. It was also disputed between the AA, which was broadly in favour of it, and the BMWi. Erhard took a very strong stance on that issue[60]. The main problem was that the tariff levels of January 1957 had been chosen in the treaty as the starting point for the adaptation process. To complicate matters, the BMWi had implemented a number of unilateral tariff reductions for "konjunktur - political" reasons in the mid 1950s, the last of which had taken place after January 1957 and had amounted to a reduction of 25% of previous tariff levels. These unilateral tariff reductions obviously had to be reversed once the process of convergence of the tariff levels toward the projected CET would begin. The Federal Republic would therefore have to raise the tariff levels that were applied at the moment when this process started, while in relation to 1957 the changes were considerably smaller[61]. With the proposal to accelerate this adjustment, the effect of these increases would be felt more and much earlier. The effect of the Commission's proposal was estimated by the BMWi to be that the customs duties levied on imports from third countries into Germany would rise by DM 125 million to 400 million on 1 July 1960. DM 91 million of the increase would be because of the reversal of the "konjunktur - political" tariff reduction of 1957 and only DM 34 million on account the first adaptation to the CET[62]. The BMWi certainly feared that these tariff increases would cause inflationary pressures,

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58 BA, B102 - 12218b: Bonn, 28 IX 1959, Von. EA3, Hünke an Müller-Armack und Meyer-Cording, Betr.: Vorbereitung zur Ressortbesprechung am 29. September 1959 über die Denkschrift der Kommission vom 17. September 1959 (2. Übergangslösung); Bonn, 26 XI 1959: Von. EA3, Hünke an Meyer-Cording Betr.: Vorzeitige Heranführung an den Gemeinsamen Außentarif der EWG.

59 At that point the French were sure that acceleration had American support and that Luns' and Erhard's attempts to avoid it were rejected by the US administration. See MAE, DE-CE, Papiers Directeurs Olivier Wormser, Vol. 45: Paris, 6 II 1960: Olivier Wormser à l'ambassade à Washington.

60 While Müller-Armack and Meyer-Cording thought a slight rise in the German external tariff was acceptable, Erhard remained absolutely firm. See PA - AA, Ref. 200, Bd. 277: Bonn, 19 I 1960: Dr. Sachs, Vermerk betreffend die Vorschläge zur Beschleunigung der Integration des gemeinsamen Marktes.

61 See annex 4.3.

while some manufacturers might have expected a negative impact on their price competitiveness particularly in the markets of the Seven, due to higher costs for primary materials and semi-manufactures. There might also have been the concern that a heightening in Germany's tariffs would cause some sort of retaliation or at least a worsening in climate vis-à-vis the USA[63].

On 24 November 1959 the council of ministers of the EEC had decided on a number of measures to be taken throughout the following year and general lines of policies to be followed in the future. These were designed on the one hand to lessen once more the impact of discrimination towards third countries and to strengthen the cohesion of the EEC on the other. They comprised the extension of a number of quota and tariff concessions to third countries within the GATT, in particular the tariff reductions which were due to be made according to the EEC schedule by 1 July 1960. The council decision proposed that this extension to take place on a temporary basis. The other main point of that decision was to create a European Contact Committee to conduct the dialogue with the Seven. Another point was to declare the determination to intensify the cohesion of the EEC, which was said to be the precondition for any liberal policy towards the outside world[64].

The proposals by the Commission and by France, which were discussed in the Rey Committee in February 1960 seem to have followed this line of thought. The French proposed to link together the next step of internal tariff reductions and the first step towards the establishment of the CET on 1 July 1960 and to increase the internal tariff reduction from 10% according to the treaty to 20%. The Commission made a very similar proposal with the main modification that the first adaptation of national tariff levels towards the CET should be made, if it was to be a lowering towards the CET and, in the case where it was to be a heightening of the existing national tariff level, it should be made towards the CET reduced by 20%.

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62 BA, B102 - 12205,1: Bonn, 7 IV 1960, EA3, Hünke, an Müller-Armack, Betr.: Vorschläge zur Modifikation des Hallstein Plans.

63 US and Canadian officials had made it clear to Müller-Armack that any heightening of German tariffs was very badly received in North America. See PA - AA, Ref. 200, Bd. 277: Bonn, 19 I 1960: Dr. Sachs, Vermerk betreffend die Vorschläge zur Beschleunigung der Integration des gemeinsamen Marktes.

64 BA, B102 - 12218b: Straßburg, 24 XI 1959, Von. EWG-Rat: Betr.: Beschluß des Rates auf 25. Tagung am 23-24 November 1959.

This suggestions might have been made by the Commission to make the move a bit more palatable to the low tariff countries within the EEC.

Two days before the meeting of the Rey Committee the Federal Government had not come to a common position on acceleration. The BMWi flatly rejected the possibility of any heightening of German external tariff levels, while the AA thought it to be unrealistic to follow that line in international negotiations. The reasons the BMWi gave for its position were that such a move would be highly undesirable in terms of "Konjunkturpolitik", that it was likely to even increase the German balance of payments surplus, that it would be seen as an unfriendly act by EFTA and that the USA would not like it either[65]. In the meeting on 8 February, Müller-Armack and Wormser found themselves in clear confrontation. The Germans were not ready to approve of acceleration and rejected the French "package" aiming at the reduction of internal tariffs and the beginning of the creation of the CET at the same date on 1 July 1960. Müller-Armack said that Germany would certainly observe the treaty on the EEC, but would not accept the French proposal. Wormser in turn remained firm in his demand that internal reductions and the creation of the CET must not be separated from each other[66]. Proposals by the Dutch and the Germans in the committee meeting aimed at avoiding further discrimination between the Six and the Seven. The Dutch proposed that the EEC extend its tariff reductions on 1 July to all GATT member states and that EFTA do the same. In addition to that they suggested that the CET should be lowered by 20%. The German proposal was practically identical to the Dutch, but the Germans felt it was unrealistic to expect the Italians and the French to go along with the extension of the internal tariff cuts to all GATT members once more[67].

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65 BA, B102 - 12204,2: Bonn, 6 II 1960, EA3: Sprechzettel zur Frage des Handelsausschusses der 20 [sic!].

66 BA, B102 - 12204,2: Bonn, 8 II 1960: Handschriftliche Aufzeichnung über die Sitzung des Comité Spécial.

67 BA, B102 - 12204,2: Bonn, 6 II 1960, EA3: Sprechzettel zur Frage des Handelsausschusses der 20 [sic!]; Bonn, 11 II 1960, EA3, Hünke: Bericht über die Sitzung des Sonderausschusses der EWG am 8. Februar 1960.

German industry and the Hallstein Plan

The potential problems faced by German industry and agriculture that could result from the acceleration as proposed by the Commission were very diverse in nature. The larger industrial associations aired the concern that acceleration of the creation of the CET would deepen the rift between EFTA and the EEC, and that this might have serious detrimental effects on German exports to the Seven. Certain industrial sectors as well as agriculture were more concerned about the internal reduction of tariffs and of quantitative restrictions. There were also important regional differences, with the Northern German regions' links to the Scandinavian and British markets and the Southern and South Western proximity to the opening markets of France and Italy[68]. But given the fact that the whole issue was highly complicated and that the matters which were addressed were not likely to exert any effect on German exports before the end of the year or even later, the response by German industry was not very strong as far as the smaller industrial associations were concerned. This might be a function of the fact that the smaller associations did not command the resources to conduct major studies on this issue. The smaller associations did not have continuous access to the relevant Government agencies and the decisive political figures, nor were they so much concerned with or involved in the making of the medium and longer term commercial policy. It is therefore no surprise that the comments on acceleration reflected in the files of the BMWi came from the umbrella organisations, the BDI, the DIHT the farmers federation (DBV) as well as a few of the larger specialised industrial association like the VDMA (mechanical engineering industry) and the EBM (metal processing industry). It is worth mentioning though that at least the DIHT provided its sub-units, the local chambers of commerce, with fairly detailed information about the acceleration plans and their potential impact[69].

68 Thus, the vice-president of the BDI and president of the Association of Bavarian Industry, Rodenstock, argued in favour of acceleration. The motivation behind this was clearly to secure the integration of the Six and preferential access to the French and the Italian market for Bavarian industry. See MAE, DE-CE, Papiers Directeurs Olivier Wormser, Vol. 46: Article du Professor Rodenstock, paru dans le "SÜDDEUTSCHE ZEITUNG", le 20 avril [1960].

69 The DIHT was in fact already thinking about more far-reaching solutions to the problem at this time. BA, B102 - 12204,2: Bonn, 17 II 1960, DIHT, Kuhn an Industrie- und Handelskammern und Mitglieder des Europa-Ausschusses, Betr.: Lösungsmöglichkeiten der Europa-Frage.

Of the interest groups mentioned only the DBV and the BDI contacted the Chancellor directly to make their views heard at the highest level, as their presidents Edmund Rehwinkel (DBV) and Fritz Berg (BDI) had direct access to Adenauer. Adenauer was also contacted on the issue of acceleration by the Gemeinschaftsausschuß der Deutschen Gewerblichen Wirtschaft[70]. This organisation comprised the largest associations of German business, including BDI, DIHT, BDA, commercial associations, bankers' associations and the representation of other services like insurances and transport as well as retail industry. In addition to the direct contacts with Adenauer the BDI was continuously in touch with the BMWi as was the DBV with the federal Ministry of Agriculture (BML). The fact that all German business threw its weight behind the plea that had been made by the BDI gave this viewpoint a very strong position in the Cabinet considerations. Against this seemingly united front of German business, the DBV and the BML were likely to lose out. Yet while the German agricultural interest was clearly expressed, the analysis of the industrial interests needs some differentiation.

The acceleration of the establishment of the CET meant that a good number of sectors of German industry were likely to face less competition than before, in cases where their main competitors were based outside the Six. These sectors were therefore highly unlikely to share the generally rather critical view adopted by the BDI. Other sectors might have found that the increased competition within the EEC after the accelerated reduction of internal tariffs would be unacceptable to them. Others again, whose main export markets were the Seven had to fear the possibility of retaliatory measures by the EFTA member countries, once the German external tariff had to be raised for their products, because of the complication related to the "konjunkturpolitische Zollsenkung" of July 1957. For yet other sectors the acceleration of internal tariff reductions will have been very desirable, since it was going to open up the highly protected Italian and French markets quicker than expected. Thus, even at a very general level, a good number of very different

70 BA, B136 - 2553: Köln, 11 III 1960, BDI, Fritz Berg an Adenauer; B136 - 2557: Bonn, 23 III 1960, DBV an Kanzleramt: Entschließung des Präsidiums des DBV vom 22 März 1960 zu den Empfehlungen der Kommission zur Verkürzung der Übergangszeit; B136 - 2558: Bonn, 11 V 1960, DBV, Rehwinkel an Adenauer; B136 - 2558: Bonn, 29 IV 1960, Gemeinschaftsausschuß der Deutschen Gewerblichen Wirtschaft, Paulsen an Adenauer.

responses by German industry was to be expected. In view of this the fiercely critical reaction by the BDI was not necessarily to be expected, nor could one assume that it was strongly and unanimously backed by its member associations. The reason for the BDI's negative attitude toward acceleration lay clearly in the overall assessment that the EFTA was such a very important export market and that the UK was Germany's most important competitor there.

In a position paper relating to the acceleration proposals of the Commission the BDI delivered a devastating verdict on the Hallstein Plan[71]. It demanded that no measures be taken which would increase the commercial discrimination between the Six and the Seven. The internal tariff reductions in both trading blocs and the introduction of rules of origin in the EFTA would not only bring undesired psychological effects which would be detrimental to trade in Europe, but more seriously, the measures proposed by the Commission and their combined side-effects would impede investment decisions. In these circumstances the BDI deemed the Hallstein Plan as simply untenable.

While the proposed increase in the internal tariff reductions among the Six was already pretty bad in terms of increasing discrimination, the BDI regarded the early steps towards the establishment of the CET as even worse particularly for the Benelux countries and for the Federal Republic, where tariffs would have to rise. The reversal of the "konjunkturpolitische" tariff reduction in Germany on top of this was entirely unacceptable to the BDI. The leading German industrial association had no good words either for what the Commission regarded as an important concession, the reduction of the CET by 20%. The BDI complained that the Commission had proposed this reduction only as an anticipation of the potential outcome of tariff negotiations in the GATT and that corrections could still be made on that, if the results of the negotiations were not satisfactory. The BDI rightly argued that this made negotiations on the matter with the Seven practically impossible. In the view of the BDI, negotiations between the Six and the Seven had to be initiated as soon as possible within the framework of the Trade Committee of the 21. Consequently, the BDI made suggestions for talks on a unification of EFTA

71 BA, B136 - 2553: Köln, 11 III 1960, BDI, Stellungnahme zu den Empfehlungen der EWG-Kommission für die beschleunigte Durchführung der Römischen Verträge, insbesondere zu den Auswirkungen auf das Verhältnis EWG-EFTA.

and EEC and on an interim solution as long as that union could not be achieved. This paper was sent to the Chancellor with a direct letter from the president of the BDI, Fritz Berg. He explicitly asked Adenauer not to grant German support to the recommendations by the Commission[72].

When the "Gemeinschaftsausschuß der Deutschen Gewerblichen Wirtschaft" wrote to Adenauer at the end of April, the language was a bit softer on the Hallstein proposal. German business no longer rejected it in principle, but suggested it should only be implemented, if a deepening of differences between EEC and EFTA could be avoided and if a serious attempt would be made first to achieve an improvement of the relationship between the two trading blocs. But the "Gemeinschaftsausschuß" was quite clear about what they wanted from their Government: "From this follows the expectation of the Gemeinschaftsausschuß that the Federal Government throw their weight behind a liberal tariff and commercial policy of the EEC and that they oppose the overly far-reaching and dirigist Commission proposals in the field of agriculture"[73]. It seems that German business had changed its attitude toward acceleration.

While the overall assessment was still unfavourable as far as the effects on relations with EFTA were concerned, there might have been pressure from some sectors of German industry which looked forward to the opening of the French and Italian market. This change of attitude is also reflected in a letter from the second highest ranking official of the BDI, Wilhelm Beutler, to Ludwig Erhard just a day before the decisive meeting of the EEC Council in May. The stress by the BDI then, was on the efforts to initiate talks with the Seven rather than on the criticism of the Hallstein proposal. In any case, some concessions had been obtained by the BDI on acceleration from the Federal Government which it had pledged to push through at the international level. At a DIHT conference in Kassel on 5 April 1960 the banker Hermann Josef Abs gave a speech in which he took a rather positive attitude towards the acceleration project as it stood then in the international talks. He stressed that the acceleration proposal provided the unique chance to lower the CET, which in turn would be rewarded by reciprocal concessions which EFTA

72 BA, B136 - 2553: Köln, 11 III 1960, BDI, Fritz Berg an Adenauer.

73 BA, B136 - 2558: Bonn, 29 IV 1960, Gemeinschaftsausschuß der Deutschen Gewerblichen Wirtschaft, Paulsen an Adenauer.

might make. Abs impressed on the conference that there was no point in taking a negative view on acceleration as such, but that its weaknesses had to be removed. He argued in favour of a package deal including acceleration and the reduction of tariffs vis-à-vis third countries. The provisional reduction that was on the table so far would have to be made irreversible, Abs argued. The Federal Government should also make sure that the "konjunkturpolitische" tariff reduction of 1957 should not be reversed in one go, but in at least two steps[74]. Müller-Armack had presented a very similar proposal for a phased reversal of the "konjunkturpolitische Zollsenkung" to the French in March 1960[75].

The only unequivocal rejection of the acceleration plan that remained, before the EEC council gathered on May 11, seemed to come from agriculture, which feared the faster elimination of quantitative restrictions among the Six envisaged in the Hallstein Plan[76]. The impression that the president of the DBV might have made on Adenauer with his last-minute telegraph just before the EEC council was to begin, might have been countered by the position taken by Mr. Praß, a high ranking official in the Chancellor's office, who briefed Adenauer on the same day on the position of German agriculture. The impression he gave to Adenauer was not quite in line with what Rehwinkel had said in his telegraph. Praß took the view that German agriculture had not really provided a clear position and that German farmers would have to make a few concessions anyway, if the acceleration plan was to be pushed through in a favourable way for German industry. In his view German industry was actually rather much in favour of acceleration[77]. In the circumstances it was highly unlikely that Adenauer would have done anything to support the position of German agriculture on this particular point.

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74 BA, B102 - 12205,1: Kassel, 5 IV 1960, Rede von Herman Josef Abs bei der Tagung des DIHT in Kassel am 5. April 1960.

75 Müller-Armack's proposal to the French suggested that the reversal should take place in two steps, the first due on 1 July 1960 and the second on 1 January 1962. MAE, DE-CE, Papiers Directeurs Olivier Wormser, Vol. 45: Paris, 10 III 1960: Système de M. Müller-Armack.

76 BA, B136 - 2557: Bonn, 23 III 1960, DBV an Bundeskanzleramt, Entschließung des Präsidiums des DBV über die Empfehlung der Kommission zur Beschleunigung der Übergangszeit; Bonn, 11 V 1960, DBV, Rehwinkel an Adenauer.

77 BA, B136 - 2558: Bonn, 11 V 1960, Praß an Adenauer, Betr.: Beschleunigte Verwirklichung der EWG.

The intra-Governmental struggle over the Hallstein Plan

At the level of the Federal Cabinet the Hallstein Plan opened yet another round in the long series of fights between the BMWi and the AA. Ludwig Erhard did not miss any opportunity to make his views known to the public and to show to the AA, to the Chancellor's office and the BMF, who was the master of economics and statistics, which in his view was and had to be the BMWi and the Minister himself. The fight over the Hallstein Plan was also yet another episode in the continuing battle between Erhard and Adenauer. Erhard made use of the fact that Adenauer had left Bonn for a state visit to the USA. The Minister of Economics obviously enjoyed the apparent unity of opinion of German industry behind him. He also felt the support from the Bundesbank against the acceleration plan and he seems to have been once more in a mood where he felt he was morally obliged to step in against Adenauer making statements on an economic issue for which he was ill-prepared anyway, in Erhard's view, and in this case particularly so, since he had been briefed by AA officials who, Erhard believed, were just as incompetent in these matters as the Chancellor himself.

Adenauer had met Eisenhower on 15 March 1960. In the communiqué that they issued that day they endorsed the Hallstein-Plan. Erhard felt he could not remain silent on this matter. He called a press conference and aired his concern over the acceleration proposal and the damage it was likely to do to the relationship between the EFTA and the EEC and to the West German economy. The media echoed Erhard's view in the following days. The Chancellor's office felt that Erhard had dramatised the situation greatly by using the statistics in a misleading manner. What was particularly upsetting for the Chancellor's office was the fact that Erhard had called the press conference against the explicit request by the office not to do so. Praß reported to state secretary Globke that Erhard had told the Minister of Finance Franz Etzel that his comments were not directed against the BMF but rather against Adenauer's statement in Washington where the Chancellor, in Erhard's opinion, had obviously relied on advice from the AA without having a clear view of the subtleties of the issue.

Erhard's action risked causing a crisis within the Cabinet. Ministers were openly disagreeing on the line of policy to be followed by the Government on this important issue, while the Chancellor was away and nobody at home seemed to be able to contain the dispute. Etzel and the state secretary van Scherpenberg of the AA suggested that Adenauer should send a telegraph in order to discipline Erhard. Copies of the telegraph should be sent to Krone and Höcherl, the chairmen of the parliamentary faction of the CDU/CSU. It should bind all Cabinet members to refrain from public statements until the Cabinet had convened and decided on the matter[78]. On 22 March 1960 Adenauer sent the requested telegraph to Erhard and the others involved. Adenauer made it absolutely clear that he would not allow Erhard and his ministry any further statements that would cast doubt on the homogeneity of the Cabinet in the question of European integration[79]. State secretary Globke co-ordinated the counterattack from the Chancellor's office. He distributed Adenauer's telegraphs from San Francisco to the ministers Erhard, Etzel and Schäffer. He was also in charge of organising a Cabinet meeting immediately after Adenauer's return from his lengthy trip to the USA and Japan[80]. Adenauer was quite right in judging that the affair had put Germany's position in foreign policy in some danger. Yet the Chancellor's telegraph had obviously served its purpose well. A day later Praß reported to Globke that at a meeting between several Government departments there had been complete harmony between the officials from the BMWi and the AA. Apparently, Müller-Armack was quite happy to support acceleration in principle and gave the impression to be relieved that Adenauer had taken a clear position on the matter in this sense[81].

Although the excitement had soon cooled off, Erhard continued to insist that the substance of what he had said was perfectly right and that he had done so only because von Brentano and Etzel had publicly declared that the acceleration plan had been approved by the Cabinet, while the Cabinet had not even discussed the matter. He had simply intended to put this right. Erhard made it clear now that he was in favour of acceleration in principle as well, but that he would insist that important modifications to that plan had to be made and that it would anyway have

78 BA, B136 - 2557: Bonn, 21 III 1960, Praß an Staatssekretär Globke zur Vorlage, Betr.: Kontroverse BMWi, BMF, AA.

79 BA, B102 - 12218a: San Francisco, 22 III 1960, Adenauer an Erhard.

80 BA, B136 - 2557: San Francisco, 22 III 1960, Adenauer an Globke.

81 BA, B136 - 2557: Bonn, 23 III 1960, Praß an Globke, Betr.: Beschleunigung des EWG-Vertrags.

considerable effects on a number of sectors of the economy. Globke reported all this to Adenauer, who was still in Tokyo. The state secretary did not fail to mention that many others, including a large part of the CDU/CSU faction, shared Erhard's view that modifications to the plan were needed and that negotiations with EFTA were of crucial importance. The president of the Bundesbank, Blessing, had warned that the Hallstein Plan might lead to some price rises which could not be countered any more before the next federal election. While Globke pledged that he and Krone would see to it that differences of opinion would be kept from the public, he advised the Chancellor to proceed carefully, to wait for a clear analysis of the potential effects and to seek certain modifications in the international negotiations[82].

The official German position on acceleration

When the turmoil was over, the combatants returned to the analysis of the statistics on the effects of the proposed tariff changes interpretation of which had been at the heart of the whole conflict. It was not only the fact that Erhard had addressed the public with his concerns over acceleration which had upset the other ministers. The point of contention were the figures he had provided or rather the way in which he had done so. Erhard had stated that the increase in tariff levied on imports from third countries would amount to roughly 45%. The Chancellor's office apparently took offence in the publication of such a high figure in case it might be mistaken and therefore shock the public. The Chancellor's office would have preferred to compare the absolute tariff levels as percentage of the value of goods (which would rise from 2.59% to 3.76%) rather than talk about percentages of percentage levels, which the BMWi did. The main point though was that changes of that order of magnitude, the Chancellor's office held, would occur already as a consequence of "normal fluctuations in trade flows" and should therefore not disquiet anybody. The Chancellor’s office also criticised the fact that the BMWi's study had only focused on some sections of total imports, while the analysis of all imports would lead to far more comforting figures[83]. The EEC Commission supported the chancellery in the

82 BA, B136 - 2557: Bonn, 28 III 1960, Globke an Adenauer in Tokyo.

83 BA, B136 - 2558: Bonn, 2 IV 1960, Praß, Kurzvermerk für Kabinettssitzung, Betr.: Aussprache über die Verkürzung der Fristen des EWG-Vertrags.

view that talking about percentage changes in percentage levels was confusing the public and tried to calm the tensions in the German discussion by putting forward its own statistics[84].

As stated earlier, fights over figures were a normal business between the BMWi and the BMF. The BMF had presented a study of the impact of the Wormser Plan, i. e. the French proposal for acceleration that preceded the Hallstein Plan, already by the end of November 1959[85]. The results were of a kind as to not arouse any worries, as far as additional burdens on the German economy were concerned. In December 1959 the BMF sent this study to the Chancellor's office in response to press reports that had been made on the basis of information by the BMWi. These reports had talked of an increase in tariff burdens on German imports of around 30% through the introduction of the CET. The BMF had checked this and had come to the conclusion that the BMWi's figures were wrong and that the first step of the adaptation towards the CET would not cause more than a 5% increase in the overall tariff burden on German imports[86]. The BMF study had analysed the main 300 tariff positions for imports in 1958 and had extrapolated these figures taking into account the additional reduction of internal tariffs and the first step toward the introduction of the CET as proposed by the French[87]. In the BMWi's press conference in March 1960 the figures presented had sounded even more dramatic. Erhard had talked of a 45% increase in the tariff burden on German imports from third countries. The BMF disagreed with the BMWi over the methods used in the study and the presentation of the figures of the percentage increase that was expected. The main objection was that Erhard's presentation had been sensationalist and that the likely

84 PA - AA, Ref. 200, Bd. 277: Brüssel, 24 III 1960: EWG, Kommission, Informationsdienst: Mitteilung an die Presse. For the details of the figures see Annex 4.3.

85 The Wormser-Plan envisaged for the 1 July 1960 a further lowering of internal tariffs by 20% and a first step toward the CET diminishing the difference between national tariffs and the CET by 30%. See PA - AA, Ref. 200, Bd. 277: Bonn, 27 XI 1959: Bundesministerium der Finanzen, General-Referat Zolltarif: Untersuchung der Auswirkungen des Wormser-Plans.

86 BA, B136 - 1299: Bonn, 10 XII 1959, BMF an Bundeskanzleramt, Vialon, Betr.: Wormser Plan, hier: Zusätzliche Belastung der deutschen Wirtschaft.

87 BA, B136 - 1299: Bonn, 27 XI 1959, BMF, Generalreferat Zolltarif, Betr.: Untersuchung der Auswirkungen des Worser Plans.

changes in German tariffs would not have effects exceeding those that might occur under normal fluctuations of trade[88].

While the Federal Government was still struggling to return to a somewhat more united position and to begin work towards a compromise, the talks at the international level proceeded. On 24 March the Rey Committee convened, and a few days later discussions continued in the Trade Committee of the 21. Surprisingly enough, the German delegations in these talks continued their work with a high degree of normality. Their preparations for the international meetings were unaffected by the intra-Governmental uproar, which seemed to have vastly overstated the actual differences that existed between the federal ministries on the substance of the matter. The main concern for the Germans was still the reversal of the "konjunkturpolitische" tariff reduction of 1957, which they did not want to implement in full on 1 July 1960[89].

At its meeting on 5 April 1960 the Cabinet charged the ministers of economics, foreign affairs, finance and agriculture, Erhard, von Brentano, Etzel and Schwarz, to co-operate in providing a draft for a position paper to be decided on by the Cabinet at its next meeting. Acceleration was welcomed by the Cabinet in principle, while it stressed that every chance for satisfactory relations with the EFTA had to be exploited. The Cabinet statement provided a clear reminder of the remaining divisions in that it stressed at the end that "individual statements of different content had nothing to do with the actual facts"[90]. The four ministries came very close to drafting a common position paper. In fact the officials charged with that work managed to provide a statement in which the four ministers agreed on all but one point. Erhard remained inflexible as to the point of time at which the Council of Ministers of the EEC should take its decision on acceleration. He insisted that negotiations with the Seven had to take place before the EEC would proceed with its decision. On all other points agreement was reached[91]. At its next

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88 BA, B136 - 2557: Bonn, 21 III 1960, Praß an Herrn Staatssekretär zur Vorlage, Betr.: Kontroverse BMWi, BMF, AA.

89 BA, B102 - 12204,2: Bonn, 19 III 1960, EA3, Hünke: Sprechzettel für Herrn Staatssekretär Professor Dr. Müller-Armack zur Ressortbesprechung am 23 März 1960.

90 BA, B102 - 12205a: Bonn, 5 IV 1960, Kabinettsbetschluß.

91 BA, B136 - 2558: Bonn, 19 IV 1960, Staatssekretär Globke an die Herren Bundesminsiter Betr.: Vorschläge der Kommission zur Beschleunigung des EWG-Vertrags, hier: Vorbereitung der Kabinettssitzung vom 22 April 1960; Bonn, 20 IV 1960,

meeting on 22 April the Cabinet unanimously supported the view that acceleration should go ahead and that the CET should be lowered by 20%. While the Federal Cabinet was in favour of a definitive decision by the EEC Council of Ministers on that point at its next meeting, it demanded that there should be negotiations with the Seven immediately after the decision would have been taken. For technical reasons related to the ratification process in some member countries of the Six, there would be a delay until the decisions could come into effect. This time-span should be used for negotiations[92].

The EEC Council of Ministers came to a hard-fought compromise on an acceleration package by 12 May 1960. In the early hours of May 11 it had been agreed that acceleration should go through for industrial goods, if a solution for agriculture could be found the following day. While the Dutch were generally in favour of acceleration, they insisted that agriculture should be included in full. The AA had feared that Erhard's planned visit to Luns, who was chairman of the trade committee of the 21 might stir up stiffer opposition against acceleration among the Six, as Luns was shortly going to tour European capitals. They thus tried to delay Erhard's visit in The Hague[93]. After the negotiations among the Six had come close to a breakdown, a compromise was finally reached, which envisaged an additional 5% internal tariff reduction for non-liberalised agricultural products. Concerning external tariffs, agriculture was not included in the early adaptations towards the CET, while it was agreed that negotiations on a reduction of external tariffs by 20% should be initiated on the basis of complete reciprocity. Import quotas for agricultural products were to be raised slightly until the end of the first four-year period. By mid-1961 considerations on additional expansions of quotas should begin[94].

The outcome of the EEC Council meeting had led to the fulfilment of some but not all of the major German objectives for modifying the acceleration scheme.

Bundeskanzleramt, Vialon, Vermerk für Kabinettssitzung Betr.: Komissionsvorschläge für die Beschleunigung des EWG-Vertrags.

92 BA, B102 - 12218a: Bonn, 5 V 1960, Adenauer an von Brentano, Betr.: Bundestagssitzung am 4 V 1960.

93 PA - AA, Ref. 200, Bd. 489: Bonn, 7 IV 1960: van Scherpenberg an Brentano, Aufzeichung zu EWG und EFTA.

94 BA, B136 - 2558: Bonn, 13 V 1960, Praß an Adenauer zur Vorlage, Betr.: Beschleunigte Verwirklichung der EWG.

While the wishes for a phasing out of the "konjunkturpolitische" tariff reduction had been achieved, direct negotiations with the Seven were not likely to come about soon. On the other hand talks in the Trade Committee of 21 continued. In a note to several sections of the European department in the BMWi and to the BMF, Hünke set out in detail the practical implications for German external tariffs resulting from the Council decision. According to this the Federal Republic was allowed to reverse 50% of the unilateral tariff cuts made in 1957 by the end of 1960. Only in a few cases had the reductions to be reversed in full. But any reversal of these measures was to take place only in cases where the actually applied tariff level was lower than the CET minus 20%[95].

4.4 Conclusions

The failure of the Maudling negotiations did not lead to any change of strategy by industry or by Government. Neither seemed to have felt the necessity for a complete reappraisal of the situation. The proposals put forward by the Federal Government at the international level in the aftermath of the failure continued to follow the great lines of the concepts of an FTA with minor modifications only. The impression that the FTA could still be achieved remained the official view of the leading industrial associations at least until spring 1960. Given that the Federal Republic's official position on the matter had not changed at all at the end of 1958, but had rather been reinforced by parliamentary resolutions and continuing support for the FTA from the federal council (Bundesrat), this lack of a reappraisal should not be too surprising.

While it is quite probable that Adenauer privately abandoned the FTA concept at Bad Kreuznach (or perhaps already at Colombey), this was not reflected in any explicit way in official German policy. The fact that the Bundestag renewed its unanimous support for the FTA concept only two weeks later would suggest that the Chancellor's probable pledge to de Gaulle against the FTA then was exculpable. In terms of Germany's foreign policy interest it was perhaps even desirable at that

95 BA, B102 - 12218a: Bonn, 19 V 1960, Von. EA3, Hünke: Vermerk zur Auslegung der Bestimmungen des Beschleunigungsbeschlusses über Maßnahmen zur Angleichung an den Gemeinsamen Außentarif der EWG.

point. It would be ridiculous to accuse the Chancellor of cheating in this matter. At least it was by no means clear that he "betrayed" German industrial interest at Bad Kreuznach. One might rather argue that, in view of the explicit restatement of the FTA concept by the German Government throughout the spring and summer of 1959, de Gaulle might have been the one who felt betrayed by the pledge that Adenauer had allegedly made in November 1958, given that the Chancellor was not able to deliver this in terms of Government statements along the same lines. The French foreign ministry actually perceived a weakening of Adenauer's position vis-à-vis Erhard at the beginning of 1959[96]. All of this is to suggest that, while Adenauer was an extremely important player in the Cabinet, he was still only one player among others, all of whom had to carefully observe and respond to the manifestations of political pressure from interest groups and their agents within the political system. That Adenauer was no exception and even he could not escape these pressures, is clear from the evidence relating to the struggle over the Hallstein Plan. Globke warned Adenauer that the creation of "faits accomplis" in the question of acceleration would be dangerous and that it was far more advisable to let things proceed slowly and not to instigate objections from the vast parliamentary majority opposing that move as it stood. It is very probable that Adenauer had to be given this kind of advice fairly often, but that these occasions rarely made it into the files of the Chancellor's office. In this case they did, since the Chancellor was in Japan and the situation at home was volatile.

Industrial opinion on the Hallstein Plan was transmitted mainly through the larger associations in particular through the umbrella organisations, BDI, DIHT and the Gemeinschaftsausschuß der Deutschen Gewerblichen Wirtschaft. The explanation for this is the lack of appropriate resources in the smaller associations to conduct the respective studies and the fact that the effects to be expected from these measures, while potentially harmful to some, were very diverse, difficult to perceive and not to be expected very soon. As will be seen in the following chapter on the attempts at bridge building between the Six and the Seven, the formulation and expression of industrial interest on possible arrangements for a Europe-wide

96 MAE, DE-CE, Papiers Directeurs Olivier Wormser, Vol. 42: Paris, 19 III 1959: Note par Olivier Wormser pour le Ministre, a. s. conversation franco-allemande d'Aix-la-Chapelle.

association were entirely the domain of BDI and DIHT, since these considerations were too far removed from anyone involved in day-to-day business affairs. It will be observed in the following chapters to what extent the involvement of smaller specialised associations in the formulation and expression of industrial interest can be validly seen as an indicator for the effective impact on a certain question of international commercial policy. The absence of such involvement of smaller associations should then be an indication of a lack of immediate urgency in the matter to particular sectors or to industry at large.

The struggle between the BMWi and the AA is a somewhat puzzling factor. The conflict over acceleration was not entirely a matter of differences over economic policy issues. This conflict entailed some psychological ingredients even beyond the usual fight over competencies. Erhard's behaviour in particular is very difficult to assess. It will therefore be necessary to further analyse his position and his relationship with German industry. It is not at all clear to what extent Erhard responded to industrial interest, to his "own" economic doctrine or to the attraction exerted by the power of the Chancellorship for which he might already have been longing for in 1960. This question is important in the wider context of the thesis in that the somewhat "independent" set of interests that seems to have been followed by Erhard might be more difficult to be accounted for by pressures exerted on him from other forces. For the BDI the options were however limited by the fact that Erhard and the BMWi were their only reliable contacts with some say at the Cabinet table. Outside the bureaucracy the only channels of influence open to them were the CDU and to a lesser extent the FDP. Yet the transmission of interests via party and parliamentary channels seems to have been much less effective in the short term than the well-established contacts with the BMWi.

5 "Bridge Building" between EEC and EFTA 1959-1961

From the FTA Plan towards the Concept of a Europe-wide Customs Union

In 1960 the German position towards the solution of the commercial problems between the Six and the Seven underwent a remarkable change. Under the influence of BDI and DIHT and inspired by the BDI's work on a European customs union, the Federal Government reconsidered its position and finally abandoned the FTA concept. The result of this shift in the German position was the so-called Müller-Armack Plan, an eclectic synthesis of the plethora of proposals that had been on the table since talks on a Europe-wide trade arrangement started in 1957. This plan had strong similarities with the customs union proposal by the BDI, while it also included the results of expert talks between the British and the German Governments at the end of 1960. The bilateral talks which the German Government initiated with the British and the French independently were seen as leading to proper negotiations on "bridge-building" within a multilateral framework. By early 1961 the chances for that had considerably increased. The objective of the Müller-Armack Plan had been to produce an arrangement that would be acceptable to everybody as a starting point. The BMWi hoped that it had the capacity to develop into a Europe-wide customs union in the longer run.

The plan would have given Britain and the other members of EFTA more time to adapt and some say in substantive matters as well. This more subtle approach towards the creation of a Europe-wide trade association was crushed by American pressure on the British to seek proper membership. It seems that this American move shifted the core of the debate away from gradual adaptations of individual measures of commercial policy to a question of all or nothing[1]. The question of proper membership was very clearly defined and indeed brought to the

1 A treasury document clearly establishes that it was the American influence which finally induced the British Government to apply for full EEC membership. It speaks of a "considerable catalytic effect" of the American position on the formulation of views in Whitehall. See PRO, T267/14, April 1966: Treasury Historical Memorandum No 10. Negotiations with the European Economic Community 1961-1963, Section VII: Bilateral Talks with Member States of the E.E.C., and others.

point by the Commission as one of complete acceptance of the treaties as such. The association formula on the other hand left scope for negotiations on specific commercial agreements. Thus the debate effectively became much more formalised in terms of treaty provisions and the options were narrowed down to "aye" and "nay". It is obvious that this would render it much easier for any one participating country in the negotiations that were to start on British accession to obstruct a positive solution.

This chapter will try to trace the influence that German industry had on the shift in the official German position in 1960. It will give a description of the range of proposals that were made in Germany and Europe at large in order to ease the actual and potential trade discrimination that came about between EEC and EFTA. Despite the massive attempts by German industry to get a direct say on some of the issues debated among the Governments involved in the committee of 21, the Federal Government still kept pursuing a pragmatic solution rather than aiming straight at a customs union. It is difficult but useful to assess the chances for success at the European level which the Müller-Armack Plan would have had, had the Americans not induced the UK to apply for membership of the EEC right away. The attempt has to be made to assess whether the Müller-Armack Plan would not have been - from the point of view of those wishing to see a truly Europe-wide trade arrangement coming into being - the much more practical way of achieving commercial unity between EEC and EFTA, if only in the medium term. This time round the Germans seemed to be on the right way to mediate between French and British interests. Yet the Americans dealt a destructive blow to that undertaking by forcing the British application.

5.1 Early German proposals for "bridge building" at the international level

Restating the FTA formula

With the formation of EFTA coming closer, the concerns that had previously mainly been aired by the BMWi were increasingly shared by the Federal Chancellor as well. The visit to Britain in November 1959 had apparently made some impression on Adenauer, perhaps partly because of Macmillan's barely disguised threat to withdraw British troops from the Federal Republic[2]. In addition to the talks with Macmillan a letter from Herman-Josef Abs, perhaps the most influential figure in German banking[3], had warned him that the split between EEC and EFTA, apart from the commercial difficulties, was likely to have serious political repercussions as well. Adenauer indicates in his response to Abs that it was these two facts which led him to think that things were moving again for the first time since the breakdown of the Maudling negotiations and to formally order the working out of a programme for a Europe-wide trade association to overcome the gap between the Six and the Seven[4]. With his letter Abs had sent Adenauer an article which he had written for the journal "Europa". The article stressed that the deviation of trade flows caused by the existence of the two trading blocs was bound to lead to political tensions mainly with Great Britain and that it was important to intensify trade simultaneously with countries within the EEC and outside of it[5]. Following Adenauer's wish for a German programme for the close co-operation between EEC and EFTA, the procedure for drafting such a plan was discussed by the AA and the BMWi at a meeting at the Chancellor's office on 26 November 1959. The AA was represented by Carstens and Harkort, Meyer-Cording was there for the BMWi and Vialon from the Chancellor's office informed the two ministries about Adenauer's wishes. Both ministries were to work out the plan jointly. All of those present at the initial discussion agreed that no mention of these preparations should be made when Adenauer was to go to Paris[6].

At the end of November 1959 Adenauer was also contacted on the same matter by the four prime ministers (Ministerpräsidenten) of the north German

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2 FRUS, 1958-1960, Vol. VII, Part 1, *Western European Integration and Security; Canada*: Bonn, 11 XII 1959: Telegram from the Embassy in the Federal Republic of Germany to the Department of State, pp. 194-195.

3 On Abs' role in German politics see CZICHON, EBERHARD: *Der Bankier und die Macht. Hermann Josef Abs in der deutschen Politik*. Köln 1970.

4 BA, B136 - 2553: Bonn, 3 XII 1959, Von Adenauer an Abs; B102 - 12204,1: Bonn, 27 XI 1959, Von: Meyer-Cording an Ludwig Erhard über Müller-Armack, Betr.: Überlegungen hinsichtlich einer England und die anderen europäischen Staaten umfassenden größeren Integration; 1 XII 1959, Meyer-Cording an Ludwig Erhard.

5 BA, B136 - 2553: Bonn, 14 XI 1959, Herman Josef Abs an Konrad Adenauer, Artikel: "Europas wirtschaftliche Integration ist ein Politikum".

6 BA, B136 - 2553: Bonn, 27 XI 1959, Vialon an Adenauer, Betr.: Programm für eine Zusammenarbeit zwischen EWG und EFTA.

Länder Lower Saxony, Schleswig-Holstein, Bremen and Hamburg who were particularly concerned about the impact of the EFTA given that a much higher proportion of their trade than the German average was with EFTA countries, mainly Britain but also Scandinavia. Their trade relations with the Seven were also by far more important than their commercial links within the EEC. Exports from these four Länder to the EEC had amounted to 1.15 billion DM in the previous year, while those to the EFTA amounted to 2.24 billion DM. The prime ministers therefore saw the vital economic interests of their states endangered and urged the Chancellor to promote the idea of renewed negotiations and the early conclusion of an FTA agreement[7]. Adenauer passed the request by the four prime ministers on to the president of the Commission of the EEC, Walter Hallstein, and to the heads of the BMWi and the AA, Erhard and von Brentano[8].

It is fairly obvious that Adenauer saw the political need for some action on the question of bridge building quite early on. He was aware that inaction on his part might soon lead to political difficulties in Germany. The results of his talks with Macmillan in London, the intervention by a widely respected German banker and the dramatic appeal by the four prime ministers gave Adenauer a chance to act without having to give Ludwig Erhard the credit for Government action in this field. Erhard and his ministry had all along expressed the urgent need for dealing with this problem. Meyer-Cording's first response to Adenauer's request for a programme of bridge building was therefore that Erhard and the BMWi had always been demanding this anyway[9]. Adenauer thus acted mainly out of tactical

7 BA, B102 - 12146,3: Bremen, Kiel, Hamburg, Hannover, 7 XI 1959, Die Senatspräsidenten der Hansestädte Hamburg und Bremen und die Ministerpräsidenten von Niedersachsen und Schleswig-Holstein an Konrad Adenauer. Betr.: Sorge der Küstenländer wegen der kleinen Freihandelszone.

8 BA, B136 - 2553: Bonn, 4 I 1960, Adenauer an Hallstein, Erhard, von Brentano. Betr.: Schreiben der Ministerpräsidenten der vier norddeutschen Küstenländer. It is important to note that these concerns were apparently not present in Southern Germany. Thus, the vice-president of the BDI and president of the Association of Bavarian Industry, Rodenstock, argued in favour of acceleration. The motivation behind this was clearly to secure the integration of the Six and preferential access to the French and the Italian market for Bavarian industry. See MAE, DE-CE, Papiers Directeurs Olivier Wormser, Vol. 46: Article du Professor Rodenstock, paru dans la "SUDDEUTSCHE ZEITUNG", le 20 avril [1960].

9 BA, B102 - 12204,1: Bonn, 27 XI 1959, Meyer-Cording an Ludwig Erhard über Müller-Armack, Betr.: Überlegungen hinsichtlich einer England und die anderen europäischen Staaten umfassenden größeren Integration.

considerations. His fairly rapid change of mind might also be explicable in terms of the political damage which he had inflicted upon himself in his temporary quest for the federal presidencey[10]. Another indication that Adenauer's initiative was probably mainly due to his intention to allay in advance any suspicion that he would not be sufficiently responsive to the interests of German business interests, can be found in the Chancellor's response to the four northern German prime ministers. In his letter to them he referred to the talks conducted and measures to be taken at the international level, mainly the EEC proposal for a contact group between the two trading blocs and the perspective of making the round of negotiations in the GATT an important factor easing the potential commercial tensions between the Six and the Seven. More importantly, the Chancellor stressed quite strongly that there had so far not been any indication that German foreign trade with the EFTA was shrinking or was likely to shrink in the near future, rather the opposite. He could point to the fact that German trade with the Seven had actually increased and that any immediate action going beyond that which was already being done and projected was not needed[11]. Thus Adenauer did not see the need for immediate action but was eager to demonstrate that he was alert to the problem. In this view he was reassured by Hallstein who furnished the Chancellor with arguments playing down the negative impact that was to be expected from the EFTA formation for the four northern German states[12].

The results of the work on a programme for co-operation between EEC and EFTA were discussed between AA and BMWi in March 1960. Before that and even before Adenauer's initiative, the BMWi had been contemplating the options available to bring about renewed negotiations. The term for the solutions which were sought was that of a "multilateral European association". At the end of 1959

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10 The Americans saw Adenauer's change of mind merely as a tactical move, while the British Government's hopes for a substantive change in the German attitute had increased. FRUS, 1958-1960, Vol. VII, Part 1, *Western European Integration and Security; Canada*, pp. 294-296: 22 VIII 1960: Telegram from the Department of State to the Embassy in France; pp. 303-304: Circular Airgram from the Department of State to certain diplomatic missions; on the embarrassing candidacy for the presidency see WAGNER, WOLFGANG: *Die Bundespräsidentenwahl 1959*. (Adenauer-Studien II) Mainz 1972.

11 BA, B102 - 12146,4: Bonn, 4 I 1960, Adenauer an die Ministerpräsidenten der Länder Hamburg, Bremen, Niedersachsen und Schleswig-Holstein.

12 BA, B102 - 12146,4: Bonn, 1 III 1960: Praß an Ministerpräsidenten der Länder Hamburg, Bremen, Niedersachsen und Schleswig-Holstein. Anlage: Auszüge des Schreibens von Walter Hallstein an Konrad Adenauer.

the BMWi was concerned that the aim of establish such an arrangement, which previously had been stated not only by the Federal Government but by the Council of the EEC and the Commission, was in danger of disappearing from the European agenda and that the desirability of this aim had repeatedly been questioned. In an assessment of the European situation Carl Hünke from the BMWi took the view that provisional measures and co-operation limited to individual cases could only lead to an easing of tensions in the short run, if a long term solution was accepted in principle at the same time. Hünke suggested that a Europe-wide customs union was by no means an unrealistic project in this context[13]. It is remarkable that such a scheme was considered within the BMWi at that time already. Yet Hünke's suggestion of a Europe-wide customs union was not picked up in the talks about the programme that Adenauer had demanded. In fact the proposal of a Europe-wide customs union was only seriously discussed at all in the BMWi in late fall and winter 1960. Hünke considered also the chances for some sort of "Atlantic" trade arrangement that would include the US and Canada for which only an FTA could serve as the basic concept.

Throughout December 1959 and the following months the BMWi and the AA worked on a German proposal that could eventually be put forward in the talks at the European level which were to begin after the Atlantic Economic Conference in Paris in January 1960. It was clear that the existing disagreement on any form of a multilateral association would make it necessary to implement pragmatic short term measures in order to maintain at least a minimum level of economic co-operation. This was seen as necessary to protect vital German trade interests with the Seven. The early analyses by the BMWi included suggestions for closer co-operation with the United States and Canada as well as matters referring to the formulation of a liberal common commercial policy by the EEC[14]. The considerations were inevitably linked with the discussions about the acceleration proposals which had come from the Commission of the EEC and from France. Thus the BMWi was initially contemplating a mild, perhaps only symbolic early

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13 BA, B102 - 12204,1: Bonn, 3 XII 1959, EA3, Hünke Betr.: Gedankenskizze zu einer größeren Europäischen Integration.

14 BA, B102 - 12204,1: Bonn, 11 XII 1959, EA3, Gedankenskizze über die Möglichkeiten einer wirtschaftlichen Zusammenarbeit im europäischen und atlantischen Rahmen.

approximation of external tariffs toward the CET in order to bring France round to accepting the overall lowering of the CET by 20%[15]. But even this small concession was quickly dropped in the next draft of the proposal[16]. The main outcome of the analyses and proposals debated within the BMWi and between the BMWi and the AA was that the basic concept for a long-term solution remained an FTA formula[17]. Hünke's suggestion of a customs union had not found much interest. The fact that the FTA concept was retained was also a reflection of the strong previous commitments to this concept at all levels of German politics and to the expectations of all those who so far had commented to the BMWi and the Chancellor's office on the need for bridge building.

Short term and long term solutions in the German perspective

The BMWi and particularly Ludwig Erhard clearly hoped that it would be possible to re-open multilateral talks on a Europe-wide long-term arrangement for commercial relations. Yet while this remained the objective of the federal ministry of economics, Erhard and his aides displayed an unusual degree of patience in the process of coming closer to achieving this aim. As far as one can tell from the BMWi files, they in fact abstained from putting forward the proposal for the long term solution in the committee of the 21 which they had worked out by March 1960. They waited instead for some improvement of the still rather tense political climate between Six and Seven due to the formation of EFTA and the acceleration plans, hoping that such talks might have a better chance of success at a somewhat later stage. On the surface this seems to suggest that the BMWi had given in to the Commission's point of view, stated already in its second memorandum in September 1959, that it would be undesirable to aim at a final arrangement at one

15 BA, B102 - 12204,1: Bonn, 15 XII 1959, Von. EA3, Hünke an Müller-Armack, Meyer-Cording, Klein, Betr.: Deutscher Vorschlag zur Senkung des gemeinsamen Außentarifs um 20% verbunden mit vorzeitiger Annäherung an den gemeinsamen Außentarif.

16 BA, B102 - 12204,1: Bonn, 16 XII 1959, Meyer-Cording an Erhard über Müller-Armack, Betr.: Deutscher Vorschlag zur europäischen Zusammenarbeit im atlantischen Rahmen.

17 In a draft of the German proposal for a long term solution, the establishment of a free trade area with a clear schedule was seen as the essential objective. BA, B102 - 12204,2: Bonn, 19 III 1960, EA3, Hünke Sprechzettel für Herrn Staatssekretär Professor Dr. Müller-Armack für die Ressortbesprechung am 23 März 1960.

stroke and that a pragmatic method of procedure was more advisable[18]. The BMWi suspected that the Commission wanted to put any long-term solution off the agenda for as long as possible, and while the ministry had to acknowledge that the immediate discussion of such a solution was indeed not feasible for the time being, it was not ready to give way to the seeming tendency of the Commission to drop that possibility altogether. Yet in the heated battle over acceleration it was anyway unlikely that much progress could be made very soon.

The plan which was contemplated in the BMWi and debated with the AA in spring 1960 envisaged a procedure of finally arriving at an FTA by extending all internal tariff reductions of the two trading blocs to one another, but with a certain time-lag. That would have meant that EEC and EFTA would not extend to each other the full internal tariff reductions but each time only the amount of reductions that had been made internally at the previous stage of the respective transitional period. In this way, the BMWi argued, the degree of discrimination between the two blocs would be limited while the "décalage" ensured that the independent development of the EEC was not endangered. The expectation that the EEC might suffer in some way or other from being included in a wider framework had perhaps been the most important hindrance to progress on the FTA question before. By tackling this particular problem in the way presented, the BMWi thought that the inclusion of the EEC into the Europe-wide FTA could be achieved smoothly. Another advantage of this procedure was that it provided the projected FTA with the clear schedule and the final date that was required by the GATT. It was also considered to be an administratively simple construction. Some minor problems were foreseen by the BMWi as far as the interests of the United States were concerned. Yet it was reckoned that this problem could fairly easily be overcome through the tariff negotiations in the GATT in 1960 and 1961 and by the adoption of a liberal common commercial policy by the EEC[19].

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18 BA, B102 - 64813: Brüssel, Kommission der Europäischen Wirtschaftsgemeinschaft, Denkschrift der Kommission für den Sonderausschuß zur Prüfung der Fragen betreffend eine europäische Wirtschaftsassoziation.

19 BA, B102 - 12204,2: Bonn, 19 III 1960, Von. EA3, Hünke, Sprechzettel für Herrn Staatssekretär Professor Dr. Müller-Armack für die Ressortbesprechung am 23 März 1960.

The trade committee of the 21 was envisaged to be the main forum for Europe-wide talks on trade problems. From the very beginning the Germans had favoured the institutional framework of the OEEC/OECD for such talks, while France would have preferred the contact committee of the EEC to perform this function. The trade committee of the 21 had been created at the occasion of the Atlantic economic conference in Paris on 14 January 1960 and had been charged, among other things, with the task of finding solutions to the split between EEC and EFTA[20]. The committee convened under the chairmanship of Luns and later created a sub-committee dealing with tariff matters. It only started substantive discussions after the decision on acceleration had been made by the EEC and preparatory analyses on the tariff situation had been undertaken. Thus by the end of May 1960 the activities of the trade committee intensified, and the BMWi now came up with its suggestions, most of which concerned the preparations for the tariff negotiations that were to start later that year within the GATT.

In a ministerial conference in early June 1960 Ludwig Erhard talked about his personal assessment of how the process of arriving at a final trade arrangement should proceed and how much time would be needed to achieve that. He estimated that it would take until the end of 1961 before the practical problems would have been dealt with through the GATT negotiations. After that, he reckoned, the time for the final and lasting arrangement would have come[21]. It is hard to tell how realistic this forecast would have been, had the American pressure on Britain to seek full EEC-membership not altered the situation so considerably in 1961. Erhard's suggestion was that a list of products should be established which were primarily traded within Europe, and that on the basis of this list one could come closer to a European solution through negotiating tariff reductions for these positions. This was by no means a new suggestion, but it was the main line of thought followed by the BMWi and the object of the work that was done in the trade committee of the 21. Suggestions along these lines had been aired by the Dutch and the Germans already before at the EEC Council meeting at Luxembourg. The aim of these statements had

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20 BA, B102 - 12204,2: Bonn, 15 I 1960, Harkort, AA an Deutsche diplomatische Vertretungen, Betr.: Atlantische Wirtschaftskonferenz in Paris.

21 BA, B102 - 12206,2: Bonn, 3 VI 1960, handwritten note on a conference in the BMWi on 3rd June 1960.

been to make the offers of the EEC to the EFTA more concrete and operational by carefully preparing with the Seven the GATT negotiations according to article XXIV/6 and the Dillon negotiations[22].

The decision to come back to this project and to present it as a formal proposal to the other EEC members had been taken at the end of May by the BMWi and the AA[23]. At a meeting on 8 June 1960 the Six agreed to a proposal based essentially on what had been concluded in the BMWi five days earlier. The following day the Seven approved this proposal in the trade committee of the 21 with only minor changes in the wording of the agreement. The changes demanded by the Seven were in fact quite in tune with the actual German objectives in that they stressed the need not to lose sight of the long term aspects of the matter[24]. According to the proposal that was discussed and approved in the trade committee debates on matters of principle of a long term solution should be avoided for the time being. It was decided that talks should begin in preparation for the mutual concessions to be made from September 1960 according to article XXIV/6 of the GATT and that the essential tariff positions of European trade should be closely examined between the Six and the Seven as a preparation for the GATT negotiations that were to begin in January 1961 and finally, that after the completion of the GATT negotiations, further negotiations should follow in order to achieve additional mutual concessions and to subsequently abolish all trade barriers that would still be left[25]. The GATT negotiations according to article XXIV/6 would be nothing more than a close examination of the CET by all signatory states as to whether tariff increases on the part of individual member countries of the EEC would be offset by tariff reductions of other EEC member states thus compensating the disadvantage of each individual third country that was harmed by the tariff increases elsewhere in

22 For an account of the overall context of the Dillon Round see CURZON, GÉRARD: *Multilateral Commercial Diplomacy. The General Agreement on Tariffs and Trade and its Impact on National Commercial Policies and Techniques.* London 1965, pp. 99-100.

23 BA, B102 - 12206,1: Bonn, 31 V 1960, EA3, Hünke Vermerk über die Besprechung unter Vorsitz von Herrn Staatssekretär Müller-Armack zur Vorbereitung der Sitzung des Handelsausschusses der 21 am 9. und 10. Juni 1960.

24 BA, B102 - 12206,2: Brüssel, 15 VI 1960: EWG-Rat an Ständige Vertreter der Mitgliedsstaaten, Betr.: Zweite Tagung des Ausschusses für Handelsfragen am 9. und 10. Juni 1960, Anlage 2.

25 BA, B102 - 12206,2: Paris, 9 VI 1960, Müller-Armack, Sonnenhol an AA, Bundeskanzleramt, BMWi et al.; BA, B102 - 12218,a: [undated] Betr.: Vorschlag der deutschen Delegation zur Ergänzung der Absichtserklärung.

the Community[26]. Some of these practical proposals had been contemplated within the BMWi only as a result of the fact that similar analyses were being conducted by the EFTA countries. The head of the European department of the BMWi thus ordered the establishment of the list of goods traded primarily within Europe only less than two weeks before the trade committee was to meet on 9 June[27].

5.2 German industry and the German concepts for "bridge building" in Europe

In the course of the summer of 1960, a plethora of proposals was put forward in Western Europe for the solution of the trade problems that were feared to arise between the Six and the Seven. Academics, politicians, bureaucrats and industrial associations showed considerable energy and creativity in producing new concepts to this end and in plagiarising from previous plans and proposals. Many of those involved in that might have hoped to earn some fame for putting forward the plan that would finally be adopted and lead to the solution. Thus almost every amended version of some previous proposal was labelled a plan of its own by the proud inventor. The Münchmeyer-Plan, the Heckscher-Plan, the Bachmann-proposal and also the Müller-Armack-Plan are examples of suggestions made after the summer of 1960, few of which ever became known to the wider public. All of them varied greatly in realism, originality and actual and potential influence. Some of them lacked all of these attributes and rather reflected the author's vanity and ambitions, others were indeed valuable contributions to the European debate. The positive effect of all these analyses was that there was practically no aspect to the problem which had not in some form been debated and for which some solution had not been suggested.

Within this climate of search for practical solutions, industry made particularly important contributions. In Germany they came mainly from the textile industry, the chemical industries and the engineering sector, all of which made

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26 For a discussion of the problems posed to the GATT by the formation of the EEC (and vice versa) and the tariff negotiations of 1960 and 1961 see CURZON, Diplomacy, pp. 98-100.

27 BA, B102 - 12206,1: Bonn, 30 V 1960, Meyer-Cording an Krautwig Betr.: Vorbereitung der Sitzung des Handelsausschusses der 21 am 9. und 10. Juni 1960.

themselves heard in the European debate either by pointing to the concrete impact which the gap between the Six and the Seven had on them or by putting forward concrete solutions for these issues and the more general ones. An important aspect of the European debate was the co-operation between European industrial associations from both sides, Six and Seven. There are indications that this factor played at least some role for the German decision making process.

The general "brain storming" during the summer of 1960 seems to have led to a carefully prepared proposal by the BDI for a Europe-wide customs union. Throughout the summer the BDI had repeatedly made statements along these lines and asked the BMWi to make its analyses available so that the BDI could include their findings in the proposals that it was working on. Thus, long before the BMWi and the Federal Government switched to the customs union proposal for a solution to Europe's trade problems, the BDI had already taken a clear position in favour of that. It will be seen to what extent the stance taken by the BDI influenced the BMWi and the Federal Government as a whole. The fact that the most important German industrial federation took so clear a view can almost certainly be expected to have exerted a great amount of pressure on the Government to revise its position.

Academic and bureaucratic expertise in the international debate

The first conceptional inputs into the debate on bridge building came mainly from academics and individual members of national bureaucracies. Important contributions were made by research institutions like the PEP foundation (Political and Economic Planning) and the Economist Intelligence Unit (EIU). The thrust of the work done by these individuals and institutions had to do with the technical feasibility of the several overall concepts which were the FTA and the customs union and arrangements somewhere in between these two concepts. Most of these studies either dealt with one particular difficulty for the creation of a Europe-wide trade association or tried to offer solutions to all of them. They also tried to analyse whether the political and economic arguments made by the actors in the political arena were actually in line with the facts. The main technical problems were defined on the basis of the positions that had been taken by the countries involved in previous talks.

Table 5.1: Various concepts for "bridge building" considered in 1960

Type of arrangement	main problems	essential features	plan by
Europe-wide CU	agriculture excluded	GATT conformity	Müller-Armack
	lower level of political commitment	CET or harmonised external tariffs	
	policy co-ordination??	tariff averaging	
Europe-wide FTA	failed once	GATT conformity	
	tariff autonomy	pressure for lowering tariffs of members	
	Commonwealth		
	agriculture		
association of EFTA to EEC (with décalage)	politically unfeasible for the Seven	GATT conformity	
	agriculture		
	Commonwealth		
	similar to FTA		
accession EEC to EFTA (with décalage)	politically unfeasible for the Six	GATT conformity	Münchmeyer
	equals FTA solution	pressure for lowering tariffs of members	
	agriculture		
	Commonwealth		
preferential trading area	not GATT conform	mutilate tariff reduction	Bachmann
	agriculture excluded	Commonwealth accommodated	
modified CU	not GATT conform	CET	Heckscher
	restricted to specific products	touchy areas excluded	
	agriculture excluded	to include USA and Can	
"progressive" FTA	similar to the FTA solution	restricted to a small and then increasing number of goods	van Scherpenberg
	Commonwealth	final arrangement would be:	
	agriculture	GATT conformity	
		acceptable to the USA	
		not harmful to the EEC	
		décalage	

The studies thus tried to accommodate the British insistence that its relations with the Commonwealth should by no means suffer from the establishment of closer commercial links with the European continent, as they tried to deal with the existing tariff differentials and the fact that some low tariff countries would have profoundly different interests in the formation of any lasting arrangements than for example Italy and France with their high tariff levels. The international debate was therefore marked by a remarkable absence of ideological zeal on any side. The Consultative

Assembly of the Council of Europe turned out to be an important forum for the analysis and discussion of many of these proposals. In two reports presented to the assembly in July and in September H. Vos discussed the progress that was made in the discussion of possible solutions[28].

One of the first proposals made for a "Brückenschlag" between EEC and EFTA came from Hans Bachmann, the director of the Swiss Institute for Foreign Trade and Market Research in Sankt Gallen. He suggested that a solution could be found by substantial mutual tariff reductions between the Six and the Seven and the subsequent establishment of a preferential trading area comprising the thirteen countries. Agriculture was to be excluded from the arrangement in order to avoid the main thrust of the complications that would be posed by the British relations with the Commonwealth. Bachmann was aware that his proposal would not be in line with the GATT provisions on the MFN rule, but thought that agreement by the other GATT partners could be bought somehow[29]. This was clearly an illusion, and the GATT played an important role in preventing the Europeans from establishing some system of preferences with all the potential negative effects[30]. Bachmann's proposal was considered in the BMWi and in the press, but the fact that it was not in conformity with the GATT made the whole exercise pointless in the eyes of any serious negotiator. It was impossible to imagine the US and many other GATT members agreeing to any preferential trade arrangement that would not strictly abide by the rules of the general agreement. In fact Bachmann had a formal solution to that problem. He argued that if one simply invited all other countries to join the arrangement, they could not keep up their arguments against it, while it was sure that neither the US nor Canada would actually be inclined to join[31]. This might have been a very smart thought, but hardly one that could have been presented in

28 BA, B102 - 12127,1: Strasbourg, 21 VII 1960, Assemblée consultative, Commission économique, Projet de rapport présenté par M. H. Vos, Rapporteur; 27 IX 1960, Council of Europe, Consultative Assembly, Revised Draft Recommendationon European Economic Relations presented jointly be the Chairmen of and Rapporteurs of the Political and Economic Committees.

29 BA, B102 - 12127,1: Sankt Gallen, Juni 1960, Artikel von Professor Dr. Hans Bachmann, Direktor des Schweizerischen Instituts für Außenwirtschaft- und Marktforschung an der Handelshochschule: "Brückenschlag EWG - EFTA durch eine gegenseitige Zollsenkung".

30 CURZON, Diplomacy, pp. 95-97.

31 BA, B102 - 12127,1: Bern, 7 IX 1960, Deutsche Botschaft, Mohr Betr.: Brückenschlag zwischen EWG und EFTA.

economic diplomacy without doing considerable damage to the reputation of who ever would present it. What Bachmann also overlooked was the fact that some European countries and certainly France would have regarded the risk of the USA accepting that deal as too high indeed, while for Switzerland and in the view of the BMWi this might actually have been regarded as highly desirable.

Another proposal that also lacked GATT conformity was that put forward by the Swedish economist Eli F. Heckscher. He had presented it to the Consultative Assembly of the Council of Europe in September 1959 where it was debated again in July 1960[32]. Just as the Bachmann proposal, Hecker's plan would have required a two-thirds majority by all GATT members, since its provisions were not in line with the demands the general agreement imposed on regional trade arrangements. The essence of Heckscher's plan was that a modified customs union should be created yet only include trade in a number of clearly specified products[33]. This was in breach of the GATT requirement according to which regional trade arrangements would have to abolish trade barriers concerning the main part of all trade. The "Scherpenberg-Plan" considered in the AA, started from a similar point and suggested that the rapprochement between Six and Seven should be achieved through progressively expanding the number of goods which would be allowed to circulate freely between them. Eventually, this phased rapprochement was to lead to an equitable solution resembling an FTA that would not endanger the cohesion of the EEC and would be acceptable to the USA[34].

In an article for the news agency Vereinigte Wirtschaftsdienste (VWD) entitled "Europa: Nachrichten aus EWG - EFTA - Montanunion - OEEC" the BMWi official Edgar Horn assembled all the concepts that had been put forward throughout the summer 1960 in a way as to classify them according to their main

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32 BA, B102 - 12127,1: Strasbourg, 21 VII 1960, Assemblée consultative, Commission économique, Projet de rapport présenté par M. H. Vos, Rapporteur. See also PA - AA, Ref. 200, Bd. 277: Bonn, 14 IX 1959: Leiter der Abteilung 4 an den Herrn Staatssekretär, betr.: Bevorstehende Zoll- und Kontingentsmaßnahmen in der EWG.

33 BA, B102 - 12127,1: Bonn, 12 IX 1960, DIHT an Industrie- und Handelskammern Betr.: Europäische Wirtschaftsintegration. Möglichkeiten einer Zollunion zwischen EWG und EFTA.

34 PA - AA, Ref. 200, Bd. 486: Bonn, 1 X 1960: Vermerk von Emmel, betr.: Mindest erfordernisse für eine Annäherung von EWG und EFTA.

rationale[35]. The article shows that by September 1960 basically all possible arguments within the range of the political conditions that were given by the known positions of the countries involved had been on the table. The attempts by some to attach their names to one or other particular proposal still continued well into 1961 when the president of the DIHT, Alwin Münchmeyer, tried to present the proposal that the EEC should join EFTA as the "Münchmeyer-Plan"[36]. All of this had been debated before and neatly summarised in Horn's article. Horn described four theoretically possible solutions, a Europe-wide customs union, a Europe-wide FTA, an association of EFTA to the EEC and the accession of the EEC to EFTA. He then went on to analyse the chances of any of these possible arrangements on the grounds of their technicalities rather than their political implications and concluded that the formation of a Europe-wide customs union and the accession of the EEC to the EFTA had the best chances. In the case of the accession of the EEC to the EFTA, Horn expected that through gradual tariff adaptations a Europe-wide customs union would be the eventual result.

Two studies, one by the EIU, the other by the PEP, were conducted on the more specific but very crucial question of the role of the Commonwealth and the solubility of the technical problems connected to it. The results of these studies were widely presented and discussed not only in the British but also the German press. Both studies argued that imperial preference was of a much lesser importance for the member countries of the Commonwealth than was widely thought and that it was indeed not the essential factor for Commonwealth imports into the UK[37]. The conclusion drawn from these studies by the DIHT and the BDI was that the Commonwealth problem could in many respects be regarded as much less dramatic

35 BA, B102 - 12127,1: Frankfurt, 1 IX 1960, Edgar Horn, Artikel in VWD Europa, Nachrichten zu EWG - EFTA - Montanunion - OEEC.

36 BA, B102 - 12129: Bonn, 20 IV 1961, DIHT-Hauptgeschäftsführer Düren an Müller-Armack Betr.: Deutsch-niederländisch-britische Kammerbesprechungen über den Brückenschlag. Müller-Armack mentions Münchmeyer in his memoirs as a great companion in the struggle for bridge building in 1960. See MÜLLER-ARMACK, ALFRED: *Auf dem Wege nach Europa. Erinnerungen und Ausblicke.* Tübingen 1971, p. 234.

37 HANDELSBLATT, 7 IX 1960, article by Rudolf Hahn, London; SOLINGER TAGEBLATT, 6 IX 1960, article by W. G. Krug, London; ECONOMIST INTELLIGENCE UNIT: *The Commonwealth and Europe*. London 1960; the importance of imperial preference had fallen considerably by the early 1950s. MACDOUGALL, DONALD/HUTT, ROSEMARY: "Imperial Preference: A Quantitative Analysis." In: *Economic Journal* 64(1954), pp. 233-257.

and that the main thrust of technical and political difficulties would arise from agriculture as such[38].

Sectoral interest and the debate on bridge building

The sectors which aired their interest most clearly in the debate over bridge building were the engineering industry, both mechanical and electrical, the textile industry as well as the chemical industry. Yet of these industries with very considerable trade interests with the Seven, only the textile industry came forward with a detailed proposal for a sectoral solution for textiles in Western Europe. One of the reasons for this could have been that of these industries only the textile industry had real fears about what would happen if a permanent solution could not be found or if that solution was going to take a shape that would substantially damage the position of the German textile industry. For all the industries mentioned the fact that the prospects for such a solution in the near future were not clear, posed a number of problems. These problems varied considerably from industry to industry. The engineering industries only seemed likely to suffer minor damage from factors that could not even clearly be identified and were vaguely summarised as "psychological" even by the industry itself. The chemical industry had objections mainly against the retention of the Commonwealth preferences, while the textile industry was not only concerned with the treatment of the Commonwealth but also with that of other so-called "low-price-countries". In the context of the considerations of concepts of bridge building which had begun in the summer 1960 the BMWi reviewed the results of the sectoral studies that had been conducted under the chairmanship of the Commission of the EEC and had ended on 23 December 1958[39]. In June 1960 the BMWi conducted talks with representatives of the

[38] BA, B102 - 12127,2: Köln, 30 X 1960, BDI, Metzger, Gocksch an Mitgliedsverbände Betr.: EWG/EFTA Vorschlag einer Zollunion; B102 - 12127,1: Bonn, 12 IX 1960, DIHT an IHK's Betr.: Europäische wirtschaftliche Integration, Möglichkeiten einer Zollunion zwischen EWG und EFTA.

[39] BA, B102 - 12127,1: Bonn, 23 VIII 1960, EA3, Leyser an Unterabteilungsleiter EA Betr.: Ihre Weisung vom 18 VIII 1960.

chemical industry, the mechanical engineering industry and the textile industry on the problem of the relations between EEC and EFTA[40].

At the beginning of 1960, when there was a lot of talk about something like an "Atlantic economic union", the largest association of mechanical engineering VDMA (Verein Deutscher Maschinenbau-Anstalten) called on BDI and Federal Government to push for negotiations between EEC and EFTA. Plans for the Atlantic union might be nice, the VDMA board said, but the only thing that really counted was whether a direct co-operation in Europe could be reached immediately. In this context the VDMA denounced the plans for acceleration and the plans for a common agricultural policy as they had been proposed by then[41]. The engineering industry made its concerns clear once more to the BMWi in direct talks in June 1960[42]. A similar message came from the ZVEI (Zentralverband der Elektroindustrie) in an interview with its chairman H. Thörner for the business newspaper "Industriekurier". The electrical engineering industry was dissatisfied with the fact that the percentage of exports to the other EEC member countries had fallen from 1957 to 1958. Given that for the electrical engineering industry the export surplus to the EFTA was three times that to the EEC, the need for the preservation of the markets of the Seven was evident[43].

The German chemical industry mainly feared competition from Britain and Sweden, which were the only major producers within the Seven. Yet the chemical industry did not expect that EFTA's tariff reductions would have a great impact on German exports perhaps with the exception of Britain where the average level of tariffs amounted to 33%. The main concern was that the implementation of rules of origin in EFTA would have damaging psychological effects. As far as the Commonwealth was concerned, the German chemical industry objected to the preservation of preferences for the Canadian chemical industry[44].

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40 BA, B102 - 12206,2: Bonn, 29 VI 1960, handschriftliche Aufzeichungen über Besprechungen mit Vertretern der Industrie, Chemie, VDMA, Textil.

41 BA, B102 - 12204,2: Frankfurt, 22 I 1960, VDMA an Ludwig Erhard Betr.: Europäische Integration, Anlage: Resolution des Hauptvorstandes der VDMA vom 20 I 1960.

42 BA, B102 - 12206,2: Bonn, 29 VI 1960, handschriftliche Aufzeichungen über Besprechungen mit Vertretern der Industrie, Chemie, VDMA, Textil.

43 BA, B102 - B12206,1: Berlin, 21 V 1960, INDUSTRIEKURIER.

44 BA, B102 - 12206,2: Bonn, 29 VI 1960, handschriftliche Aufzeichungen über Besprechungen mit Vertretern der Industrie, Chemie, VDMA, Textil.

For the textile industry the list of potential problems concerning an arrangement between the Six and the Seven was longer than that for the other sectors mentioned. The main issue was still the question of a common approach toward low-price-countries and the problems arising from the position of the Commonwealth. Within Europe, the textile industry saw certain problems in Britain and Austria where the average tariff levels and therefore the likely discrimination through the internal tariff reductions of the EFTA were the highest. The BMWi suggested to the textile industry to work out a list of problematic products in co-operation with its European counterparts[45]. By December 1960 the German textile industry came up with a very detailed analysis of the situation in the European textile sector and put forward possible solutions for these problems. The essential problem not only for the German textile industry but for the European industry was that, if it was not possible to ensure the maintenance of traditional trade flows, then the textile industry in the EEC would be faced with a severe problem of overproduction because of the probable reduction in exports. The second major problem was related to the first one in that the inflow of textile imports from low-price-countries would have a similar effect on the textile industry in the EEC. The textile industry's paper went on analysing the concrete tariff situation in Europe and proposed a number of solutions. In the view of the association "Gesamttextil" the ideal solution was the linear reduction of tariffs on the basis of article XXIV of the GATT[46]. But this solution as well as a general solution in the framework of the trade committee of the 21 did not seem to be possible in the near future. Thus Gesamttextil went on to suggest a number of pragmatic solutions which would, for a transitional period, ensure bearable conditions for some ranges of products. The association argued that the lists which had been compiled in the GATT in preparation for the Dillon round indicated that the interests of the countries concerned were such as to allow this pragmatic approach for a number of tariff positions. The four pragmatic proposals put forward were first, an only theoretically and temporarily possible GATT-wide reduction of external tariffs of both the EEC and EFTA for a number of individual tariff positions and secondly, a linear

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45 ibid.

46 On the method of linear tariff reductions see CURZON, Diplomacy, pp. 77-80.

reduction of tariffs for all those products that are mainly traded within Europe, that is, those products for which competition from overseas did not play an important role at all. This suggestion, which had been in the debate for a long time, seemed inappropriate as well because of the fact that there was not really a list of products which were traded mainly within Europe and that East Asian countries had a particular interest in practically all tariff positions concerned. The third option suggested that there should be tariff quotas for three years which should for example give a tariff reduction of 30% of the respective external tariff up to the import figures relating to some reference year. The fourth option foresaw the application of a minimum weight-related tariff or combined tariffs instead of tariffs ad valorem. The application of the different tariff methods should vary according to the character of the products concerned. On the basis of this analysis Gesamttextil proposed that a pragmatic solution along the lines of options three and four should be sought, where the GATT lists suggested that the common interest among the Six and the Seven was fairly strong. Gesamttextil therefore also suggested that, before the start of the GATT negotiations, talks between the various sectors of the European textile industry should be conducted[47]. Talks on these proposals were held in the BMWi department IVC1 with Gesamttextil on 21 December 1960[48].

The customs union plan of the BDI

The BDI and its president Fritz Berg had been among those who tried to push the Federal Government into doing something about the problem of bridge building between EEC and EFTA. Before Herman Josef Abs and Macmillan impressed their views on Adenauer in the late fall of 1959, Fritz Berg had already made the Chancellor aware of how important an issue this question was for all of German industry. At the end of September 1959 Berg wrote that the time for a new political initiative had come after France, through its courageous action in economic policy,

47 BA, B102 - 12127,2: Frankfurt, 12 XII 1960, Gesamttextil an BMWi Betr.: Entspannung des EWG/EFTA-Konfliktes für den Textilbereich.

48 BA, B102 - 12127,2: Bonn, 16 XII 1960, IV C1, Bünger an EA Betr.: Zollmaßnahmen zur Erhaltung und Verbesserung des Warenaustausches in dem Textilbereich zwischen den Ländern der EWG und der EFTA.

had achieved a healthier economic position and for the first time was running an export surplus, and since the Commission's second memorandum had announced closer Atlantic co-operation and the establishment of a contact committee. Berg therefore suggested to the Chancellor that new negotiations should be started with the objective to keep the level of discrimination that would arise by 1st July 1960 as low as possible. While this immediate aim needed to be achieved, Berg insisted that the eventual objective was still a convention between the Six and the other eleven member countries of the OEEC. The president of the BDI also outlined for Adenauer what the essentials of that treaty would have to be. Tariff reductions and the abolition of quantitative restrictions were the main points. The freedom of movement for labour and capital as well as the freedom of establishment should also be guaranteed in the convention. Special rules should apply for agriculture. There would have to be rules of competition, a safeguard clause and a compromise concerning the nature of the rules of origin[49]. There was not much new in this proposal, yet it was another influence on the Chancellor inducing him to take at least some action in ordering work on a programme for bridge building that might be put forward at the international level. As has been said before, the debate over acceleration took up too much attention and made the climate in Western Europe more tense so that fruitful work on new concepts and the beginning of new talks did not come about. After the EEC decision for acceleration in early May 1960 and the beginning of serious work in the committee of the 21 this had changed.

In July 1960 the BDI contacted the Chancellor again. In his letter Fritz Berg again urged Adenauer to take the initiative at the highest level on the basis of constructive proposals for a solution that could be worked out by private business. Berg pointed to his positive experience in the REI (Rat der Europäischen Industrieverbände), the organisation of European business associations, which had recently convened under his chairmanship. He saw a "huge potential of very favourable forces and the true willingness" to achieve a good solution. Berg dared to suggest that new negotiations should therefore initially be conducted by representatives of European business. The Governments should grant them a semi-

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[49] BA, B136 - 2553: Bonn, 15 X 1959, Vialon an Müller-Armack Anlage: Skizze zu Fragen der europäischen Wirtschaftsintegration, die Fritz Berg dem Budneskanzler hat zukommen lassen; Köln, 30 IX 1959, Fritz Berg Betr.: Europäische Integration - Freihandelszone.

official status which he compared to that of a British Royal Commission. Governments should give these business representatives the charge to work on these questions and accept the results of these talks as basis for, or contribution, to the actual negotiations that would begin afterwards. As subjects of such negotiations Berg suggested all possible interim solutions to tariff problems and also the consideration of the form of a final arrangement of an economic association in Western Europe. As a possible form for that he proposed a Europe-wide customs union[50].

This seems to have been the first time that the BDI mentioned the customs union proposal to the Federal Government. During the following months this proposal was repeatedly advocated by the BDI and its representatives in the public debate. By the fall of 1960 the BDI was working on the formulation of a precise plan that could be published and possibly serve as a starting point for the resumption of international talks on a final arrangement. In September 1960 the department for European economic integration of the BDI contacted the BMWi and asked for material that might be useful for the examination of the workability of a customs union[51]. A month later the BDI sent a letter (Rundschreiben) to its members in which it presented a detailed discussion of the customs union proposal, its drawbacks and advantages and the likely impact of such an arrangement on German industry. The main sectoral problems were addressed as well[52]. The BDI claimed the initiative and the authorship for the proposal for a Europe-wide customs union. Wilhelm Beutler had mentioned it in a speech as early as June 1960. It had then been restated by Fritz Berg in his letter to Adenauer in July and in a speech in September. In October Fritz Berg had discussions with the CBI leadership, where the plan was undoubtedly at the top of the agenda[53]. The study conducted by the BDI drew on previous analyses made by the PEP, the EIU and the Ford

50 BA, B136 - 2553: Köln, 25 VII 1960, BDI, Fritz Berg an Konrad Adenauer.

51 BA, B102 - 12127,1: Köln, 23 IX 1960, BDI, Arbeitskreis für europäische wirtschaftliche Integration, Metzger an Regierungsrat Hünke.

52 For this and the following see BA, B102 - 12127,2: Köln, 30 X 1960, BDI, Metzger u. Goksch an Mitglieder des Arbeitskreises für Wirtschaftliche Integration, Mitglieder des Außenhandelsausschusses, Mitgliedsverbände des BDI Betr.: EWG/EFTA Vorschlag einer CU.

53 PA - AA, Ref. 200, Bd. 486: London, 7 X 1960: Deutsche Botschaft, London, Herwarth an AA.

Foundation. It elaborated detailed arguments concerning the difficult questions of the Commonwealth and imperial preference. The core of the plan was the establishment of a customs union that would avoid the political commitments required by the EEC. The advantages of a customs union of that sort lay, according to the BDI, in the fact that it would avoid deflections of trade which would most probably occur in an FTA, that the political independence of the member countries would not be impaired and that, as a consequence of a harmonised external tariff, a common commercial policy vis-à-vis the low-price-countries would evolve. The study went on to analyse two problems that had been pointed to often in the debate during the summer, the claim that tariff differentials in Europe were too large and that a common external tariff would be incompatible with the maintenance of Britain's relationship with the Commonwealth.

As for the first problem, the BDI concluded that it was only of very small importance as far as raw material imports from third countries were concerned, since each prospective member of the customs union would be interested in the cheapest possible provision of these materials. Exceptions to that were those tariff positions stated on the List G of the EEC treaty. As far as manufactured goods were concerned, tariff differentials in Europe were certainly greater. Yet the BDI pointed to the results of a British study which found that 85% of them were primarily traded within Europe and that the divergence of interests within Western Europe was far smaller than expected and that therefore solutions to this problem could also be found. On the second major problem, the Commonwealth's export interests to the United Kingdom, the BDI also concluded that it could be solved and would not necessarily impede the British accession to the EEC. They founded their optimistic view on the study that had been done by the PEP and that had put the stress on the fact that imperial preference as such did not represent the vital Commonwealth interest, but that the essential question was that of sufficient outlets for Commonwealth products on the British market, be it with or without preferential tariff treatment. The PEP study argued that the abolition of imperial preference would not as such damage the Commonwealth's essential trade interests. As far as raw materials were concerned, the problems were again much less difficult than in the manufacturing sector. Only lead, zinc, aluminium and cork seemed to pose problems which, according to the BDI, could always be eased by the granting of tariff quotas. While 79% of manufactured imports from the Commonwealth enjoyed an average preference of 12% over imports from elsewhere and the preference therefore had a much greater impact here than on raw materials, these imports amounted to only 8% of total British imports of manufactured goods. In the case of imports from Canada, the BDI took the view that preferences for chemicals, engines and textiles would be entirely irreconcilable with the customs union, while it again pointed to the EIU's study to support the view that the abandonment of the preference would not necessarily lead to damage for the Commonwealth's essential trade interests. The point of the matter was that the likely expansion of the European market would by far compensate the Commonwealth countries for any possible loss on the British market. Thus the Commonwealth would in fact exchange the British imperial preference against an improved access to the European market as a whole.

The key problem for which the BDI did not see a clear-cut solution was that of agriculture. The BDI's study took the view that, because of large tariff differentials and very different systems of agricultural policies in different countries, the plan to include agriculture into a Europe-wide customs union was entirely unrealistic. The suggestion was therefore to return to the Ockrent-paper that had been worked out in the Maudling Committee in July 1958. The Ockrent Report had suggested maintaining the existing trade flows and adapting the flows of agricultural products according to the general rise in consumption. It was recognised that a balance of interest between the Commonwealth and between the more industrial and the more agricultural countries in Europe would have to be found. Clearly, this was a highly political question, which could hardly be technically solved in theory.

The BDI proposal had obviously been the fruit of a thorough study of the international academic and political debate on the whole issue. It had been addressed with the clear intention to tackle the real issues, and it had indeed taken account of all the serious previous work done in Germany and elsewhere. This tremendous effort apparently enhanced the BDI's role in the whole debate. In a BDI meeting on questions of foreign trade on 8 November 1960, Mr. Gocksch reported that the BDI's plan for a Europe-wide customs union had found a positive echo with the industrial associations of other European countries. He reported as well that European industrial circles did not believe in the FTA any more. A certain co-ordination of commercial policies was now seen as indispensable. The BDI, Gocksch declared, was now seeking a solution through the establishment of a Europe-wide customs union or some solution very similar to it[54].

5.3 *Mismanagement: The Müller-Armack-Plan as the BMWi's panacea*

On the political level, bridging the gap between EEC and EFTA meant to a large extent overcoming the silence between Britain and France over a comprehensive solution to Europe's commercial problems. In November 1959 Adenauer had asked for a programme to be worked out on that matter, but only a year later did the Federal Government actually begin bilateral talks about the question of bridge building. The reasons for this have been shown. It was in the first place the heated atmosphere of the acceleration decision that blocked any serious possibility for the resumption of talks. On the other hand the debate on possible concepts for bridge building flourished during the summer of 1960 without leading to a conclusion that the Federal Government could have picked up for a German initiative. Apart from the substantive matters, a new initiative of any kind would have to be put forward with the utmost diplomatic care and so as to avoid the feeling on either side that commitments had to be made early on. As far as the French were concerned, the prospect of multilateral talks was rejected. Hence any new start had to come about in a very modest and very low key appearance. Thus it was only after initial talks on expert levels that the BMWi came up with the Müller-Armack Plan hoping that it would induce Britain and France to return to the negotiating table in the framework of multilateral negotiations. The prospects for that happening looked right until the British shifted their position and eventually applied for proper membership of the EEC. The fact that the US administration had been pushing for that solution and had constantly taken a tough stance on increased trade discrimination against American products had also stiffened the French position. The French therefore remained

54 BA, B102 - 12127,2: Bonn, 9 XI 1960, EA3, Leyser Vermerk, Betr.: Besprechung beim BDI am 8 XI 1960.

rather reserved concerning the German advances on bridge building. It was much more favourable for them, if Britain was to apply for full EEC membership and would thus have to accept the treaty of Rome as whole. It has already been said that this change of approach might actually have had a great influence not only on the further formal proceedings but also on the chances for a positive outcome of the whole matter. It did undoubtedly change the situation in that it limited the number of negotiating partners and therefore limited British bargaining power vis-à-vis the French as well.

Anglo-German bilateral expert talks

It seemed that by the end of 1959 Adenauer had taken a more positive and active attitude towards the question of the Six and the Seven by asking the BMWi and the AA to work out a programme to solve this question. A certain number of direct contacts with high ranking representatives of German business and with the British Prime Minister Harold Macmillan had preceded this change of attitude in the fall of 1959. Already then Adenauer had suggested to begin talks with Britain and France which might be preceded by unofficial contacts[55]. A further development of Adenauer's position in this direction seems to have come about in the summer of 1960 when he met again with the British head of Government. Adenauer's talks with Macmillan in August 1960 were seen in Britain as a turning point in British-German relations[56]. They were followed by a meeting of Erhard and Maudling at the occasion of an industrial trade fair in Berlin a month later. At that time Adenauer spoke for the first time in favour of the BMWi view that it was necessary to find a permanent solution quickly, while the AA favoured a short-term

55 BA, B102 - 12204,1: Bonn, 4 XII 1959, E3, Jentsch an Müller-Armack, Meyer-Cording et al. Betr.: Ergebnis des Kanzlerbesuches in London.

56 PRO, T267/14, April 1966: Treasury Historical Memorandum No 10. Negotiations with the European Economic Community 1961-1963, Section VII: Bilateral Talks with Member States of the E.E.C., and others; PA - AA, Ref. 200, Bd 486: London, 31 X 1960: Deutsche Botschaft an AA, betr.: Äußerungen britischer Minister zur Europapolitik Großbritanniens und zur deutsch-britischen Initiative für eine Annäherung von EWG und EFTA. See also MAE, DE-CE, Papiers Directeurs Olivier Wormser, Vol. 46: Paris, 17 VIII 1960: Olivier Wormser à Bonn.

approach[57]. At the beginning of November both Governments began talks on the expert level that continued until spring 1961. The BMWi hoped that these contacts would lead to talks between Britain, France and Germany and eventually the resumption of multilateral talks between the Six and the Seven. The French clearly did not want German mediation. They also made it understood that, what they would like best, was a clear decision on the part of the British for membership or nothing[58].

The press interpreted the beginning of these contacts as a result of the changes in the foreign policy situation that had occurred since the end of the Maudling negotiations. The Berlin crisis had eased, the British summit diplomacy plans had failed and France also faced problems in Algeria, while de Gaulle at the same time pursued plans in Europe that did not please the Federal Chancellor[59]. The Economist pointed to another influence that contributed to the improvement in Anglo-German relations and the fact that things were moving again on the question of bridge building. For the Economist this was partly due to the fact that the British had become aware of the past failures of Ludwig Erhard and began to pay more attention than before to the AA and the Chancellor's office. Yet doubts remained as to how far Adenauer's conversion to the cause of the "big" Europe had actually gone at Macmillan's visit to Bonn in August[60]. In any case, at the beginning of November 1960 talks at expert level were started in Bonn on the technical questions of bridge building. They were continued in London later that month and once more in April 1961. Yet by then the situation had already changed completely. The

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57 PA - AA, Ref. 200, Bd. 486: London, 3 XI 1960: Deutsche Botschaft London. Herwarth an AA, betr.: Initiative zu den deutsch-britischen Gesprächen über eine Annäherung der beiden Europäischen Wirtschaftsgruppen.

58 When Harkort first suggested secret talks between Britain, France and Germany, Wormser was not willing to answer immediately. The French understood quickly that the success of these talks would depend entirely on their willingness to participate in them at some stage. MAE, DE-CE, Papiers Directeurs Olivier Wormser, Vol. 46: Paris, 17 VIII 1960: Olivier Wormser à Bonn; Paris, 24 VIII 1960: Olivier Wormser à Londres; Paris, 19 IX 1960: Note par Olivier Wormser a. s. coopération entre les Six. Conversations franco-allemandes du 17 septembre. PA - AA, Ref. 200, Bd. 489: Bonn, 21 IX 1960: Müller-Roschach an Carstens, betr.: Verhältnis EWG/EFTA; Bonn 15 IX 1960: Carstens an Abteilungen D2 undD4, betr.: Verhältnis EWG/EFTA; Bonn, 22 IX 1960: Leiter der Abteilung 4, von Bargen an Carstens, betr.: Verhältnis EWG/EFTA; MAE-AD, DE-CE, A-30-7. Vol. 755: Paris, 16 XII 1960, Wormser à Bonn, Londres, Bruxelles, Rome.

59 NEUE ZÜRCHER ZEITUNG, 8 IX 1960.

60 THE ECONOMIST, 12 I 1961.

meetings between the British and the German side did not have any character of secrecy. They were indeed reported very freely in the international forum of the Council of Europe and it was understood there that they were supposed to lead to contacts with France and only eventually to multilateral talks[61]. In the first meeting of experts at the beginning of November 1960 the two delegations exchanged their views and tried to come to a common viewpoint concerning the main problems that an association between the EEC and the EFTA would pose[62]. The agenda was to present to each other the different views of Britain, the EFTA, Germany and the EEC as to what the essential problems were and how they could be addressed. Both delegations also tried to establish a common Anglo-German view concerning the creation of a final arrangement. Agreement was reached between the two sides that GATT-conformity of any arrangement was indispensable, that all trade barriers would have to be abolished completely between the Six and the Seven and that a lasting solution would have to be found within a short period of time.

For Britain the main problem was the Commonwealth. On a more general level the crucial point was the unlimited access of Commonwealth exports to the British market which, according to the British position, had to be maintained. In comparison with that the question of British exports to the Commonwealth and Commonwealth exports to the Six were of minor importance. The British found that the accession of the EEC to the EFTA would be the smoothest solution, while they made it clear that the accession of the UK to the EEC would not be possible in the medium term. The discussion between the two delegations continued on the basis that both options were in fact unrealistic and that other solutions would have to be found. More specific problems concerning the Commonwealth would arise in the field of raw materials, tropical foodstuffs, industrial products and foodstuffs from the moderate zones. Raw materials posed problems only for a number of products

61 BA, B102 - 12128,1: Strasbourg, 18 I 1961, Council of Europe, Consultative Assembly, Economic Committee, Draft Report presented by Mr. H. Vos, Rapporteur. Talks between France and Britain on the expert level took place in March 1961 but remained without agreement even on principles. See AHC, CCE, BAC 61/1982, No. 45: 1 III 1961: E. N. van Kleffens au M. le Président de la Haute Autorité, objet: Entretiens anglo-français d'experts sur les questions européennes.

62 For this and the following see BA, B102 - 12127,2: Bonn, 3 XI 1960, EA3, Hünke, Betr.: Vermerk über die deutsch-englischen Besprechungen am 2. und 3. November 1960 zur europäischen Integrationsfrage.

like vegetable oils, aluminium, lead, zinc, cellulose and sisal[63]. The German suggestion that those could be dealt with by tariff quotas was rejected as insufficient by the British side. Concerning tropical foodstuffs the British saw the main problem arising from the fact that the overseas territories of the EEC had quite similar interests as the tropical Commonwealth countries concerning tea, citrus fruits, vegetable oils and a number of other products. The options for solutions to these problems presented by the British delegation were to mutually exchange the preferences given to the Commonwealth and to the EEC's overseas territories while reducing them at the same time. It seems that the German side actually favoured the simple disappearance of these preferences altogether[64]. The second possibility would be to grant entry of these products free of tariffs on an MFN basis. This would cause problems only as far as bananas were concerned.

As for industrial products, the German delegation made it clear that free access for such products from low-price-countries like India, Pakistan and Hong Kong would not be acceptable to the EEC and in particular to Germany. The British delegation stressed on the other hand that the access free of tariffs that these products now enjoyed in the UK would have to be maintained. Regarding food imports from New Zealand, Canada and Australia, the British delegation wanted to retain zero tariffs mainly in order not to affect the British price level. Another reason for this intention was that, for some of these countries, access to the British market was absolutely vital and that the maintenance of preferences had a role in this too. Both sides acknowledged that this was a particularly tricky problem. They agreed that the Ockrent-Report of the summer of 1958 should be studied again in order to elaborate a practical solution to these issues. Both sides also agreed to consider whether the long-term treaty between the Federal Republic and Denmark on exports of agricultural products should find a counterpart in a similar treaty between Britain and the Netherlands. Neither the British nor the German delegation thought it feasible to try to integrate the two entirely different systems of subsidising agriculture. The British side conceded that the preferences which Britain enjoyed in

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63 Most of them figured on List G. See CAMPBELL, ALAN: *Common Market Law. Volume 2.* London, Harlow 1969, p. 17, § 2028.

64 AHC, CCE, BAC 61/1982, No. 45: 1 III 1961: E. N. van Kleffens au M. le Président de la Haute Autorité, objet: Entretiens anglo-français d'experts sur les questions européennes.

the Commonwealth countries would pose much less of a political problem, but insisted on the other hand that some sectors of British industry would be hit by their abandonment and that Britain therefore would have to ask for corresponding concessions in the EEC. In order to circumvent the likely French insistence on a safeguard clause the British pledged that France was free to invest in Britain. The German delegation reminded the British of what it thought to be the main problems involved for the EEC. These were the question of a "décalage" to ensure the independent development of the EEC, a minimum of co-operation in the fields of services, capital transactions and freedom of movement of labour, a certain co-ordination of "Konjunkturpolitik" and very importantly rules of competition.

In the talks in London at the end of November 1960 no progress was made beyond what had been said in the first meeting in Bonn[65]. The British delegation reported that the reaction by the other members of EFTA to the outcome of the first round of the Anglo-German expert talks had been reserved, that of France had been sceptical. On the level of practical questions it was agreed that a list of crucial products should be established according to a scheme suggested by the Germans. The British delegation was quite understandably not ready to make concessions at a point where it was not even clear whether official talks on final arrangements would actually come about in the very near future given the French reluctance. Britain remained reserved as to the adequacy of tariff quotas for the solution of individual trade problems with the Commonwealth. New German suggestions to harmonise tariffs and to regard tariffs within a certain percentage range as harmonised were practically not commented on by the British. The British also rejected a German proposal according to which global tariff reductions of up to 50% should be made in order to improve the climate with the US. At the end it was agreed that the Germans should enter into talks with the French and that talks between all three sides should start in January 1961. Before that there would be talks on the highest level[66]. Sir Evelyn Shuckburgh from the Foreign Office urged the German

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65 BA, B102 - 12127,2: Bonn, 1 XII 1960, Meyer-Cording an Ludwig Erhard u. Müller-Armack Betr.: deutsch-englische Besprechungen vom 28. und 29. November 1960.

66 BA, B102 - 12127,2: Bonn, 30 XI 1960, EA3, Hünke, Vermerk über die zweiten deutsch-englischen Besprechungen am 28. und 29. November 1960 über das Verhältnis EWG - EFTA.

delegation to make it clear to the Federal Chancellor that the political will had to be decisive, if one was to achieve the solution to the problem. With his visits to London and to Paris, Adenauer would have the great opportunity to help bring about the political will that was needed[67].

The Franco-German talks at expert level in January 1961 were carefully prepared by the BMWi and the AA. They had both worked on a questionnaire that was to be presented to Olivier Wormser and that was tuned in a way as to make a positive response a bit more likely. Despite these careful preparations, problems arose even before the talks began. One was the fact that the Müller-Armack Plan, then still labelled confidential, had been leaked to the press and thus much of the preparation effort had been rendereduseless. Another problem arose from the fact that Müller-Armack had presented his plan to Wormser without specifying whether or not this was to be an official German position. Wormser's subsequent wish to conduct talks preferably with the AA's representative van Scherpenberg and not with a representative from the BMWi did not make things easier. It also reinforced the internal rivalry between the two ministries. In addition to this foreign interference in the competence struggle between BMWi and AA, both ministries disagreed on the question whether or not certain concessions on the political level could be made to France and for what price. The BMWi feared that the AA would concede to Paris the "secrétariat politique" of de Gaulle's project for Europe without demanding enough in exchange. The BMWi had in fact proposed to the AA that there should be a package deal that would link German approval to de Gaulle's plan for a political secretariat to French acceptance of the Müller-Armack Plan. Hünke reports that the AA had previously argued that German agreement to the political secretariat was too much of a concession, but that it now seemed as if the AA was ready to agree to the secretariat without asking anything in exchange[68]. It is obvious that the internal struggle over power and competencies was played on successfully by the French at an extremely important occasion. The leaking of the Müller-Armack Plan three weeks before the talks were to take place was also utterly

67 BA, B102 - 12127,2: Bonn, 1 XII 1960, Meyer-Cording an Ludwig Erhard u. Müller-Armack Betr.: deutsch-englische Besprechungen vom 28. und 29. November 1960.

68 BA, B102 - 12128,1: Bonn, 20 I 1961, EA3, Hünke an Müller-Armack et al. Betr.: Vorbereitung der deutsch-französischen Besprechungen.

inconvenient for the BMWi and its objectives. The talks themselves failed to produce a positive answer from the French. The result was that France was not willing to agree to a Europe-wide solution at that point. It was clear that France was reaching for more concessions on the political level from its EEC partners[69]. Talks between the French and the British took place at the end of February 1961. The French suggested that Britain should make up her mind whether or not she wanted to join the EEC as a full member which, in the French view, would be the simplest solution. Expectations had been low before the Franco-British talks and their outcome justified that. Wormser showed himself deeply disappointed about the British position which made the acceptance of a CET conditional upon the Six' acceptance of the exclusion of agriculture and the accommodation of the Commonwealth's interests[70].

The Müller-Armack Plan: inner-bureaucratic brain-storming or blueprint for a workable European solution ?

When the Müller-Armack-Plan was leaked to the public in early January 1961 it received a very mixed press. Some suggested that it would be the basis for a new German initiative, others that it was just a result of the BMWi's sand-table exercises that had been going on for long and was clearly not intended to become an official German proposal[71]. The plan seemed to offer something for everybody. It was envisaged to be a GATT-compatible arrangement encompassing the Six and the Seven in a CU and possibly all other European members of the OECD in the form of an FTA. It would create a common external tariff for the Six and the Seven with a considerable number of exceptions and would thus be a mixture of a CU for all those industrial products where a CET could be agreed and an FTA for all others. It

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69 BA, B102 - 12128,2: Bonn, 2 II 1961, Von. Meyer-Cording an Ludwig Erhard über Müller-Armack Betr.: Deutsch-französische Besprechungen am 27. Januar 1961 über die Beziehungen zwischen EWG und EFTA.

70 PA - AA, Ref. 200, Bd. 486: Paris, 3 III 1961: Deutsche Botschaft Paris, Blankenhorn an AA; Bonn 9 III 1961: Leiter der Abteilung 4 an Herrn Staatssekretär, betr.: britisch-französische Gespräche über das Verhältnis Sechs/Sieben am 27. und 28. Februar 1961 in London; Zusammenfassung der Berichterstattung und erste Vorschl:age für eine Weiterbehandlung.

71 INDUSTRIE-KURIER, 7 I 1961, "Neue Europa-Initiative aus Bonn zu erwarten - Im Wirtschaftsministerium werden Zollunionspläne erörtert"; DEUTSCHE ZEITUNG, 4 I 1961: "Ein Europa-Plan aus der Schublade - Keine Bonner Initiative zu erwarten".

was hoped that mutual tariff concessions could be made with the US and Canada, thus allaying their hesitation and perhaps achieving an Atlantic free trade area. Agriculture was to be excluded from the arrangement and treated in accordance with the Ockrent report of summer 1958[72]. This meant that there would be an agreement on a standstill concerning trade restrictions in agricultural products. The adaptation towards the common external tariff should be made on the basis of the EEC's CET cut by 20%. An important feature of the arrangement was that, in the process of the adaptation, tariff rises would have to be agreed by a qualified majority, while tariff reductions could be made autonomously by the individual states[73].

Once the plan was in the public, it became the object of the considerations in the Assembly of the Council of Europe where it was welcomed by the rapporteur M. H. Vos as an interesting suggestion. He pointed to the fact though that it had not been adopted by the Federal Government as official policy[74]. It is not quite clear what the BMWi's intentions were concerning the Müller-Armack-Plan. As a matter of principle the central department of the BMWi conducted an investigation into the leaking of the confidential document to the public[75]. The Federal Chancellor's office on the other hand was convinced that the plan had deliberately been leaked by the BMWi. In a briefing for Adenauer, Dr. Praß from the Chancellor's office took the view that the plan was valuable as a concept even though it lacked any new ideas. The Chancellor's office assumed though that the BMWi and Müller-Armack himself had been aware that the proposal, however balanced it was, would come too early and would hardly entice the French into resuming multilateral negotiations on a Europe-wide solution. In a note for Adenauer Praß suggested that in the long run a "progressive" customs union with some elements of an FTA would surely come about anyway and that the different concepts put forward by Berg, Beutler, Münchmeyer and Abs would in practice gradually converge towards that sort of

72 Privately, Müller-Armack favoured the British system of deficiency payments over the system applied in Germany. See Ba, B102 - 12128, 2: Bonn, 17 II 1961: Müller-Armack an Robert Margulies, MdB.

73 VWD - Europa 2/61, 3 I 1961.

74 SeeBA, B102 - 12128,1: Strasbourg, 18 I 1961, Council of Europe, Consultative Assembly, Economic Committee: Draft Report presented by M. H. Vos, Rapporteur.

75 BA, B102 - 12128,1: Bonn, 4 I 1961, Zentralabteilung, Walter an Regierungsrat Hünke.

arrangement. Hence it was deemed better at the moment to continue negotiations on pragmatic solutions to individual problems[76].

The Müller-Armack plan thus failed to become the official German position on European trade policy because of resistance from the AA and the Chancellor's office. The failure was also due to French reluctance to become dragged again into a negotiation process which they regarded as futile from the very beginning, since the initiative originated from the BMWi. The French were also quite dissatisfied with what they saw as a very unprofessional proceeding on the part of the BMWi. It was an unforgivable mistake that Müller-Armack had mentioned his plan "de titre personnel" (as he did ever so often) in a meeting with Wormser already on 20 December 1960 and promised him a copy, but had then failed to provide the Director of Economic Affairs of the Quai d'Orsay with a copy of it for almost a month. The French did not know whether this plan was becoming official German policy or whether it had been dismissed in the meantime. They felt that they were being tested by the Germans[77]. Wormser made it understood to the AA that proceedings of that sort were unacceptable and insisted that in future talks with the BMWi, representatives of the AA also be present to insure that something like this did not happen again[78]. In talking about the plan prematurely the BMWi and Müller-Armack in particular had seriously undermined their reputation and greatly damaged the prospects of the potentially very valuable proposal.

Despite the fact that the AA flatly rejected Müller-Armack's intention to make his plan a formal proposal to the French at the end of January 1961, the questionnaire that the Germans presented to Wormser was essentially based on the Müller-Armack plan[79]. Yet when the two delegations met for their talks, the French rejected any solution including all of Western Europe. German, Dutch and British

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76 BA, B136 - 2553: Bonn, 10 I 1961, Referat 6, Dr. Praß an Adenauer, zur Vorlage Betr.: Schaffung einer europäischen Zollunion, hier: der sogenannte Müller-Armack-Plan.

77 LE MONDE, 29/30 I 1961: «L'Allemagne s'efforce de savoir jusqu'où la France peut aller dans la recherche d'un «modus vivendi» entre les Six et les Sept».

78 MAE, DE-CE, Papiers Directeurs Olivier Wormser, Vol. 46: Paris, 9 I 1961: Olivier Wormser à Bonn.

79 BA, B102 - 12128, 2: Bonn, 23 I 1961: Harkort an Meyer-Cording, Bonn, 1 II 1961: EA3, Ergebnisvermerk der deutsch-französischen Besprechungen vom 27. Januar 1961 in Paris über die Beziehungen zwischen EWG und EFTA; Bonn, 2 II 1961, Leiter der Abteilung E an Erhard über Müller-Armack, betr.: deutsch-französische Besprechungen vom 27. Januar 1961 über die Beziehungen zwischen EWG und EFTA

business seems still to have embraced the plan as the way forward[80]. Their perception of the plan and the expectations which they attached to it were however deemed unrealistic even by the BMWi itself, especially at that late stage in April 1961, when the British application was already on the horizon. The fact that the plan does not even figure in Müller-Armack's memoirs suggests that the evolution of the whole story was somewhat of an embarrassment to the Secretary of State[81]. It remains however remarkable and says a lot about the intra-governmental struggle between AA and BMWi and the policy style of the BMWi that Müller-Armack officially withdrew his plan, which had never been an official German proposal, at a meeting of the Rey committee in early 1961[82].

5.4 Conclusions

In view of the industrial response to the Maudling negotiations and the theoretical assumptions stated earlier about industrial pressure in competing economies setting out to form an economic union, the eventual shift toward a CU solution in the German position should not be surprising. That it took almost two years for this change to come about is largely due to the paralysis of the international situation in Western Europe that persisted after the failure of the Maudling negotiations. Given that the formation of EFTA did not seem to cause immediate problems for German exports and that the acceleration proposals did not have an immediate visible impact either, there was no very strong reaction at the sectoral level of German industry. What worried the electrical and mechanical engineering industries, the chemicals and textile sectors was the fact that exports to the Seven had fallen in 1958. While they were not able to attribute this fall to any concrete measure of commercial policy, they might have thought that it was caused by the formation of the EEC. The remarkable trade expansion and output growth in 1959 must have allayed these fears, and only the textile industry saw the need to propose a bridge building

80 BA, B102 - 12129: Bonn, 20 IV 1961: DIHT, Dr. Düren an Müller-Armack, betr.: Deutsch-niederländisch-britische Kammerbesprechungen über den Brückenschlag.

81 There is just one page mentioning the efforts at bridge building. See MÜLLER-ARMACK, *Auf dem Weg*, p. 234.

82 MAE, DE-CE, Papiers Directeurs, Olivier Wormser, vol. 47: Paris, 24 IV 1961, From: MAE, DAEF, Olivier Wormser à Bonn.

solution in 1960. For the rest, such proposals came mainly from the umbrella associations, BDI and DIHT, as well as out of academia due to the expertise and resources available there. The evidence presented here suggests very strongly that the BDI's proposal for a Europe-wide CU was crucial in preparing the change within the BMWi, where the FTA solution remained on the agenda for very long even though a CU solution had figured in some memos.

As has been shown in the previous chapter, the formation of EFTA and the ensuing industrial pressures caused the Federal Chancellor to adopt a more active position on the question of bridge building. Adenauer was thus able to portray himself as having taken the initiative on these issues. As was suspected by the British, Adenauer's change of mind was not genuine but mostly a tactical reaction to the weakening of his position vis-à-vis Erhard in 1959 caused by the embarrassing events related to the succession of the federal president Theodor Heuss[83]. Together with the pressure in favour of bridge building coming from German industry and business at large, the BMWi had a realistic chance in 1959 to promote its favoured solution at the international level. While there was clearly still reluctance on the French side, the main obstacle in the way of a success for Erhard and his secretary of state was their own clumsiness in preparing the stage for the Müller-Armack plan. Given that even the Chancellor's office did not dismiss the plan as such and that the plan itself carefully tried to accommodate a wide range of interests, a more subtle presentation and a careful lobbying of the Chancellor in this direction, perhaps through a high representative of German industry, might have done the trick. Erhard's bullying methods and Müller-Armack's mediocre diplomacy precluded any success right away and opened an easy way out for the French and the AA. Once this opportunity was missed, the American pressure on the British and their subsequent change of mind concerning an application for full EEC membership sealed the fate of bridge building for decades.

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83 SCHWARZ, Adenauer, vol. II, pp. 502-526.

6 EEC, EFTA and the sectoral interest of German industry

The quantitative evidence

This chapter presents some quantitative evidence relating to a number of sectors of German industry, in particular to those whose trade associations made their voices heard in the debates over the Europe-wide free trade area, the split between EEC and EFTA and the British application for membership in the EEC. The sectors which feared the competition from the OEEC/OECD members outside the Community will be looked at with particular interest here, since it was they who were able to exert pressures on governmental actors most successfully and who obtained more attention than any of those who were likely to be the winners in the free trade area and from British accession. In order to deliver a more complete picture the statistical evidence concerning these potential winners from any such arrangement will also be looked at.

The statistical exercise undertaken in order to assess the impact which the trade discrimination between EEC and EFTA made on German foreign trade in industrial goods according to sectors is fairly simple[1]. What has been done to estimate the "EEC-effect" or the "EFTA-effect" on German foreign trade was to calculate the trend of German foreign trade with the other EEC partners and with the EFTA members (Portugal was not included) for the period of 1953 to 1958[2], to

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1 The trade discrimination that began between the EEC and the other OEEC member countries came about mainly as a consequence of tariff preferences within the EEC. Preferences concerning quantitative restrictions also played a role, since internal restrictions were abolished by the end of 1961, while restrictions vis-à-vis third countries persisted. They could be lowered on condition of reciprocity. Their impact is however alleged to have been marginal for industrial products. See BENOIT, EMILE: *Europe at Sixes and Sevens. The Common Market, the Free Trade Association and the United States*. New York 1961, pp. 25-28; WALTER, INGO:*The European Common Market. Growth and Patterns of Trade and Production*. New York [et al.] 1967, pp. 11-13.

2 Portugal has not been included in the present quantitative analysis given that its trade with Germany was of minor importance in terms of the percentage share of overall German foreign trade and as compared to trade with the other members of EFTA. In the pilot study to the present analysis, conducted on the basis of annual foreign trade data, sectoral trade data were often unavailable for Portugal. In view of this and in view of the minor importance of the Portuguese market for German export industries, Portugal has been ommitted from this analysis, because it was felt that the immense amount of additional data entry and processing would not be in any reasonable relationship to the explanatory value of the outcome that could be expected on the basis of the pilot study. It is also evident that, concerning the FTA, EFTA and British accession, German industry was mainly worried

extrapolate this trend over the whole period up to 1964 and to take note of the deviation from this trend that occurred after 1959. The study is based on quarterly trade statistics as published in the volumes number three of "Der Aussenhandel der Bundesrepublik" and was done for the seven sectors of textiles, chemicals and pharmaceuticals, non-ferrous metals, non-ferrous metal products, paper and paper products, machinery and electrical products[3].

The aims of the study were to find out about the actual import pressures that existed already in the absence of the free trade area and British EEC-membership. At the same time the study permits us to obtain a clearer picture of the importance of individual export markets or competing foreign industries on the home market as well as the common market for individual industrial sectors. On this basis it becomes clear that the fear of import competition from, say, the Scandinavian countries did not necessarily concern the German home market but rather the prospect of a more or less significant opportunity cost in expanding export markets within the EEC. Overall the study enables us to judge with a greater degree of differentiation what the general impact of the division EEC - EFTA was, in what way this situation differed for individual sectors, which export markets were of the greatest significance, where trade expanded the most, and whose competition had to be feared. An attempt will be made here to assess the evidence provided by the sectoral study and to match it with the material concerning tariff changes collected from the BMWi. The start will be made with a relatively simple descriptive account of the evidence which will be followed by a section relating this to the narrative presented so far.

6.1 Likely winners from the FTA and British accession - Machinery, Chemicals and Electrical engineering

Among the expanding sectors of German industry and hence among the likely winners from a Europe-wide free trade arrangement were the chemical and

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about the changes in trade relations with Britain, the Scandinavian countries, Austria and Switzerland whereas Portugal figured only marginally if at all in any of the analyses and position papers coming from German industry.

3 STATISTISCHES BUNDESAMT [ed.]: *Der Aussenhandel der Bundesrepublik Deutschland und Berlins (West). Teil 3. Der Spezialhandel nach Bezugs- und Absatzgebieten und nach Warengruppen und -untergruppen. 1953-1964.* Stuttgart 1954-1965.

pharmaceutical sectors, electrical and electronic products, as well as the machinery industry. Together with the motor car industry and a number of other expanding sectors, their prospects concerning the establishment of the EEC and the project of a Europe-wide free trade area were broadly similar, a similarity related to their rapid and general expansion on virtually all European markets. All of them were in favour of the free trade area and British accession and were also likely to gain from the opening of the French and the Italian markets as well as from the abolition of other barriers to trade vis-à-vis the Seven, while none of them had to fear serious competition. The examination of the trade statistics of these three sectors will help assess to what extent these expectations were met by the trade with the other EEC members and the Seven. They will also highlight to what extent sectoral interests were actually visible in terms of losses or opportunity costs in export markets as well as inroads made by foreign competitors into the home market of the respective sectors.

TABLE 6.1.1 GERMAN MANUFACTURING INDUSTRIES - ANNUAL PERCENTAGE CHANGE OF SECTORAL OUTPUT 1953-1963

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
NF-metals											
metal production	14.04	23.85	10.56	1.12	4.44	2.66	8.29	14.83	1.67	-2.46	3.78
metal products	8.94	31.34	26.14	4.5	2.59	4.62	11.24	25.27	0	4.61	3.86
mechanical engineering	-1.29	11.76	22.81	9.05	3.49	0.84	3.35	13.77	10.32	1.29	-3.5
vehicles	7.33	30.43	31.43	8.7	5.67	19.24	16.67	20.86	5.07	8.57	11.68
electrical engineering	9.59	23.75	24.24	10.57	6.99	14.78	10.18	14.95	10.64	2.78	-1.87
iron and sheets, metal products	7.5	20.16	14.84	7.87	3.65	0	11.56	14.41	5.51	2.24	2.19
chemicals	17.65	12.86	13.29	9.5	12.24	7.27	13.98	14.5	7.14	12.12	10
glass	2.52	21.31	19.59	10.73	-2.55	3.14	9.14	7.44	-1.3	8.33	-2.43
asbestos, rubber	14.75	16.43	20.86	-0.51	3.06	3.47	15.79	13.22	2.92	2.84	6.21
timber processing	-4.04	10.53	9.52	5.22	-5.79	-4.39	3.67	10.62	0	1.6	-2.36
paper production	16.04	15.45	8.45	5.84	6.13	0.58	6.32	8.11	3	1.46	2.87
paper processing	13.27	11.72	10.49	11.39	6.25	0.53	9.04	11.71	0.87	10.39	4.71
textiles	18.18	6.92	8.63	6.62	3.73	-5.99	3.82	6.13	0	2.31	2.26
finished textiles	16.13	4.17	14.67	10.47	10	-4.78	5.53	8.1	6.17	6.64	4.28
clothing	18.32	5.81	20.73	12.12	8.56	-4.98	5.68	6.61	8.53	6.43	2.68

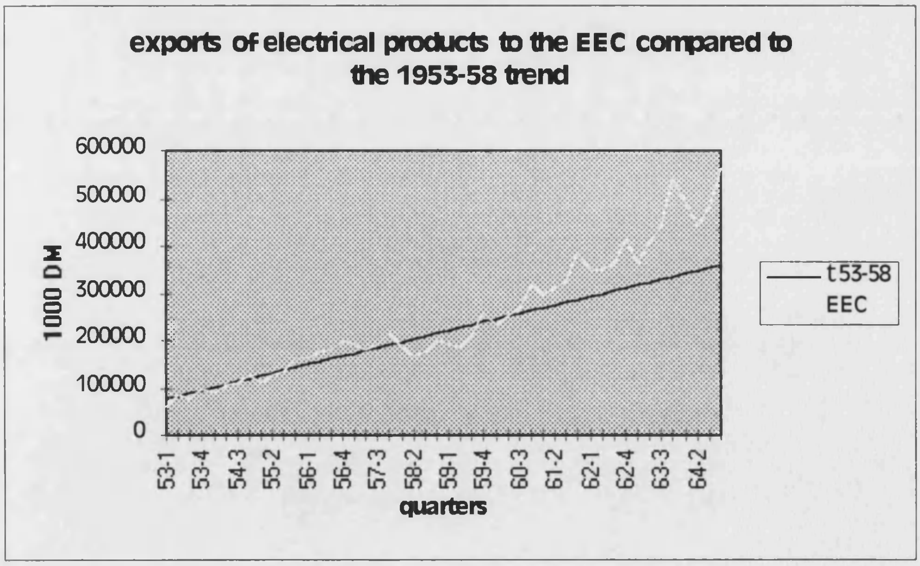
Source: *Wirtschaftskonjunktur. Berichte des ifo Instituts für Wirtschaftsforschung, 4/1964,* 2. Beilage: "Zahlen zur Branchenkonjunktur".

Electrical engineering and electrical products

Exports

The value of exports of electrical products to the EEC starts from roughly DM 75,000 in 1953 and rises up to DM 550,000 at the end of 1964 while the value of respective exports to the EFTA ranges between DM 60,000 to DM 460,000 at the same points in time. The more important observation is that exports to the EFTA countries after 1959 continue to rise roughly along the 1953-58 trend line, whereas exports to the other EEC partners are clearly above that trend line after 1960. The rise in exports to the EEC is attributable mostly to trade with France. Starting from an extremely low level of less than DM 10,000 in the first quarter of 1953 the value of exports doubles only by 1956. Export values are rising more steeply only after the third quarter of 1959. For Belgium-Luxemburg and the Netherlands exports of electrical products follow pretty much the 1953-58 trend line. The same is true for exports to Italy with the exception of the period after 1961 when values are clearly above the trend. Hence for the electrical engineering industry France was the market with the greatest growth potential which was realised immediately after the beginning of the internal lowering of tariffs and quantitative restrictions in the EEC.

Figure 6.1.1



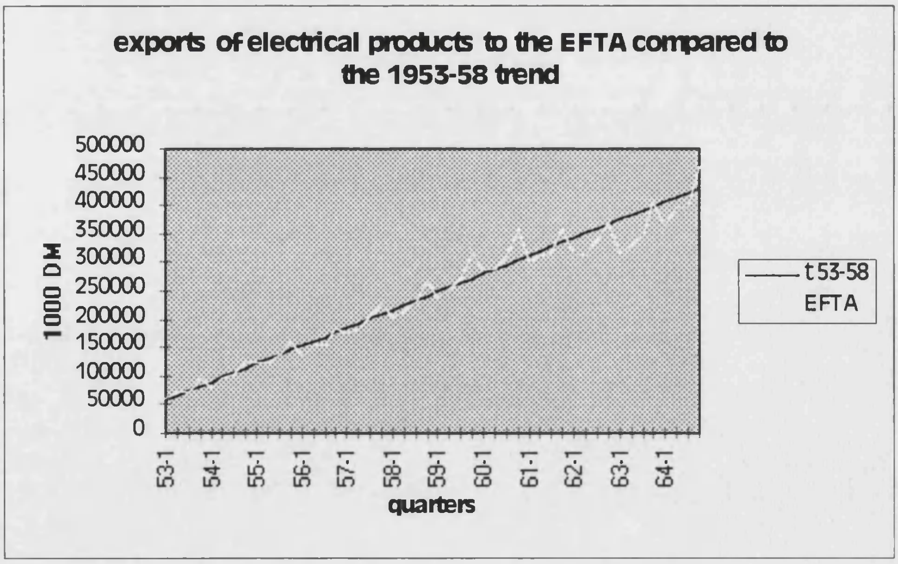
Whereas the growth of exports of electrical products was the greatest towards France, this growth occurred from a very low level. Exports to the Netherlands grew much less as compared to the 1953-58 trend, yet their level reached DM

100,000 already by 1959 and reached DM 200,000 in the last quarter of 1964, and from 1961 exports to the Netherlands are actually markedly above the trend.

It is clear from this that the relatively open economies of Belgium-Luxemburg and the Netherlands were and remained much more important for German exports of electrical products in terms of the level than exports to France. It seems however that exports to France from the second quarter of 1959 onward kept doubling every 18 months or so and thus caught up with the levels exported to the smaller economies and equalling exports to Italy by 1963 which started out from a level similar to exports to Belgium-Luxemburg yet growing at a slightly slower rate than those.

As has already been stated, exports to the EFTA countries (except Portugal) after 1958 follow very closely the 1953-58 trend-line suggesting that the foundation of EEC and EFTA did not make an important impact on this part of German foreign trade in terms of damage to German export interests in these markets. Neither exports to Denmark nor to Switzerland seem to have been affected negatively by EEC and EFTA. For Denmark (as a relatively minor export market) exports lie clearly above the trend line from 1959 onward.

Figure 6.1.2



For Switzerland the same is true at a much higher level from 1960 onward. Exports to Norway by and large follow the trend line, while for Sweden and Austria exports fall below the trend with the foundation of EFTA and EEC or slightly after that. Despite that, German electrical exports to Sweden remain the highest to any of the

EFTA members followed by Switzerland and Austria with exports to Britain ranking only fourth and being of a similar level as those to Denmark, yet fluctuating much more than exports to any other country. Thus German exports of electrical products to the UK rise markedly above the trend line in the last quarter of 1958 and stay above it for one and a half years, while falling below it in 1961.

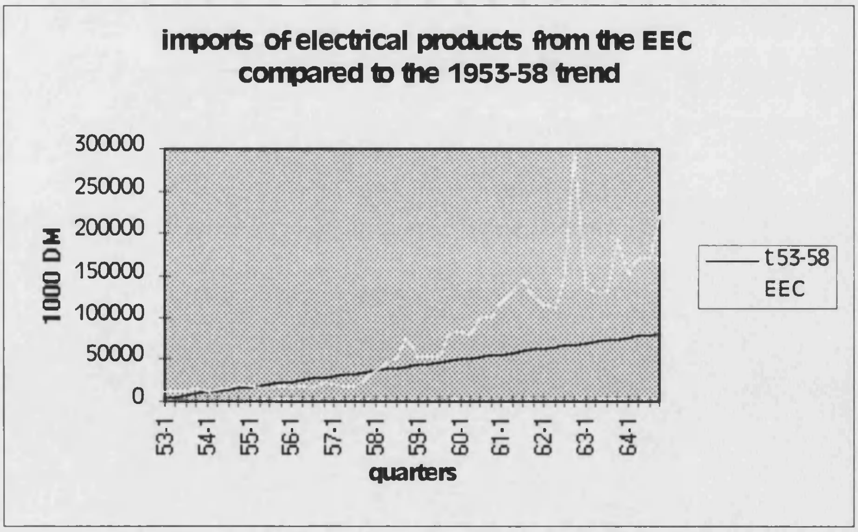
Hence German exports to the most important export market in the EFTA, Sweden, stagnate from 1960 onward. The same is true for exports to Austria and Britain. Yet only exports to Austria fall in visible conjunction with the coming into effect of the EEC tariff and quota adaptations, whereas exports to Sweden initially continue to follow the trend and those to Britain grow considerably when the EEC takes effect. The timing of these changes shows that the initial trade discrimination brought about by the EEC was not met with counter measures by the EFTA countries and hence did not produce a distinctive effect on German exports. On the Swedish and the British market the foundation of EFTA however seems to have made a clear difference. It is likely that trade between Sweden and Britain in electrical products increased at the expense of German exports due to mutual tariff advantages. In the smaller markets and the markets traditionally closely linked to Germany such as Austria this impact was hardly felt or not felt at all as in Denmark, Norway and Switzerland where German exporters could increase their sales above the 1953-58 trend.

The most important observation seems to be that the growth of German exports of electrical products did not fall anywhere else than to Britain and that their fall below the 1953-58 trend line in some EFTA markets seems to have been balanced by slight increases in others. When exports to the important Swedish market began to stagnate at the beginning of 1961 the level of exports to Italy was surpassing that of exports to Sweden and it was evident that exports to France would do the same soon. The Netherlands remained the single most important market for German exports of electrical products and the increases in exports to the Netherlands above the trend alone compensated for the "loss" incurred in exports to Sweden. The overall picture does not allow for the conclusion that opportunity costs on the EFTA markets would have been very visible at all before 1961 when exports to France had picked up considerably. Thus from mid-1960 onward the combined exports to EEC and EFTA remain with one exception above the 1953-58 trend.

Imports of electrical products

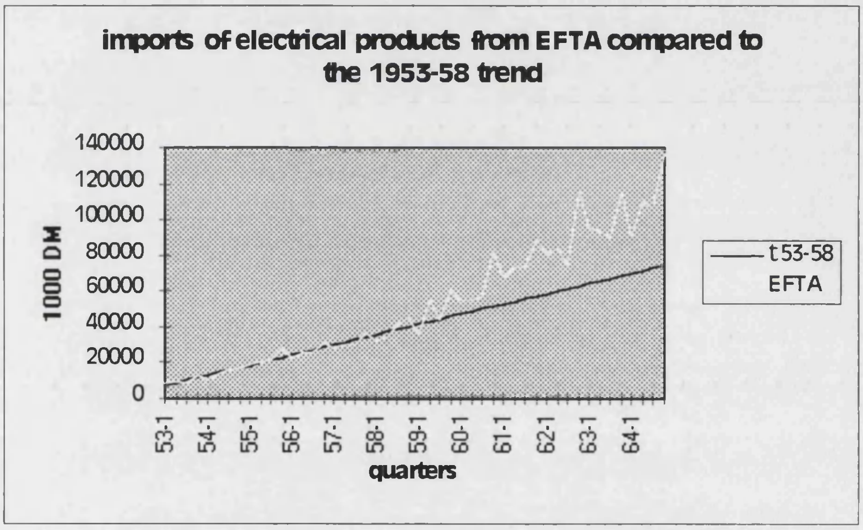
German imports of electrical engineering and other electrical products are consistently above their 1953-58 trend for both EFTA and EEC. As far as the imports from the other EEC member countries are concerned, they begin to rise above the trend already before the EEC takes effect at the beginning of 1959. These increases in imports occur for all EFTA and EEC members even though slightly later for the EFTA. The level of imports from the EEC surpasses that of imports from the EFTA very markedly by 1960. The only exception to this marked increase is Belgium-Luxemburg. Imports from there only start to rise above the trend at the end of 1962. There is an astonishing peak in imports in the final quarter of 1963 which is likely to have been due to some important investment program in the Federal Republic. While imports for all countries rise above the trend without exception, there remain large fluctuations in imports from Britain. The very general rise in imports of electrical products might suggest that it reflected to some extent the general growth of the German economy and the corresponding demand in a field of advanced production technology as well as for consumer durables.

Figure 6.1.3



While imports rose markedly steeper above their 1953-58 trend than exports, Germany still exported more than twice the value of its imports even in the last quarter of 1963 when imports showed a remarkable peak. On the whole German exports were almost three times greater than imports even toward the end of the period in question. It is more than obvious from this that the German electrical and electronic industries did not have to fear serious competition anywhere in Europe and that the stagnation which occurred in the Swedish market, most likely due to British cost advantages there, was almost compensated by growing exports to other EFTA members and easily outweighed by the increasing exports to the other EEC members, mainly to France. It is therefore hardly conceivable that the industry should have been aware of the opportunity costs that were undoubtedly incurred in the Swedish and the British markets due to the fact that German exports met with tariff discrimination there and that hence Swedish and British products might have gained cost advantages.

Figure 6.1.4

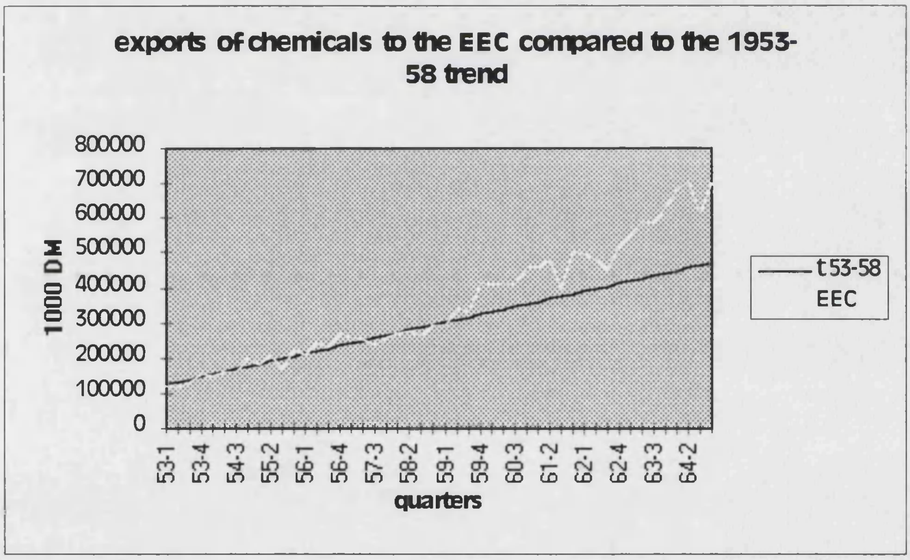


Chemical products

Exports

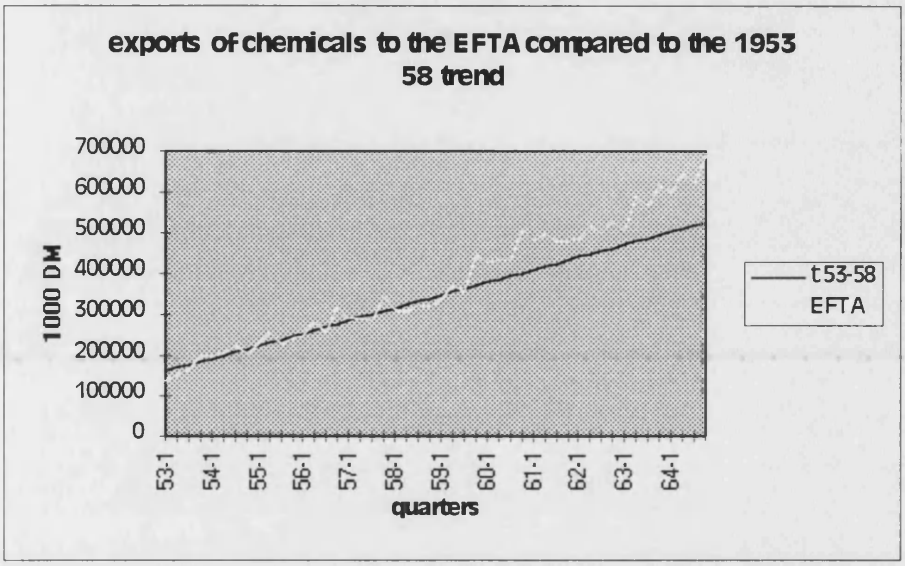
The German chemical industry was among the potential winners from a Europe-wide free trade area as well as from a British accession to the EEC which would have secured the industry tariff free access to the markets of the Seven. While the industry was aware of increased competition with its British counterpart, the overall expectations were positive and the attitudes very favourable for these projects. The quantitative evidence supports these views. It shows that the German chemical industry increased its exports to all EEC and EFTA markets (except the small Norwegian market) at a higher rate than the 1953-58 trend. This suggests that its export performance in the EFTA markets would have been even better, if the trade discrimination between the two blocs would not have developed or could have been overcome at an early stage by the Europe-wide solution or by the accession of Britain and the association of the other EFTA members to the EEC. The quantitative evidence shows further that chemical exports to the EEC were no more important in value than those to the EFTA and that unlike in other sectors the relative importance of the EEC as an export market for German industry did not increase. The increase of exports above the 1953-58 trend to the EFTA countries is mainly due to exports to Britain and Switzerland. In both cases quarterly exports more than double between 1958 and 1964. For the smaller export markets in EFTA (with the exception of Norway) exports continue pretty much to grow according to the trend.

Figure 6.1.5



Given that exports to the more important export markets did not decline but increased substantially, the chemical industry could hardly have been induced to take action supporting the free trade area and British accession with more emphasis. Opportunity costs in terms of losses or missed increases of market shares in the EFTA markets were absolutely invisible for the German chemical industry. As far as exports to the other EEC member countries are concerned the most remarkable increase was in exports to France whereas exports to the other members increased at a slightly slower rate yet from higher levels.

Figure 6.1.6

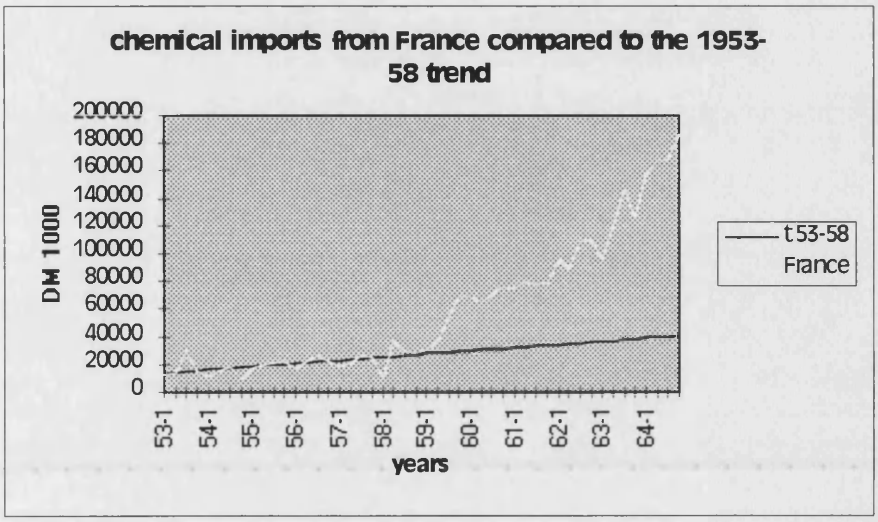


Imports

The value of chemical imports from EEC and EFTA ranges between half and two thirds of that of exports to these areas in the period from 1958 to 1964. Imports from the EEC are roughly twice as important in value as those from the EFTA. Imports from both areas are consistently above the 1953-58 trend with the exception of 1961 for the EFTA. When looking at imports from individual countries the tendency is less clear cut. Imports from the Netherlands just grow according to the trend, those from Belgium-Luxemburg are slightly above it after 1959, whereas imports from France and Italy rise very steeply from 1959 onward, though from a level that is only one third of that of Dutch imports at that point in time.

Imports from EFTA are generally above the 1953-58 trend after 1959, with the exception of Austria, which is consistently below, with Britain and Switzerland being the most important sources for chemical imports from the Seven. What is remarkable are the fluctuations in chemical imports from Britain and the fact that, whereas imports from Britain at the end of 1958 were still more than twice those from France or Italy, imports from France surpass British imports within two years and Italian imports assume a value similar to those from Britain in the same time-span.

Figure 6.1.7

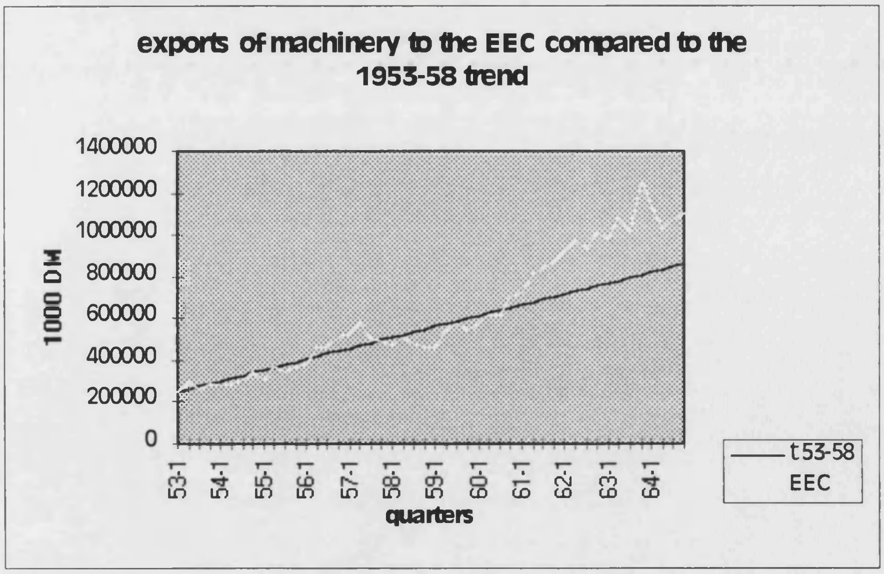


Machinery

Exports

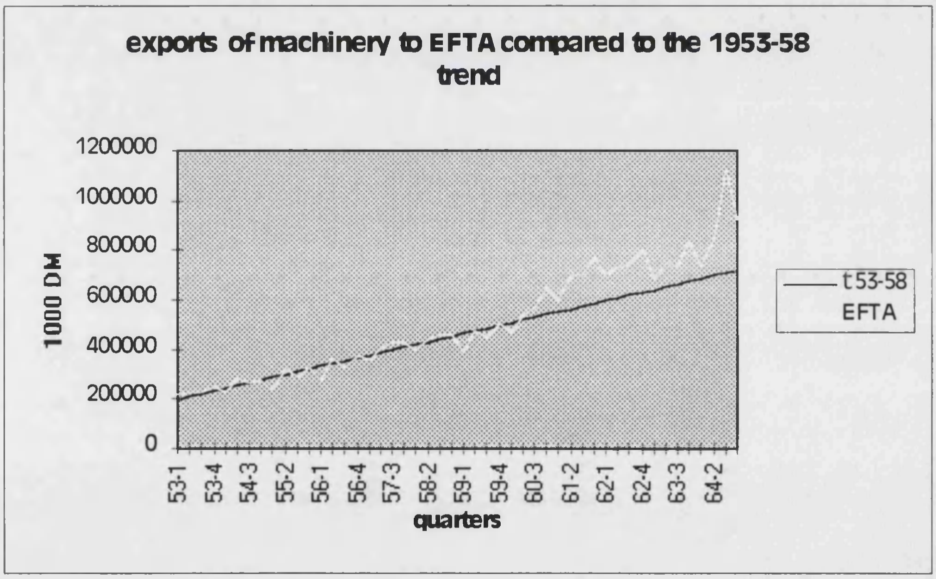
The machinery sector was among the most successful German industries after the Second World War and had nothing to fear but everything to gain from either the Europe-wide free trade area or the accession and association of the EFTA members to the EEC.

Figure 6.1.8



When imports from EEC and EFTA together reach their highest point during the period that is analysed here in 1964, they still only make up a third of the value of German machinery exports to these markets which demonstrates the dominating position of German industry in this field in Western Europe. However during a period from the beginning of 1958 to mid-1961 German machinery exports to EEC and EFTA fall visibly and remain below their 1953-58 trend, while they pick up afterwards again and remain consistently above the trend for the rest of the period. The deviation from the trend for exports to the EFTA is less pronounced than for exports to the other EEC partners. The values of exports to EFTA remain at a level which is roughly 20% lower than the one for exports to the EEC in the early 1960s. With the exception of Austria exports to the EFTA are well above the 1953-58 trend for all other members of the Seven with the most pronounced increases in exports to Britain and Switzerland. With exports to the Netherlands and to Belgium-Luxemburg stagnating throughout 1958 and 1959 and rising only slightly above the trend afterwards, France and Italy become the most important exports markets for the German machinery industry from 1960 onward, with a particularly steep increase of exports to Italy.

Figure 6.1.9



Thus, quite similar to exports of chemical products, there is no visible difference at all between EEC and EFTA as far as the changes in growth rates are concerned suggesting that exports to the EFTA market were not only unhampered, but entirely unaffected by both arrangements, whereas the lowering of internal tariffs in the EEC made a strong impact on exports to France and Italy, with exports to the already relatively open markets of the Netherlands and Belgium-Luxemburg hardly affected by that.

Imports

Machinery imports from all important European markets except Switzerland are markedly above the 1953-58 trend after 1959, whereas the values for Switzerland closely follow the trend-line. Values of imports from both EFTA and EEC reach a very similar level at the end of the period. The graphs could suggest that imports from the other EEC partners, after starting off from a very low level and rising only slowly until 1959, catch up to the more "normal" level of import-values from the EFTA members which started off from a much higher level and with a steeper 1953-58 trend.

The conclusion would be yet again that for trade with EFTA the foundation of the two competing trading blocs did not seem to matter for the German export performance, whereas the lowering of internal tariffs among EEC members helped realise a huge potential for trade mainly among the three larger economies of the EEC, France, Italy and Germany. As far as industrial interest and pressure is concerned, the statistical evidence for machinery exports shows that there were no tangible losses at all, nor any visible opportunity costs. The prospects for the German machinery, chemical and electrical engineering industries at the end of the 1950s were clear: capturing the huge and previously protected Italian and French markets, while hoping to keep the strong presence on the markets of the Seven. Protective interests on the whole did not exist in these sectors. The fears that the divisions between the EEC and the Seven after the failure of the Maudling negotiations might negatively affect German export interests in Europe outside the EEC did not materialise. The stagnation in machinery exports in 1958 to 1960 equally concerned EEC and EFTA markets and had thus nothing to do with the coming into effect of the EEC but more probably with a general slowdown in economic activity in 1958 which in turn might have negatively affected investment decisions for some time hitting capital goods sales harder than those in other sectors.

6.2 The potential losers from the FTA and British accession - Textiles, Non-ferrous metals and Paper industries

The textile industry and the sector of non-ferrous metals were the most vociferous when it came to criticising the free trade area project and the planned British accesion to the EEC. They predicted the most dire consequences should either of these arrangements come about. The same is true for the sector of non-ferrous metal products, the paper and paper product industries, as well as for timber and timber processing and a number of sectors whose fears and complaints with regard to the negotiations have been mentioned in the chapter on the Maudling negotiations. All of these sectors had specific competitors in mind when setting out to protest against the Europe-wide free trade area or any similar arrangement. For the non-ferrous metal industry, for timber, wood pulp, paper and paper product producers in the Federal Republic competition from Scandinavia, mainly from Norway, but also from Austria was seen as a serious threat which, in their view, could endanger the existence of whole industries. For the textile industry the main competitors were India, Pakistan, Hong Kong and Sri Lanka, if they were to achieve even the slightest reduction in trade impediments for their exports to the European market. For reasons of very advantageous factor endowments or very low labour costs competition in these sectors was seen as unfair and protection was demanded. In the German textile industry it was assumed that its own protective interests vis-à-vis the Asian countries mentioned would be shared by the other European industries and that hence agreement on quantitative restrictions against imports from there would be easily reached with the other European countries. During the accession negotiations these countries were in fact granted larger quotas to the European market. Apart from the Asian competition the associations of the textile industry were concerned that the divisions between EEC and EFTA might endanger the very important export markets for German textiles that the Seven and primarily Scandinavia constituted.

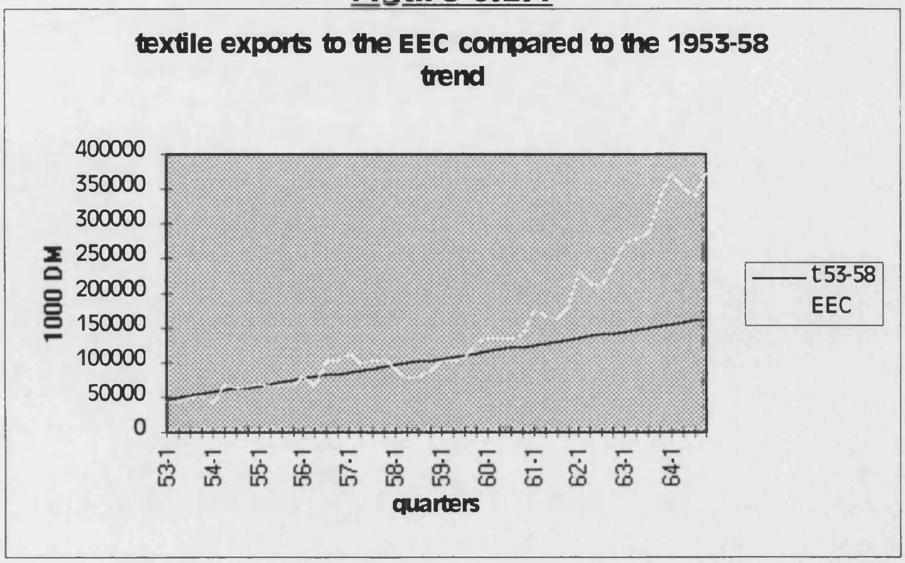
As before, the statistical evidence will be used on the one hand to assess whether the expectations of the individual sectors were met by the development of trade and on the other hand to what extent opportunity costs and losses were visible and tangible for the industry and on which markets these costs and losses occurred.

Textiles

Exports

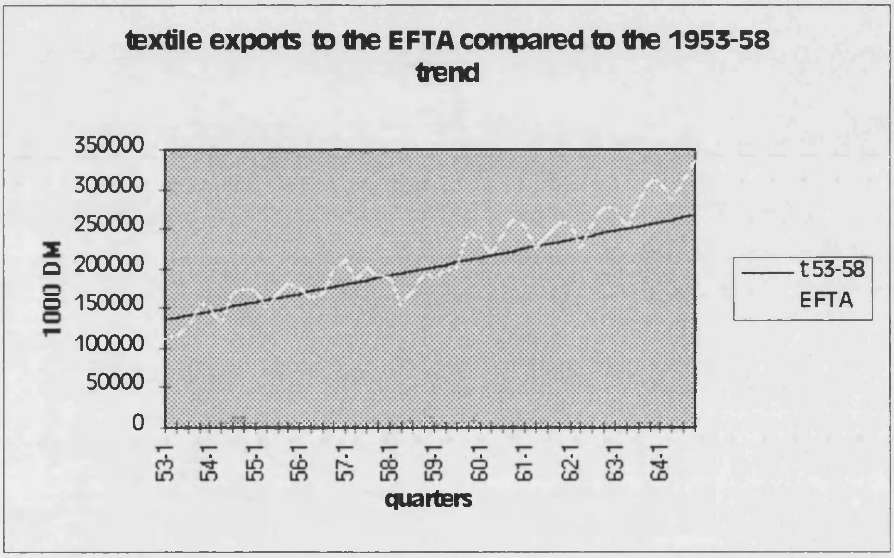
All European textile producers faced powerful competition from the developing countries whose sales in Western Europe were entirely controlled by quotas. It was not therefore competitiveness that determined their patterns but trade agreements. The problem was that the UK appeared to give the best trade deals to India, Pakistan and Hong Kong. For the West German textile industry combined textile exports to the EEC and the EFTA are consistently below the imports from these countries. Toward the end of the period both imports and exports begin to grow more steeply than before. These increases are however due only to trade with the other EEC member countries, while trade with the EFTA countries largely follows the 1953-58 trend also during the rest of the period. The value of exports to the EFTA markets in the years up until 1963 is persistently higher than those to the EEC. Until 1959 exports to the EFTA continuously more than double those to the rest of the Community. From 1959 onward exports to the EEC rise sharply to reach and surpass the value of exports to the EFTA by 1964. Thus the increased export potential offered to the German textile industry in the common market countries was not at all visible at the time when the Maudling negotiations were underway.

Figure 6.2.1



Instead the fall in exports to both the EEC and the Seven in 1958 with figures remaining below the 1953-58 trend well into 1959 did not suggest that there were any improvements on the horizon, if trade with the Seven should be affected by tariff discrimination. Within the EEC the usual picture also occurred in German textile exports with the largest increases to France and Italy. Yet exports to the other EEC markets also rose markedly above the 1953-58 trend in the Dutch market, which remained the most important export market within the Community with the value of exports to the Netherlands in 1964 still almost doubling that to France or Italy. It is important to stress that the "take off" of exports to the EEC did not occur before 1961.

Figure 6.2.2



Exports to the EFTA stagnated from the beginning of 1958 onward and surpassed 1957 levels again only at the end of 1959. At the time this might have been taken as an indication that the free trade area solution was needed and that German textile exports to the Seven would otherwise suffer. After 1960 export values were mostly above the 1953-58 trend. Among the EFTA markets exports to Austria and to Switzerland rose most markedly over the period as a whole yet without any strong increase above the 1953-58 trend for the latter half of the period. Both these markets surpassed the importance of the Swedish market at the beginning of 1959. German textile exports to Sweden remained practically constant over the whole of the period from 1935 to 1964. Exports to the UK and Denmark improved above the 1953-58 trend after 1959 and after 1960 in the case of Austria, whereas exports to Norway fell in relation to the trend from 1961 onward. The most important feature concerning the EFTA markets is the fact that exports to the larger ones continued along the trend line or slightly above it with the exception of 1958 and 1959. Hence the exports interests of the German textile industry were not visibly hit by the failure of the Maudling negotiations. The relative importance of the EFTA as an export market for German textiles declined and was equalled by the EEC by mid-1963, but did so only after 1960.

TABLE 6.2.1: EUROPEAN TEXTILE TARIFFS 1960

country	*tariff level*
Germany	5-17%
Benelux	5-24%
Italy	15-22%
France	15-27%
Common external tariff	6-22%
Scandinavia	10-25%
United Kingdom	7,5-42%
Switzerland	7-25%
Austria	10-32%

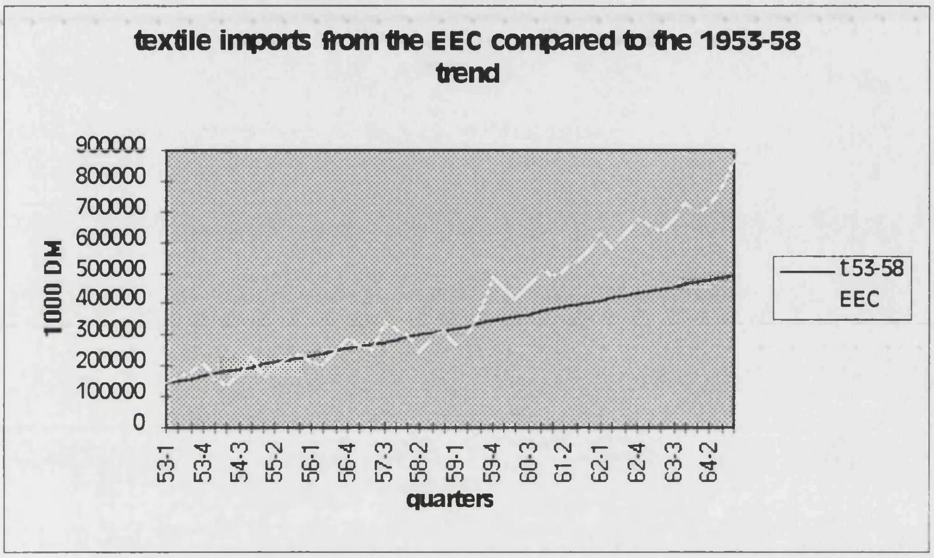
Source: BA, B102-12127,2: Frankfurt, 12 XII 1960; Gesamttextil an BMWi; Betr.: Entspannung des EWG/EFTA-Konfliktes für den Textilbereich.

Given the fairly high tariffs on a good number of textile products in all European countries, it had to be expected that tariff reductions within the EEC would have a rather important impact on internal EEC trade. This is reflected in the German foreign trade statistics. All in all the tariff discrimination that occurred between EEC and EFTA did not seem to lead to important changes in the sources of imports for the Seven. This might have been partly due to long established trade relations, to geographic proximity and correspondingly low transport costs but most probably to the fact that the markets were so regulated by other devices. It could also have been due to the fact that production capacity within the EFTA would not have been sufficient to cause a substantial switch from Germany or indeed any other EEC country as a supplier to Britain as the most important textile producer among the Seven.

Imports

For imports the picture is quite similar to that of exports with a little slump in 1958 and 1959, a rise above the trend for the EEC and a line close to the 1953-58 for the imports from the EFTA. It is important to note however that the balance of trade with the EFTA countries is persistently positive, while with the EEC it becomes increasingly negative particularly from mid-1959 when the first internal tariff measures showed their effect. The most important source of imports among the EEC members was Italy, closely followed by France. The value of imports from France almost doubles from the first to the last quarter of 1959. On a slightly lower level imports from the Benelux countries rise markedly above the 1953-58 trend too, contributing to a very strong negative balance of trade in textiles for Germany with its partners in the EEC.

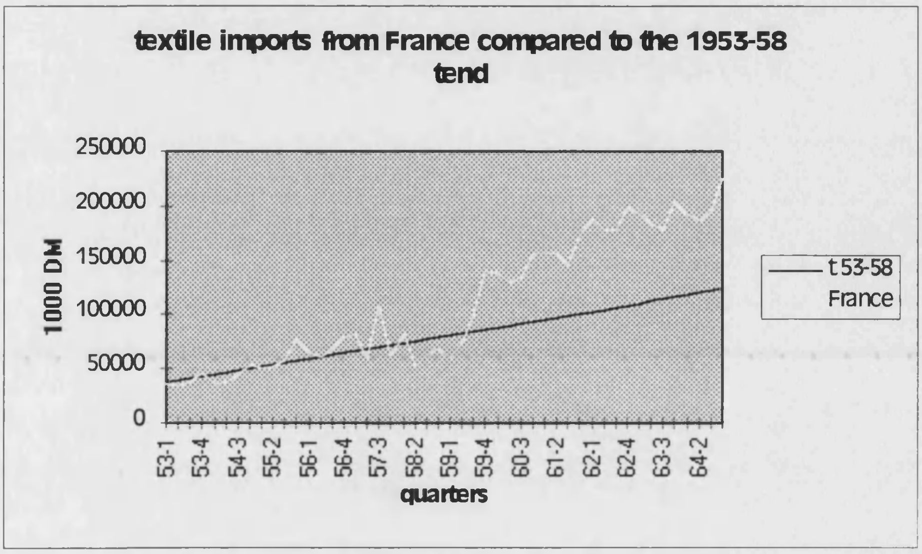
Figure 6.2.3



While textile imports from the EEC rose markedly, imports from the EFTA countries roughly followed the 1953-58 trend, and remained below it most of the second half of the period. Imports from the UK continue to stagnate after 1958 and stay well below the trend. Switzerland remains the most important source of textile imports among the Seven, followed by the UK and Austria. The most significant development is the complete stagnation of imports from Britain after 1957.

While it is hard to specify to which protective measures this stagnation was due, it seems that the failure to establish the free trade area and to admit Britain into the EEC saved the German textile industry from potentially very damaging competition. Had the free trade area come about in 1958/59 a "take off" of imports from Britain might have resembled that of imports from France and Italy and would undoubtedly have shed many jobs in Germany. One factor in that would certainly have been textile imports into the UK from the Commonwealth as well as the UK textiles made from Indian "grey cloth" or re-exports from Hong Kong.

Figure 6.2.4



While the corresponding German figures were not alarming for 1956 to 1958, the industry feared that any loosening of quantitative restrictions vis-à-vis what they called "low price countries" would heighten their share of the German market and damage the industry. It was also likely that the Indians would ask for the expansion of quotas under voluntary export restraint agreements.

TABLE 6.2.2: IMPORTS OF TEXTILE PRODUCTS FROM LOW PRICE COUNTRIES AS PERCENTAGE OF GERMAN PRODUCTION:

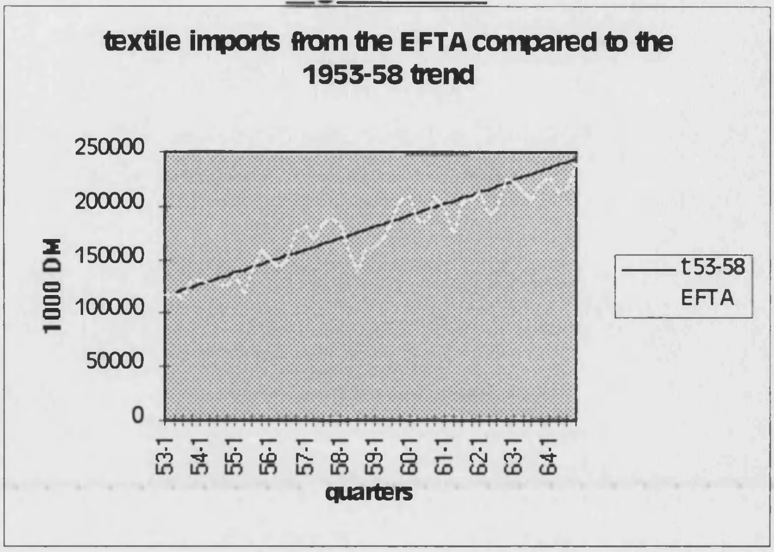
	rayon	spun rayon	spun rayon fabrics	linen fabrics
1956	0,07	-	4,5	5,4
1957	0,10	0,0	12,4	3,5
1958	0,08	0,4	14,8	4,2

	cotton fabrics	jute fabrics	jute sacks	carpets from coco fabrics
	1,7	2,2	2,6	3,3
1957	4,0	1,5	7,1	4,8
1958	3,7	6,8	7,1	7,8

	gloves etc.	synthetic gloves	mufti made from tulle
1956	4,2	5,6	20,8
1957	8,9	7,5	23,0
1958	8,6	3,7	22,0

Source: BA, B102-19568: Frankfurt, 170159, Von: Bundesamt für Gewerbliche Wirtschaft, An: BMWi, Ref. IVC1, Betr.: Das Verhältnis der Einfuhren ausgewählter textiler Erzeugnisse aus den Ostblockstaaten und den Billigpreisländern zur inländischen Produktion.

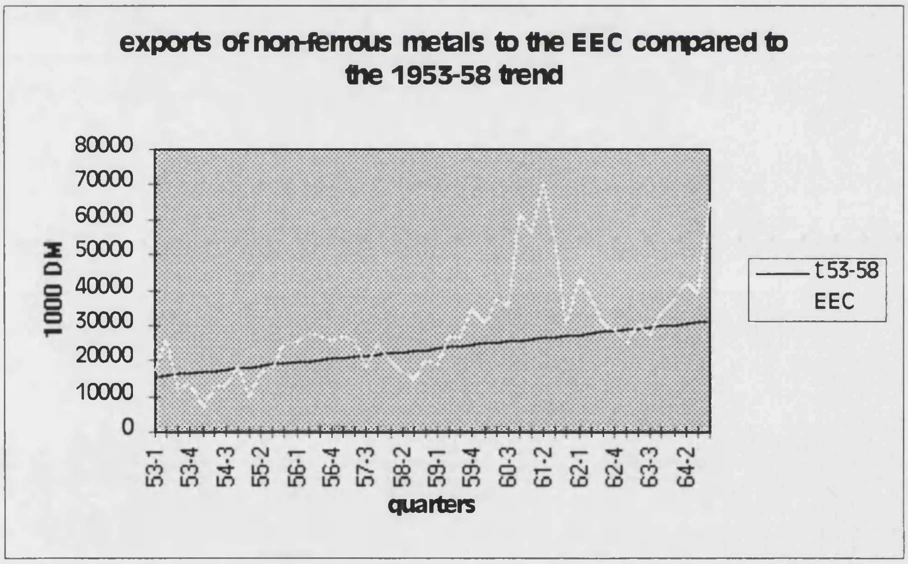
Figure 6.2.5



Non-ferrous metals

EXPORTS

Figure 6.2.6



An overview over the export statistics suggests that the tariff changes and other arrangements brought about by EEC and EFTA did not affect trade in non-ferrous metals to any degree as strongly and consistently as seems to have been the case in the other sectors which have been analysed so far. This is not at all surprising as far as the EFTA is concerned.

TABLE 6.2.3: IMPORTANT NON-FERROUS METAL TARIFFS AMONG THE SEVEN IN 1957

CET Nr.	product	UK	SWE	N	DK	AUT	CH
ex 2601	zinc ores	0	0	0	0	0	0,5SF per 100kg
ex 2601	lead ores	0	0	0	0	0	0,1Sfr per 100kg
ex 7801	lead, raw	7s/1 or 10%	0	0	0	0	0,3Sfr per 100kg
ex 7801	scrap	0	0	0	0	0	0,0Sfr per 100kg
ex 2603	ashes and scrap	0	0	0	0	0	0,3Sfr per 100kg
ex 2805	mercury	0	0	0	0	0	5Sfr per 100kg
ex 2805	lithium	10	0	0	0	0	10Sfr per 100kg
ex 7601	aluminium, raw	0	0	0	0	20Gr per 100kg	65Sfr per 100kg
ex 7601	scrap	0	0	0	0	20Gr per 100kg	65Sfr per 100kg
ex 7701	magnesium, raw	10	0	0	0	0	65Sfr per 100kg
ex 7701	scrap	10	0	0	0	0	65Sfr per 100kg
ex 7901	zinc, raw	10	0	0	0	0	0,3Sfr per 100kg
ex 7901	scrap	0	0	0	0	0	0,3Sfr per 100kg
ex 8104	tantalum	0	0	0	0	0	10Sfr per 100kg
ex 8104	titanium	10	0	0	0	0	10Sfr per 100kg
ex 8104	zirconium	10	0	0	0	0	10Sfr per 100kg

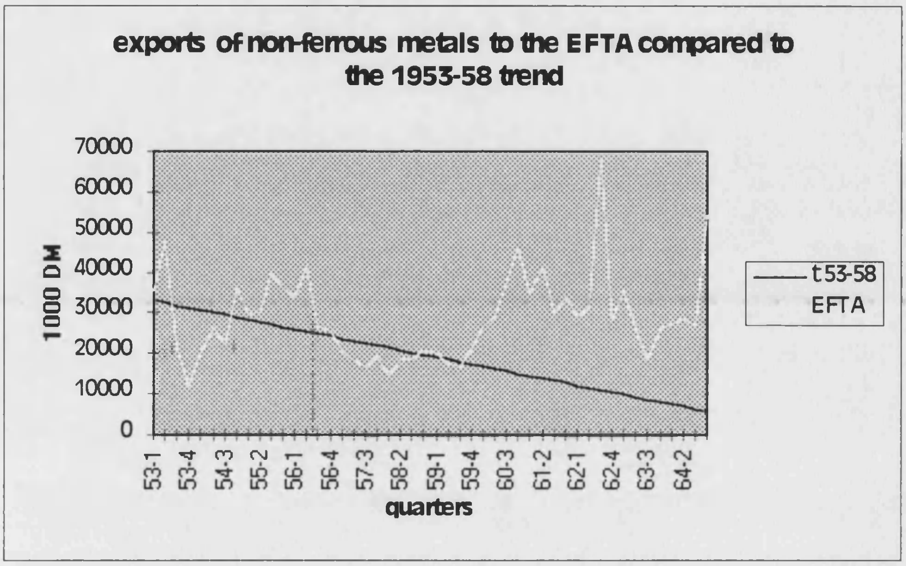
Source: BA, B102 - 18373, 1: Bonn, 090857: Von: IVA1: Zahlentafel 3: Common market: Zolltarife wichtiger Ne-Metallpositionen.

The Scandinavian countries and Austria had no tariffs on non-ferrous metals whatsoever, most imports of non-ferrous metals into Britain were also tariff free and the other positions were hit by a 10% tariff, while Switzerland retained specific tariffs on all these metals. As far as exports to the EFTA are concerned, the trend lines for 1953 to 1958 are falling very markedly for the UK, Norway and Sweden. Exports to these countries do indeed reach very low levels by 1957 and remain on that level for the rest of the period with the exception of exports to the UK which pick up again in 1960.

It is obvious that in these markets German exports of non-ferrous metals were not competitive at all given that they did not face any high tariffs there and still fell continuously. The fact that the actual export figures for most of the second half of the period looked at here are above the 1953-58 trend does therefore not indicate any relative improvement of the German export performance, but is simply due to the fact that the trend line enters into the negative realm at some point after 1958 in these cases. Only exports to Austria and Switzerland have a rising trend for 1953-58 and only the values of exports to Switzerland lie above that trend for most of the period after 1958. Britain and Austria remain the industry's most important export markets despite the fact that exports to Austria are markedly below the trend from

1962 on. For the EFTA as a whole export figures are well above the negative trend after 1959.

Figure 6.2.7



Given the strong fluctuation in trade in non-ferrous metals, which is perhaps largely due to world price changes and unstable demand, the quantitative evidence for exports to the EEC is fairly inconclusive in trying to assess the impact of EEC and EFTA[4]. However, exports to the Benelux countries and to Italy are above the 1953-58 trend for much of the period after 1958. Export levels to all these markets except to the Netherlands remain rather low, while exports to France stagnate after 1957 partly due to the very high level of tariffs and to the fact that reductions of the vast majority of these tariffs was part of the List G and thus to be the subject of special negotiations and was therefore not automatic[5].

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4 In 1961 the world price for a number of non-ferrous metals plummeted, rendering tariffs practically ineffective. See BA, B102 - 127623: Fachvereinigung Metallhütten und Umschmelzwerke, Schüller, Stellungnahme der Fachvereinigung Metallhütten und Umschmelzwerke zum Beitritt Großbritanniens zur EWG.

5 List G in the annex I to the Treaty Establishing the European Economic Community relating to article 20 of the treaty comprised those products for which the arithmetical average was not deemed feasible for the CET and where the Six had not been able to agree on a common tariff intially. The member states agreed on the common tariff for the products on List G on 2 March 1960 with the exceptions of manufactured tobacco and petroleum products. See CAMPBELL, ALAN: *Common Market Law*. Volume 2. London, Harlow 1969, p. 17, § 2028. For the agreement reached in 1960 see *Journal Officiel des Communautés Européennes*, 20 Décembre 1960, 3[e] Année N[o] 80 C, pp. 1825/60-1871/60.

TABLE 6.2.4: NON-FERROUS METALS: TARIFF POSITIONS OF EEC MEMBERS

CET position	product	D	F	I	BNLux
ex 2601	zinc ores	0	0	4	0
ex 2601	lead ores	0	0	4	0
ex 7801	lead, raw	0	8	10-20	0
ex 7801	scrap	0	0	10	0
ex 2603	ashes and scrap	0	0	4-12	0
ex 2805	mercury	0	0	7	0
ex 2805	lithium	0	20	16	0
ex 7601	aluminium, raw	10	21	25	0
ex 7601	scrap	0	25	9	0
ex 7701	magnesium, raw	0	25	25	0
ex 7701	scrap	0	12	9	0
ex 7901	zinc, raw	0	0	15	0
ex 7901	scrap	0	15-24	11	0
ex 8104	tantalum	0	20	3	0
ex 8104	titanium	4	20	2	0
ex 8104	zirconium	4	20	12	0

Source: BA, B102 - 18373, 1: Bonn, 090857m Von: IVA1: Zahlentafel 3: Common market: Zolltarife wichtiger Ne-Metallpositionen.

Austria, the UK and the Netherlands are the most important export markets for the second half of the period analysed here. From mid-1959 the figures for exports to the EEC are mostly above the trend line. The same is obviously true for the combined EEC/EFTA export figures which rise sharply above the trend after mid-1959. Thus, while the quantitative evidence on a country by country basis is rather inconclusive, the combined figures show that, in relation to what could have been expected throughout the 1950s, the industry performed rather better on its European export markets. One should bear in mind, however, that the value of German exports of non-ferrous metals to Six and Seven remained always below half the value of corresponding imports from these countries.

Imports

The import statistics for non-ferrous metals show that imports from the EEC as a whole were mostly above the 1953-58 trend from the beginning of 1959, while this is slightly less clear cut for imports from the EFTA as a whole. When taking into account that the main threat in terms of competition was thought to come from Norway, the UK and Austria, the statistics show that imports from these sources roughly followed the previous trend after the formation of EEC and EFTA with a slight fall in the case of Norway and Austria where the previous trend had been however rather steep.

Figure 6.2.8

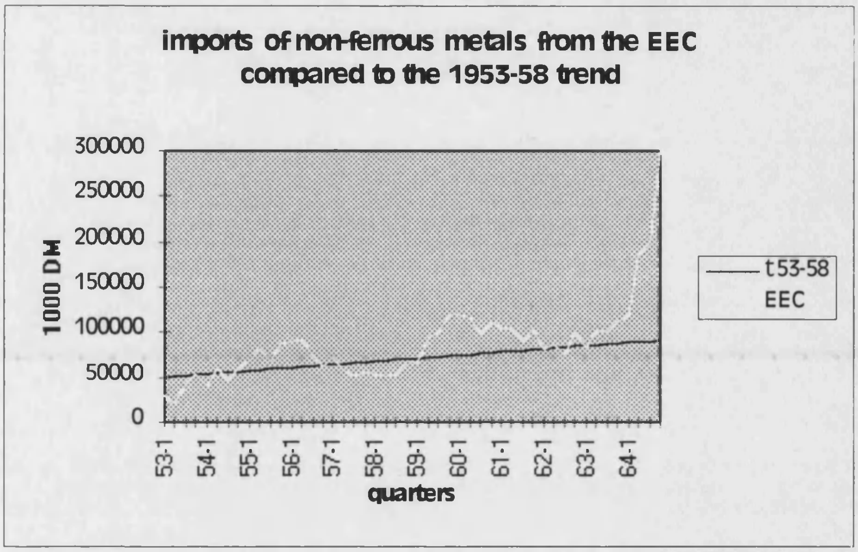


TABLE 6.2.5: NORWEGIAN PRODUCTION OF NON-FERROUS METALS 1954-1963 IN 1000KG

	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
copper	12901	13737	15434	15828	17568	19249	21614	21970	19153	18197
aluminium	64101	74863	99389	103733	126281	145949	164801	174909	209277	219345
nickel	17242	18498	19444	21112	23590	25998	30428	-	29202	26421
zinc	44461	45519	48772	48352	45523	48777	43962	46747	44976	46556

Source: Statistisk Årbok for Norge 1957-1964.

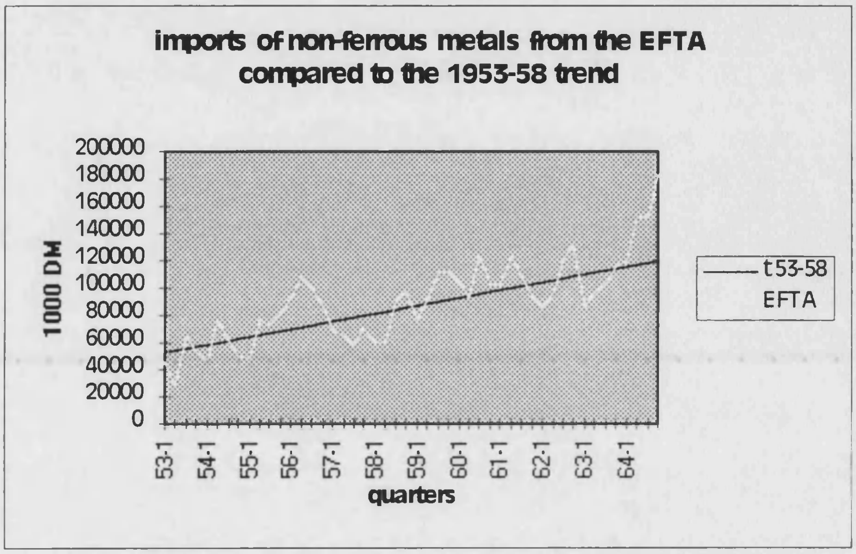
TABLE 6.2.6: ANNUAL PERCENTAGE CHANGE IN NORWEGIAN PRODUCTION OF NON-FERROUS METALS 1954-1963 IN 1000KG

	1955	1956	1957	1958	1959	1960	1961	1962
copper	6.48	12.35	2.55	10.99	9.57	12.29	1.65	-12.82
aluminium	16.79	32.76	4.37	21.74	15.57	12.92	6.13	19.65
nickel	7.28	5.11	8.58	11.74	10.21	17.04	-	-
zinc	2.38	7.15	-0.86	-5.85	7.15	-9.87	6.34	-3.79

Source: Statistisk Årbok for Norge 1957-1964.

However, imports from the UK and Austria show large fluctuations. Given the alarming information gathered in the West German industry concerning the plans for expansion of productive capacity mainly of aluminium in Norway, the failure of the free trade area and de Gaulle's veto of British accession must have been seen as a godsend. It is still doubtful however, whether Norwegian production capacity would have increased sufficiently rapidly to constitute so serious a threat as it was seen in Germany.

Figure 6.2.9



As indicated in the table below, Norwegian surplus production of non-ferrous metals was at roughly 100,000 tons only in 1955 compared to German import demand of more than three times that volume. All these questions need to be seen in relation to the expected development of production and demand within the EEC as well as in relation to the competitive struggles between metal processing industries across Europe. Thus high tariffs as protective measures for the German metal producing industries were seen as dangerous for the processing industries which had to compete with their counterparts in Britain who profited from the absence of tariffs on non-ferrous metals. The essential outcome of the import statistics is that imports did not increase very dramatically neither from the EEC nor from the EFTA above the 1953-58 trend line. The fact that decisions within the EEC on a good number of tariff positions in the field of non-ferrous metals were not finalised before the accession negotiations broke down left protective measures unchanged. There has to be, however, a cautionary note on the statistics. Given that the statistics indicate values and that important price fluctuations occurred during the period looked at here, low values of imports in 1961 and the following year do not indicate that the volume of imports actually declined and that therefore import pressures on the German industry diminished. Given that world prices did not only decline sharply in 1961, but that the DMark was also revalued at the same time, lower import values at that point might still have coincided with marked increases in volume.

TABLE 6.2.7: PRODUCTION AND CONSUMPTION OF ALUMINIUM, LEAD, ZINC AND COPPER IN 1955 (IN 1000 TONS) IN THE EEC

	mine production	metal production (metal works)	consumption of raw metal	total consumption
BLux	-	512,6	334,4	451,7
F	18,2	353,7	603,0	897,3
I	134,4	216,2	304,4	458,6
D	160,7	734,1	964,8	1252,8
TOM	474,0	151,1	10,0	15,0
Total	787,3	1967,7	2216,6	3075,4

Source: B102- 18373,1: Bonn, 28 VIII 1957, Von: IVA1: Zahlentafel 1: Übersicht über die Metallproduktion und den Metallverbrauch der Europäischen Wirtschaftsgemeinschaft und der OEEC-Länder (in 1000 t).

TABLE 6.2.8: PRODUCTION AND CONSUMPTION OF ALUMINIUM, LEAD, ZINC AND COPPER IN 1955 (IN 1000 TONS) IN THE OEEC-MEMBER STATES

	mine production	metal production (metal works)	consumption of raw metal	total consumption
UK	9,1	469,5	1379,2	1813,7
EEC	787,3	1967,7	2216,6	3075,4
N	16,8	150,5	41,3	48,9
SWE	90,7	67,9	151,3	195,6
DK	-	7,9	34,3	47,4
CH	-	31,6	86,1	109,7
AUT	12,8	81,9	81,7	86,5
GR	14,7	3,4	6,3	9,8
TURK	14,7	3,2	0,8	-
PORT	4,2	5,1	3,8	-
Total	950,3	2788,7	4001,4	5387,0

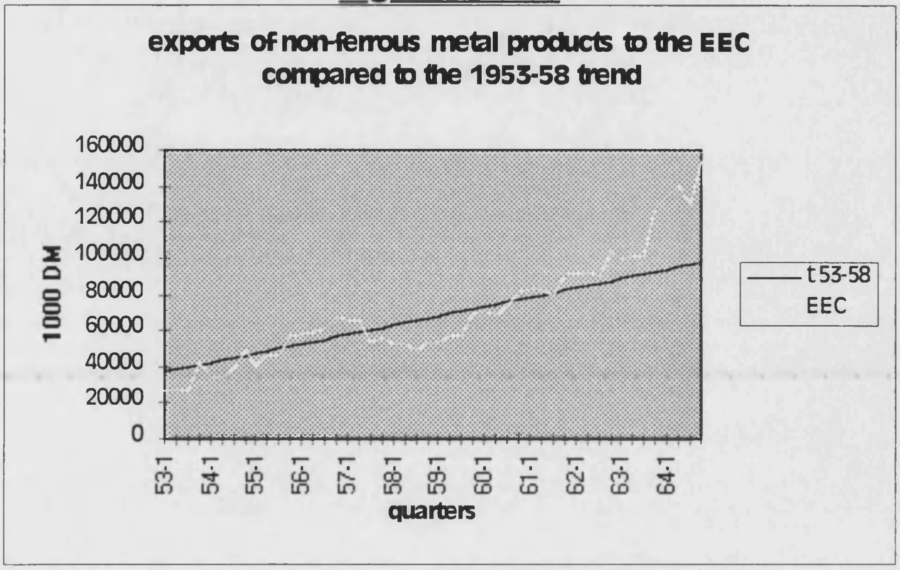
Source: B102- 18373,1: Bonn, 28 VIII 1957, Von: IVA1: Zahlentafel 1: Übersicht über die Metallproduktion und den Metallverbrauch der Europäischen Wirtschaftsgemeinschaft und der OEEC-Länder (in 1000 t).

Non-ferrous metal products

Exports

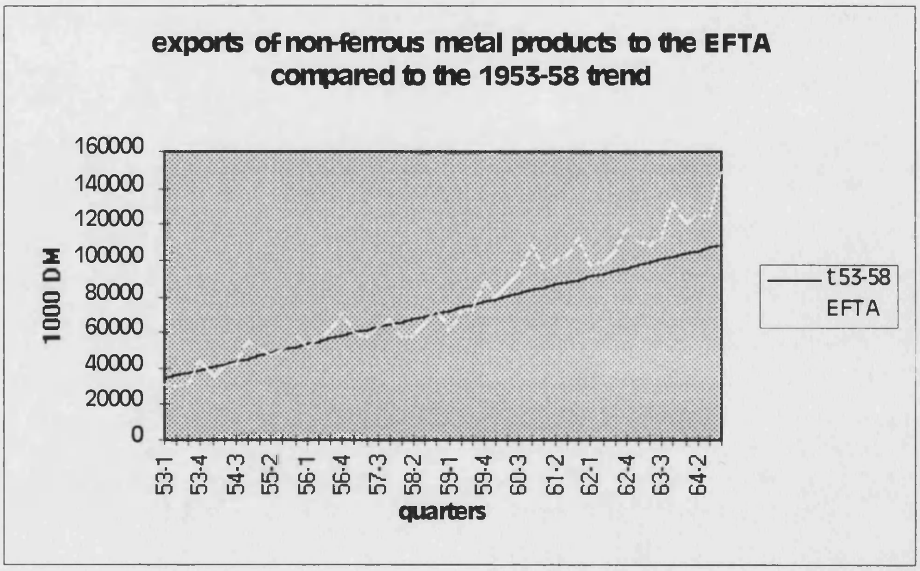
EEC and EFTA are of very similar importance in terms of levels of exports all throughout the period concerned. There are no losses in the EFTA as a whole, while exports to the EEC as a whole are underneath the trend line between 1957 and 1960. Exports to EFTA are consistently above the trend after mid 1959. Exports to the main markets in the EEC, the Benelux countries are underneath the trend between 1957 and 1964, while those to Italy and France are consistently above the trend line from mid 1959 and rising relatively sharply yet from a much lower level than those to the Benelux.

Figure 6.2.10



Exports to Switzerland, the most important export market among the Seven, are markedly above the trend from 1960 onward. For Britain and Denmark this is true already from mid 1959, but from a very much lower level. In the more important market, Sweden, the figures are below the trend for much of the second part of the period, while they are above the trend line for exports to Austria. Overall no really important deviation from the trend line occurs except for exports to the EEC in 1964.

Figure 6.2.11



The fact that German exports of non-ferrous metal products to Britain and Switzerland increased well above the 1953-58 trend however, is an indication that the fears of losing out against the British were largely unfounded. Increased British exports to Sweden might however have been responsible for the stagnation in German exports to that country.

TABLE 6.2.9: NON-FERROUS METAL PRODUCTS - TARIFF POSITIONS OF THE SEVEN IN 1957

CET Nr.	product	UK	SWE	N	DK	AUT	CH
7602	aluminium wire	12,5	10Kr per 100kg	0	0	24-28Gr per 100kg	85Sfr per 100kg
7603	aluminium sheets	12,5	10Kr per 100kg	0	0	24-30Gr per 100kg	85Sfr per 100kg
7606	aluminium pipes	12,5	15Kr per 100kg	0,32Kr per kg	0	28-48Gr per 100kg	85Sfr per 100kg
7612	aluminium cables	20		0,20Kr per kg	0,45Kr per kg	30%	100Sfr per 100kg
7702	magnesium wire	10	10Kr per 100kg	30%	0,10Kr per kg	24-36Gkr per 100kg	85Sfr per 100kg
7703	magnesium products	10	10Kr per 100kg	30%	0,10Kr per kg	24-36Gkr per 100kg	100Sfr per 100kg
7902	zinc wire	10	0	0	0	7Gkr per 100kg	3Sfr per 100kg
7903	zinc sheets	15	0	0,12Kr/kg	0	25Gkr per 100kg	3Sfr per 100kg
7904	zinc pipes	10	0	0	0	28Gkr per 100kg	3Sfr per 100kg
8103	tantalum wire	0	10Kr per 100kg	30%	0,10Kr per kg	24-36Gkr per 100kg	no data
ex 8104	titanium wire	20	10Kr per 100kg	30%	0,10Kr per kg	24-36Gkr per 100kg	no data
7802	lead wire	10	0	0	0	26Kr per 100kg	2Sfr per 100kg
7803	lead sheets	10	0	0	0,04Kr per kg	26Kr per 100kg	63Sfr per 100kg
7805	lead pipes	10	0	0	0,04Kr per kg	26Kr per 100kg	63Sfr per 100kg

Source: BA, B102 - 18373, 1: Bonn, 090857: Von: IVA1: Zahlentafel 3: Common market: Zolltarife wichtiger Ne-Metallpositionen.

All in all the exports evidence suggests that the industry could be quite happy with the division between EEC and EFTA. The fact that exports to France and Italy were those growing the most from mid-1959 is perfectly consistent with the fact that their tariffs on non-ferrous metal products were on average by far the highest in Europe. Hence their lowering within the EEC made a relatively large impact. As far as the specific tariffs of most of the EFTA countries are concerned, it is hard to assess their actual incidence. Yet the fact that their level did not change considerably vis-à-vis imports from Germany and that the volume of EFTA production was apparently not sufficient to replace them entirely with imports from Britain or other non-EEC sources left the German position in these markets essentially untouched.

TABLE 6.2.10: NON-FERROUS METAL PRODUCTS - TARIFF POSITIONS OF EEC MEMBERS IN 1957

CET position	product	D	F	I	BNLux	possible CET*
7602	aluminium wire	14	20	25, 27	6	10(M=16%)
7603	aluminium sheets	14	20	27	6	10(M=16%)
7606	aluminium pipes	14	20	27	8	10(M=18,5%)
7612	aluminium cables	12	19	31	12	10(M=18,5%)
7702	magnesium wire	12	28	27	4, 6	10(M=17%)
7703	magnesium products	12	28	27	4, 6	10(M=17%)
7902	zinc wire	8	16, 18	15	4	10(M=10,7-11%)
7903	zinc sheets	8	16-18	16	4	10(M=11-11,5%)
7904	zinc pipes	8	16-18	16	6, 8	10(M=11,7-12,2%)
8103	tantalum wire	0	24	12	0-6	10(M=9-10,5%)
8104 (ex)	titanium wire	4	30	30	0	10(M=16%)
7802	lead wire	8	15	15	4	M=10,5%
7803	lead sheets	8	20	15	4	M=14,0%
7805	lead pipes	8	18	15	6, 8	M=14,4%

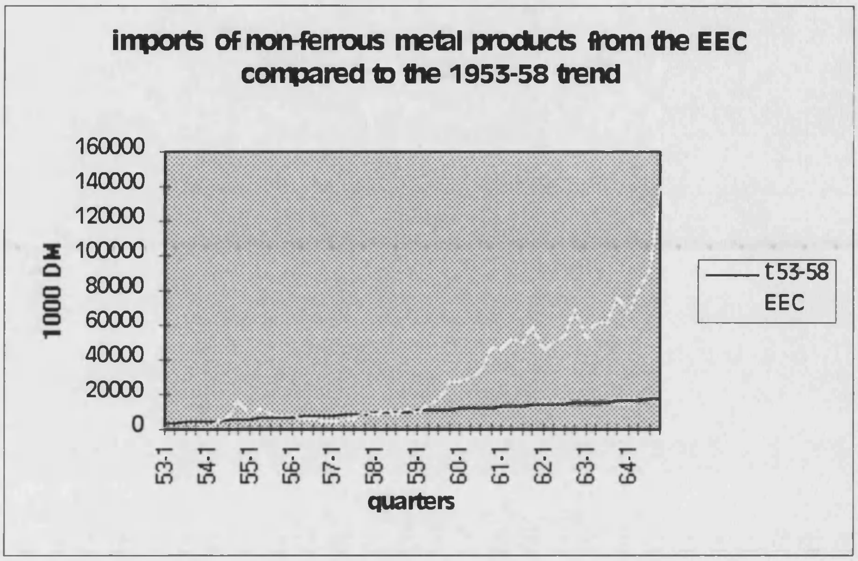
Source: BA, B102 - 18373, 1: Bonn, 090857: Von: IVA1: Zahlentafel 3: Common market: Zolltarife wichtiger Ne-Metallpositionen.
M = arithmetical mean
*The column indicates the lowest possible CET from the point of view of the German position in the EEC as well as the arithmetical mean of member states' existing tariffs.

The statistical evidence for imports of non-ferrous metal products from EEC and EFTA shows very clearly that this branch of German industry was indeed very happy not to have to lower its tariffs vis-à-vis the EFTA members. Given that tariff levels on these products were relatively high in Germany, their lowering vis-à-vis the other EEC members led to a shooting up of imports from there in the second quarter of 1959. This is not only true for imports from the EEC as a whole, but also for imports from all individual member countries. Imports from EFTA, which continued to be hit by tariffs of the same order of magnitude, kept following the 1953-58 trend for the rest of the period.

Imports

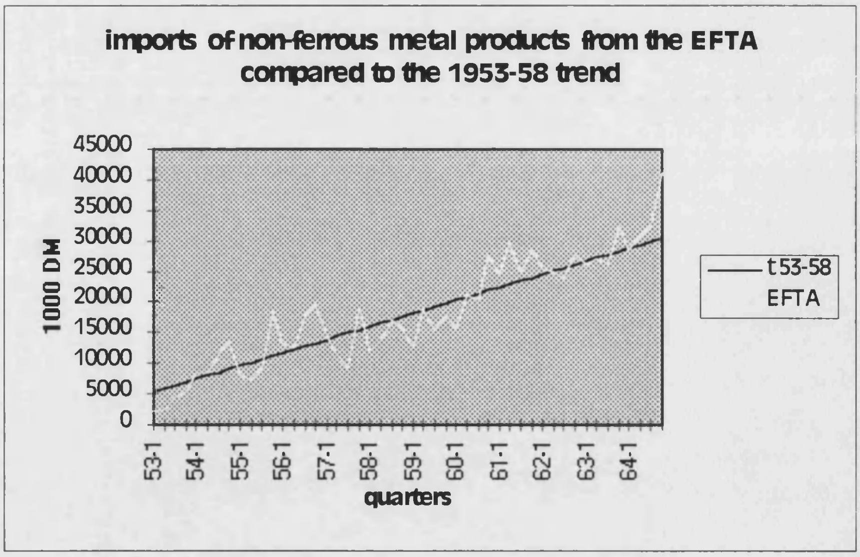
Imports from the UK stagnated and remained well below the rising 1953-58 trend, while imports from Switzerland, Sweden, Denmark, Austria and Norway exceeded the trend after 1959.

Figure 6.2.12



The value of imports from these countries remained however relatively low with the combined imports of the Benelux countries exceeding total imports from the EFTA.

Figure 6.2.13



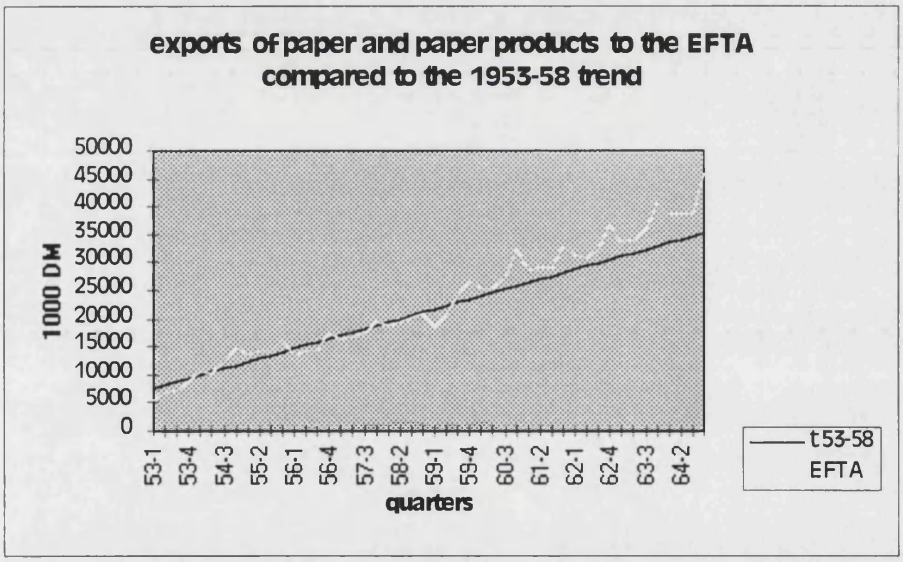
Given the steep increase in imports from the other EEC member countries, the reduction of tariffs vis-à-vis the Seven would very likely have had a similar effect for imports from there, mainly from the UK. From the point of view of the German industry the fact that imports from Britain stagnated and remained very far below the 1953-58 trend must have been seen as a major success. There was certainly nothing that could have induced the industry to agree to any changes in tariff protection vis-à-vis the Seven which might have endangered that advantageous situation. Given that the EFTA countries had low or zero tariffs on the primary products, while the CET rendered them more expensive for the industries within the EEC, a number of complicated issues would be in the way of any solution that could have been agreed to by the German non-ferrous metal processing industry. The creation of a Europe-wide free trade area would not only have resulted in stronger import-pressures on the German market, but would surely have reduced the gains that the German industry was making in the French and the Italian markets. Hence for the German non-ferrous metal processing industry the potential costs of having the free trade area concerning import pressures in the home market and the likely opportunity costs for exports to the other EEC markets were both very visible after 1959. Until 1958 the expectation that the UK would be the most important competitor and that Norway might develop its own processing industry within the FTA were quite reasonable assumptions made by the industrial association for non-ferrous metal processing in Germany. From 1959 the gains in the French and Italian markets began to materialise, while the failure of the Maudling negotiations did not produce any negative developments for German exports in the EFTA markets. Hence the picture for the respective industrial associations was absolutely clear. Having the EEC and preventing tariff reductions vis-à-vis the Seven was the best option available for the industry.

Paper and paper products

The statistical evidence for the paper and paper products industries is very much in line with the trade statistics for the sector of non-ferrous metal products. For both sectors the formation of the Europe-wide free trade area would have resulted in serious competition from the Seven, while the failure of that project left them with the optimum situation possible, free access to the EEC markets, while exports to the EFTA did not suffer. In the case of the paper and paper products sector however, the growth of demand was generally much higher. This led to large increases of exports to all EEC member countries, in particular to France and Italy. In this situation the foundation of the free trade area would not only have had repercussions on the home market, but would certainly have produced substantial opportunity costs in terms of export opportunities within the EEC and to France in particular. While exports of paper and paper products to the EFTA were considerably higher than to the EEC throughout the 1950s, exports to the EEC reached and surpassed those to the EFTA in 1961/62.

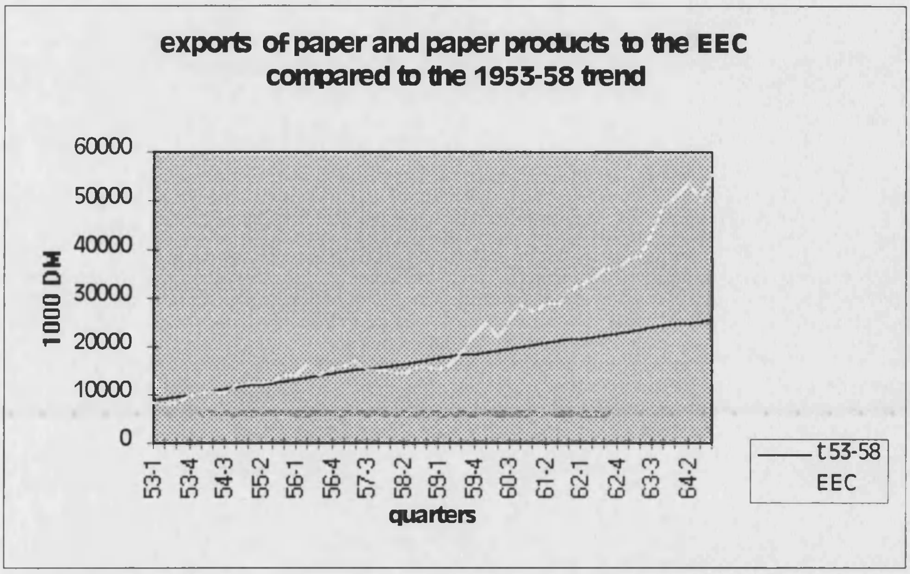
Exports to EFTA remained however consistently above the 1953-58 from 1959 onward. While exports to most EFTA markets followed the trend line, those to Britain and Switzerland rose above it, in the case of Britain very markedly so in mid-1959 and in the case of Switzerland less impressively at the end of 1960.

Figure 6.2.14



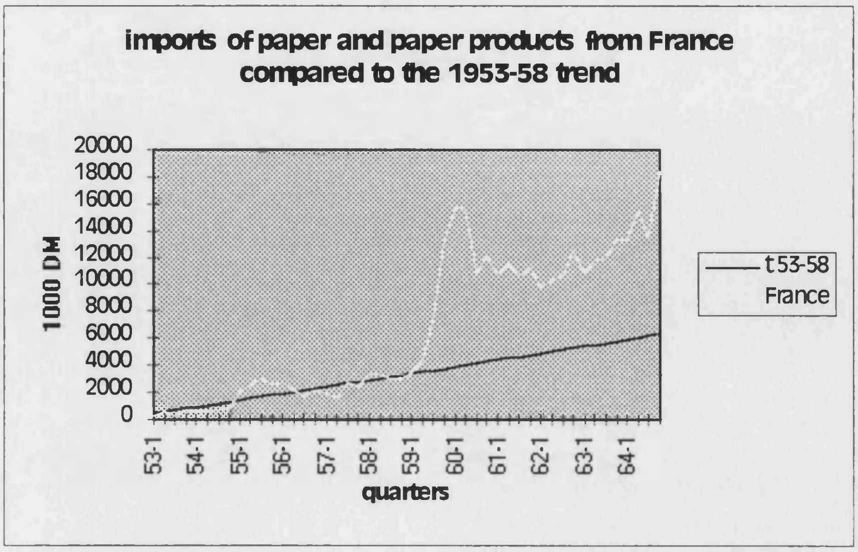
The most remarkable fact in connection with the bad expectations of the industry in Germany is certainly that exports to none of the Seven actually declined or fell much below the 1953-58 trend line. This might have been mostly due to the general growth of demand for paper products in the early 1960s. While the growth of exports to France and Italy was the most impressive, exports to France did not catch up with the level of exports to the Netherlands which remained Germany's most important export market for paper and paper products within the EEC.

Figure 6.2.15



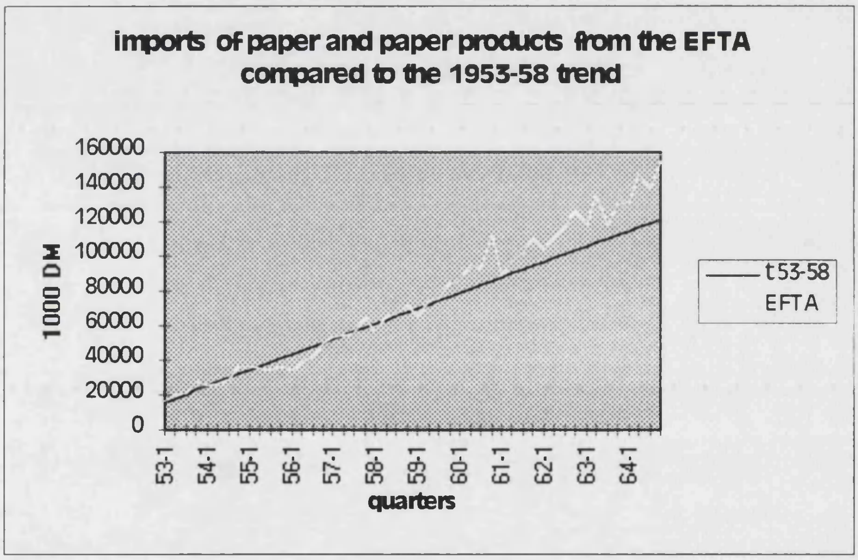
More impressive than the rising export figures to France were those of imports coming from there. French paper exports to Germany almost quadrupled between the second quarter of 1959 and the first quarter of 1960. This does not so much reflect the overall rapid growth of demand but rather the efficiency of protective measures applied before. Given that these measures remained in place vis-à-vis the Seven, the slight increase in imports from there above the 1953-58 trend is most probably mainly due to the rising demand for paper and paper products throughout all of Europe.

Figure 6.2.16



Imports from Sweden, the single most important source of German paper imports were continuously above the 1953-58 trend from 1958. The value of paper imports from Sweden was persistently higher than that of imports from the entire EEC. In 1953 paper imports from the EEC came up to one fourth of imports from the Seven, reached one third in 1958 and came up to half the EFTA value in 1964. It is obvious that the removal of tariff barriers across Europe would have led to similar inroads into the German market by the powerful Scandinavian industries which, at the same time might have taken up many of the growing export opportunities elsewhere in the EEC. The interest of the German paper and paper products industries needs hardly any further analysis. The EEC must surely have been perceived as the redemption from the hell which a Europe-wide free trade would have constituted for the German paper industry.

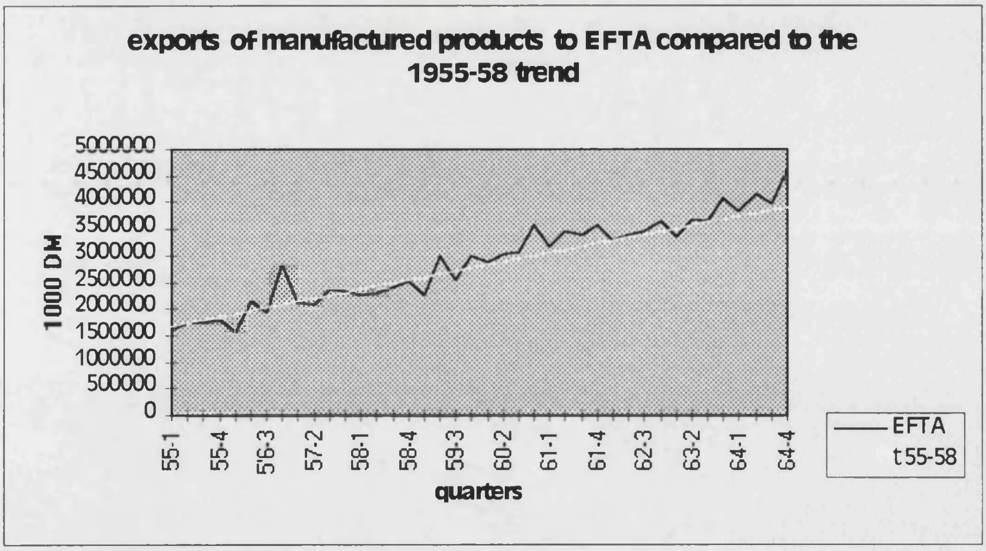
Figure 6.2.17



6.3 Conclusions

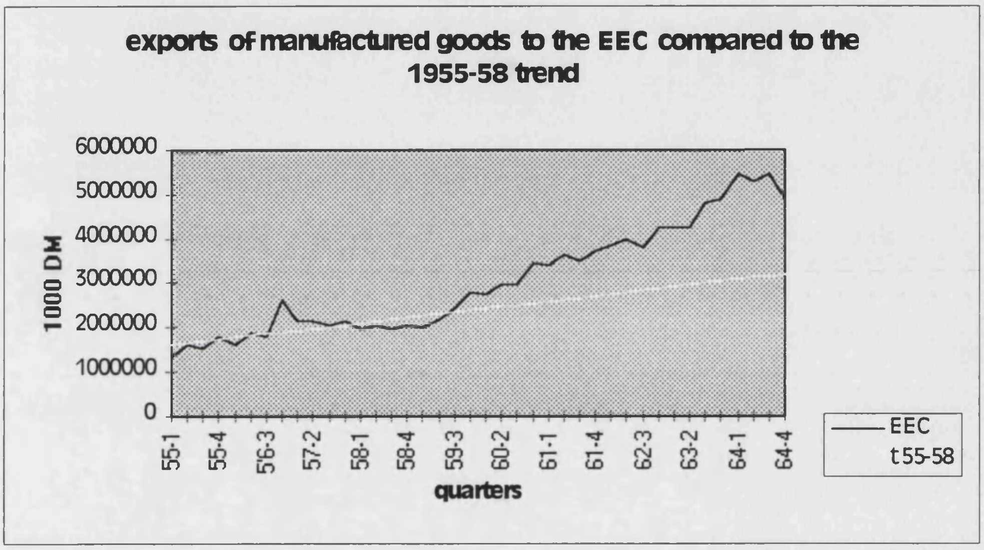
The conclusions to the quantitative evidence assembled in this chapter can be stated very briefly. The essence is that for the potential winners from the free trade area or of British accession, the opportunity costs of not having achieved these arrangements was hardly visible in terms of foreign trade. This was due in part to the overall strong growth of demand in Western Europe but as well to the fact that the strong position of these export-oriented sectors of German industry in the EFTA markets could not easily be challenged in terms of the volume of supply by the producers among the Seven. Thus for these industries only the UK was a serious competitor able to displace some of their exports in the EFTA markets. Yet given the continuing growth of demand in these markets this relative deterioration there did not show in the trade statistics as a fall relative to the pre-EFTA trend of exports. In fact, exports to the EFTA as a whole did not fall anywhere substantially below that trend. This does not only hold true for the potential winners from the free trade area but also for most of the potential losers.

Figure 6.3.1



It would obviously be possible to calculate the opportunity cost for each individual sector concerning exports to the EFTA markets by applying the respective sectoral trend of export growth to the EEC to the EFTA and calculate the difference between these estimated values and the actual export figures. Yet given that this study is not so much concerned with the trade diversion caused by the EEC and EFTA but rather with the action of industrial pressure groups in relation to negotiations on preferential trading areas, it is sufficient here to look at the visibility of these opportunity costs at the time. Apart from the fact that this study is not mainly concerned with the question of trade creation and diversion, one has to bear in mind that the very visible increase in exports to the EEC was not only due to the same growth in demand that was at work with difference in degree in all of Western Europe, but as far as France and Italy are concerned also to their high levels of protection prior to the foundation of the EEC.

Figure 6.3.2



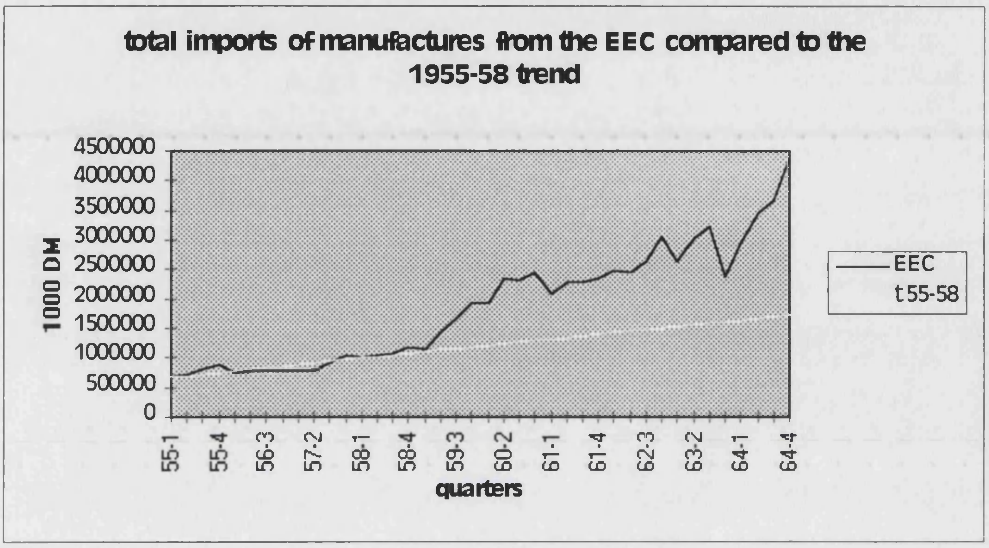
Thus the highest rates of growth in German exports were to these two previously highly protected markets, while the growth of exports to the smaller European economies within or outside the EEC was, where it occurred, more moderate than that. Hence, if one were to calculate the opportunity cost of individual sectors or manufacturing exports as a whole, one would have to figure into the equation the different levels of protection before and after the coming into effect of the EEC in each individual EFTA market. It is hard to make a clear statement on the basis of the presented graphs and tables as to what the opportunity cost was. Yet in view of these considerations, it is safe to assume that, had there been the free trade area, exports from the sectors of German industry which were potential gainers to the EFTA countries would most probably not have grown at a rate comparable to the average rate of growth to the individual EEC countries and certainly not nearly as fast as exports to France and Italy grew in most industrial sectors analysed here.

Figure 6.3.3

The export evidence for some of those sectors which saw themselves as the potential losers from any enlargement of the EEC or any wider free trade area comprising the Seven or some of them leads to conclusions which are very different from those drawn in the case of the potentially winning sectors. This is mainly due to the expectations in these sectors with which the trade figures were seen. During the Maudling negotiations the assumption in these sectors was that the foundation of any free trade area would result in major damage or even catastrophe for the respective industry. The prime concern was serious competition in the home market either from Scandinavia and Austria (paper, non ferrous metals) or from the United Kingdom (non-ferrous metal products). The trends for exports of these sectors to the EFTA up to 1958 were anyway either only very moderately rising or indeed falling steeply as in non-ferrous metals. If the free trade area came into existence, huge losses in exports were taken for granted. Nothing could be done about that given that German exports in some of these sectors were already losing out against their competitors among the Seven in the absence of the free trade area. Thus initially, the prime concern of the potential losers was the protection of the home market.

Yet once the EEC had come into operation with the CET guaranteeing more profitable prices for the problem sectors, the concern with regard to the free trade area was not only the dangers of foreign competition in the domestic but also in the common market that was to evolve. Once the industries had become aware of the potential for exports to France and Italy, they were fighting not only against potential losses at home but at the same time for profits they were sure to incur on the EEC markets.

Figure 6.3.4



Thus for the potential losers from the free trade area and from British accession, both their likely losses and their opportunity costs were very visible indeed. This is particularly clear in the case of the paper industry.

The fact that imports from the other EEC countries soared as soon as internal tariffs were lowered in 1959 was perhaps not very welcome in sectors that faced problems of competitiveness. In these cases the establishment of yet another permanent arrangement with the abolition of barriers to trade was certain to be strongly rejected. In the case of the problem sectors analysed here, the EEC, while leading to intensified competition within, still offered them relatively comfortable export opportunities and thus cushioned the effect of increased competition. None of this cushioning would have remained within a Europe-wide free trade area. A rapid shrinking and painful restructuring of these sectors would inevitably have been the consequence.

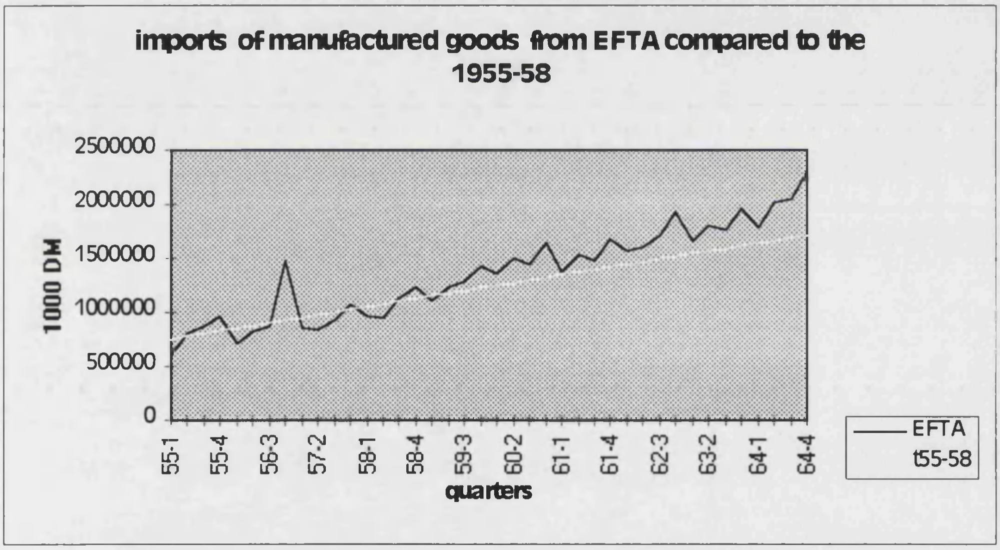
The rise in total imports of manufactured goods from the EEC is certainly also a sign of a booming economy with a relatively high level of investment. That this is so is corroborated by the fact that imports from countries other than EEC and EFTA rose very markedly above the 1955-58 trend at the beginning of the 1960s. The establishment of convertibility of European currencies might also have contributed to further growth of imports into Germany.

Figure 6.3.5

For the sectors which were fearful of the free trade area the most important consequence of its failure was that imports from the EFTA did not increase at all or did so only slightly above the 1953-58 trend. The same is true for manufactured products as a whole (in this case the trend only refers to the period 1955-58).

Thus, whereas these sectors retained protection against their most dangerous competitors, they were given unprecedented export opportunities in the other EEC markets, mainly France and Italy. At the same time, the division between EEC and EFTA did not lead to important repercussions for the exports of these sectors. On the whole their exports to the Seven continued to follow broadly the pre-EFTA trend. Thus the failure of the FTA and of the accession negotiations insured that for the problem sectors of German industry high risks were avoided and at the same time high gains were incurred. It is obvious that the structure of interests in these sectors was conducive to decisive action with regard to interest representation. As has been seen in previous chapters and as shall be shown again in the following one, the respective industrial associations are particularly vociferous at the political level when they are faced with probable losses and opportunity costs as the consequence of measures negotiated between states, while the prospect of some additional gains is unlikely to induce a large amount of action on behalf of members of any industrial association. One cannot therefore assume that the seemingly stronger sectors which expand and are more competitive than others are likely to prevail over the less competitive ones which might also be facing structural problems and would tend to ask for protection. Quite the contrary. In political terms an industrial sector's weakness might be its strength vis-à-vis a government bureaucracy and indeed vis-à-vis competing interests within industry depending on the overall scenario. It means in fact that the narrower, more clearly defined and more visible interest will produce a high amount of activity on the part of those representing that interest and, in any scenario like the one addressed here would be more likely to carry the day than the more widely dispersed and less clearly defined interest represented by a larger group.

Figure 6.3.6



The free trade area or British accession to the EEC would have been somewhere between a crisis and a catastrophe for the paper, timber, non-ferrous metal, the textile industries and a number of other sectors which have not been described here in detail. The EEC as such offered them unexpected relief and even a profitable medium term future. These options were clearly visible. Thus to them the free trade area issue was of crucial importance, while the potential winners did not see any concrete gains held out to them on the EFTA markets. They might have feared some losses there, though in the end these did not occur. Yet what counted more to them were the very visible and substantial gains in the opening common market.

7 Adenauer, German industry and de Gaulle's veto against British accession to the EEC

7.1 *The British application, France, Germany, and the common agricultural policy*

Long before the negotiations on British accession began and even before the UK had publicly talked about applying for it, the BMWi produced initial analyses concerning the significance and the chances of such a move as well as the procedural questions that would be raised by accession negotiations. In his analysis of the broad procedural problems for such negotiations to begin, Karl Hünke from the European section of the BMWi dismissed the assumption as impossible that the French demanded the full membership of the UK only because they felt sure that it could not be achieved due to the problems arising from the Commonwealth and British membership in EFTA. Hünke could not conceive that the French demand for full British membership could merely be a tactical device to put the blame for an eventual failure on the British[1]. Too convincing had been the reports that had come from London after talks between the French and the British there in early May 1961 that France actually favoured British accession and even was ready to accept the association of the other EFTA members in the form of a customs union[2]. The arguments put forward by Olivier Wormser in the Rey Committee the same month also seemed to support the view that, in demanding British accession rather than supporting some sort of bridge building, the French were following their genuine interests and not just seeking tactical or strategic advantages. Wormser argued on that occasion that the best way to help the British make up their mind quickly was to move ahead swiftly with progress within the EEC like the formulation of the CAP and a second acceleration of tariff adjustments[3]. While even these arguments by

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1 BA, B102 - 44415: Bonn, 28 III 1961 EA3, Hünke; Zum Problem eines Beitritts Englands zur EWG.

2 BA, B102 - 12130: London, 04 V 61 Deutsche Botschaft London, Herwarth; An: AA, BMWi; Betr.: Englisch-französische Gespräche über die Möglichkeit einer britischen Annäherung an die EWG.

3 Ba, B102 - 12130: Brüssel, 15 V 61 Handschriftliche Aufzeichnung über eine Sitzung des Sonderausschusses EWG-FHZ, Rey.

Wormser leave room for interpretation of the French intentions at this early stage, a note presented to de Gaulle a month after the negotiations had begun, is more precise in what sort of reasoning dominated the minds of the French negotiators at the outset of the talks. As early as November 1961 the French contemplated the possible consequences of a simple failure of the negotiations and argued that, for the time being, the adoption of reserved positions on some substantive matters would allow the French government to delay a choice that, under the circumstances of the moment, would be rather inconvenient and might even entail the disruption or the paralysis of the Common Market:

> ... une telle prise de position réserve l'avenir et permet au gouvernement de faire plus tard un choix qui aujourd'hui est malaisé parce que la réussite de la négociation est une solution elle-même, avec ses avantages et ses inconvenients, l'échec pur et simple, sans qu'une solution de rechange ait été définie et ménagée à l'avance, veut dire crise générale et peut-être même éclatement ou paralysie du marché commun[4].

The implications of this reasoning are clear. Hiding behind the absolutely legitimate position that the treaty establishing the EEC must not be changed in substance and that possible transitory measures softening the impact of British accession for the Commonwealth should remain exceptional and not become the rule, the French were able to disguise their profound unwillingness to have Britain become a member of the EEC and to clothe this unwillingness in more general concerns that were also shared by the commission of the EEC and by important members of the German government, mainly Adenauer and leading officials of the AA, like Karl Carstens[5]. The French were entirely aware of the important

4 "... adopting such a position keeps up the options for the future and allows the government to make a choice at a later stage, a choice that would not be a pleasant one to make today. The success of the negotiations is in itself a solution with advantages and disadvantages. Yet the simple failure without defining and accommodating any alternative solution in advance, will mean general crisis and perhaps even the break down or the paralysis of the common market." See "MAE, DE-CE, Papiers Directeurs, Olivier Wormser vol. 48: Paris, 20 XI 61 Note remise au Général de Gaulle en vue de son entretien avec M. Macmillan.

5 MAE, DE-CE, Papiers Directeurs, Olivier Wormser vol. 48: Paris, 20 XI 61 Note remise au Général de Gaulle en vue de son entretien avec M. Macmillan; on the position of the commission president Walter Hallstein see GROEBEN, HANS VON DER: *Walter Hallstein als Präsident der Kommission.* In: LOTH, WINFRIED [eds.] [et al.]: *Walter Hallstein. Der vergessene Europäer?* Bonn 1995, pp. 121-138; MONAR, JÖRG: *Walter Hallstein aus französischer Sicht.* In: LOTH, WINFRIED [eds.] [et al.]: *Walter Hallstein. Der vergessene Europäer?* Bonn 1995, pp. 265-280.

differences concerning European integration and the fierce rivalry still existing between AA and BMWi[6]. As far as the German government went, the French disguise had worked even for the rather more suspicious BMWi, as is revealed in Hünke's report dating from late March 1961.

A similar view of the French position was put forward by Dr. Praß of the Chancellor's Office who put it to Adenauer that the decisions taken by the Rey Committee on 16 May 1961 concerning future negotiations on British accession were of the highest political relevance, mainly because of the fact that for the first time all member states of the EEC had formally welcomed British membership, a decision which in fact erased the Müller-Armack Plan and all other thoughts of "bridge-building" from the European agenda[7]. In fact, as Müller-Armack mentioned in talks with Olivier Wormser in April 1961, Erhard himself had called for a meeting of the Rey Committee in order to give Müller-Armack the chance to formally withdraw the plan that carried his name and that, in the present circumstances, might have worked as an obstacle to the evolving British position in favour of the membership application. This was celebrated by Olivier Wormser as a clear victory and a reward for French steadfastness against the attempts at "bridge building" between EEC and EFTA[8].

In its May reunion the Rey Committee had agreed on a number of principles that should govern negotiations with the United Kingdom. The British entry into the EEC was welcomed by all member states on political as well as economic grounds. All EFTA members should be given the same opportunity to seek membership of the EEC. These negotiations should be based on full accession rather than on association. The treaty establishing the EEC was to remain intact, except for provisions relating to the association of overseas territories, agriculture and institutional matters where modifications were seen as unavoidable. More specifically concerning British accession, the Rey Committee decided that firstly, special arrangements should apply for products coming from the Commonwealth.

6 MEF - Direction du Trésor, B 17745: Bonn, 12 VIII 1961, Ambassade de France, Courson à Direction des Finances Extérieures, Cabinet de Directeur.

7 B136 - 2560: Bonn, 17 V 1961, Dr. Praß, Referat 6 An: Adenauer, zur Vorlage, Betr.: Beitritt Großbritanniens zur EWG, insbesondere die Haltung Frankreichs.

8 MAE, DE-CE, Papiers Directeurs, Olivier Wormser, vol. 47: Paris, 24 IV 1961, MAE, DAEF, Olivier Wormser, à Bonn.

Secondly, a transitional period should help British agriculture to adapt to the continental system. Thirdly, no retardation in the development of the EEC was to be allowed because of the negotiations, and finally, there should be some redefinition of the institutional patterns that existed among the Six[9].

Despite these seeming clarifications about the nature of the negotiations and the conditions attached to it on the part of the Six, ample scope for ambiguity remained. The very problems that Hünke had discussed in his early note on British entry into the EEC were rather covered than exposed and solved by the agreement reached in the Rey Committee. Unfortunately, article 237 of the treaty establishing the EEC did not clarify these issues either. It talked about "necessary adaptations" to be made in case of the accession of another state to the Community, but left it unspecified whether this applied only to institutional arrangements like voting or also to substantive matters like the CET[10]. Hünke pointed to the fact that, if entry was to mean that adaptations were made simply on institutional and procedural matters, then Britain would have to accept the CET and all other substantive provisions of the EEC treaty without asking for modifications. Yet the view that prevailed in Britain was that the CET could be accepted only, if agriculture and the Commonwealth would be treated in a satisfactory manner. This would not be a simple entry in the formal sense of the word. It would in fact mean a partial re-negotiation of the treaty and would tend to end the leading role of France.

Hünke reasoned that such a shifting of the balance within the EEC could in fact be quite advantageous for German interest, but that it had nothing to do with the sort of accession that was envisaged in article 237 of the EEC treaty. Hünke argued therefore that the term "accession" would have to be defined so that everybody would understand from the very beginning that it did not only entail a rise in the number of member states but also an essential change of the Community. This German position was restated in a note in preparation of the meeting of the Rey Committee in mid-May. Here the position taken by the Commission of the EEC was criticised. The Commission had argued that adaptations made in the

9 MAE, DE-CE, Papiers Directeurs, Olivier Wormser, vol. 47: Decisions taken by the Rey-Committee on Six-Seven relations in Brussels on May 16.

10 For this and the following see BA, B102 - 44415: Bonn, 28 III 1961, EA3, Hünke, Zum Problem eines Beitritts Englands zur EWG.

process of the accession of a new member state could only refer to changes in institutional and procedural arrangements. The note recommended that the German delegation should counter this position of the Commission and insist that also changes of a substantive kind would have to be part of the entry of a new member into the Community. This was particularly important from the German point of view in the areas of agriculture and the Commonwealth. As far as the association of the neutral EFTA members was concerned, the paper argued in favour of including them into a simple customs union[11]. Behind these remarks on the meaning of the term "accession" was most certainly the intention of the BMWi to further procrastinate the final definition of the common agricultural policy and to obtain a chance of altering it to something more palatable to Erhard's view of a sensible concept for such a policy. The BMWi's assumption that there was any chance to get a "better deal" by its own standards was certain to meet considerable resistance from France, but more importantly from German agriculture as well[12].

The fact that the German and the French positions on this and other procedural matters were rather far apart from each other was also revealed in a note from the Quai d'Orsay in which Wormser warned his diplomats that an overly close co-operation with the Germans throughout the upcoming negotiations was by no means desirable from the French point of view[13]. Wormser feared that Adenauer might suggest to the French that both governments should agree a common position on the conditions which should be imposed on Great Britain for its admission into the EEC. An establishment of a common position by Germany and France was, according to Wormser, nothing else than an indirect discussion with London with direct talks conducted by the Germans and with Erhard and his friends as the

11 BA, B102 - 12130: Bonn, 12 V 1961, EA3, Allgemeiner Vermerk über die Sitzung des Sonderausschusses Rey am 15. Mai 1961.

12 For an analysis of the position of the German Farmers' Federation (DBV) vis-à-vis the CAP, see HENDRIKS, GISELA: Germany and European Integration. The Common Agricultural Policy: An Area of Conflict. New York, Oxford 1990, pp. 148-154. Both German industry and German agriculture regarded the CAP with great scepticism, yet both did so for opposite reasons. See FREISBERG, ERNST: Die grüne Hürde Europas. Deutsche Agrarpolitik und EWG. (Europäische Gegenwart. Schriften zur Europapolitik, 4), Köln, Opladen 1965, p. 39. The French noted very carefully the negative position taken by the DBV on British accession. MEF - Direction du Trésor, B 17745: Bonn, 22 I 1963, Ambassade de France, Courson à Direction des Finances Extérieures, Cabinet de Directeur.

13 MAE, DE-CE, Papiers Directeurs, Olivier Wormser, vol. 47: Paris 18 V 1961, MAE, Olivier Wormser, Note.

intermediaries between the two sides. He asked his diplomats to draw the federal chancellor's attention rather to the fact that without a CAP the common market risked being immobilised and that it seemed that the German government was rather less concerned about defining the agricultural policy. More precisely, Wormser wrote, that, if the CAP was not agreed on by the end of 1961, as envisaged in the EEC treaty, British accession would be off, and the whole construction between the Six would be in danger. This message constituted an early warning shot to the German side against tinkering with the common agricultural policy.

The early statements in this matter from German officials in the Rey committee had apparently made the French wary of Germany's willingness to carry through the formulation of the CAP, once British accession would have changed the balance within the Community. Even in seemingly minor procedural matters the French were careful not to yield at all to arrangements which, they feared, could at some stage play in favour of the British position. Thus they rejected the idea put forward by Harkort of the AA that the British memorandum summarising Heath's statements at the beginning of the negotiations, should be discussed by the permanent representatives of the EEC. France wanted this to be done in an ad hoc group. The French insisted also that a common position had to be established on this memorandum, since otherwise the British paper would automatically become the basis for the discussion, a notion that Wormser flatly rejected. In his note to the French delegation in the Brussels negotiations he expressed the French wariness concerning the German position in this matter. He was not surprised, Wormser wrote, that the Germans should be in favour of making the British document the basis of the discussion. He suspected generally that the other five members of the EEC would be all too ready to support British wishes[14]. The conclusion of all of this for the French negotiators was obvious: in no way could they possibly yield in procedural and formal matters without risking a weakening of their own position given the perceived potential isolation among the EEC member states. The same caution on the part of the French in procedural questions was again displayed in April 1962 when the British intended to have their new proposals discussed chapter

14 MAE, DE-CE, Papiers Directeurs, Olivier Wormser, vol. 48: Paris, 14 X 1961 MAE, DAEF, Olivier Wormser, à Delfra Bruxelles.

by chapter and to establish a working program on that basis. It was again Harkort who supported the British view and tried unsuccessfully to urge the French to yield in this matter[15].

As mentioned before, the Germans saw the negotiations on British accession to the EEC among other things as an opportunity to alter the balance of interest and opinion within the Community concerning the main features of the common agricultural policy. An aide mémoire of the BMWi concerning a paper to be submitted to the federal cabinet stressed that it was necessary to provide Australia, Canada and New Zealand with access to the EEC market for their agricultural products by means of global agreements. The nature of these agreements would to a large extent depend on the price policy that the EEC would eventually adopt. If British accession would not come about, the paper argued, Germany alone would be faced with the import pressure from French agricultural production, while British accession would ease that situation. As far as German agriculture was concerned, the BMWi paper held the view that the subsidies to be granted for structural adjustments would help avoid any lowering of agricultural incomes that might otherwise be the consequence of lower prices for agricultural products. A positive effect of that would be that lower prices for wheat would help keep overall price levels low as well and thus be favourable to the industrial sector of the economy[16]. These general arguments were put forward by the BMWi in order to justify German support of the British position on agriculture and the common agricultural policy in the accession negotiations. They implied an eventual shift from a policy based on set prices to one closer to the British deficiency payments system, a policy which stood no chance at all ever to be accepted by the German Farmers' Federation (DBV)[17].

The British had argued that there were legitimate reasons to request some alterations to the CAP, while accepting its principles. These arguments had been that the accession of Britain and the likely accession of Denmark and Norway would

15 MAE, DE-CE, Papiers Directeurs, Olivier Wormser, vol. 49: Paris, 28 IV 1962, Note à sujet des négociations avec le Royaume-Uni.

16 BA, B102 - 61943: Bonn, 21 VIII 1962, Leiter der Abteilung V, Reinhardt an Staatssekretär Westrick, Betr.: Beitritt Großbritanniens zur EWG und zur EGKS (Kabinettsvorlage vom 25. Juli 1962), Bezug: Ihre Anfrage vom 9. August 1962.

17 For the essential agricultural problems relating to the British application see FREISBERG, Hürde, pp. 110-115.

change the balance of supply and demand within the Community in particular for eggs and pork, that some vital interests of Commonwealth countries were concerned, and that the UK should be given some time in order to adapt more easily to the new system[18]. More specifically the British deemed unjust a financing system for the CAP that would determine a member state's contribution in relation to agricultural imports from third countries. Since such British imports came to roughly 50% from non-EEC member countries, this would have meant that the British would have to bear the main share of the burden and that further problems for the British balance of trade would have been created. Some of the other problems relating at the same time to the Commonwealth as well as the CAP have already been mentioned.

At the outset of the negotiations the British had asked for the acceptance of the general principle that comparable outlets be guaranteed for the member countries of the Commonwealth. As a way of achieving that, they had suggested special agreements for the transitional period, which, they demanded, should be of sufficient length. They also demanded an examination of existing regulations before the transition toward the final stage of the common market. Apart from that Heath had demanded some general assurance by the enlarged Community to the member countries of the Commonwealth and that, in living up to this assurance, the principle of comparable outlets should be applied. In the British view this concept meant that the Commonwealth countries should be able to export agricultural products to the enlarged Community in similar proportions as they existed at the time of British entry into the EEC. The special arrangements needed to achieve this should be made on a commodity by commodity basis. As far as the precise nature of the measures were concerned, the British were flexible. They suggested import quotas without duties or at reduced duties, long term import agreements or agreements on a division of the markets[19].

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18 For this and the following see BA, B102 - 44416: Brüssel, 22 II 1962, Konferenz der Mitgliedstateen der Europäischen Gemeinschaften mit den dritten Staaten, die ihren Beitritt zu diesen Gemeinschaften beantragt haben, [=RU/M/13/62] Ausz. 1, vierte Ministertagung.

19 BA, B102 - 44416: Brüssel, 12 IV 1962, Konferenz der Mitgliedsstaaten der Europäischen Gemeinschaften mit den dritten Staaten, die ihren Beitritt zu diesen Gemeinschaften beantragt haben. Verhandlungen mit dem Vereinigten Koenigreich. RU/S/59/62. Bericht über den Stand der Verhandlungen, p. 43.

While the precise nature of the concept of comparable outlets was thus not defined by the British, it was clear that any sort of guaranteed import quantities for the Commonwealth in the enlarged EEC would cancel out much of the positive effects of British accession for the German economy. Retaining existing proportions of agricultural imports from the Commonwealth would diminish the easing of import pressure from France which the Germans hoped to achieve through Britain's membership. As far as German agriculture was concerned, imports of hard-wheat from the Commonwealth (mainly Canada) were not problematic, given that German consumption exceeded by far domestic production levels. Cheap imports of dairy products (mainly butter from New Zealand) on the other hand were not welcome, since in this field Germany was practically self-sufficient. To give the Commonwealth a special deal in dairy products would thus with certainty lead to large losses for German agriculture in the home market.

In the process of the negotiations, as individual problems were addressed, it became clear to the Germans, that the position outlined in the BWMi paper mentioned above was at best wishful thinking. The German negotiating position within the EEC was not such as to support the British view without facing serious problems for German agriculture and open threats from the French that a retardation of the CAP would paralyse the whole integration process. On the very important matter of the price level for wheat British accession would have meant that the possible outcome would have been a widening of the already substantial price gap between the high German price and the low French price, with the British price of wheat being even lower.

Table 7.1.1
Wheat prices (DM per t) 1958-1962

	Germany	France	Canada	USA	Argentine
1958	439,64	265,10	313,30	289,80	283,30
1959	440,36	260,30	314,30	288,20	278,80
1960	440,36	263,70	309,00	289,40	281,90
1961	438,46	259,60	301,50	282,30	278,70
1962	439,03	323,90	280,60	282,30	280,60

Source: Statistisches Jahrbuch 1963

While all Six agreed that this had to be rejected, the German delegate made the grave tactical error in the negotiations in fall 1962 of refuting the British proposal in such a way as to make it unnecessary for his EEC-partners to expose themselves.

This put the German delegation in a situation where they certainly did not want to be. Hünke commented on this incident which signalled a general deterioration of the German standing in the negotiations: "Auch davon abgesehen bekommt die deutsche Delegation von Mal zu Mal deutlicher zu spüren, daß sie auf der Anklagebank sitzt, übrigens nicht nur in der EWG"[20]. The fact that the common agricultural policy and the different interests of France and Germany played a major role in the accession negotiations was clear long before the British had handed in their formal membership application. In a conversation with Müller-Armack in April 1961 about the British attitude toward the common market, Wormser made it clear that any delay in the development of the CAP would stop the transition of the EEC into the second phase. As an explanation for the slow progress on the CAP, Müller-Armack pointed to the upcoming German elections[21]. The German agricultural community was indeed of significant electoral importance to the governing Christian Democrats[22]. In talks only two months later Wormser was appalled that Müller-Armack bluntly revealed the German intention to keep up traditional trade flows in agricultural products through extensive use of tariff quotas, unless countries like Denmark could either join the EEC or be associated with it[23]. The Germans most likely aimed at keeping cheap wheat imports from Canada, which went straight against the aim of French agriculture to sell its wheat to Germany.

Yet another area of dissent between the French and the Germans was the financing of the CAP. The Germans were not really happy with the results achieved

20 "Apart from this, the German delegation feels more and more that they are seen as being in the dock, and this is true not only within the EEC." See BA, B102 - 44417: Bonn, 3 I 1963, EA3, Hünke, Stand der Verhandlungen über den Beitritt Großbritanniens zur EWG. Stichtag 31. Dezember 1962.

21 MAE, DE-CE, Papiers Directeurs, Olivier Wormser, vol. 47: Paris, 24 IV 1961 MAEF, Wormser à Bonn.

22 The electoral importance of the farmers' lobby for the CDU/CSU and their power within these parties are highlighted by Freisberg and Hendriks. See FREISBERG, Hürde, p. 33; HENDRIKS, Germany, pp. 48, 93-97, See also NEVILLE-ROLFE, EDMUND: *The Politics of Agriculture in the European Community*. London 1984, pp. 82-87.

23 MAE, DE-CE, Papiers Directeurs, Olivier Wormser, vol. 47: Paris 19 VI 1961, MAE, Wormser à Bonn, Bruxelles, Londres.

in January 1962. In the discussions of January they had demanded that there should be an upper level for their contribution of the reorientation funds. While they first regarded it as sufficient to have had this mentioned in the minutes of the Council session, they changed their mind in February and asked to make it part of the actual regulation. Wormser sent a clear message to the secretary of state of the AA Rolf Lahr, that this was not on with France. The package deal reached on January 14 was not to be untied. France regarded the deal reached then as not subject to any changes[24].

Again, it must have been understood that any tinkering with the CAP would destroy all German hopes to achieve British accession to the EEC. This was also the French position vis-à-vis the United Kingdom and its requests for adaptations of some of the rules laid down to govern the EEC's agricultural policy. Thus the French were concerned about the sincerity of the British in this matter from the very first day and remained very stubborn in pursuing their agricultural interest until the very end of the negotiations. This is reflected in a letter by Wormser to the French embassy at London where he says that, if the British are really serious about the EEC, then it would be necessary for them to understand the French in the question of agriculture[25]. The true understanding for the French position was not too well-developed on the British side given the generally large differences in agricultural interest.

But at least in one point did they seem to have complete agreement and to such an extent that it turned out to be particularly painful to the Germans. This was in the question of the wheat price, which has already been mentioned[26]. It seems that this problem for the Germans was exploited by the French to the fullest extent in order to undermine the cohesion of the German position and even to contribute to anger and discord within the German administration. In this case the secretary of

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24 MAE, DE-CE, Papiers Directeurs, Olivier Wormser, vol. 48: Paris, 21 II 1962, MAE, DAEF, Olivier Wormser à Bonn.

25 MAE, DE-CE, Papiers Directeurs, Olivier Wormser, vol. 47: Paris, 13 IV 1961, MAE, Olivier Wormser, à Londres.

26 MAE, DE-CE, Papiers Directeurs, Olivier Wormser, vol. 47: Paris, 19 IV 1961, MAE, Wormser A: Londres. For an account of the long struggle between France and Germany over cereal prices see HENDRIKS, Germany, pp. 50-56. On the German grain market and the introduction of the CAP see BAADE, FRITZ/FENDT, FRANZ: *Die deutsche Landwirtschaft im Gemeinsamen Markt.* Baden-Baden ²1963, pp. 133-146; MAGURA, WILHELM: *Chronik der Agrarpolitik in der Bundesrepublik Deutschland von 1945-1967.* Hamburg 1970.

state of the AA, Lahr, who had been defending the German agricultural interest against the joint Franco-British attempt to introduce a relatively low wheat price, had to defend himself in a cabinet meeting against harsh attacks by Adenauer. The chancellor was upset because of the fact that the German delegation at the negotiating table seemed to side with the Dutch rather than with the chancellor's preferred partner, the French. In his rejection of the criticism Lahr expressed his disappointment at the French negotiating style, which, he felt, had been exploiting every weak spot in the German position without regard to concessions that had been granted to the French by the Germans before. In short, Lahr saw himself betrayed by Couve de Murville and Wormser who, according to him, had broken their word a number of times[27].

Yet while the French were quick to use a rare common interest with the British against the Germans, they were quite intransigent when it helped their interest to state that the British were not allowed to intrude into matters of the CAP at all. When the British presented their view on a number of agricultural regulations on beef, dairy products and rice, which had been worked out by the Six, the French simply rejected discussion of the British document on the grounds that it had been agreed before among the Six that no would-be member could take part in the formulation of policies before actual entry[28]. This point constituted a first rank procedural problem. Some of the main British concerns were related to the CAP and adaptations to it they deemed as absolutely crucial. Yet not only the French but also the Commission took the view that none of this should be decided with British participation before Britain actually had obtained membership. Thus the British had to accept the CAP as it stood at whatever time they were actually going to join.

In this very matter it becomes clear again how the different notions of what membership was to mean prevented progress beyond a certain point. Thus the Six did not agree to any extension of British deficiency payments beyond the second phase of the transitional period. Britain was not included in the discussions on those

27 BA, B136 - 2561: Unkorrigiertes Manuskript aus der Kabinettssitzung am Mittwoch, den 8. August 1962.

28 MAE, DE-CE, Papiers Directeurs, Olvier Wormser, vol. 49: Paris, 8 XII 1962, MAE, DAEF, Note à. s. négociations avec le Royaume-Uni, XIVème session, règlements agricoles en cours d'élaboration.

agricultural regulations which were under consideration among the Six, nor were their demands for guaranteed income levels for the agricultural population supported by the Six. Apart from the fairly obvious clashes of interest arising from the very different structures of the in respective agricultures of and the systems of protection and support for farmers by which they were run, this very complicated area became an insoluble problem also because all sides had different expectations as to what extent the CAP could or should be a subject of discussion in the negotiations on British accession.

7.2 German industrial interest and the prospect of British accession to the EEC

The schedule, structure and the main issues of the negotiations

The main concerns of German industry in relation to the negotiations about British accession to the EEC were related to the British wishes to associate all or most of the Commonwealth countries (except Canada, New Zealand and Australia) with the EEC and to bring about the accession or association of all other EFTA countries. Association was meant to be either a free trade area or, more likely, a customs union without any of the other obligations and rights for the member states enshrined in the EEC treaty. While British accession as such did not cause major concerns among German industrial sectors and was indeed mostly seen as opening further export opportunities, the direct competition in some sectors with some of the Commonwealth and the EFTA countries was deemed to be potentially disastrous. Direct competition from the Commonwealth countries would have been the consequence of the British wish to associate most of them or to introduce zero tariffs for a number of products constituting major British imports from the Commonwealth. The most "dangerous" countries in this respect were Canada and Norway and the sectors concerned were those of non-ferrous metals, primarily aluminium, wood and wood processing, as well as related industries like paper and cardboard, where the British had asked for zero tariffs for the primary materials. It seems that most of German industry but also the German negotiators saw the accession or association of the other EFTA countries as a practically certain corollary of British entry, once that was achieved. Yet this expectation seemed to ignore completely the American reticence to have any neutral country join the EEC.

The British had initially declared that they would only sign a treaty of accession, once an acceptable solution had been found to the relationship with the other EFTA countries, whose accession or association it sought. Yet it was not at all so clear that this was ever to happen. The problem with the association or membership of other EFTA members was highly complicated and heavily intertwined with questions of European security and American opposition to having neutral countries included in any way into the EEC. Apart from that there were huge formal and procedural problems consisting in the fact that Britain would have to give its fellow EFTA members one year notice before leaving the Association. This would mean that, if Britain was to stick to her pledge not to go ahead with accession before all was settled for the other members of the Seven, the negotiations would have been completely overburdened. Another problem concerned article 234 of the EEC treaty which foresaw that EEC members would support any other member state in case it had previous legal obligations that were not compatible with the EEC treaty. It was not clear whether the Six would be able to accommodate these British problems arising from EFTA membership. In fact France was not inclined to ease this problem but insisted on the application of the CET by Britain vis-à-vis the EFTA countries as soon as Britain acceded to the EEC[29]. Despite all of these rather obvious hurdles in the way of any association of the EFTA and Commonwealth countries, the assumption that this was a likely event, if British accession was achieved, remained in the heads of the German negotiators and was certainly the background of all analyses put forward by the BDI and individual industrial associations.

During the first months after the beginning of the negotiations most of the work was devoted to the provision of statistical material relating to trade between Britain, the continent and the Commonwealth. While the British wanted to begin the negotiations with talks about the Commonwealth, the French refused to do so before

29 MAE, DE-CE, Papiers Directeurs, Olivier Wormser vol. 49: Paris 01 XII 62 Note à sujet de la négociation avec le Royaume-Uni, l'article 234, EFTA.

the basic decisions among the Six on the common agricultural policy had been taken. Thus the talks began on manufactured products and the British requests for zero tariffs, while agricultural issues had to be postponed. In August the negotiations were interrupted. After their resumption in October practically no further progress was made any more until de Gaulle pronounced the French veto against the continuation of the negotiations.

Table 7.2.1:
Imports into the UK in 1,000 tons by area of origin of products for which the UK requested zero tariffs in the accession negotiations:

	world	CW	CW as % of total
raw aluminium	228,0	123,0	53,9
paper semi-products	2225,0	217,0	9,8
newsprint	509,0	357,0	70,1
raw lead	180,0	160,0	88,9
raw zinc	177,0	91,0	51,4
acetylene soot	291,0	230,0	79,0
aluminium oxide	1033,0	700,0	67,8
artifical corundum	2478,0	1867,6	75,4
silicon carbide	9,0	2,0	22,2
calcium carbide	79,0	2,0	2,5
vegetable tanning extracts	27,0	3,5	13,0
casein	13,4	6,8	50,7
colophonium	98,4	0,2	0,2
wooden sleepers	33,6	33,1	31,5
grège	0,4	0,0	0,0
woolen carpets, handmade	-	-	76,6
mats and and weaves of coco-fabrics	-	-	99,8
ferrosilicon	64,0	24,1	37,7
ferrochrome	32,0	9,0	38,1
rods from nickel-copper-alloys	2,3	0,0	0,0
cadmium	1,2	0,5	41,7

Source: BA, B102 - 44415: Brüssel, 280362, Von: Konferenz der Mitglied-staaten der Europäischen Gemeinschaften mit den Dritten Staaten, die ihren Beitritt zu diesen Gemeinschaften beantragt haben. Verhandlungen mit dem Vereinigten Koenigreich. Arbeitsgruppe: Waren, für die die britische Delegation einen Zollsatz Null beantragt hat. [=RU/GT1/INT/2/62; RU/GT1/INT/1/62 rev. 2], Anlage 1, Einfuhr in das Vereinigte Koenigreich im Jahre 1959.

The most important British requests relating to Commonwealth industrial products were those for zero tariffs and special arrangements for finished products coming from Australia, Canada and New Zealand. The British had proposed zero tariffs for a number of different products some of which were raw materials, others were semi-products made thereof.

The main problem with that was that some of them had been the object of considerable disagreement among the Six, some had been put on the List G as a consequence of that. For the rest, the CET that had finally been agreed was the outcome of a compromise that could not easily be altered again[30]. For other products the respective industries within the EEC simply needed the protection of the CET in the view of their governments. For the products made from the raw materials on the British list, tariffs could only be fixed, once the raw material tariffs had been agreed. A third group of products were those which could be dealt with according to article 25 of the EEC treaty[31].

In the opening session of the negotiations Heath had only mentioned a few products for which the UK would ask for zero tariffs. Soon after, a number of other products was added to the list. By January 1962 the British had requested zero tariffs for 25 tariff positions the most important of which were aluminium, lead and zinc as well as some iron alloys, newsprint and wood pulp (see most of these products in table 7.2.1)[32].

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30 List G in the annex I to the Treaty Establishing the European Economic Community relating to article 20 of the treaty comprised those products for which the arithmetical average was not deemed feasible for the CET and where the Six had not been able to agree on a common tariff intially. The member states agreed on the common tariff for the products on List G on 2 March 1960 with the exceptions of manufactured tobacco and petroleum products. See CAMPBELL, ALAN: *Common Market Law*. Volume II. London, Harlow 1969, p. 17, § 2028. For the agreement reached in 1960 see Journal Officiel des Communautés Européennes, 20 Décembre 1960, 3e Année N° 80 C, pp. 1825/60-1871/60.

31 Article 25 of the EEC treaty specified the criteria according to which the Commission was entitled to allow exceptions to the common external tariff (e. g. import quotas at reduced tariffs) in case of difficulties faced by individual member states. See CAMPBELL, Common Market Law, pp. 19-21, § 2033; MÉGRET, JACQUES [et al.] [ed.]: Le Droit de la Communauté Economique Européenne. Commentaire du Traité et des textes pris pour son application. Préambule - Principes - Libre circulation des marchandises. Brussels 1970, pp. 79-84. See BA, B102 - 44417: Bonn, 2 VI 1962, EA3, Lösungsvorschläge zu den Verhandlungen über den Beitritt des Vereinigten Königreichs zur EWG bisher behandelten Problemen.

32 BA, B102 - 44415: Brüssel, 280362, Konferenz der Mitgliedstaaten der Europäischen Gemeinschaften mit den Dritten Staaten, die ihren Beitritt zu diesen Gemeinschaften beantragt haben. Verhandlungen mit dem Vereinigten Koenigreich. Arbeitsgruppe: Waren, für die die britische Delegation einen Zollsatz Null beantragt hat. [=RU/GT1/INT/2/62; RU/GT1/INT/1/62 rev. 2], Anlage 1, Einfuhr in das Vereinigte Koenigreich im Jahre 1959.

German industrial interest

On 12 June 1962, the department IV of the BMWi had requested an analysis from the respective departments of the impact British accession to the EEC would make on individual industrial sectors. For most sectors the reply to this letter was the only occasion on which the effects of British entry were communicated from the sectoral departments to the higher co-ordinating level within the BMWi. The reason for this was simply that the sectors concerned either reported no problems whatsoever with British accession or just a few minor problems that might not lead to serious consequences and were not seen as needing attention in the negotiations. This can be said for all of the following sectors: Chemicals, electrical and electronic products, glass and ceramics, shoes, steel construction, motor vehicles, mechanical engineering and machine tools, ships and planes. For a few sectors like the wood and wood processing industries there was a considerable difference between the impact of a simple accession by the UK and the accession or association of the other EFTA countries. While British accession did not constitute any problem and promised even better sales opportunities, Scandinavian competition in case of the accession of the EFTA countries was seen as very damaging not only for the wood industry but also for cellulose, paper, chipboard and other related sectors[33]. The same difference of the expected impact of British accession and the possible future accession of the other EFTA countries to the EEC existed for a number of other sectors, which figured more prominently in the accession negotiations. These were mainly non-ferrous metals and iron alloys industries, for which competition from Norway would have constituted very serious problems. The situation was exactly the opposite for the steel construction industry which hoped for the association of the EFTA members[34].

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33 BA, B102 - 44417: Bonn, 19 VI 1962, Abteilung IVB4, Aust an Abteilung IV/4, Betr.: Verhandlungen über den Beitritt Großbritanniens, Bezug: Ihr Schreiben vom 12. Juni 1962.

34 BA, B102 - 44417: Bonn, 26 VI 1962, Abteilung IVA2, Pfeiffer an Abteilung IV/4, Betr.: Verhandlungen über den Beitritt Großbritanniens, Bezug: Schreiben der Abteilung IV vom 12. Juni 1962.

· **Chemicals**

The chemical industry had always welcomed British accession to the EEC even though the competition with the British ICI was expected to be hard[35]. Problems were seen only for mineral oil, rubber and asbestos-processing industries. The electrical and electronic industry saw only advantages if Britain was to accede to the EEC. The electronic industry looked forward to the inclusion of the Commonwealth into the arrangements which would increase German export opportunities given the likely elimination of preferences for British exports to these markets. Given that tariffs in Britain were higher than in Germany it was certain for the industry that it stood to incur huge gains[36]. The German car industry viewed British accession with similar optimism. Britain itself but also the Commonwealth and above all the other EFTA countries were seen as markets where German cars would be very competitive, while the car industry did not expect that their British competitors would be able to make any significant inroads into the German market[37]. In the mechanical engineering industry British accession was seen as leading to higher levels of foreign trade, i. e. exports but also imports. Yet it was clear that Germany's exports would by far exceed imports from Britain. The EFTA market had been the most important export market for the German engineering industry and the association or accession of these countries was therefore very much welcomed.

Table 7.2.2: Trade in motor cars:

	exports			imports		
	total	to UK	% to UK	total	from UK	% from UK
1959	783217	12958	1,7	115840	2648	2,3
1960	889910	18749	2,1	89460	3645	4,1
1961	920288	17166	1,9	95559	3520	3,7

35 BA, B102 - 44417: Bonn, 22 VI 1962, Abteilung IVB1, Lenz an IV/4, Betr.: Verhandlungen über den Beitritt Großbritanniens zur EWG, Bezug: Ihr Schreiben vom 12. Juni 1962.

36 BA, B102 - 44417: Bonn, 25 VI 1962, Abteilung IVA4, Gronwald an Abteilung IV/4, Betr.: Verhandlungen über den Beitritt Großbritanniens zur EWG, Bezug: Schreiben der Abteilung IV vom 12. Juni 1962.

37 BA, B102 - 44417: Bonn, 26 VI 1962, Abteilung IVA2, Pfeiffer an Abteilung IV/4, Betr.: Verhandlungen über den Beitritt Großbritanniens, Bezug: Schreiben der Abteilung IV vom 12. Juni 1962.

Table 7.2.3: Trade in lorries:

	exports			imports		
	total	to UK	% from UK	total	from UK	% from UK
1959	102964	501	0,5	833	28	3,4
1960	117388	1904	1,6	1747	52	2,9
1961	117653	1892	1,6	3029	27	0,9

Table 7.2.4:
Trade in mechanical engineering products in million DM:

	exports			imports		
	total	to UK	% to UK	total	from UK	% from UK
1959	7880	384,7	4,5	1506	216	14,4
1960	9285	486,6	5,2	2127	291	13,7
1961	11205	636,8	5,7	2754	357	13,0

Table 7.2.5: Office and printing machinery, exports to EECand EFTA as percentage of total exports

	EEC	EFTA
1959	28,1	24,5
1960	28,0	25,8
1961	29,5	26,2

Source for tables 7.2.2. - 7.2.5: BA, B102 - 44417:
Bonn, 26 VI 1962, Abteilung IVA2, Pfeiffer, an Abteilung IV/4,
Betr.: Verhandlungen über den Beitritt Großbritanniens,
Bezug: Schreiben der Abteilung IV vom 12. Juni 1962.

· **Textiles**

The German textile industry had a whole range of problems with British accession to the EEC. Most of them were related to British requests for arrangements that would accommodate Commonwealth interests through an easing of the transition toward the establishment of the CET or through special agreements that would provide certain Commonwealth countries with guaranteed long-term access to the European market. For some products British competition as such was seen as a serious threat to German production. Apart from these problems arising from the changes of the situation under negotiations the German textile industry was facing increasing competition from within the existing EEC. Yet quite surprisingly, it was not before the negotiations had reached a very advanced stage that the German textile industry realised these potential dangers. In August 1961 the German economic daily newspaper Handelsblatt reported that, on the whole, the textile industry was calm in face of the prospect of British accession, since the relatively low German textile tariffs had not led to increased competition from the UK. The main problem was seen in the position of the Commonwealth and India, Sri Lanka and Pakistan in particular, but it was reckoned that a limitation of their access to the European market could be easily agreed among the member states of the EEC[38]. More intense competition from Britain was expected in the cotton and wool industries. Given that the accession or association of the EFTA countries to the EEC was expected to go along with British accession, the German textile industry for which the EFTA and mainly Scandinavia was a very important export market saw the development overall in a rather favourable light. The increased export chances to the Scandinavian countries were thought to more than offset potentially negative influences from granting market access to some Commonwealth countries.

A year later the German textile industry had markedly changed its view and looked with grave concern on British accession. The main reason for this was the agreement reached in summer 1962 among the Six to have a trade agreement of the enlarged EEC with India and Pakistan on textile imports, which was more generous than the Federal Republic's previous quotas for these countries. In the fall India had demanded further concessions. This was seen as a potential threat to the German textile industry. In summer and fall of 1962 the association Gesamttextil therefore stepped up its pressure and left the normal channels of interest representation through the BMWi in order to influence the German position at the negotiation table. Gesamttextil had apparently expected a consensus with its counterparts within the EEC. Yet during the negotiations the industry had to realise that the textile industries of the other EEC member countries were not sharing its views to the same extent. This had first become clear in the forum of the GATT where an agreement on cotton textiles was negotiated in spring 1962[39].

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38 For this and the following see: HANDELSBLATT, 22 VIII 1961, "Textilindustrie blickt vor allem auf das Commonwealth" - "Behandlung der Billigeinfuhren vordringlich - Aber alte Kunden könnten wiederkehren".

39 For the details on the cotton textile agreement that was negotiated in the GATT and ratified at the end of 1962 see Curzon, Gerard: Multilateral Commerical Diplomacy. The General Agreement on Tariffs and Trade and its Impact on National Commerical Policies and Techniques. London 1965, pp. 254-258.

Under the pressure from the USA for a liberal EEC policy and as a consequence of a marked shift toward a much more liberal attitude by the French, the Germans were forced to move along and grant much more generous concessions in the GATT than had been originally envisaged. De Gaulle was apparently wooing India and, at the same time, rendered the German position in the accession negotiations much more difficult. The fact that the French attitude had obviously been miscalculated contributed to this uncomfortable situation in the negotiations. There are also some indications that the French were doing this quite consciously, being well aware of the position of the German textile industry and their lobbying efforts[40]. The BMWi was so concerned about the matter that it made the chancellor's office aware of it, before protests from the textile association could filter through to the chancellor[41]. In the end Gesamttextil was not as disappointed with the agreement that had been produced as the BMWi's negotiators had feared[42]. Yet the matter clearly indicated that the German textile industry could not simply count on a very protectionist French attitude to help do the work against increasing competition from third countries.

Table 7.2.6: Domestic production and imports of wool yarn in 1,000 t:

	production	imports	imports as % of production
1953	103	11	10.68
1954	102	12	11.76
1955	107	17	15.89
1956	115	20	17.39
1957	122	22	18.03
1958	105	21	20.00
1959	110	40	36.36
1960	114	33	28.95
1961	109	33	30.28
1962	110	37	33.64

Source: Statistisches Jahrbuch 1958, 1963

40 MEF - Direction du Trésor, B 17745: Bonn, 24 IX 1962, Ambassade de France, Margerie à Direction des Finances Extérieures, Cabinet de Directeur

41 BA, B136 - 7741: Bonn, 7 II 1962, Staatssekretär BMWi, Westrick an Staatssekretär Globke.

42 BA, B136 - 7741: Bonn, April 1962, Referat 6, Praß an Adenauer, zur Vorlage, Betr.: Baumwolltextilienabkommen.

Toward the end of the second phase of the accession negotiations in July and August 1962, the BMWi department in charge of textiles formulated the precise nature of the problems that they saw coming up for German textiles in the process of the talks. In response to a letter from the department IV (gewerbliche Wirtschaft) asking for the positions of individual industrial sectors in mid-June, the sub-department IVC1 (textiles) provided its assessment, which looked already much worse than that of a year before[43]. For the German cotton industry international competition was already very tough, leaving it with very small profit margins. The fear of the industry was that Britain would seek some sort of compensation for the disastrous developments in Lancashire's textile industry in trying to arrange for a sharing of the burden of textile imports from India and Pakistan with the other EEC member countries. It was also feared that processed textiles made from these cheap imports would seriously affect the corresponding German production and that finished cotton cloth from India might be re-exported via Lancashire to Germany[44].

The second area of concern was the wool industry. Here it was genuine British competition that worried the German producers, while the Commonwealth did not play a role. The import pressure from the other EEC member countries was already fairly strong and a structural crisis was forcing painful adaptation measures. Imports of wool yarn as a percentage of domestic production had more than tripled during the 1950s and the early 1960s. The British wool industry was seen as a very serious competitor for a number of reasons. It was highly specialised and had a highly skilled work force and thus produced yarns of superb quality often unmatched by yarns produced anywhere else. Since some of these high quality yarns were subject to export prohibition, German producers could not use them. The German jute industry which had been in a structural crisis for several years feared British competition. Together with the strong position of the Belgian jute industry, British accession would have rendered the position of the German industry hopeless

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43 For this and the following see BA, B102 - 44417: Bonn, 4 VII 1962, Von. Abteilung IVC1, Kaulbach an Abteilung IV/4, Betr.: Verhandlungen über den Beitritt Großbritanniens, Bezug: Ihr Schreiben vom 12. Juni 1962.

44 SHEPHERD, GEOFFREY: *Exports of Cotton Textiles from Developing Countries to the European Economic Community and the United Kingdom 1958-1969.* (IBRD - Economics Department Working Paper No. 52), Brighton 1969, pp. 14, 19, 23-24.

even with quota protectiona against imports from India. Since GATT arrangements would force the abolition of all remaining quantitative restrictions in a few years time, British membership of the EEC would expose the industry to the full British competitive advantages. Apart from these issues textile exports from Hongkong were seen as the single most important problem.

Given that every European country used relatively powerful protective measures for their textile industries, it is understandable that the German textile industry should have assumed that a consensus among these countries would be easy. Yet a closer look at the nature of these different protective measures reveals why countries like Belgium and Italy did not have to translate their protective needs into high tariffs or massive quantitative restrictions. In a letter by the department IVC1 (textiles) to Ludwig Erhard and his secretary of state Westrick on the problems faced by the textiles industry through British accession, these matters were analysed in some detail[45]. As far as cotton textiles were concerned, the British were operating a number of voluntary export restraint (VER) agreements with India, Pakistan and Hongkong at a preferential tariff of zero. The Benelux countries and Italy had liberalised their imports of textiles yet allegedly applied rather efficient non-tariff barriers of an administrative nature. France's textile imports were still quantitatively restricted at a very low level, while the same was true of German imports yet at a higher level. While Britain imported textiles equalling 19,7% of its production, for the Six together this figure was only 0,2%. Germany imported textiles equalling 0,3% of its domestic production. This suggests that the textile industries of the Six were potentially subject to large imports from the UK of these very cheap products imported from Asia and nationalised in Britain by some simple process, once trade barriers would come down. Yet the actual ratio of German textile imports and exports from and to Britain was indeed very favourable for the German industry. While Germany imported textiles from Britain at a value of 4,4 million DM in 1960, it exported textiles at the value of 43,7 million DM to the UK. This tendency did not change in 1961. Thus the potential danger for the German cotton textiles industry had not materialised at the time. Yet the positive balance of

[45] For this and the following see BA, B102 - 61943: Bonn, 15 VIII 1962, Abteilung IV, IVC1, Krautwig an Ludwig Erhard und Staatssekretär Westrick, Betr.: Textilproblem beim Eintritt Großbritanniens in die EWG.

trade in textiles vis-à-vis Britain by no means suggested that the German industry was competitive.

However, it was feared that, once Britain was member of the EEC, Her Majesty's Government would seek to arrive at a more even burden sharing concerning textile imports from India and Pakistan within the EEC. While the British had not yet openly addressed this issue at the time, they had asked for a guarantee of outlets for such products from India and Pakistan. The cotton textile industries of the Six, and above all the German industry, now feared that such a guarantee would lead to a worsening of the quota arrangements that had been agreed in the Geneva cotton textile agreement in the framework of the GATT[46]. On top of that it was logical to assume that British exports to the continent of textiles produced on the basis of cheap primary products coming from India and Pakistan would increase and, without establishing safety arrangements, could have ruining effects for the German and other continental cotton processing industries. While this tendency had not materialised either in terms of statistical evidence, the argument made by the German textile industry was supported by the fact that import substitution on the part of the Commonwealth countries for processed textiles had led to a considerable reduction in British exports of these products to the Commonwealth. The British cotton textile industry was indeed overtly making plans to that effect.

These concerns of the German textile industry became increasingly serious and were put forward not only to the respective department of the BMWi but to Erhard directly at the end of July, and a few weeks later even to Adenauer himself with yet increasing pressure. Yet the adaptation of Gesamttextil's assessment of the consequences of British accession to the EEC not only came rather late; the German position, which was quickly changed by Müller-Armack to suit the demands from Gesamttextil, also proved to be far more protectionist than that of all other EEC

46 The decision taken by the Council of Ministers on 2 August 1962 envisaged that the long-term trade agreements with India and Pakistan would ensure an annual increase of their exports to the enlarged EEC in line with the progressive increase of quotas according to the Geneva textile agreement within the GATT. See BA, B102 - 61943: Bonn, 15 VIII 1962, Abteilung IV, IVC1, Krautwig an Ludwig Erhard und Staatssekretär Westrick, Betr.: Textilproblem beim Eintritt Großbritanniens in die EWG. For the specific provisions of the GATT agreement concerning the progressive relaxation of import restrictions see also Curzon, Diplomacy, p. 257-258.

member countries. Thus the solution that was finally achieved in Brussels at the beginning of August did not please the German textile industry at all.

On 2 August, the Council of Ministers of the EEC had agreed to reach comprehensive and long-term trade agreements of the enlarged EEC with India and Pakistan at the latest by the end of 1962. A respective declaration of intent was supposed to be made even before British entry. The Council decided that there should be safeguards for both sides, i. e. for India and Pakistan in case their exports would fall markedly upon the introduction of the CET in Britain and for the European textile industries in case they were harmed by increased imports from India and Pakistan under the larger quotas which were envisaged. The German textile industry was particularly dissatisfied with the fact that no a priori safeguards would be granted and also that it was the Commission and not the national governments which would take the decision whether or not safeguards could be applied at all. Yet at that point it would have been too embarrassing for the German side to re-open the discussion on one of the few resolved issues and to expose itself again with protectionist requests which would put further difficulties in the way of British accession. The BMWi internally contested at a later stage that there was any considerable danger for German textiles in what had been agreed in August 1962 and judged that the industry had grossly exaggerated the problem[47]. It is evident that Gesamttextil had made its voice heard at a very late stage only. In an attempt to compensate for that failure of interest representation the association made even more noise once it was too late.

As far as cotton textiles were concerned, Gesamttextil's demand for a prohibition of cotton exports from the UK to the Six unless the threefold process of spinning, weaving and finishing was wholly performed in the UK as well. Yet while Müller-Armack himself ordered the delegation to try and press through this demand at the negotiating table before the Council's decision, this position was more restrictive than the French one and had no chance of reaching agreement by the other EEC members. Thus, when accused of not promoting the German textile industry's interests, the BMWi remained adamant that it had done everything in its

[47] BA, B102 - 61944: Bonn, 5 I 1963, Hünke, EA3 an Müller-Armack, betr.: Beitrittsverhandlungen zwischen der EWG und Großbritannien; hier: Sorgen der deutschen Textilindustrie.

power to take note of the industry's interests, that the industry had been consulted at all stages of the negotiations, and that the best possible solution was achieved in view of Gesamttextil's interests, yet that one had to accept that the balance of interests between the negotiating partners had not allowed for a solution that was more palatable to the German textile industry[48].

· Non-ferrous metals

The sector of non-ferrous metals had been one of those with the most severe concerns regarding the Europe-wide free trade area. The aluminium producing industry in particular had rejected any free trade area arrangement, since it was seen as endangering the very existence of the industry in Germany. Problems of similar proportions were foreseen for the other energy-intensive industries producing iron alloys, phosphor and carbide[49]. As far as the accession of the United Kingdom itself was concerned, the difficulties of the respective industries were not nearly as severe as in the case of a free trade area which would include Norway in particular. If the United Kingdom was to accede to the EEC without any modifications of the existing tariff structure, the German aluminium producing industry could hope to expand its capacity and to increase its sales at some point in the future given that Britain imported almost 90% of domestic demand for aluminium.

What was under discussion in the accession negotiations, was the British proposal of a zero tariff for aluminium, iron alloys, lead and zinc. Having enjoyed the imports of these materials at a zero tariff from Canada or Norway before, the British processing industries were pressing their government for keeping this arrangement when joining the EEC. The Six themselves were for example not able to cover their consumption of aluminium from their own production and therefore had to cover 25% of consumption through imports from third countries. With

48 BA, B102 - 61942: Bonn, 26 VII 1962, Von. VC1, Bögeholz an Ministerialdirigent Daniel, Betr.: Heutige Besprechung der Textilindustrie bei Herrn Minister, hier: Verhandlungen mit Großbritannien über den Beitritt zur EWG, Problem Indien und Pakistan; B102 - 44418: Bonn, 2 XI 1962, IV/4 Böttger an EA3, Betr.: Beitritt Großbritanniens zur EWG, hier: Besorgnisse der deutschen Textilindustrie. Bezug: Schreiben von Fritz Berg vom 28. September 1962, Ihre Schreiben vom 3. und 24. Oktober 1962.

49 BA, B102 - 127623: Vortrag gehalten auf der Werksleiterbesprechung am 9. Oktober 1957 von Herrn Pickardt (VAW).

British accession the enlarged EEC would become more dependent on imports of non-ferrous metals in order to meet Community demand. This fact would have suggested that a lowering of existing tariffs in response to an increased need was in the overall interest of the EEC. Yet in the meantime the productive capacities of the Six had been increased to a considerable extent. For aluminium output capacity had grown so quickly that the EEC was close to covering Community demand from its own production especially if Norway was to become a member as well. As a consequence of this, competition from within the EEC had increased and despite existing tariff levels for aluminium imports from third countries the same was true for outside competition[50]. For lead, zinc and copper the situation was described as being even worse than for aluminium.

The main problem from the perspective of the sectoral association dealing with non-ferrous metals ("Fachvereinigung Metallhütten und Umschmelzwerke") was that there were countries like the US and Japan which had an overproduction of lead and zinc which was brought about by a mixture of high tariffs, quantitative import restrictions and subsidies. These countries were thus able to obtain high prices for their products in their domestic market, while selling their overproduction at subsidised and therefore competitive prices on the world market. This had led to a rapid decline of world prices in 1961. Producers in more liberally inclined countries like Germany, where protection levels were lower and where the supply of raw materials was not always certain were facing grave problems as a consequence of this situation. This, the Fachvereinigung argued, had to be considered when looking at the British demands for zero tariffs on these products. Following the widespread liberal rhetoric the Fachvereinigung went on to stress that they were still of liberal convictions, but that the damaging effects of protectionist policies of certain countries could not be borne any longer solely by the producers in a few liberal-minded countries. The consequences would be that the producing industries in these liberal countries would simply vanish. The conclusion of all of this for the association's position on the accession negotiation was the following. Britain, they argued, should not be allowed to import these metals at zero tariffs. Tariff quotas

50 For this and the following see BA, B102 - 127623: Fachvereinigung Metallhütten und Umschmelzwerke, Schüller, Stellungnahme der Fachvereinigung Metallhütten und Umschmelzwerke zum Beitritt Großbritanniens zur EWG.

could only be seen as very temporary arrangements. If Britain was to obtain the concession of a zero tariff or a respective tariff quota of considerable size that would mean for German producers of semi-material that they would no longer be able to compete with their British counterparts. Apart from that, tariff free imports of any metal into the UK would immediately hit producers in the Six. As far as the phasing out of existing preferential tariffs with the Commonwealth was concerned, the Fachvereinigung demanded rules of origin to prevent deflections of trade during the transitional period. Where the UK would build up the CET with a décalage against imports from third countries the same décalage should be applied by the Six vis-à-vis respective imports from Britain.

In response to the concerns aired by the metal producers, the German delegation planned an initiative of their own. While the British were asking for a zero tariff and the proposal of a lowering of the CET for aluminium had been in the air to be a compromise, the German draft proposal discussed within the BMWi discarded both options as impossible for the foreseeable future. The interests within the enlarged Community were too diverging. It was therefore argued that a transitional solution was needed to ease the problem for the British, while paying attention to the concerns of the continental producers.

The Germans deemed this option as a very feasible one, since at this point in time there were still different tariffs and commercial arrangements governing the aluminium production among the Six according to the protocol XII of List G[51]. In line with the industrial requests it was thus suggested that the UK should be granted lower tariffs on aluminium which should slowly be adapted to reach the level of the CET, while the internal tariff reductions of the Six vis-à-vis the UK would be phased in accordance with the British adaptation to the CET to avoid deflections of trade that otherwise would surely arise[52]. The same delay of internal tariff

51 For protocol XII relating to raw aluminium see JOCE, 20 Décembre 1960, 3e Année N° 80 C, p. 1860/60. The protocols attached to the list on this occasion provided for a number of measures open to individual member states of the EEC. Apart from tariff quotas these could be the temporary suspension and modification of tariffs. See MÉGRET, JACQUES (et al.) (eds.): Le droit de la Communauté Economique Européenne. Commentaire du traité et des textes pris pour son application. Volume 1: Préambule - principes. Libre Circulation des marchandises. Brussels 1970, pp. 68-70.

52 For this and the follwing see BA, B102 - 44417: Bonn, 2 VI 1962, EA3, Lösungsvorschläge zu den in den Verhandlungen über den Beitritt Großbritanniens zur EWG bisher behandelten Problemen.

reductions by the Six vis-à-vis the UK would be applied to products made on the basis of aluminium.

Table 7.2.7: Comparison of 1961 tariff figures (in percentage of values) for the Federal Republic of Germany, the United Kingdom and the EEC at 1st October 1961:

	Federal Republic			EEC common external tariff		Great Britain	
	internal EEC		external	unreduced	reduced	internal-EFTA	external
	1.7.61	1.1.62	at present				
copper							
raw	free	free	free	free	free	free	free
wires	5,5	4,5	7,0	10,0	8,0	7,0	10,0
sheets	5,5	4,5	7,0	10,0	8,0	10,5	15,0
pipes	7	6,0	8,9	13,0	10,4	14,0	20,0
aluminium							
raw	7,0	6,0	8,5	10,0	8,0	free	free
wires	9,5	8,0	11,0	15,0	12,0	8,7	12,5
sheets	9,5	8,0	11,0	15,0	12,0	8,7	12,5
pipes	9,5	8,0	13,2	19,0	15,2	8,7	12,5
lead							
raw	free	free	DM 1,59/100kg	DM 5,28/100kg	DM4,24/100kg	5s 3d/t	7s 6d/t
wires	5,5	4,5	7,0	10,0	8,0	7,0	10,0
sheets	5,5	4,5	7,0	10,0	8,0	7,0	10,0
pipes	5,5	4,5	7,8	13,0	10,4	7,0	10,0
zinc							
raw	free	free	DM 1,59/100kg	DM 5,28/100kg	DM 4,24/100kg	1 £ 1 s/t	1 £ 10 s/t
wires	5,5	4,5	7,0	10,0	8,0	7,0	10,0
sheets	5,5	4,5	7,0	10,0	8,0	7,0	10,0
pipes	5,5	4,5	7,8	13,0	10,4	7,0	10,0

Source: BA, B102-127623: Anlage 2 zur F.R. Nr. 52/61 vom 9. Oktober 1961, Ausgewählte statistische Angaben über die britische NE-Metallindustrie für das Jahr 1960 (vorläufige Zahlen).

These arrangements, the German proposal went on, should be reconsidered, once the circumstances changed fundamentally, e. g. because of Norway's entry into the EEC or because of developments in overall tariff policy. This draft proposal followed entirely the line of thought laid down by the "Fachvereinigung

Metallhütten und Umschmelzwerke". A few days later this analysis was commented on by another BMWi department that generally went along with the suggestions, but stated that it was not at all justified to apply the same delays and parallel tariff reduction schedules for aluminium and all those products made from it, since for a number of them the relationship of production and demand differed completely from that of aluminium[53]. Thus German production alone of aluminium oxide was sufficient to cover all of Britain's demand. The increase in German production of silicon- and calcium carbide would lead to the same situation for these products in the near future as well. Hence the need to keep the CET at a similar level for these products as for the scarce primary products would not correspond to the fact that they were produced in abundance within the EEC.

As far as lead and zinc were concerned, the problems pictured by the respective producers were taken very seriously. Given the very difficult situation on the world market, an overall lowering of the CET was regarded as impossible. Even the arrangements possible under the protocol XV of List G were deemed insufficient, since the erosion of prices had made moderate tariff increases ineffective[54]. Hence it was argued that the negotiated tariff levels should not be changed in the enlarged EEC, but that they should be applied immediately without the originally envisaged transitional period for gradual adaptation toward the CET. It should however be possible to suspend the CET in case a certain price level had been reached. While thus the foreseen CET for lead and zinc should be applied without exception, the Germans proposed to establish tariff-free sub-positions for special qualities of lead and zinc whose production within the Community could not cover Community demand (Feinzink und Senkblei)[55].

The question of non-ferrous metals was the object of a meeting of the Commission of the EEC with the metal-experts of the Six in mid-July. A solution could not be found before the negotiations with the UK were interrupted during the summer. In the month before the meeting with the Commission, the BMWi was still

53 BA, B102 - 44417: Bonn, 8 VI 1962, IVB1, Dr. Wulz an IV/4, Betr.: Verhandlungen über den Beitritt Großbritanniens zur EWG, Bezug: Schreiben Iv/4 vom 5. Juni 1962.

54 For protocol XV relating to lead and zinc see JOCE, 20 Décembre 1960, 3[e] Année N[o] 80 C, p. 1863/60.

55 BA, B102 - 44417: Bonn, 2 VI 1962, EA3, Lösungsvorschläge zu den in den Verhandlungen über den Beitritt Großbritanniens zur EWG bisher behandelten Problemen.

considering the situation of the German metal producing and processing industries under the circumstances of British accession and was trying to define the German position on the Commission proposals which were already known in essence. While aluminium imports had fallen in the first half of 1962, the BMWi noted that the actual battlefield with Britain-based competitors was not in production of aluminium, but rather in the production of semi-products. It was in this field where for example north American producers tried to expand their capacity in the European market. It was here also where the competitive struggle with the UK was going to be most fierce for German industry given that the UK had one of the most competitive industries in the world, owned more than 90% by Canadian and US American companies which were aiming at doubling their capacity until 1965. The fact that the UK was importing aluminium tariff free, made the situation for the German semi-product industry extremely difficult[56].

Another problem arising for the German semi-product industry from within the EEC was that the Benelux countries imported aluminium from Eastern bloc countries without any quantitative limits. Thus, on a number of accounts, the German delegation was extremely cautious as to agree to any concessions for the United Kingdom on aluminium, lead and zinc. If any concessions were made for the UK, then there had to be arrangements preventing deflections of trade with potentially disastrous effects on the German semi-product industry. All of this would still not be enough to solve the essential problem that, with British entry, the capacity of the aluminium processing industry would by far exceed Community demand. Given that Britain, unlike Germany, could rely on a secure supply of raw materials British superiority was likely to persist, the respective BMWi-department feared[57].

As the Commission proposal was debated in the EEC's own expert committee on metals and as this committee had become a forum of regular interest mediation, it was not surprising that industrial associations made their interests known directly to this committee in the process of the accession negotiations. Thus

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56 BA, B102 - 127623: Bonn, 22 VI 1962, IVA1, Väth, Vermerk über die Hüttenaluminiumindustrie und den Beitritt Großbritanniens zur EWG.

57 BA, B102 - 44417: Bonn, 27 VI 1962, IVA1, Sennekamp an IV/4, Betr.: Verhandlungen über Großbritannien, Bezug: Schreiben der Abteilung IV vom 12. Juni 1962.

the "Vereinigte Aluminium Werke" (VAW) notified the BMWi department dealing with non-ferrous metals in mid-June 1962 that they would contact the EEC's metal committee together with their Italian and French sister associations[58]. At the meeting of the special working group established to deal with the zero tariff proposals of the UK for aluminium, zinc and lead, the Commission presented its proposal. For lead and zinc it foresaw that the UK should apply the CET, that the Italian market should remain isolated according to article 226 of the EEC-treaty, that sub-positions for special refined qualities of lead and zinc should be created with a zero tariff, and that the full tariff for lead and zinc should be applied immediately. The CET should only be suspended if the world price reached a level at which tariff protection was not needed any more[59]. The proposal ruled out further tariff quotas according to the protocol XV of List G, since the Commission aimed at abolishing those quotas altogether. The Commission stressed the fact that these proposals had been presented to the representatives of the Six's producing and processing industries at the meeting held at Florence. Given that the Commission's proposal was pretty much in line with what had been considered within the BMWi before, the German delegation agreed in principle with the Commission's view, but stressed that the German processing industry had not been completely happy with that at the Florence conference.

As for aluminium the Commission suggested to offer the British a reduction in the CET in order to reach a tariff level of 5 to 9%, while tariff quotas should again be ruled out completely. The Commission thought a CET of 7% would be appropriate. The German delegation was not happy with the abolition of all tariff quotas. It suggested that the application of quotas would be preferable over lowering the CET. It went so far as to suggest that, deviating from the provisions of protocol XII of the List G, a restricted tariff preference in favour of Commonwealth countries with tariff levels of less than 5% should be examined[60]. This, the Germans argued, would stand a reasonable chance of being accepted by the UK. The other

58 BA, B102 - 127623: Bonn 18 VI 1962, Vereinigte Aluminiumwerke (VAW) an BMWi, Abteilung IVA1.

59 For this and the following see BA, B102 - 127623: Bonn, 16 VII 1962, IVA1, Väth, Bericht über die Dienstreise nach Brüssel vom 6. bis 7. Juli 1962, Besprechung der Kommission mit Sachverständigen der Mitgliedstaaten der EWG über die Nullzölle.

60 For protocol XII see JOCE, 20 Décembre 1960, 3^{e} Année N^{o} 80 C, p. 1860/60.

delegations had some objections against the Commission proposal as well. The Italians feared a lowering of the CET, since it was likely that this lowered CET would again be subject to further reductions in GATT negotiations, which was simply unacceptable to them. The Dutch were in favour of the elaboration of a proposal along the lines of the protocols of List G. The Belgians were concerned about the size of tariff quotas and the French wanted to retain the 9% level of the CET in connection with tariff quotas on the basis of a revised protocol XII of List G. Thus the German and the French positions on non ferrous metals cam rather close to each other. Yet a solution was not found at that meeting and the Commission was to continue its work on the basis of this discussion.

· **Iron alloys**

The situation for iron-alloys, which also figured on the UK's list of zero tariffs, was very similar to that of non-ferrous metals. In its draft proposal for a German initiative on metals the European department EA3 suggested that a solution along the lines of protocol XI of the List G, which gave member states the right to apply tariff quotas in order to meet their domestic demand[61]. Again, as in the case of non-ferrous metals, the possible accession of Norway would change the whole situation completely. For Britain alone the extension of the arrangements of protocol XI seemed a feasible solution until the end of the second phase of the transitional period. The problems for some sections of the processing industry, mainly the manufacturers of steal pipes and some other types of pipes would still remain. In case that Britain was given tariff free or low-tariff quotas it would be able to even extend its already existing advantages. As far as foundry products were concerned, the effect of British cost advantages arising from cheaper raw materials, lower wage levels and social security costs would increase, if the British would obtain tariff quotas. Yet the consequences of that for German industry would not amount to

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61 BA, B102 - 44417: Bonn, 2 VI 1962, EA3, Lösungsvorschläge zu den in den Verhandlungen über den Beitritt Großbritanniens zur EWG bisher behandelten Problemen. For protocol XI to List G see JOCE, 20 Décembre 1960, 3^{e} Année N° 80 C, p. 1858/60-1859/60.

much more than the fact that sales expansion of German products in the UK was unlikely[62].

· Wood pulp and newsprint

The situation for paper semi-products and newsprint through the British accession was not very seriously affected, if the British demands for zero tariffs were to be handled within the existing EEC quota framework. While the industry did not fear major losses, the expansion of sales was not expected either from British entry. Yet given that it was widely understood that the Scandinavian countries would accede to the EEC along with Britain or slightly later or that these countries would at least obtain association in form of a customs union, difficulties of the worst kind were to be expected for the German wood pulp and paper industries[63]. In the preparations for a German initiative on the main issues left unresolved by mid-1962 it was argued that, for wood pulp, a solution along the lines of the protocol VII of List G which had been reached among the Six would in principle be a feasible option and would meet all that the British were asking for[64]. Yet the fact that the interests between the Six were very diverse made an immediate adaptation of these arrangements difficult. Another reason for this was the fact that the EEC had taken commitments for tariff free quotas within the GATT[65]. The proposal was, to use the arithmetic mean as level for the CET of paper. Tariff-free imports were not considered possible given the large Community production, while a certain lowering of that tariff level was seen as possible. As with non-ferrous metals, the accession or association of the Scandinavian countries would change the situation in the enlarged EEC completely. It was therefore argued that a final solution to this problem should be postponed until their accession would be considered. Until then the procedure envisaged in article 25 of the EEC treaty should be used to help the

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62 BA, B102 - 44417: Bonn, 27 VI 1962, Bonn, IIIC1 an IV/4, Betr.: Verhandlungen über den Beitritt Großbritanniens zur EWG, Bezug: Schreiben der Abteilung IV vom 12. Juni 1962.

63 BA, B102 - 44417: Bonn, 19 VI 1962, IVB4, Aust an Abteilung IV/4, Betr.: Verhandlungen über den Beitritt Großbritanniens zur EWG, Bezug: Schreiben der Abteilung IV vom 12. Juni 1962.

64 For protocol VII to List G see JOCE, 20 Décembre 1960, 3ᵉ Année N° 80 C, p. 1854/60.

65 For this and the following see BA, B102 - 44417: Bonn, 2 VI 1962, EA3, Lösungsvorschläge zu den in den Verhandlungen über den Beitritt des Vereinigten Königreichs zur EWG bisher behandelten Problemen.

British cover their import demand from third countries. Article 25 paragraph 1 of the EEC treaty foresaw import quota at lower rates of tariffs than the CET. The criterion for this was that EEC production could not meet Community demand and that there was dependency on imports from third countries.

· **Asbestos and asbestos processing industry**

The German asbestos industry aired their very grave concern about the prospect of British accession to the EEC. For this industry British producers were the most important competitors. The "Wirtschaftsverband Asbest" put forth a number of arguments justifying their request that the BMWi should see to it that the vital interests of this industrial sector were not damaged through the outcome of the accession negotiations. First of all, the industry stressed the wide use and thus the general importance of asbestos products for all other manufacturing industries in Germany. The fact that the structure of that industry was that of medium sized firms in Germany, while in Britain only two asbestos spinning concerns existed, was seen as a further point highlighting the vulnerability of German producers. Given that the British asbestos industry owned asbestos mines in South Africa and Canada and hence enjoyed lower raw material costs and that production costs were generally lower in Britain, the larger scale of production in Britain would put the German producers out of the market, once internal tariffs would have disappeared in the enlarged Community, the Wirtschaftsverband argued[66]. The association contended that asbestos producers would have to lower their prices by 10%, if Britain was to join the EEC, but that this was impossible despite the fact that modernisation and rationalisation were under way. The association also argued that the British competitiveness in asbestos production would have an important effect on the German asbestos processing industry and German consumers of asbestos products who would then have to depend on foreign supply capacity.

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66 For this and the following see BA, B102 - 44416: Frankfurt, Mai 1962, Wirtschaftsverband Asbest e. V., K. F. Arlt, Memorandum über den britischen EWG-Beitritt und seine Auswirkungen auf die deutschen Asbestspinnereien.

Table 7.2.8: Value of German imports in DM 1,000 of asbestos products and UK share in these imports 1956-1961:

	1956	1957	1958	1959	1960	1961
total imports in 1000 DM	4090	4926	6474	7458	13607	13785
imports from UK	2350	2810	3028	3323	5617	4319
UK share in % of total turn over	57	57	47	45	41	31
total turnover in 1000 DM	93083	103545	111156	123708	114281	116260
share of UK asbestos yarn of total imports of asbestos products	33,6	26,6	21,2	26,2	26,9	18,6
total imports of asbestos yarns in 1000 DM	1759,0	1742,0	1791,0	2440,0	4960,0	3799,0
UK share of total imports of asbestos yarns	78,2	75,1	76,5	80,1	73,6	67,6
share of total yarn imports in total imports of asbestos products	43,0	35,4	27,7	32,7	36,5	27,6
total turnover of asbestos yarns in 1000 DM	6568	6843	7255	8549	9483	9366
total imports of asbestos yarns as percentage of total turnover	26,8	25,4	24,7	28,6	52,3	40,5
import of UK asbestos yarns as percentage of total turnover	20,9	19,1	18,9	22,9	38,5	27,4
domestic turnover of asbestos yarns in 1000 DM	5565	5442	6000	7131	81929	8328
total imports of asbestos yarns as percentage of domestic turnover	31,6	32,0	29,8	34,2	61,1	45,6
imports of UK asbestos yarns as percentage of domestic turnover	24,7	24,1	22,8	27,4	45,0	30,8

Source: See BA, B102 - 126480: Frankfurt, 14 V 1962, Wirtschaftsverband Asbest e. V., Karl F. Arlt, An: BMWi, Abteilung IVB1, Dr. Lenz, Betr: GB-Beitritt. For the table see annex V.

There are clear signs that the German asbestos industry was indeed struggling with British competition even despite the fact that Britain did not eventually accede at the end of the negotiations[67]. In the years before, the world price for asbestos had been

[67] In 1964 the Wirtschaftsverband Asbest asked the BMWi to start an anti-dumping enquiry against their British competitors. The BMWi regarded this request as unfounded in legal terms and did not pass it on. Yet the complaint shows how desperate the industry must have been in view of British competition. See BA, B102 - 126480: Frankfurt, 15 V 1964, Wirtschaftsverband Asbest an BMWi, Abteilung IVB1, Betr.: Britischer Preiswettbewerb in

continuously falling and diminished the profit margins of German producers to such an extent that they were hardly able to make competitive offers. Thus the Wirtschaftsverband Asbest feared complete displacement of asbestos production and eventually even of asbestos processing industries in Germany through unhampered competition from British firms, which had already started to create for themselves a good starting position for operation within the common market[68].

· Coal and Steel

For the German coal industry British entry into the ECSC was not the source of problems but was certain to aggravate existing ones, while the iron and steel industry did not face particular difficulties as a result. Britain had asked for accession to the ECSC only in February 1962. Negotiations with the Six began in Luxembourg in July 1962 with the presentation of British wishes concerning their entry. The formal structure of the negotiations had been the cause of considerable disagreement among the Six. The fact that the negotiations were finally conducted between all seven governments and not between Britain and the Council of Ministers had been due to French insistence[69]. One problem was seen in the fact that the British coal industry was state owned and larger than the German and the French coal industries together. Yet while it was certain that imports from Britain would rise after accession, the main problems were deemed as bearable for the German coal industry by the BMWi, if the revision of the ECSC treaty was achieved[70]. In a letter to the chancellor the private German coal industry had singled out articles of the ECSC treaty that would work to the advantage of the state-owned British coal industry, if they remained unchanged when Britain acceded to the treaty[71]. At the

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Asbestgarnen; Bonn, 11 VI 1964, BMWi, Abteilung VA3, Müller-Thuns an Wirtschaftsverband Asbest, Betr.: Britischer Preiswettbewerb, Bezug: Ihr Schreiben vom 15. Mai 1964.

68 BA, B102 - 126480: Frankfurt, 14 V 1962, Wirtschaftsverbadn Asbest e. V., Karl F. Arlt an BMWi, Abteilung IVB1, Dr. Lenz, Betr: GB-Beitritt. For the table see annex V.

69 MAE, DE-Ce, Papiers Directeurs, Olivier Wormser, vol. 49: Paris, 23 V 1962, Olivier Wormser à Delfra Bruxelles.

70 BA, B136 - 2560: Bonn, 25 VI 1962, BMWi, Abteilung IIID2, Kattenstroth an Staatssekretär Kanzleramt, zu Händen Dr. Praß, Betr.: Beitritt Großbritanniens zur EGKS.

71 BA, B136 - 2561: Bonn, 16 VIII 1962, BMWi, Westrick an Staatssekretär Globke.

same time these concerns were heightened by reports that the British National Coal Board planned to double its exports to the continent[72].

While on the whole the German iron and steel industries did not have any fears in view of the British accession to the ECSC, steal imports from Britain were increasing. Yet the association "Eisen-, Blech- und Metallverarbeitende Industrie" (iron, metal sheets metal processing industries) feared tough British competition given the fact that British prices for primary material, mainly steal, were considerably lower than in Germany[73].

The German position on the main industrial issues of the negotiations

The matters of zero tariffs for some raw material imports and questions relating to textiles from India, Pakistan and Sri Lanka were clearly the most difficult ones as far as German industry was concerned. In comparison to that the question of imports of finished products from Australia, Canada and New Zealand was relatively quickly solved and was indeed one of the few areas of the negotiations where a solid solution had been found at all by August 1962. Many issues for which German industrial sectors had made known their expectations and concerns in principle were never actually addressed at the negotiating table, be it that there had not yet been time to deal with them early on, or be it that they never were on the negotiating agenda in the first place.

As far as the British proposals for zero tariffs were concerned, the only conceivable solution in the view of the BMWi at the outset of the negotiations was to ask the British whether they could agree to an extension of the protocols attached to the agreement on the List G. These protocols enabled individual member countries to autonomously apply low-tariff quotas in line with domestic consumption that were subject to supervision afterwards[74]. The figures compiled showing production, consumption and imports of these products revealed that in the case of most of the products concerned the EEC was able to supply domestic demand to a

72 HANDELSBLATT, 22 VIII 1962: "England will Kohleausfuhr verdoppeln", "Exportoffensive auf dem Kontinent".

73 BA, B102 - 44417: Bonn, 30 VI 1962, Abteilung IVA5, Boecker an IV/4, Betr.: Verhandlungen über den Beitritt Großbritanniens zur EWG.

74 BA, B102 - 44415: Bonn, 30 X 1961, EA3, Hünke an Zentralabteilung 3, Europa-Referate, Betr.: Beitritt Großbritanniens, Hier: Fragen zur Erklärung von Lord Siegelbewahrer Heath.

much greater extent than was Britain. In all cases apart from aluminium, paper-semi-products, ferrosilicon and grège, did EEC production cover 80% of common market consumption or more, while in a number of cases Britain had no domestic production at all (see tables and)[75].

Table 7.2.9: Production as percentage of consumption for a number of products for which the UK had requested zero tariffs:

products	EEC	UK	enlarged EEC
aluminium	75,7	11,8	54,9
lead	80,7	45,4	67,8
zinc	106,0	29,6	84,3
paper-semiproducts	59,6	0,0	39,9
newspaper print	79,1	63,4	72,2
casein	80,9	3,6	60,5
wooden rail sleepers	104,2	24,2	91,1
grège	32,3	0,0	28,6
ferrosilicon	72,9	0,0	57,9
ferrochrome	106,4	0,0	75,5
cadmium	95,6	7,6	64,0

Source: BA, B102-44416: Brüssel, 28 III 1962, Konferenz der Mitgliedstaaten der Europäischen Gemeinschaften mit den Dritten Staaten, die ihren Beitritt zu diesen Gemeinschaften beantragt haben. Verhandlungen mit dem Vereinigten Koenigreich. Arbeitsgruppe: Waren, für die die briti-sche Delegation einen Zollsatz Null beantragt hat. [=RU/GT1/INT/2/62; RU/GT1/INT/1/62 rev. 2], Anlage II und III: Industrieerzeugnisse, bei denen das Vereinigte Koenigreich einen Zollsatz Null vorgeschlagen hat.

The stark differences of interest become immediately obvious when looking at these tables. Britain, having so far relied on presumably lower cost Commonwealth producers and enjoying imperial preference for a large share of its imports of raw materials was now faced with switching over to most likely higher cost producers from within the EEC as suppliers of these products. At the same time the protective interests of the continental producers of these products were likely to exclude or at least to considerably diminish the Commonwealth's opportunities to

75 BA, B102-44416: Brüssel, 28 III 1962, Von. Konferenz der Mitgliedstaaten der Europäischen Gemeinschaften mit den Dritten Staaten, die ihren Beitritt zu diesen Gemeinschaften beantragt haben. Verhandlungen mit dem Vereinigten Koenigreich. Arbeitsgruppe: Waren, für die die britische Delegation einen Zollsatz Null beantragt hat. [=RU/GT1/INT/2/62; RU/GT1/INT/1/62 rev. 2], Anlage II und III: Industrieerzeugnisse, bei denen das Vereinigte Koenigreich einen Zollsatz Null vorgeschlagen hat.

export to the EEC, while exploiting their own preferential export opportunities to the United Kingdom.

Table 7.2.10: Imports in % of consumption:

products	EEC	UK		
		Commonwealth	rest of the world	total
raw aluminium	29,2	48,5	41,3	89,7
paper-, semiproducts	41,4	9,7	90,3	100,0
news print	22,6	30,5	13,0	43,5
raw lead	26,8	51,1	6,4	57,5
raw zinc	10,3	36,4	34,4	70,8
casein	36,7	48,9	47,5	96,4
wooden rail sleepers	8,6	23,8	51,9	75,7
grège	67,7	0,0	100,0	100,0
ferrosilicon	31,2	31,2	68,8	100,0
ferrochrome	11,5	17,2	82,8	100,0
cadmium	13,0	38,5	53,8	92,3

Source: BA, B102-44416: Brüssel, 28 III 1962, Konferenz der Mitgliedstaaten der Europäischen Gemeinschaften mit den Dritten Staaten, die ihren Beitritt zu diesen Gemeinschaften beantragt haben. Verhandlungen mit dem Vereinigten Koenigreich. Arbeitsgruppe: Waren, für die die britische Delegation einen Zollsatz Null beantragt hat. [=RU/GT1/INT/2/62; RU/GT1/INT/1/62 rev. 2], Anlage II und III: Industrieerzeugnisse, bei denen das Vereinigte Koenigreich einen Zollsatz Null vorgeschlagen hat.

The CET was needed in this context to ensure the existence of these industries, to keep employment at stable levels and to make further investments in these sectors feasible. For aluminium, iron alloys and a number of other base metals and their alloys the main justification of the CET was the differential in energy costs between Community and third country producers as well as the availability of raw materials. High tariff levels enable Community producers to buy raw materials at higher prices and thus to ensure their supplies with raw materials in competition with producers of those countries where high tariffs and therefore high sales prices are already in place. In the case of the metals mentioned here the main competitors in production were the Scandinavian countries and Canada. The applications for association by the Scandinavian countries therefore created a number of very difficult problems. Yet not only the situation of the producing industries had to be considered. The industries processing these metals were understandably concerned not to be faced with exceedingly high prices for their primary products[76]. While the lowering of the CET would have detrimental effects on the continental industries, the introduction of tariffs on lead, zinc and cadmium was likely to encourage investments in these fields to the detriment of the trade interest of the Commonwealth[77].

The German position on the zero tariff proposals by the United Kingdom centred around quotas at reduced tariffs that could be granted to the UK by the Commission of the EEC and the protocols attached to the List G that have already been mentioned. Yet these handy solutions were at first rejected by Germany's other EEC partners. In early May 1962 the only positive sign that could be offered to the British jointly by the Six, was to indicate the direction where a solution might be found in the end. This seemed to be in a temporary suspension of the CET or a décalage when the second adaptation toward the CET was due[78]. While in early June the BMWi contemplated putting forward German proposals for a solution that could be supported by all sides, this project was soon cancelled when it became clear that, on expert level, a different line of thought was being followed. To the surprise of the German negotiators the solutions envisaged by the experts were exactly those of extending existing protocols to the List G in the annex of the EEC treaty to include the UK which had previously been rejected[79].

Despite this apparent movement among the Six, the discussions about zero tariffs remained difficult. The Six had to deal with a document jointly worked out by their own producers of aluminium which argued against any changes in the CET and rejected the idea of tariff quotas as well as the use of the respective protocol

76 BA, B102 - 127623: Bonn, 16 VII 1962, Väth, Abteilung IVA1, Bericht über die Dienstreise nach Brüssel vom 6. bis zum 7. Juli 1962. Besprechung der Kommission mit den Sachverständigen der Mitgliedstaaten der EWG über die Nullzollsätze.

77 BA, B102 - 44415: Brüssel, 15 I 1962, Konferenz der Mitgliedsstaaten der EWG mit den dritten Staaten, die ihren Beitritt beantragt haben. Dokument RU/GT1/12/61 final, Arbeitsgruppe Zollsatz Null. Zusammenfassender Bericht an die Stellvertreter der Minister. Betr.: Untersuchung der Industrieerzeugnisse, bei denen das Vereinigte Königreich einen Zollsatz Null vorschlägt.

78 BA, B102 - 44416: Bonn, Ergebnisbericht über Ressortbesprechung im Auswärtigen Amt vom 5. Mai 1962 zur Vorbereitung der Ministertagung der Sechs mit Großbritannien vom 7. bis 9. Mai 1962.

79 BA, B102 - 44417: Bonn, 2 VI 1962 EA3, Lösungsvorschläge zu den in den Verhandlungen über den Beitritt des Vereinigten Königreichs zur EWG bisher behandelten Problemen; Bonn, 8 VI 1962: IV/4, Böttger an Referate der Abteilung IV, EA3, Betr.: Verhandlungen über den Beitritt Großbritanniens zur EWG.

relating to List G in the annex of the EEC treaty[80]. Germany took the view that Britain should be granted a tariff quota at a level of 5% for aluminium. As far as other metals were concerned, the specific situations differed from that of aluminium, where Community producers seemed to be united. Processing industries on the other hand were generally in favour of lower tariffs and hence of the British requests[81].

The preparations by the German negotiators for the ministerial session planned for the 16 January 1963 shows how limited the progress was which had been made before de Gaulle's veto ended the negotiations. For newsprint the Six had rejected the British proposal for zero tariffs and had instead pointed to the fact that given the insufficient community supply tariff quota according to article 25 paragraph 1 could be applied. This offer could hardly satisfy the British who were under pressure particularly from Canada. While the Germans had always seen tariff quotas as a relatively easy way out of all troubles and had held this out as a solution to the British, internal conflicts between the Commission and Germany about the German tariff quota for newsprint for 1963 showed the difficulties of that approach. The Commission had asked the Council of the EEC not to grant this quota again at a zero tariff. The German reaction to this was to suggest a further lowering of the CET down to 3%. While the Germans were actually in favour of no tariff at all on newsprint, they had to acknowledge that this was unrealistic in view of the positions of the other EEC members[82]. On raw aluminium the Six offered the extension of the protocol attached to List G which foresaw a quota at a tariff of 5%. A lowering of the CET was rejected. For lead and zinc a proposal had been worked out by the Commission that was supported by the Germans but still met with reluctance by the Dutch and the Belgians who either asked for further concessions. The proposal foresaw that the UK should lower its tariffs with the EEC and adjust to the CET on accession. The Italian market was to remain isolated. The CET was to be suspended

80 BA, B102 - 127623: Bonn, 11 VII 1962,IVA1, Väth, Bericht über die Dienstreise nach brüssel am 3 VII 1962.

81 BA, B102 - 127623: Bonn, 16 VII 1962, IVA1, Väth, Bericht über die Dienstreise nach Brüssel vom 6. bis zum 7. Juli 1962. Besprechung der Kommission mit den Sachverständigen der Mitgliedsländer der EWG über die Nullzollsätze.

82 For this and the following see BA, B102 - 44417: Bonn, 14 I 1963, Abteilung IVB2, Sprechzettel für die Beratung der Minister über Nullzölle am 16. Januar 1963.

in case prices exceeded a certain level. Tariff quotas were abolished. For the products of relatively minor importance the German delegation was in the position to agree to the British proposal of zero tariffs with the exception of plywood boards. For the final group of products, heavy jute from India, Pakistan and Sri Lanka the Six offered a tariff suspension from 11 down to 9%. Yet before these matters could be discussed, de Gaulle called off the negotiations altogether on 14 January 1963.

The question of finished products from the industrialised countries of the Commonwealth was addressed by the respective working group soon after the beginning of the negotiations and had presented the reunion of ministers' representatives with two reports illustrating the problems of these matters[83]. On that basis the representatives were able to come up with possible solutions in February[84]. These preparations lead to an early agreement by the negotiating partners in May 1962. In preparatory talks before the ministerial meeting at the beginning of May, the AA and the BMWi agreed that they would not consider special arrangements for these countries after the end of the transitional period, but that either a lowering of the CET or global arrangements would be possible in line with Kennedy's proposals for the GATT. Concerning the transitional period the Germans intended to suggest in the negotiations that the British should begin with the first adaptation toward the CET. Once this had been done, special protocols could serve to ease further British adaptations toward the CET in the next phase of the transitional period. This could also be done according to article 26 of the EEC treaty which allowed for lowering the CET temporarily for member states with particular difficulties during the transitional period[85].

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83 BA, B102 - 44415: Brüssel, 15 I 1962, Konferenz der Mitgliedstateen der Europäischen Gemeinschaften mit den dritten Staaten, die ihren Beitritt zu diesen Gemeinschaften beantragt haben. Arbeitsgruppe "Industrieländer des Commonwealth", zusammenfassender Bericht an die Stellvertreter der Minister, Betr.: Untersuchung der Fertigwaren aus Canada (außer Nahrungsmittel); Bonn, 22 I 1962, Böttger, IV/4 an Abteilung IVA, IVB, IVC, IIIC4, nachrichtlch an EA3, Betr.: Verhandlungen über den Beitritt Großbritanniens zur EWG.

84 BA, B102 - 44416: Brüssel, 24 II 1962, Von Eurogerma, Brüssel, Harkort, Betr.: Beitrittsverhandlungen mit Großbritannien, Tagung der Minister am 22. Und 23. Februar 1962.

85 BA, B102 - 44416: Bonn, Ergebnisbericht über die Ressortbesprechung im Auswärtigen Amt vom 5. Mai 1962 zur Vorbereitung der Ministertagung der Sechs mit Großbritannien vom 7. bis 9. Mai 1962.

The solution that was finally agreed by the negotiating partners at the seventh ministerial meeting in May 1962 went pretty much along the lines that had been discussed between the AA and the BMWi weeks before. Thus the UK was to adapt its tariff positions 30% toward the level of the CET on accession. The second 30% adjustment was to be due on 1 January 1967, and the establishment of the CET in January 1970. Between 1966 and 1969 the Six were to hold consultations with Canada, Australia and New Zealand in order to arrive at measures easing their trade problems according to the EEC treaty. This meant however, that a postponement of the adjustments, toward the CET, for which the British had asked, was not possible. Yet this solution still offered the possibility of a temporary lowering of the CET during the three year period 1966 to 1969 for all those 400 products for which Britain had requested adaptation measures[86].

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86 BA, B102 - 61941: Brüssel, 29 V 1962, Eurogerma, Brüssel, Mangold und Böhmcke. Hier: Siebte Ministertagung.

87 BA, B102 - 44415: Brüssel, 15 I 1962, Konferenz der Mitgliedstateen der Europäischen Gemeinschaften mit den dritten Staaten, die ihren Beitritt zu diesen Gemeinschaften beantragt haben. Arbeitsgruppe "Industrieländer des Commonwealth", zusammenfassender Bericht an die Stellvertreter der Minister, Betr.: Untersuchung der Fertigwaren aus Canada (außer Nahrungsmittel); Bonn, 22 I 1962, Böttger, IV/4 an Abteilung IVA, IVB, IVC, IIIC4, nachrichtlch an EA3, Betr.: Verhandlungen über den Beitritt Großbritanniens zur EWG.

88 BA, B102 - 44416: Brüssel, 24 II 1962, Von Eurogerma, Brüssel, Harkort, Betr.: Beitrittsverhandlungen mit Großbritannien, Tagung der Minister am 22. Und 23. Februar 1962.

to ease further British adaptations toward the CET in the next phase of the transitional period. This could also be done according to article 26 of the EEC treaty which allowed for lowering the CET temporarily for member states with particular difficulties during the transitional period[89]. The solution that was finally agreed by the negotiating partners at the seventh ministerial meeting in May 1962 went pretty much along the lines that had been discussed between the AA and the BMWi weeks before. Thus the UK was to adapt its tariff positions 30% toward the level of the CET on accession. The second 30% adjustment was to be due on 1 January 1967, the establishment of the CET in January 1970. Between 1966 and 1969 the Six were to hold consultations with Canada, Australia and New Zealand in order to arrive at measures easing their trade problems according to the EEC treaty. This meant however that a postponement of the adjustments, toward the CET, for which the British had asked, was not possible. This solution however offered the possibility of temporary lowering of the CET during the three year period 1966 to 1969 for all those 400 products for which Britain had requested adaptation measures[90].

7.3 Adenauer, German industry and de Gaulle's veto

Adenauer's position toward the British free trade area proposal had always remained indifferent, at least in public, and the discussions about his alleged secret deals with de Gaulle in that matter have remained speculation for the most part. Even the archival material that is available now does not indicate his personal views on the free trade area very clearly. The reason for this might be that the free trade area project in Adenauer's view did not require massive action on his part, since the manifold problems in the discussions prevented it from becoming a very realistic option for European policy. With the negotiations on British accession things looked initially quite similarly. For the first five to six months the talks did not move ahead significantly. This was a consequence of the fact that the British wanted to discuss

89 BA, B102 - 44416: Bonn, Ergebnisbericht über die Ressortbesprechung im Auswärtigen Amt vom 5. Mai 1962 zur Vorbereitung der Ministertagung der Sechs mit Großbritannien vom 7. bis 9. Mai 1962.

90 BA, B102 - 61941: Brüssel, 29 V 1962, Eurogerma, Brüssel, Mangold und Böhmcke. Hier: Siebte Ministertagung.

the principles of matters relating to the Commonwealth as a whole. The EEC members were either unwilling or indeed unable to define their position on that, given that a good part of questions relating to the Commonwealth would affect agricultural matters and that the Six were still struggling over the formulation of a common agricultural policy. Hence nothing could really happen unless the UK was willing to discuss the problems relating to individual commodities country by country. When this happened in May 1962, the situation changed. Even though little progress was made on the matters that the British had requested, the general assessment on the German side, like that of the Benelux countries, was that success of the negotiations was likely, given a number of important concessions by the British and assuming that the Six would match these concessions at some stage. The first one to subscribe to such an optimistic view was unsurprisingly Ludwig Erhard. Even before the negotiations had moved beyond the purely exploratory phase, he told the British public that accession was likely to be achieved very soon.

Erhard's reasons for assuming this, lay not so much with the state of the negotiations themselves but rather with the impressions gathered during his visit to the USA, where the Kennedy administration was founding the whole of its future European policy on the assumption of an early British accession to the EEC, the failure of which would lead to a complete reappraisal of that policy[91]. Erhard's optimism was most probably also due to the preparations of the US administration of what became the trade expansion act in October 1962[92]. This American project was very much in line with Erhard's predilection for a return of the German economy to the world market. The massive tariff reductions that would become possible in conjunction with British accession, Erhard might have hoped, could eventually still bring about the sort of world-wide economic integration that he favoured. With hindsight it is still difficult to understand why the majority of those

91 BA. B102 - 61942: Bonn, 7 II 1962, Abteilung VC1, Bögelholz an Ludwig Erhard, Westrick, Betr.: Besuch Ludwig Erhards in London am 25. und 26. Januar 1962. In Anlage fernschriftlicher Bericht der deutschen Botschaft in London; Anlage: London, 27 I 1962, Deutsche Botschaft London, Etzdorf.

92 President Kennedy had announced the principles of the envisaged trade expansion act in his state of the Union message on 11 January and had elaborated on this in another message to Congress on 25 January 1962. The trade expansion act passed the House of Representatives in June and was enacted in October 1962. See KEESING'S CONTEMPORARY ARCHIVES 1961-62, pp., 18682-18684, 18793-18794, 18863, 19039.

negotiating kept an optimistic view as to the overall success of the procedure[93], given that the negotiations themselves did not quite support an assessment of the type made by Erhard. The early British concessions on the main questions of the CET and agriculture must have impressed the Germans, the Dutch and the Belgians. In their view the British clearly had moved a great deal. Thus the positive aspects in the negotiations seemed to prevail over the retarding moments until the summer recess in August 1962. At this point the Germans thought the negotiations to have reached the "point of no return"[94].

It seems that, once this impression prevailed, Adenauer felt that the time was ripe for a more pronounced stance on British accession, i. e. a more outspoken attitude against it on his part. After returning from his state visit in France in July, Adenauer began to speak out against British membership more and more clearly at the cabinet table as well as with his own party leadership and finally also in public. He did so at about the same time when de Gaulle devoted more attention to the issue in France. It is therefore almost certain that both statesmen were agreed on this issue[95]. It would hardly be explicable why, at this relatively early point in time, Adenauer took considerable political risk to contradict the majority view in his party that British accession was a necessity in terms of German national interest. While initially retaining his very cautious approach with the general public, the federal chancellor also began to systematically muster potential domestic sources of support for his position. The divisions among industry itself were, in this respect, of the greatest strategic value for the federal chancellor in order to win the domestic battle over British accession to the EEC against a united front of all political and of the main social forces. One can assume that Adenauer's aim was to prepare the German political leadership, i. e. the government coalition, the federal parliament and the main parties, all of which had been and were still strongly in favour of British

93 MÜLLER-ARMACK, *Auf dem Weg*, p. 237.

94 BA, B102 - 127325: Bonn, 6 IX 1962, EA3, Hünke, Fragen der europäischen Integration, insbesondere Stand und Probleme der Beitrittsverhandlungen mit Großbritannien.

95 KOERFER, *Kampf*, pp. 662-663. Adenauer told his cabinet that at the occasion of his state visit to France, he and de Gaulle had only said one sentence each on the accession negotiations. See BA, B136 - 2561: Unkorrigiertes Manuskript der Kabinettssitzung am Mittwoch, dem 8. August 1962, p. 49. For de Gaulle's first statements on British membership see PEYREFITTE, ALAIN: *C'était de Gaulle. «La France redevient la France»*. Paris 1994, pp. 116-117, 150-154.

accession, for the eventual failure of the negotiations in order to ensure that he would not be forced to strike back at France at the moment when de Gaulle would use a veto or some other measure of last resort.

Again, the collusion between Adenauer and de Gaulle in the matter is not established with absolute certainty. Yet it is clear, that there cannot have been the slightest misunderstanding between the two that the French would never yield anything on British accession, unless the common agricultural policy was safely under way and that France was ready to wreck the ship of the EEC, if its development was not in line with French expectations. As has been shown at the beginning of this chapter, the French made Adenauer well aware of this and warned him against any attempt by Germany and the Erhard camp to bypass previous commitments concerning the CAP, once the balance of power and interests within the EEC would have changed after enlargement. Thus Adenauer could use his advance in information on the position of the French, the dealings over the CAP and the frictions between the position of the BDI and those of individual associations in order to prepare the grounds for the difficult time that he would have to go through, once de Gaulle would call off the negotiations. That Adenauer's level of information as well as the quality of the information that he could tap was superior to that of the BMWi and Erhard's can easily be seen from the archival evidence used in this chapter.

The political establishment united against Adenauer

Two weeks after de Gaulle's veto of British accession to the EEC, Alfred Müller-Armack, one of the BMWi's two secretaries of state offered his resignation to Ludwig Erhard, if de Gaulle's veto was accepted without any resistance by the federal government. In his letter to the minister, Müller-Armack blamed Adenauer for much of what - in his view - had gone wrong over the last years and for the failure of the negotiations with Britain in particular[96]. Müller-Armack complained that Adenauer's differences with Erhard had made negotiations abroad very difficult, yet that he had been willing to continue working under these conditions as

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96 ACDP, Bestand Müller-Armack, I-236-001/1: Bonn, 1 II 1963, Müller-Armack An: Ludwig Erhard.

long as there had been hope that eventually the enlargement of the EEC could be achieved. In the present situation however, a crisis of unpredictable political and economic consequences was, in Müller-Armack's view, to a large extent due to the weaknesses of German policy on Europe in the years since the establishment of the EEC. The federal government was under suspicion not to have taken a clear position on enlargement and of not having made every effort to convince the French. The position taken by Adenauer in particular and the uncertainties about the German position were responsible for this and even contributed to the unfavourable development of the view of the US administration according to Müller-Armack. In this situation the secretary of state deemed the ratification of the consultation agreement with France unbearable in view of the fact that de Gaulle had not consulted Germany at all on his veto and given that his veto actually violated the principles of the EEC-treaty, not to mention the spirit of the Franco-German treaty itself.

Müller-Armack's misgivings about Adenauer's position were the strongest where it had affected his instructions during the negotiations. Adenauer had given special instructions to the secretary of state of the BMWi concerning the CAP and the question of the association of overseas territories. In making immense sacrifices and in committing substantial financial means from German business, Müller-Armack had been able to secure a successful conclusion of these negotiations. All throughout it had been made very clear to Couve de Murville that the Germans would expect a trade-off from the French for these concessions at a later stage. French approval to the enlargement of the EEC in particular was explicitly mentioned as being of vital interest to the German economy[97]. In bilateral negotiations the French had stated their readiness to achieve this still less than half a year before. In vetoing British accession only three weeks after the consultation agreement had been initialled, France had not honoured the prior concessions made by the German side. If this was accepted without any resistance, Müller-Armack offered his resignation for 1 July 1963. In public Müller-Armack was not quite so blunt. A week after he had sent this letter to Erhard and copies of it to Adenauer and the federal president, his personal secretary had to deny press reports according

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97 MÜLLER-ARMACK, *Auf dem Weg*, pp. 237-241.

to which Müller-Armack had expressed the view that Adenauer's address to the Bundestag (Regierungserklärung) on 6 February had reinforced his intention to resign[98]. Müller-Armack had his secretary declare that there was no relation between his resignation and the federal chancellor and that this had simply been an invention by the journalists[99]. The row though was clearly in the open and nobody could be in doubt about the continuing rift between Adenauer and the BMWi.

Only two weeks after that, an exchange of correspondence between Adenauer and Erhard was leaked to the press. Adenauer, acting as ever so often as Erhard's supervisor, trying to bring the naughty child in line, criticised his minister for not having contributed to re-establishing unity among the Six at a meeting in Brussels in February[100]. Apart from that criticism and the reminder that political competencies in that matter lay entirely with the AA, Adenauer was dissatisfied with the fact, that Müller-Armack was still in office, while he had publicly declared that he could not support the position of the federal government any longer[101]. Erhard's reply was typically audacious. He bluntly told the chancellor that this was none of his business and that the whole matter lay entirely within his own competence. Apart from that, he let the chancellor know, that the foreign minister Schröder shared his view on that matter. In order to signal his indignation, Erhard stayed away from the cabinet meeting the next day[102].

Müller-Armack was only one of many within the federal government and the German political establishment who were embittered about de Gaulle's veto and the lack of response against it on the part of the federal chancellor. The whole issue had undermined Adenauer's standing and increased the calls for a change of leadership since the summer of 1962. In August the secretary of state of the AA, Rolf Lahr, had made bitter complaints in a cabinet meeting about the attitude of the French who, he alleged, had broken their word. In response to his complaint Lahr had

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98 For the text of Adenauer's declaration see Verhandlungen des Deutschen Bundestages, 4. Wahlperiode, Stenographische Berichte, Band 52, Bonn 1963, S. 2575.

99 BA, B136 - 2561: Bonn, 8 II 1963, Kattenstroth, BMWi An: Staatssekretär Globke.

100 In the US administration this fact had raised hopes for a firm German stance against the French. See FRUS, 1961-1963, Vol. XIII, pp. 167-170: Telegram from the mission to the European Commission to the Department of State, Brussels, February 2, 1963.

101 ACDP, Bestand Müller-Armack, I-236-001/1: Bonn, 26 II 1963, Adenauer An: Erhard.

102 ACDP, Bestand Müller-Armack, I-236-001/1: Bonn, 27 II 1963, Von. Erhard An: Adenauer; see also FAZ, 5 III 1963: "Februar 1963: Briefwechsel zwischen dem Kanzler und seinem Nachfolger."

received nothing but anger from Adenauer who ordered him and the other German negotiators to make a stronger effort to side with the French in the negotiations[103]. Unsurprisingly, Erhard used every forum possible to air his discontent with the French veto and the insufficient German reaction to that. At a meeting with the economics ministers of the eleven German Länder, he talked about the economic consequences of the non-accession of the UK to the EEC. Without any glossing over he declared that Adenauer's failure to put pressure on the French despite the insistence of the Bundestag and all its factions to do so combined with the signature of the German-French consultation treaty was bringing Germany into a twilight on the international scene[104]. On the economic side Erhard stated that the European economy was beginning to break apart and that the distortions of German foreign trade had already increased since the lowering of internal tariffs had begun. On top of that Erhard complained about the CAP and the decisions made on aid to less developed countries where Germany had made concessions and sacrifices without receiving anything in return, while calculating that this was done in order to obtain the enlargement of the EEC.

Adenauer himself had begun to air his unease with British accession in mid-1962. In an informal conversation with two American journalists, he had expressed his doubts about the seriousness of the British application already in April 1962[105]. On a similar occasion at the end of July, he spoke at length about the practical problems for European agriculture, mainly for wheat and butter, and the wider political implications of British accession. The latter seemed to him very difficult and still a long way off[106]. In a letter to Hallstein he used an article published in the Times to demonstrate how Britain viewed membership in the EEC and argued on that basis that British entry would create huge institutional and organisational problems which, Adenauer suggested, were widely underestimated even among the

103 BA, BK136 - 2561: Bonn, Unkorrigiertes Manuskript aus der Kabinettssitzung am Mittwoch, den 8. August 1962.

104 BA, B102 - 44419: Büro der Wirtschaftsministerkonferenz, Vermerk über die Wirtschaftsministerkonferenz am 13. Februar 1963 in Bonn (Haus der Vertretung des Landes Baden-Württemberg).

105 MENSING, HANS PETER (Bearb.): *Adenauer. Teegespräche 1961-1963.* (Adenauer. Rhöndorfer Ausgabe), Berlin 1992, p.171.

106 MENSING, *Adenauer, Teegespräche 1961-1963*, pp. 248-258.

members of the Commission of the EEC[107].Shortly after that the chancellor asked for a report to be established for the federal cabinet which should focus on the problems created by the accession of the UK to the EEC and which should point in particular to the difficulties faced by individual industrial sectors arising in that context[108]. When this report was discussed at the cabinet meeting in August 1962 which has already been referred to, Adenauer was at pains to stress that he had not yet made up his mind whether or not "we are going to take part in that thing", but he was equally clear about his pessimism: "Aber ich betrachte die ganze Frage sehr viel pessimistischer als Herr Lahr und auch sehr viel pessimistischer als sie in diesem Bericht geschildert ist"[109].

Two weeks later Adenauer presented the same view to the board of the parliamentary faction of the CDU in the Bundestag which had convened for a two-day conference on foreign policy issues. The differences between the faction and Adenauer could not be bridged. While the leadership of the party-faction was all in favour of British accession to the EEC, Adenauer painted a gloomy picture of an anti-German Franco-British alliance and of the British seeking an understanding with the Soviet Union which, he argued, could be the consequences of British accession[110]. The party was apparently not able to follow that sort of reasoning. The row that broke out between the parliamentary faction and Adenauer was so fierce that the chancellor had to mend his words on the following day and was forced to state clearly that also he was in favour of British membership in principle[111]. In contradicting the chancellor practically in public, the leadership of the parliamentary faction had dealt a serious blow to Adenauer's reputation of being the unchallenged leader of his party. It also intensified the demands for a change in leadership. The daily newspaper "DIE WELT" reported about meetings of the factions of both parties forming the government coalition, CDU/CSU and Liberal Democrats (FDP)

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107 BA, B136 - 2560: Bonn, 7 VI 1962, Adenauer an Hallstein.

108 BA, B102 - 44417: Bonn, 12 VI 1962, Abteilung IV, Neef an alle Referate der Abteilung IV, EA3, Betr.: Verhandlungen über den Beitritt Großbritanniens zur EWG.

109 "I regard the whole issue much more pessimistically than Mr. Lahr and also much more pessimistically than it is portrayed in this report" BA, B136, 2561: Bonn: 8 VIII 1962, Unkorrigiertes Manuskript aus der Kabinettssitzung am 8. August 1962.

110 DIE WELT, 22 VIII 1962: "CDU für Beitritt Londons zur EWG", "Der Fraktionsvorstand widerspricht Äußerungen des Kanzlers".

111 Die WELT, 22 VIII 1962: "Kanzler äußert Bedenken gegen den EWG-Beitritt Großbritanniens".

arriving at the conclusion that Adenauer faced complete isolation, if he tried to conduct a policy on Europe which was to impede British accession to the EEC and exclude Britain from the political union which had been envisaged (Fouchet Plan). The decision taken by the leadership of the CDU/CSU faction demanded almost unanimously that the government had to promote British membership. The article concluded that, if Adenauer tried to circumvent this decision, he would be faced with further erosion of his authority[112].

The pressure from the political establishment did not only come from the governing parties and the leading figures of the government bureaucracy but also from individual Bundesländer (provinces) like the northern German city of Hamburg[113]. The northern German Länder in general felt that they would be more negatively affected by a failure of the negotiations, as is reflected for example in the unanimous resolution by the Schleswig-Holstein diet two weeks after de Gaulle's veto. Adenauer dealt with their demands by reference to wider issues and by vague reassurances that everything possible was being done to prevent any negative effects of this failure[114].

The BDI and British accession to the EEC

In previous chapters it has been described how the German industrial associations were in regular contact with the departments of the BMWi in charge of individual sectors. At this level the technical dimension of industrial interest was considered. Whenever problems became more substantial and technical solutions could be found only with difficulties, even individual sectoral associations would contact higher levels of the BMWi, while this was normally only done on issues of general and fundamental concern by the leading industrial associations like the BDI and the DIHT. Whenever the well-being of a sector was at, stake the respective associations tried to reach to the highest political level possible in order to receive more attention

112 DIE WELT, 23 VIII 1962, "Enlgand muß beitreten", von Georg Schröder, Bonn, "Adenauers Niederlage", "Nicht mehr Herr im Ring?".

113 BA, B136 - 2561: Bonn, 11 IX 1962, Adenauer An: Paul Nevermann, 1. Bürgermeister der Hansestadt Hamburg.

114 BA, B136 - 2561: Kiel, 29 I 1963, Von. Ministerpräsident des Landes Schleswig-Holstein Dr. Helmut Lemke an Konrad Adenauer; Bonn, 8 II 1963, Von. Adenauer an Helmut Lemke.

for their concerns than they would be able to obtain via the way prescribed in normal procedures. From the associations' point of view this passing by of the normal administrative channels open to them can also be seen as signalling deficiencies in the communications between technical departments and the associations or in the relationship between the technical departments and the higher levels of decision making within the BMWi and all the way up to the German delegation in the international negotiations. The technical departments have to be seen in most cases as the allies of the industrial associations to which they are talking within the bureaucracy. Yet their influence is clearly limited. Hence whenever the associations feel that their concerns are either not transmitted with sufficient vigour or not being observed by higher levels of decision making, they will seek to muster political influence via their contacts to political figures and through direct appeal to the leadership of the BMWi and perhaps even to the chancellor himself.

For the leading industrial association, the BDI, direct contact with the political level of the BMWi and the chancellor's office was normality in matters of general concern. Thus the BDI provided his assessment of the impact that British accession would have on German industry to the chancellor's office and to the BMWi at the same time[115]. The BDI's analysis made a difference between the direct implications of British accession and the indirect effects brought about by the accession or association of the other member countries of EFTA as well as by the links that the UK had with the Commonwealth. The BDI also provided an overview of these effects on individual industrial sectors. The overall picture painted by the BDI was a very positive one. As far as the direct effects of British accession were concerned, the BDI stressed that Britain was Germany's fourth largest trading partner with machines, chemicals and textiles being the largest groups of goods traded. The fact that, despite the lowering of tariffs among the Six and among the Seven respectively, German exports to the UK had increased was seen as a clear indication that German exporters counted on British accession and were ready to

115 For this and the following see BA, B102 - 44417: Bonn, 13 VI 1962, Abteilung IV/4, Böttger an üblicher Verteiler, Betr.: Verhandlungen über den Beitritt Großbritanniens zur EWG, Bezug: Schreiben der Abteilung IV vom 12. Juni 1962. Anlage: Die wirtschaftlichen Auswirkungen eines Beitritts Großbritanniens zur EWG. (BDI).

make temporary price concessions in order to keep their market shares despite increased tariff discrimination. Given that British tariffs were on the whole higher than German tariffs on manufactured goods, the BDI saw a very good starting position for German exporters, once the trade barriers were to be gradually abolished. As for the indirect effects of British accession, the BDI welcomed the association or accession of the other member countries of EFTA which in 1960 had accounted for 24,3% of German total exports (compared to 29,5% to the other EEC member states). Another plus of British accession was seen in better access for German industry to Commonwealth markets that would result from the abolition of imperial preference by the UK. A liberal commercial policy of the USA and the other Western countries as well as equal conditions for German and British industry on the world market were also seen as a corollary of British accession[116]. The BDI's assessment of the effects of British accession on individual industrial sectors was equally positive. Almost all industrial sectors, the BDI reported to chancellery and BMWi, expected higher sales opportunities on the British market, the EFTA market and the market of the Commonwealth. As far as there had been concerns by some sectors, they had not been brought up in connection with Britain's entry into the EEC as such but rather in connection with the arrangements to be made for the Commonwealth countries and vis-à-vis the low price countries.

The view of the allegedly most powerful voice of German industry was thus unequivocally in favour of British accession to the EEC and of the accession or association of the other EFTA member countries to go a long with it. This expertise provided by the BDI to the chancellor's office and the BMWi constituted therefore firm support for Erhard and his assessment of the desirability of British accession. Internally, the considerations of the BDI were slightly more cautious and differentiated. In the files of Karl Friedrich Vialon of the chancellor's office held at the Archiv für Christlich-Demokratische Politik there are copies of two letters to a leading figure of the BDI, Stein, which give a more detailed view of the position of

116 This view had been expressed by Erhard as well after his visit to the USA in January 1962. See BA. B102 - 61942: Bonn, 7 II 1962, Abteilung VC1, Bögelholz an Ludwig Erhard, Westrick, Betr.: Besuch Ludwig Erhards in London am 25. und 26. Januar 1962. In Anlage fernschriftlicher Bericht der deutschen Botschaft in London; Anlage: London, 27 I 1962, Deutsche Botschaft London, Etzdorf.

individual industrial sectors yet still uphold the overall very positive view of British accession as a very favourable prospect for German industry[117]. The first of these letters analysed the positions expressed by individual industrial sectors in their annual reports of 1960 and 1961. Given that the comments collected from these associations only referred to British accession as such and did not include the association or accession of the EFTA members, the positions taken did not reflect the concerns by those industries that would have to deal with fierce competition from Scandinavian non-ferrous metals, wood, paper and related products. In view of that it is remarkable that the German chemical industry seemed to be extremely cautious with its assessment of the pros and cons of British accession, while the wood processing industries and the German textile industry expressed no fears at all. In view of the on the whole strongly positive views expressed by the former sector and the intensity of concerns expressed by the latter ones in the second half of 1962 it is clear that the BDI still in July 1962 was relying on outdated information that did in no way reflect the actual and even less the perceived interests of its members.

While the chemical industry as an expanding sector and as one that exported a large share of its production in fact welcomed any enlargement of the EEC market and the association of the EFTA in principle, the textile industry and the wood and wood processing industries became increasingly wary of British accession and particularly of any further enlargement of the EEC. Hence the assessment given by the BDI, while still reflecting the overall positive impact that British accession would make on the German economy as a whole, completely misrepresented the situation for a number of individual industrial sectors. On the whole, many of the arguments put forward by the BDI in favour of British accession were of a very general nature and could hardly console industrial sectors that perceived British competition or that of the other EFTA countries as a major threat. Thus the constatation that British accession would overall strengthen the German economy was naturally not able to convince any industrial association of a sector with particular problems relating to Britain, EFTA, or the Commonwealth, to support it.

117 ACDP, Bestand Friedrich Karl Vialon, I-475-010/1: 16 VII 1962, Professor Dr. Hermann, Lühring, Vermerk für RA Stein.

Similarly unconvincing for problematic sectors was the assertion that Germany needed supplies from Britain more than vice versa given that British imports were ranking sixth behind imports from the rest of the Six and the USA, while exports to Britain ranked only at ninth place and that hence British accession would heighten Germany's standard of living[118].

On a more theoretical note these particular arguments put forward by the BDI are yet more revealing. As has been said in the theoretical chapter, interests tend to be represented with a higher chance of success the smaller the group having this interest and the better defined this interest. An argument stressing the overall beneficial effects and the higher standard of living that would result from British accession appealed to everybody's interest in the German economy. Given that the prospective benefit according to the BDI's argument was to be spread over the whole of the population, producers and consumers alike even though with a very clear advantage for producers in expanding and competitive sectors, the instigation to act in support of this development was likely to be minute. This was not only the case because of the fact that the benefits of British accession would be spread over so many economic actors, but also because the alternative option of not having British accession was not shown as being very detrimental to these same economic actors. The relatively few but important industrial sectors with substantial fears about British accession, the potential association of the other EFTA members and the effects of arrangements made for the Commonwealth had very clearly specified interest and a very high level of motivation to represent them successfully, since for some of them their very existence was at stake, at least in their own perception. Thus the BDI might have been perfectly right in its assessment that British accession would have been an asset for the German economy as a whole and would have been desirable on a number of accounts. Yet, as will be demonstrated in the following for the example of the textile industry, a beleaguered sector of the German economy was able to muster much more political support and to demonstrate its painful problems much more vividly than the overall benefit of British accession could possibly have been demonstrated by anyone.

118 ACDP, Bestand Friedrich Karl Vialon I-475-010/1: Köln, 19 VII 1962: Von. Professor Dr. Hermann, Dr. Baumann an Stein, Vermerk für Herrn Rechtsanwalt Stein; Köln.

The German delegation: liberal rhetoric and protectionist positions

When looking at the interests of individual German sectors as well as the position of the respective industrial associations, it becomes clear that, for Ludwig Erhard and the BMWi, it should have been rather difficult to simply promote British accession to the EEC at the negotiating table. Even though the German negotiators tried to accommodate as many of the British proposals and requests as was possible among the Six, they found themselves more and more frequently in the position of not being able to support the British position because of their natural primary task to represent German business interest. Thus the German delegation's support for British accession became more and more a rhetorical exercise and was thus in line with a general feature of the negotiations that consisted in covering up the lack of progress after August 1962. The rather uncomfortable situation of the German delegation was characterised by a number of problems. Firstly, the division within the federal government about whether to accommodate British wishes or whether to support the French. The fact that Adenauer did not trust Erhard nor the foreign minister Schröder in matters of European policy made the chancellor directly interfere with the negotiations by giving instructions himself to the state secretaries of the BMWi and the AA, instructions which often were incompatible with the general line adopted by the negotiators before. Secondly, the politically highly charged question of the common agricultural policy whose success the French had made the "conditio sine qua non" of all progress on British accession and even of the further existence of the EEC impeded whatever the BMWi might have hoped to achieve on this matter via British accession in the first place and placed the German delegation on the defensive yet again. On top of that came the problems of some industrial sectors which, compounded with the two general problems mentioned, made the position of the German delegation more and more untenable, as negotiations continued.

These difficulties became obvious when the state and the prospects of the negotiations were discussed at the federal cabinet meeting in August 1962. In May 1962 Adenauer had first requested to be provided with a report on the negotiations and the whole set of problems relating to British accession. The paper provided for this purpose by the BMWi painted a very positive picture of the effects British accession was going to have on the German economy and mentioned possible difficulties of individual industrial sectors as something that had been known all along and which was of a rather minor importance. The BMWi paper was based on studies that had been done jointly with the BDI in previous years and stressed that the BDI clearly saw British entry into the EEC as something that was welcomed by German industry[119]. A few weeks later Adenauer requested a more detailed report to be established for the federal cabinet. It seems surprising that by that time the BMWi did not have any detailed analysis of German industrial interests ready at hand. The letter informing the sectoral departments of the BMWi about the chancellor's request of a detailed report expressed the view that only a global assessment would be possible[120]. The reason for this might lie in the diversity of technical matters which had been put forward by the British up to that stage of the negotiations and to the lack of any clear prospect of what the final arrangement for British entry would look like. Against initial resistance from Müller-Armack the report to the chancellor was going to be established jointly by the BMWi, the AA, the ministry of finance and the ministry of agriculture[121]. On the 25 July 1962 the completed report was delivered to the chancellor's office[122] and discussed in the cabinet on 8 August 1962.

During this meeting many of the difficulties of the German delegation were highlighted in a fierce exchange between Adenauer and the secretary of state from the AA, Lahr. It also revealed Adenauer's negative view of British accession to the

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119 BA, B102 - 44416: Bonn, 21 V 1962, Meyer-Cording an Ludwig Erhard über Müller-Armack, Betr.: Verhandlungen über den Beitritt Großbritanniens zur EWG, hier: Unterrichtung des Bundeskanzleramtes; Anlage: Bonn, 19 V 1962, Meyer-Cording an Dr. Praß, Bundeskanzleramt.

120 BA, B102 - 44417: Bonn, 12 Vi 1962, Abteilung IV, Dr. Neef an alle Referate der Abteilung IV, IIC4, EA3, Betr.: Verhandlungen über den Beitritt Großbritanniens zur EWG.

121 BA, B102 - 44417: Bonn, 9 VII 1962, EA3, Tödt, Vermekr: Betr.: Unterrichtung des Herrn Bundeskanzlers über die Auswirkungen des Beitritts Großbritanniens zur EWG auf die deutsche Wirtschaft, Kabinettsbeschluß vom 20. Juni 1962, hier: Ressortbesprechung im Auswärtigen Amt.

122 BA, B102 - 44417: Bonn, 25 VII 1962, Schröder (AA), Erhard (BMWi), Hettlage (BMFin), Schwarz (BMELF) an Staatssekretär des Bundeskanzleramtes, Betr.: Verhandlunen über den Beitritt Großbritanniens zu den Europäischen Gemeinschaften, Bezug: 33. Kabinettssitzung der 4. Legislaturperiode vom 20. Juni 1962.

EEC and the fact that the AA was not any more, as under von Brentano, an extension of the chancellor's office. At the beginning of the cabinet meeting on 8 August 1962 the secretary of state of the AA Lahr gave an overview over the main problems of the accession negotiations from the German delegation's point of view[123]. Lahr explained that the British would not accede to the EEC under all circumstances and that there were limits as to what they would be able to put up with even though the British expectations were rather modest. The main problem of the negotiations were the tensions among the Six themselves with France and Belgium being the opposing poles. In this situation the German delegation had successfully pursued the aim to hold the Six together despite of that.

Lahr briefly pointed to the problems for the German textile industry, but stressed that the most difficult matters were wheat prices and the re-negotiation of the association agreements for the overseas territories of the Six. Both these issues did not actually directly arise from the negotiations with Britain themselves, but were issues to be discussed firstly among the Six and strongly influenced and made much more crucial through the prospect of British accession. As it turned out, wheat prices and the re-negotiation of the association agreements with the Six's overseas territories became a major point of contention between the French and the German delegation. The German attempt to get rid of the association of these territories, once they had achieved independence led to most serious tensions between the two delegations. The French on the other hand had been using the question of wheat prices in order to strike at the Germans, Lahr complained, and had generally been taking a stance against Germany during the last couple of weeks[124]. Thus Couve de Murville had declared that the British had no problem with accepting the French price level as price for the EEC and that it would be a great achievement if this could be fixed at this stage of the negotiations. Lahr was furious at this French provocation which would have entailed grave consequences for German agriculture: "Herr Bundeskanzler, das war gegen uns gerichtet! Wenn man eine solche Forderung annähme, ich weiß nicht, was das in der Landwirtschaft gäbe,

[123] BA, B136 - 2561: Bonn, 8 VIII 1962, Unkorrigiertes Manuskript aus der Kabinettssitzung am Mittwoch, den 8. August 1962.

[124] See table 7.1.1 p. 267.

wahrscheinlich einen Aufruhr!"[125]. Lahr was appalled by the fact that the French did not seem to care much about the Franco-German co-operation that was so dear to Adenauer.

Yet another point that caused severe friction between Germans and French was the financial agreement of the CAP, where the French, in Lahr's view, tried to obtain even more than they had already been conceded[126]. Lahr complained bitterly about the obstructive and completely egocentric attitude of the French toward the German delegation given that he saw himself making a true effort to proceed together with the French wherever in whatever way possible. Yet the state secretary made it clear that in a situation where the French were striking against "our" agriculture and "our" finances in very concrete terms there was no other possibility for the German negotiators to defend German interests[127]. He concluded with a rather stern moral of his experiences when negotiating with the French: "Ich habe immer die Erfahrung gemacht, wenn man den Franzosen auch die Zähne zeigt, steigt man in ihrem Ansehen, und letzten Endes verstößt das nicht gegen die deutsch-französische Freundschaft."[128] The lesson that Lahr had drawn from his experiences only helped to infuriate Adenauer all the more. The chancellor's direct interference with the conduct of the negotiations and his insistence to observe the Franco-German friendship all throughout did obviously not help the negotiators either.

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125 "Mr. Chancellor, that was targeted at us! If we accepted such a demand, I am not sure what would happen in agriculture, there would probably be a turmoil!" BA, B136 - 2561: Bonn, 8 VIII 1962, Unkorrigiertes Manuskript aus der Kabinettssitzung am Mittwoch, den 8. August 1962.

126 The French saw the British and the Germans potentially forming a united front against France on the common agricultural policy and in particular concerning the financial agreement. MEF - Direction du Trésor, B 17744: Bruxelles, 6 VII 1962, Délégation française aux Conférences entre les états membres des communautés européennes et les etats tiers ayant demandé l'adhésion à ces communautés. Note a.s. négociations avec le Royaume Uni. Réunion des suppléants 03-06 Juillet 1962.

127 A bit more than half a year later Adenauer used almost exactly Lahr's words and his argument in a conversation with the American Journalist Joseph Aslop in order to show that the French were by no means always protectionist and to allay the fear expressed by Aslop that France and Germany would create a common agricultural plan. In this conversation Adenauer claimed to have brought up the issue of the wheat price with de Gaulle and to have demanded some respect for German interests in this matter. See MENSING, Adenauer, Teegespräche 1961-1963, pp. 336-337.

128 "I have always experienced that, whenever you show the teeth to the French, they respect you more. And that, after all, does not breach German-French friendship."

The French who had made clear to Adenauer that British accession would in no way be allowed to compromise French interests within the EEC and the CAP in particular used every opportunity open to them to humiliate their German counterparts and to make it difficult for them to portray themselves as the guardians of liberal trade policies of the EEC and to act as the promoters of British accession. In the case described by Lahr, they managed to turn one rare occasion where their own interests coincided with those of the British into an embarrassment for the German delegation which was forced to take a stance against something to which the British had agreed.

Apart from the substance of the matter the way in which Couve de Murville put it forward also demonstrated very clearly to the German side that the French were in a strategically superior position within the negotiating process. Not only had they made their point concerning their vital interest in the CAP. They also had EEC-law on their side and together with the Commission of the EEC they had worked out and defended a very coherent position on all procedural matters of the negotiations with the British. Given the very difficult French negotiating partner and given Adenauer's orders to seek a close understanding with them, the margin of manoeuvre for the German delegation was clearly extremely limited. This is probably one of the reasons why German initiatives for overall solutions of the main problems of the negotiations were planned but never went beyond the discussions within the BMWi and the AA.

Another matter which has already been addressed where the German negotiators ended up in an extremely uncomfortable situation was the question of textile imports from India, Pakistan and Sri Lanka. The technical problems of this have already been described in this chapter. As in the case of the wheat price level, the German delegation represented the most protectionist point of view among the Six and was not able to obtain the solution desired by Gesamttextil. While thus the German delegation was yet again in the uncomfortable situation of having to defend protectionist interests in the way of the solution sought by the British, the more important consequence of its failure to achieve the protection wanted by the German textile industry was that the matter was picked up by the president of the BDI Fritz

Berg himself and brought to the attention of the federal chancellor who used it as a weapon in his conflict with the BMWi and with Ludwig Erhard in particular[129].

Adenauer endorses de Gaulle's «Non!»: German coal, textiles and agriculture, the failure of the accession negotiations and the ratification of the Elysée treaty

Adenauer's position on British accession to the EEC has already been analysed at the beginning of this chapter. There is no doubt that, from mid-1962 on, he worked towards reaching a situation in Germany that would allow him to let pass the failure of the accession negotiations without being forced to strike back against de Gaulle. It is almost certain that the French president had an understanding with the chancellor that this was going to be the evolution of events at some stage. Adenauer's way of preparing for that comprised the direct interference with the German delegation's task, his insistence that British accession was unfeasible for reaching political union and by stressing the serious concerns of certain industrial sectors. In ordering the German delegation to support the French position among the Six or at least to be open for compromise in a number of crucial issues (like the re-negotiation of the association agreements with the overseas territories and the financial arrangements related to that) he forced the German delegation to give away very valuable bargaining chips. His insistence that the German negotiators should quite generally side with the French further limited the room for manoeuvre available to them. On another level Adenauer gathered valuable information in support of his strategy concerning German industrial sectors with reservations against British accession as well as other information that could be used to the same end. When the negotiations finally broke down, Adenauer could legitimately claim that there had been many concerns by German industry and a number of other problems which effectively stood in the way of British accession from the point of view of German interests and that the French veto, however hard to accept in style, should thus not give rise to any disruptions of relations within the EEC. Adenauer could even have justly claimed that the French veto brought about a situation that

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129 BA, B102 - 44418: Bonn, 2 XI 1962, Abteilung IV/4, Böttger An: Abteilung EA3, Betr.: Beitritt Großbritanniens zur EWG, hier: Besorgnisse der deutschen Texilindustrie, Bezug: Schreiben von Fritz Berg vom 28. September 1962, Ihre Schreiben vom 3. und 4. Oktober 1962.

corresponded to German interests and in particular to those economic interests of which Erhard and his camp wanted to be the guardians. The political dimension of these questions was anyway the only one which Adenauer himself took really seriously. While he readily used agricultural and industrial anxieties over British accession in order to prove Erhard "wrong" in his own domain, he never took these matters very seriously in substance. Yet, as is argued here, they remained, an important element in explaining why there was a gap in the seemingly united front against the federal chancellor in the matter of the British accession and the French veto. The other important element in this was the struggle over Adenauer's succession. The temporary competition between Erhard and foreign minister Schröder might in fact have allowed Adenauer to prolong his grip on German policy until the French veto was effectively sealed[130], and the angry fantasies about isolating France had given way to the more sober judgement that this was neither in Germany's interest nor indeed legally possible.

By the end of May 1962 Adenauer was provided with a number of reports by Dr. Praß from the chancellor's office on the effects that British accession was going to have on particular sectors of the German economy. These were agriculture, coal and steel, textiles and car manufacturing[131]. These reports together with some additional information showed that the very optimistic view taken by the BMWi and the BDI did not represent the positions of some important industrial sectors and that, even where the overall position of industrial associations was positive, there were numerous demands included in their statements that would need to be fulfilled in

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130 It seems that, toward the end of 1962, Schröder's star was rising, while Erhard's star declined. In conjunction with the "Spiegel-Affäre" and contacts with the Social Democrats about the establishment of a great coalition Adenauer was temporarily able to re-establish a firmer grip on power. See KOERFER, Kampf, pp. 690-701.

131 BA, B136 - 2560: Bonn, 24 V 1962, Referat 6, Dr. Praß an Adenaur, zur Vorlage, Betr.: Auswirkungen eines Beitritts Großbritanniens zu den Europäischen Gemeinschaften auf die deutsche Wirtschaft, hier: Landwirtschaft; Bonn, 18 V 1962, Referat 6, Dr. Praß an Adenaur, zur Vorlage, Betr.: Auswirkungen eines Beitritts Großbritanniens zu den Europäischen Gemeinschaften auf die deutsche Wirtschaft, hier: Kohlebergbau; Bonn, 18 V 1962, Referat 6, Dr. Praß an Adenaur, zur Vorlage, Betr.: Auswirkungen eines Beitritts Großbritanniens zu den Europäischen Gemeinschaften auf die deutsche Wirtschaft, hier: Stahlindustrie; Bonn, 21 V 1962, Referat 6, Dr. Praß an Adenaur, zur Vorlage, Betr.: Auswirkungen eines Beitritts Großbritanniens zu den Europäischen Gemeinschaften auf die deutsche Wirtschaft, hier: Textilindustrie; Bonn, 23 V 1962, Referat 6, Dr. Praß an Adenaur, zur Vorlage, Betr.:Auswir-kungen eines Beitritts Großbritanniens zu den Europäischen Gemeinschaften auf die deutsche Wirtschaft, hier: Autoindustrie.

order to uphold their generally positive view on British accession. A report from the AA made this explicit for the position of the steel industry[132]. The differences of these assessments compared to that of the BDI must have been striking to Adenauer and the officials at the chancellor's office where these reports arrived within a timespan of a few weeks. Once Adenauer had obtained the BDI's very optimistic analysis of the situation at the beginning of June, he requested a report to be made to the federal cabinet on this matter. In a letter from the department IV of the BMWi in charge of industry to its individual sub-sections Adenauer's request was specified. According to that, the chancellor was primarily interested in information relating to individual industrial sectors and their particular difficulties[133]. Shortly before the cabinet meeting on 8 August 1962 Adenauer was briefed on the report that he had requested. The note summarising the report judged it to be an objective assessment that did not play down the problems that existed for individual sectors[134]. Adenauer's brief itself did in fact focus on the difficulties faced by German industry, so that Adenauer had a useful list of problematic sectors at hand before the cabinet meeting.

At the cabinet meeting that has been referred to already a number of times throughout this chapter, Adenauer not only drew on the information about the problems of German industry, but also on the internal political situation in the UK where opposition against EEC membership was rising and the prospects for the conservatives to stay in power and hence to push an accession treaty through parliament were rapidly deteriorating. The chancellor could point at a speech made by Labour leader Gaitskell at a conference in Brussels and his deputy George Brown in New York in which both had made it clear that, in their view, British entry was only conceivable under conditions that were unacceptable to any member country of

132 BA, B136 - 2560: Bonn, 15 VI 1962, Praß an Adenauer, zur Vorlage, Betr.: Beitritt Großbritanniens zu den Europäischen Gemeinschaften, hier: Brief von Minister Schröder vom 31. Mai 1962 sowie Times Artikel vom 6. Juni 1962.

133 BA, B102 - 44417: Bonn, 12 VI 1962, Abteilung IV, Neef an alle Referate der Abteilung IV, IIC4, EA3, Betr.: Verhandlungen über den Beitritt Großbritanniens zur EWG.

134 BA, B136 - 2561: Bonn, 2 VIII 1962, Referat 6, Praß, Vermerk für die Kabinettssitzung, Betr.: Verhandlungen über en Beitritts Großbritanniens zu den Europäischen Gemeinschaften, gemeinsame Kabinettsvorlage der Bundesministerien des Auswärtigen, für Wirtschaft, Finanzen und Ernährung, Landwirtschaft und Forsten.

the EEC[135]. Given that the Tories had lost all by-elections lately and that their prospects in general elections looked rather bleak, Adenauer deemed it unlikely that a treaty on British accession to the EEC would ever be put to Parliament at all, once a Labour government was in power. Adenauer went on to put forward a set of political arguments against British and in fact any accession at this stage. In his view, the main conflict underlying the negotiations was one over the leadership in Europe between Britain and France. He said that it would be a disaster, if both of them would unite against Germany. In view of that and in view of the Soviet threat, German-French relations had to be stabilised so that it would become unthinkable that France would sign a treaty against Germany with the Soviet Union or the other way round. He referred to Bismarck's Rückversicherungsvertrag and to the treaty which de Gaulle signed with Stalin in 1944. This mixture of very concrete and tangible arguments relating to German industrial interest, political instability in Britain and sweeping political arguments of historic dimensions could hardly be proved wrong, even though one can assume that neither the AA nor the BMWi did see any reality in Adenauer's apprehensions about links between France and Britain or France and the Soviets to Germany's immediate detriment. The chancellor's rather lengthy political argument left no doubt about his position on British membership. According to the protocol, he was not interrupted any more in his speech, by contradicting statements as those made by Lahr earlier in the meeting. Yet his own party faction was less patient with the chancellor and gave him the "dressing down" in response two weeks later, which has already been described. Later in fall 1962 the accession negotiations ran into a deadlock and practically no progress was made after their resumption in October. Yet the technical questions that had been discussed before in the field of textiles and the solutions that had been reached in the summer, continued to stir the apprehensions of the German textile industry and gave Adenauer the chance to demonstrate once again to Erhard that important sections of German industry did not support the minister of economics in his plea for British membership of the EEC.

135 BA, B102 - 61941: Brüssel, 20 VII 1962, Eurogerma, Oppler und Voigt an AA und BMWi, Konferenz prominenter sozialistischer Vertreter aus den Mitgliedsländern der EWG.

In an effort to reverse results that had been achieved at the negotiating table in Brussels, the textile association "Gesamttextil" had a lengthy meeting with Erhard on 26 July[136]. In response to that, Müller-Armack had ordered the German delegation to pursue the very demands of Gesamttextil at the negotiating table[137]. The meeting with Erhard did not seem to have been sufficiently reassuring for the protective interests which Gesamttextil had asked the BMWi to carry through in Brussels. Thus the textile association contacted the chancellor's office and had a meeting with Adenauer himself sometime in August. Adenauer must have been delighted to be given the opportunity to admonish Erhard to pay more attention to the protective needs of German industry in the accession negotiations. Erhard was indignant at Adenauer's letter and pointed out in his response to the chancellor that he had discussed all of that with Gesamttextil himself just four weeks ago and that he had given them all the reassurances for which they could possibly ask. He also mentioned that the chancellor's office had received a summary protocol of that meeting with Gesamttextil, which they apparently had chosen to ignore[138]. A month later another very important figure pressed Erhard yet again that he should do more to protect the German textile industry. This time it was Fritz Berg, the president of the BDI and one of the most ardent and allegedly powerful advocates for British accession[139]. He now found himself in the very uncomfortable situation to be forced to lobby for what was perhaps the most protectionist interest in German industry.

The example of the textile industry shows how an individual association representing a sector in long-term structural difficulties and faced with added competition of a potentially dangerous scope is able to push the government and the leadership of the industrial peak organisation into the desired direction given the government's internal divisions, the quality of the perceived threat and perceived

136 BA, B102 - 61942: Bonn, 26 VII 1962, Bögelholz, VC1 an Ministerialdirigent Daniel, betr.: Heutige Besprechung der Textilindustrie mit Herrn Minister. Hier: Verhandlungen mit Großbritannien über den Beitritt zur EWG, Problem Indien und Pakistan.

137 As a consequence of this and of an apparently well-calculated move towards a more liberal viewpoint on the part of the French delegation, the Germans found themselves alone in the protectionist corner in Brussels and failed to obtain any support. See section 7.2 on German industrial interest in the negotiations.

138 BA, B102 - 61943: Bonn, 13 IX 1962, Erhard an Adenauer, betr.: Besprechung mit Vertretern der deutschen Textilindustrie, Bezug: Ihr Schreiben vom 27. August 1962.

139 BA, B102 - 44418: Bonn, 2 XI 1962, Böttger, IVA4 an Abteilung EA3, betr.: Beitritt Großbritanniens zur EWG, hier: Besorgnisse der Textilindustrie, Bezug: Schreiben von Fritz Berg vom 28. September 1962.

certainty of the losses involved, if nothing is done against it. For the German textile industry the problems foreseen, if Germany would lose its capacity to control import quotas independently, were very concrete. On top of that there was the pressure within GATT to further reduce quantitative restrictions. There was also the move toward a common commercial policy within the EEC which were both perceived as dangerous scenarios which had to be fought. All of this put the industry into a very defensive position which, not paradoxically, enhanced its bargaining power. In the given situation, Adenauer could capitalise on that in order to demonstrate to Erhard, Müller-Armack and the Fritz Berg that there were important industrial sectors that feared British accession. Even though Adenauer himself did not think that decisions like that on British accession should be taken on the basis of commercial interests, he must have been delighted to show to Erhard, that even on the grounds of industrial interest, as it made itself felt, British accession was not feasible for Germany. It is even possible that Adenauer himself or his entourage arranged the meeting with Gesamttextil in order to give the whole issue a higher profile.

The battle within the federal government intensified once more, when Adenauer and Schröder signed the Elysée treaty just about a week after de Gaulle's infamous «non!». When the negotiations were formally ended on 29 January, the anger among France's EEC partners, in the UK and the US administration was mounting[140]. There were many who still believed that France would not be able to withstand joint pressure and might still yield in the end, if the others acted in unity[141]. The possibility for the Federal Republic to withhold the ratification of the Elysée treaty was seen as the perhaps most effective leverage to influence de Gaulle. While it is quite unlikely that de Gaulle would have yielded to anything at this

140 The delegations of the five other EEC members made rather emotional pledges to each other as to how to overcome the French intransigence. See MÜLLER-ARMACK, Auf dem Weg, pp. 239-240.

141 This was clearly the hope of the American administration. The State Department hoped that they could best influence the situation by encouraging and supporting Erhard and Schröder. Kennedy wrote directly to Adenauer, but the Americans were aware that they stood little chance to win him over to their views. See FRUS, 1961-1963, vol. XIII, West Europe and Canada, pp. 153-154, 167-169. The eventual disillusionment with Erhard's capacity to deliver seems to have been so great that part of the judgement passed on the economics minister has not been declassified in the FRUS. The essence of the assessment was that Erhard would not be capable of decisive leadership. See FRUS, 1961-1963, vol. XIII, West Europe and Canada, pp. 208-212.

point, the pressure on Adenauer to put the French president to the test mounted once more. This pressure was linked to the ongoing debate about Adenauer's replacement by Erhard which was finally ended in April when the parliamentary faction of the CDU/CSU forced Adenauer to resign in October and elected Erhard as his successor. The Kennedy administration tried all it could to convince the federal chancellor of the need to counter de Gaulle in this matter[142]. It also supported Erhard in his continuing campaign for British membership. And indeed, Adenauer lost out more and more to Schröder and Erhard. The Elysée treaty was watered down in the end by the preamble which the Bundestag adopted with its ratification[143]. Yet all of this failed to have any impact on the French. Adenauer himself flatly refused to disagree with de Gaulle.

Despite all the uproar and the initial illusions about isolating and pressurising France, the German supporters of British accession simply had to accept the French veto, unless they were ready to risk the disruption of the EEC itself. It was soon clear that this option did not realistically exist and that threats of this sort were therefore without substance. Once the question of Adenauer's succession had been decided and the Elysée treaty had been ratified, all talk of retaliation against the French disappeared. Adenauer had not buckled under the immense pressure from his own party and from the Kennedy administration and had not done anything to influence de Gaulle. Despite all the bitterness about the undignified succession debate, he might have felt quite content with the fact that he played a crucial part in preventing British accession to the EEC, and that he had played it successfully. His allies in the matter were, apart from a minority within his own party, the textile,

142 FRUS, 1961-1963, vol. XIII, West Europe and Canada, pp. 164-165.

143 For the texts of the treaty and the ratification law see AUSWÄRTIGES AMT [ed.]: Aussenpolitik der Bundesrepublik Deutschland. Dokumente von 1949 bis 1994. Köln 1995. Der Elysée-Vertrag. Wortlaut der Gemeinsamen Erklärung und des Vertrages über die deutsch-französische Zusammenarbeit vom 22. Januar 1963, pp. 275-278; Gesetz zum deutsch-französischen Freundschaftsvertrag/ Gesetz zu der Gemeinsamen Erklärung und zu dem Vertrag vom 22. Januar 1963, 15. Juni 1963, pp. 279-280; see also Schriftlicher Bericht des Ausschusses für auswärtige Angelegenheiten (3. Ausschuß) über den von der Bundesregierung eingebrachten Entwurf eines Gesetzes zu der Gemeinsamen Erklärung und zu dem Vertrag vom 22. Januar 1963 zwischen der Bundesrepublik Deutschland und der Französischen Republik über die deutsch-französische Zusammenarbeit. (Drucksache IV/1252) In: Verhandlungen des Deutschen Bundestages. 4. Wahlperiode. Anlagen zu den stenographischen Jahresberichten. Vol. 84, Drucksachen IV/1081 bis IV/1280. Bonn 1963, see in particular p. 10.

paper and metal industries, the coal industry and all other industries which saw British accession as a terrible threat and the EEC as a great protective blessing. To force France into accepting British accession was impossible. It would have meant putting the EEC at risk. Adenauer knew that and had accepted that early on and had even embraced de Gaulle's position against it. Risking the break-up of the EEC was unthinkable even for the fiercest opponents of Adenauer's policy in Germany. Even Erhard was not in the position to question the existence of the EEC openly. Hence the preservation of the common market project was and remained a firm political consensus in Germany. It rested on the important political achievements for the Federal Republic which went with the treaties of Rome. It rested no less on the most vital interests of the German economy and of German industry in particular.

7. 4 Conclusions

It has been shown in this chapter that de Gaulle's veto, however independently it might have been spelled out in January 1963, was still in actual fact sanctioned by Germany through Adenauer's signature under the Elysée treaty only ten days later. In doing so and in refusing to put any pressure on the French president, Adenauer effectively endorsed the veto. Subsequently, he also supported it explicitly. Adenauer was able to hold this position in the face of fierce opposition from within his own political party and in the face of the continuing erosion of his position as chancellor. The fact that he was able to do so is explicable only in terms of the support that he could muster outside his government, through collusion with de Gaulle and by utilising the protective interests of individual sectors of German industry and German agriculture. Adenauer prepared the grounds for this by having the German delegation give away all potential bargaining chips vis-à-vis the French at a very early stage and without obtaining formal insurances as to what they would receive in return.

His task was made easier by the fact that the most important supporters of British accession to the EEC, the Erhard camp and the BDI, were largely out of touch with the concrete interests of some of the groups which they had to represent. Both the BDI and the BMWi tended to stress the overall positive effects that British accession and its corollaries would have for the German economy and paid less attention to the problematic industrial issues. Both were however reminded of their obligation to also take into account the protectionist positions of individual sectors. Throughout the whole negotiation process this had been done by the BMWi via the normal channels of interest representation that were given in the individual sectoral departments of the ministry. Thus the protective interests of the metal industries, the paper and paper board industries, the textile industry and the other problematic sectors mentioned in this chapter were taken into account all along and translated into the German position at the negotiating table. When this channel of interest representation failed in the case of the textile industry, the issue was brought up with Erhard himself and even taken all the way up to Adenauer, causing considerable pressure for the BMWi and the German delegation.

Even more important support for Adenauer's position flew from the realisation, that only seems to have come about a while after de Gaulle's press conference, that any serious challenge to the French veto would be a threat to the existence of the common market project. Politically, the Erhard camp and the BDI had come round to supporting the EEC. They had still hoped for its enlargement and thereby for its alteration into a more "outward-looking" and less protectionist arrangement. At the beginning of 1963 they had to realise that German industry had fully embraced the common market project and wanted it by all means to continue. The catastrophic consequences of trade discrimination between the Six and the Seven, which Erhard and the BDI had forecast for years, had not materialised. Hence the pressure from industry in favour of enlargement was not so strong as the Erhard camp wanted to see it. The alterations which would have been brought about by the enlargement of the EEC on the other hand, caused several industrial sectors to oppose this option or to ask for additional protection. It is easy to imagine what would have happened, if the German political leadership had indeed tried to put serious pressure on de Gaulle and to force British accession. The simple threat with the disruption of the common market would have caused an uproar of unprecedented dimensions in German industry and forced any government to refrain from retaliatory action against France. After all the French market was the fastest growing export market for German industry.

The conclusion of all of this is that, once the veto was spelled out and the negotiations were formally ended, even a German government led by Erhard would not have been in the position to exert pressure on de Gaulle. There was simply no credible threat available that could have been used without causing considerable resistance at home against such a policy. Erhard and others were able to put forward strong words, only because they could be certain that, for the moment, they would not have the chance to make them Germany's official policy. Erhard might not have been completely aware of these facts. Yet there is no doubt at all that German industry would have made him aware of these constraints with considerable haste, had he had succeeded in pushing through this policy in the cabinet. The collusion between the German chancellor and the French president allowed the latter to pronounce his long-premeditated veto at the most feasible moment, when other circumstances, like the question of nuclear weapons and in particular the Polaris issue, could be referred to in order to provide additional justification. The veto was thus not simply French, it was joint Franco-German policy.

8 Conclusions

Germany's Decision against the Enlargement of the EEC

In the period after the ratification of the Treaties of Rome until the spring of 1963 the Federal Republic of Germany went through an intense process of deciding its European policy. The fiercely debated alternatives were the inclusion of the EEC into a Europe-wide free trade area and the enlargement of the Community on the one hand, and keeping the EEC of the Six and the Six only on the other. This was also seen as a choice between continuing Germany's successful return to the world market as well as a correspondingly liberal commercial policy by the EEC vis-à-vis third countries and the inclusion of the Federal Republic into a small, exclusive, protectionist and discriminatory regional trading bloc. In 1963 West Germany opted for the latter solution and supported the French veto against British accession to the EEC.

The Federal Chancellor Konrad Adenauer had colluded with de Gaulle in the question of the FTA and enlargement. He accommodated and endorsed de Gaulle's veto and helped counter the possibility of retaliatory measures against France from within the EEC. Yet given the strong political support in West Germany for the FTA and for the enlargement of the EEC during the previous years, one might have expected that the Bundestag and the main social groups, in particular the BDI, would have demanded to strike back at France and, if necessary, leave the French behind and shape the common market in the way that always seemed to have been preferred by German industry and the majority of political elites in general. Yet the fact that the veto had been pronounced and that Germany had signed the treaty of co-operation with France, raised the stakes of any resistance to the French move. It increased the gravity of the consequences which any serious threat to France would have produced in terms of foreign policy and for the future of the common market. While those in Germany who favoured British accession and who hoped for the realisation of something like an Atlantic free trade area within the GATT were dissatisfied with the evolution of events, there was no support for any move that might have endangered the EEC. One can therefore conclude that the decision to back the French veto represented the real political and economic interests of West Germany, despite the fact that anger and outrage lingered in the Bundestag and the BMWi. The BMWi's hopes for a Europe-wide or even an Atlantic free trade area on the other hand did not correspond by any means to the balance of interest as represented by industrial pressure groups in West Germany. With time this balance shifted considerably in favour of the EEC of the Six, as the Community's benefits to weaker sectors became more apparent and as the strong export oriented sectors realised that their interests outside the EEC were not seriously damaged by the division between the Six and the Seven. This was realised only over time, but in time to become politically relevant in West Germany's reaction to the French veto in 1963.

This study has provided archival and quantitative evidence for German industrial interest in the question of the FTA and British accession to the EEC. It has demonstrated that the negative effects of the division between EEC and EFTA on German foreign trade in manufactured products and for a number of individual sectors have been minimal and could certainly not have been perceived by the respective industrial associations as direct losses or clearly visible opportunity costs. The structure of industrial interest at the sectoral level and the ways of interest representation and aggregation provide a strong argument as to why the BDI's support for the FTA and British accession was not translated into a more decisive Government policy. This offers an important additional explanation for the fact that, despite a grand coalition of all political parties, of the BMWi and the BDI, Adenauer was able to defeat this majority and carry through his own political objectives, which were concerned with security and with keeping West Germany's firm position vis-à-vis the East in the face of American attempts to soften their line. The Chancellor was able not only to utilise the constitutional prerogatives of his office, his advance in information about the dealings on the international level and the domestic feuds over the issues, he could also exploit the fact that the most important group concerned, German industry, was by no means united and that there were a number of sectors with very strong reservations about a free trade area and British accession.

At the outset of the debate, many in German industry and in the BMWi had still hoped to markedly modify the overall outlook of the common market and in particular of the CAP, once the FTA or enlargement were achieved. They had to realise however, that the support they would have needed from within the Federal Republic was not sufficiently strong. The balance of interest in West German industry had shifted in such a way as to weaken the leverage of that position in the domestic and the international debate. Neither could the BDI and the BMWi persuade or force the Federal Chancellor to go along with their view, nor were they able to bring about a liberal position of the German delegations at the respective international negotiating tables. The structural reasons for the weakness of their position lies in the particular way in which interest representation and aggregation worked through the BMWi rather than the BDI and in the fact that the sectors on the defensive were consistently better able to muster lobbying activity of their members and to obtain responses from the relevant politicians.

Far from being a simple function of the alleged "Kanzlerdemokratie", the policy outcome, which can be summarised as West Germany's decision against the free trade area and against British accession, was the result of a complicated web of domestic and international forces and institutional frameworks. German industrial interest was a crucial element in this. The striking mismatch between the actual industrial interest as revealed in this study and the apparent industrial interest that dominated the West German debate at the time, is largely a function of the mechanisms of interest representation. The fact that sectoral interests did not receive much public attention and were consequently underestimated in strength and importance has certainly contributed to the somewhat undifferentiated picture of the decision making process that has been painted in much of the literature.

8.1 The Political Decision against the Free Trade Area and British Accession to the EEC

The decision against the FTA and against British accession taken in West Germany in the years 1957 to 1963 was obviously not put into the form of a bill presented to the Bundestag, which would then have voted yes or no on the matter. This decision was rather the outcome of the debates and struggles that continued during that period and of the increasing awareness in industry that the EEC offered a substantial number of benefits and on balance brought about much fewer disadvantages than had initially been expected. On the political side the conflict between Adenauer und Erhard shaped much of that debate. Yet the focus of the literature on this personal feud has diverted attention away from the more important questions relating to the actual political and economic interests.

Adenauer and Erhard both pursued very different agendas with their respective positions on European policy. Adenauer acted essentially in accordance with his perceived imperatives of West Germany's security. In view of his increasing unease with the British and the US administration under Kennedy, he opted for a close relationship with de Gaulle's France, which he sought to institutionalise through the Elysée-treaty. There is no doubt that he colluded with de Gaulle against the free trade area and British accession. It is very probable that the Chancellor gave assurances to the French president on these matters even at their first meeting at Colombey in September 1958.

To assume however that such a commitment by Adenauer - which was in complete contradiction to all respective Bundestag resolutions - could have been the determining factor of the German position for a number of years, ignores the fact that Adenauer was not in the position to speak out in that way at home during most of the period discussed here. The suggestion that Adenauer was able to simply impose his views in this matter, as implied in most of the literature and expressed by Hans von der Groeben, is close to absurd. This thesis has provided evidence that Adenauer, despite his particular policy style, was not able to consistently impose his views on the Cabinet, in particular not in matters of economic policy.

Adenauer's aim was to keep France content with the development of the common market and to ensure that de Gaulle would support him vis-à-vis the Soviet Union in the Berlin crises. To that end he also accommodated France's particular interests in agriculture as well as in the question of the renewal of the association agreement with French overseas territories. The fact that Adenauer ordered the German delegation in the respective negotiations within the EEC to yield to practically all French demands and thus give away crucial bargaining chips at an early stage was part of a very conscious policy on the part of the Chancellor. In doing so he made sure relatively early on that German negotiators would not be able to put real pressure on France at a later stage, in case the balance of power in the Federal Government would shift against him.

Adenauer's strength in the decision on Germany's European policy after 1957 lay therefore not so much in the constitutional prerogatives of his office, but rather in the fact that, as "chief executive" he had access to a larger amount of relevant domestic and international information than his opponents. This, in conjunction with his repeated personal interference in the instructions for the German delegations and the seeming synchronisation of certain moves with de Gaulle, gave him a considerable tactical advantage over his Minister of Economics Ludwig Erhard.

Erhard's position on the other hand was shaped not so much by political considerations but rather by the imperatives of his ordo-liberal economic philosophy. Given his moral reservations about the representation of particular societal interests, Erhard's approach to economic policy tended to ignore rather than to accommodate them. In any conflict with the pragmatic and sly Chancellor, he was therefore at a disadvantage from the very outset. More importantly, Erhard was largely out of touch with the perceived interests of German industry. Since he assumed to know already what was best for the German economy at large, he might not have felt the need to pay too much attention to the details of these interests himself. While his ministry would customarily take note of these sectoral interests anyway, the Minister himself did not genuinely care for them. German industry could therefore not regard Erhard as a representative of their interests at the international negotiating table. Despite the coincidence of positions of BDI and BMWi on the FTA and British accession, this fact contributed to the relative ineffectiveness of Erhard's European policy. The fact that both, Erhard and the BDI, catered for what can be seen as the overall or the aggregate interests of the German economy or German industry and tended to ignore sectoral interests, is crucial in explaining the discrepancy between their seeming political power and their inability to translate it into a corresponding policy outcome.

On the international level Erhard's jovial, over-optimistic and often completely unrealistic attitude initially raised false hopes in Whitehall for a swift success of the FTA and helped stain Erhard's international reputation. While the main British ally on the continent was therefore not particularly useful in terms of the quality of information he would provide, French diplomacy was able to capitalise on the internal divisions of the Federal Government. This further undermined the political power of the Minister of Economics in the matter of the FTA and British accession. Given that Erhard's political and personal style, his economic philosophy and his political agenda were in complete contradiction with any objective of French European policy, the German Minister of Economics was entirely unable to wield any influence with the French, since he had nothing to offer to them in terms of possible trade-offs. For these reasons Erhard and, quite similarly, his state secretary Müller-Armack were continuously in a weak position. The impression they gave to others was however one of extreme self-confidence about their political standing and economic ideas and often a striking optimism. The handling of the Müller-Armack plan at the end of 1960 and the beginning of 1961 is a very telling example of this strange mixture of the ingenuity to conceive a technical compromise with the inability to realistically assess its chances domestically and internationally and with a high degree of clumsiness in preparing its presentation to the relevant figures at home and abroad. The fate of the Müller-Armack plan was sealed however by American pressure on the British and their subsequent application for full membership in the EEC. It remains a purely hypothetical question whether the Müller-Armack plan really could have represented a way forward in achieving actual practical steps towards closing the gap between EEC and EFTA. It has been argued here that the plan could well have accommodated a real rapprochement between the Six and the Seven, had it not been for the determination by the Kennedy administration to prevent attempts at bridge building in Europe out of fear that they might spell further discrimination against the USA.

8.2 *German Industrial Interest in the FTA project and British accession to the EEC 1957-1963*

It was an essential aim of this thesis to provide a clearer picture of German industrial interest in the different options of European policy which were debated between 1957 and 1963 in the Federal Republic. The thesis has described and analysed German industrial interest in relation to the FTA plan, the Maudling negotiations, the acceleration proposals, the formation of EFTA, the attempts at bridge building and on the question of British accession to the EEC. The essential outcome of this analysis is that there was a considerable divergence among industrial sectors as to their perceived and actual interests in relation to these projects and that the balance of industrial interest shifted toward a clear preference for keeping the EEC of the Six and against any sort of enlargement at least for the time being. The evidence for the diverging views of individual industrial sectors is reflected in their exchanges with the respective sectoral departments of the BMWi.

It was already clear at the beginning of the Maudling negotiations that certain sectors of German industry would not be in the position to simply agree to the abolition of all barriers to trade with the member countries of the OEEC outside the EEC. While German industry was still assessing the impact of the establishment of a customs union within the EEC, many sectors were very reluctant to take an additional step that would expose them to increased foreign competition. Another problem was that the concept of a free trade area and its main features were by no means generally understood. As the Maudling negotiations revealed, the conflicting notions of such an arrangement as well as the different approaches that might still pass under that label and be in accordance with the requirements of the GATT were part of the misunderstandings and problems that led to the failure of the project.

The expanding and export oriented sectors of German industry were in favour of the FTA plan and hoped for increased export opportunities by extending free trade across all of Western Europe. In assessing the impact that the EEC and the FTA project would have on their fortunes, the chemical, engineering, machine tool and car manufacturing sectors along with others saw no serious problems but rather the comfortable prospect of further expansion and at least the full preservation of their market shares in the United Kingdom, Switzerland, Austria and

Scandinavia. The failure to establish the FTA along with the EEC and to make it operative at the beginning of 1959 was seen by these sectors as a potential threat to their shares in the other European markets. It was feared that the trade discrimination vis-à-vis these countries might lead to some form of retaliation on their part and cause substantial export losses.

The non-ferrous metal sector as well as the respective metal processing industries, the textile sector and the timber and timber processing industries were among those for which the Europe-wide FTA would have spelled disaster, at least in their own judgement. The same was true for a number of other industrial sectors like the asbestos industry. Given that these sectors were on the whole not very successful in export markets and were used to enjoying a great deal of protection, they felt that the lowering and eventual abolition of tariffs and quantitative restrictions within the EEC was already enough of a challenge. Any further challenges of that sort were most unwelcome. The expectation was that they could not be met and that further measures of restructuring and of achieving higher efficiency would be extremely painful. In the non-ferrous metal but also in the timber processing industries the endowment of potential competitors like Norway, Sweden and Austria with cheap energy or natural resources was seen as an unfair advantage.

For the textile industry the main problem lay in establishing sufficient safeguards against imports from low-price countries like India and Pakistan. Here and in a large number of other sectors, the precise nature of the rules of origin that would govern the FTA was of crucial importance. These rules would determine the overall nature of the FTA. As the negotiations dragged on, the Italian and French demands for compensatory charges introduced an element that ran counter to the original concept of an FTA according to which tariff adjustments should be left to the individual member states. Demands for compensatory charges for products of certain sectors were also an indication of the fact that the economies of the future member states were competitive rather than complementary at least in certain sections and would therefore in theory be better served by a customs union. The French also demanded studies on the particular problems of individual industrial sectors. As far as the chemical industry was concerned, they insisted on the introduction of compensatory charges. On the German side the metal and smelting industries were also quite favourable to that sort of arrangement. Even the German chemical industry came up with numerous conditions to the acceptance of a final arrangement for an FTA. As a consequence of the pressure exerted by the French and of demands coming from German industry, the initial aim of the German delegation to pursue a straight liberal line in the negotiations, could not be upheld, if the negotiations were to succeed and if German industrial interest was to be accommodated.

The sectoral interest of German industry did not change dramatically in subsequent years in relation to the FTA and to the plans for the enlargement of the EEC. The perception of the EEC and of the detrimental effects that the split between the EEC and the other OEEC members would have on German exports to these countries did, however, change considerably over time. The formation of EFTA had caused the larger industrial associations to air considerable concern about what might happen to their trade interests among the Seven, if they were to go ahead abolishing tariffs among each other. Yet time and time again, officials in the BMWi mentioned the fact that the commercial division of Western Europe had "not yet" produced the disastrous effects that they had been predicting ever since the beginning of 1959. As late as 1964 the expected devastating effects had "not yet" appeared according to the BMWi.

The quantitative evidence for German trade with the EEC and EFTA countries shows clearly that German exports to the Seven did not suffer in the least from the beginning of trade discrimination in January 1959 nor from the operation of EFTA in 1960. While the statistical exercise undertaken in chapter 6 to address this issue is a very simple one and does not set out to identify other possible influences on German sectoral foreign trade performance in the markets of the Six and the Seven, it does very much reflect the approach of much smaller BMWi studies in 1957 and the way in which industrial associations went about assessing the impact of EEC and EFTA. The archival evidence shows that positive and negative changes in foreign trade performance were readily attributed by individual firms and industrial associations to the changes in trade barriers brought about by EEC and EFTA. In the context of this study, the method used in chapter 6 does therefore link in with the perception of German industry and provides a clear picture of whether the commercial division between Six and Seven was seen as a blessing or a curse. Given that sectoral industrial interest and lobbying action is an important subject of the thesis, this method therefore provides essential and sufficient indications as to the overall structure of industrial interest in West Germany.

In connection with the archival evidence the quantitative analysis allows us to qualify the perception of German industrial sectors as to the potential impact of the possible options for German European policy. It shows that the early fears and predictions by the BMWi and the BDI, that the division between EEC and the most important European markets outside the EEC would cause major damage to German export interests, did not materialise. As this became more and more visible to those export-oriented sectors which feared heavy losses from the inclusion in the "small Europe" of the Six, their associations calmed down. While the predicted losses in the EFTA markets did not occur, exports to the EEC markets, mainly to Italy and France, increased considerably. The EEC, thus stripped of its main alleged disadvantages for the export-oriented sectors, became rather dear to them. The question of whether or not it would be merged with a large FTA or whether Britain and other EFTA members would join the Community or be associated with it, seemed to matter, with that development, only marginally. For the weaker sectors of German industry on the other hand, which faced potentially tough competition from their rivals in the Seven not only in the domestic market but also in the other EEC markets, the exclusive EEC of the Six was even more important. The trade discrimination vis-à-vis the EFTA helped them not only to avoid or more gently phase in painful restructuring measures, the opening of the French and Italian markets also gave them export opportunities that might have come completely unexpected. They therefore took increasingly strong lobbying action to prevent the FTA and any enlargement of the EEC, as these possibilities not only constituted a major threat to their viability, but also would have deprived them of growth opportunities within the EEC, which they had begun to cherish and for the preservation of which they were ready to fight hard. The potential losers are anyway those who tend to shout loudest when their interests are concerned.

8.3 *Industrial Interest Representation and the State of the "Kanzlerdemokratie" in the Federal Republic of Germany in the early 1960s*

It has been shown how the divergence of industrial interests and in particular the sharp contradiction between the official line taken by the BDI and the balance of actual sectoral industrial interest provided Adenauer with a strong tool in his conflict with Erhard and his parliamentary party over European policy, when decisions were made in 1963. The fact that the commercial division in Europe did not damage German industrial interest on the one hand and greatly served it in some sectors on the other was the reason that the initial protest of spring 1963 abated so quickly. After indulging in fantasies of rebellion for a short while, Erhard and Müller-Armack finally had to accept that they lacked the backing for any onslaught against France and any paralysis of the common market. It remains however still puzzling why and how the actual structure of German industrial interest remained concealed from the political leadership in the Bundestag and also from the industrial leadership in the BDI. The fact that Erhard seemed relatively ill-informed at times was probably a reflection of his general approach toward interest groups. As the head of the BMWi he had by far the most detailed and precise information about perceived and actual industrial interest at hand. Yet, as has been stated before, Erhard did not attribute too much importance to these interests. Missing out on analysing the divergent interests and, if convenient, manipulating them in public for his own agenda of European policy, was yet another grave mistake by the Minister of Economics, which contributed to the unwelcome policy outcome for him.

It has been part of the argument here that the clearly and more narrowly defined interests of relatively small groups will generally have a higher chance of successful representation at the political level than more broadly defined interests that refer to much larger groups of interested individuals or firms. It has also been argued that the economic weakness of any such group would, in a given political situation, probably reinforce the political influence of the smaller interest group vis-à-vis that of the larger ones. Some of the findings in the archival evidence have corroborated these theoretical assumptions. Thus it is clear that the overwhelming number of requests made to the BMWi came from sectors facing more or less serious concrete problems and those expecting such difficulties. It is also clear that in a number of cases individual associations could induce the relevant political figures to immediate action in order to protect their interests. Thus the qualitative evidence validates on the whole the general theoretical assumptions about the influence of pressure groups. It therefore also reinforces the importance of the quantitative study in chapter 6 and the conclusions drawn from it.

Yet the present study allows a number of additional inferences about the role of industrial interest groups and in particular about their performance under the system of interest representation at work in the Federal Republic at the beginning of the 1960s. There are a number of general observations in this study that can be explained in terms of the particular way in which industrial positions are formed and the way in which industrial interest is aggregated. There is firstly the rather striking observation that the actual industrial interest, as revealed by this study in the archival and the quantitative analysis, was not reflected in the position of the BDI and the Bundestag. One can secondly observe that distinct levels of industrial associations dominated industrial lobbying activity in distinct questions of European policy. A third observation is that the receiving end of industrial lobbying activity (BMWi, Chancellor's office, parties etc.) also varied according to the particular issue that was addressed.

Given that this study focused mainly on industrial activity, as far as it is reflected in the files of the BMWi and the Chancellor's office, the explanations offered here, might have to be seen with some qualifications. The findings can however provide some signposts for future research into the relationship between sectoral and aggregate industrial interest, which seems to be a crucial key to assessing overall industrial influence on political decision making processes. The observation that the actual balance of industrial interest was not reflected in the position of the BDI and the Bundestag points to imbalances in the process of interest representation. The explanation for this is on the one hand the fact that there was no systematic process of interest aggregation within the framework of the BDI, which would have been able to take account of sectoral interests. As the umbrella organisation of all German industry, the BDI formulated positions reflecting the interests of the larger industrial associations, while trying to represent something that could be described as the common interest of German industry at large. The positions of the BDI were therefore by definition rather general ones. The BDI's position on the FTA and British accession was therefore the positive one which represented the views of the expanding and export-oriented larger sectors and by definition had to neglect positions of those sectors commanding a lesser weight within the BDI. Yet it seems that the BDI did not just neglect these interests in terms of its political position. The BDI leadership also seems to have been largely unaware of these interests. This unawareness of "minor" sectoral interests in the BDI correlates with the fact that the sectoral departments and the department IV of the BMWi were the places where German industrial interest was systematically analysed, aggregated and transmitted into the Governmental decision making processes. Industrial associations tended to contact the higher levels of the BMWi and the Federal Government in general, only when they feared that their interests were not sufficiently well represented by their respective BMWi sub-section. The attempt to push the BDI leadership into supporting a sectoral position was usually a waste of time.

The BDI and the larger sectoral associations were able to dominate the broader debates over European policy. They commanded the resources to conduct fairly comprehensive economic studies and were able to publicise their results in the most effective ways. Hence it is no wonder that the BDI drew up comprehensive plans for bridge building, offered a detailed position on the acceleration plans and would be the first to work out a proposal for a Europe-wide customs union. Since these issues were highly political, the BDI addressed them directly to Erhard and Adenauer. Smaller-scale sectoral associations lacked interest and resources to contribute to these debates. For them lobbying action beyond the usual contact with their BMWi sub-section was almost always the outcome of very concrete and immediate or imminent problems. Yet, once they were in alarm, they did not hesitate to go up to the highest level of the BMWi and at times also to appeal directly to the Chancellor.

The Gesamttextil association happened to be both, a resourceful and important industrial pressure group and a sector with very concrete and imminent problems vis-à-vis the FTA and British accession. This combination gave it a particularly strong position in terms of influence on the relevant political decisions. It was thus involved in the drawing up of comprehensive commercial solutions for European textiles and acted also in response to the very concrete problems of its member associations. The fact that, despite its relatively large size, the interest represented by Gesamttextil was very coherent and clearly defined, explains why this association was able to force the German delegation to alter its position despite the fact that it had already entered an agreement with its negotiating partners. This example shows very impressively the potential power of sectoral interest vis-à-vis the aggregate interest, if a number of conditions are fulfilled. Gesamttextil firstly put pressure on the BMWi leadership, then contacted the Chancellor on the same matter and eventually got the president of the BDI himself to represent their very protectionist interests vis-à-vis the Chancellor. A united political leadership might still have fought off such an assault. Yet given that the most important political figure could capitalise on such interventions and utilise them to further his own political agenda against BMWi and BDI as well as his party and the vast majority in parliament, the sectoral interest was bound to be given way. And indeed, Erhard and Müller-Armack were forced to give new instructions to their negotiators in Brussels.

It is not argued here that sectoral industrial interest in and of itself would carry a huge amount of lobbying power and necessarily win out over the aggregate interest in influencing political decision making processes. This would be a gross simplification. It would be as false and simplistic as it would be to allege that the Federal Chancellor was able to impose his views on European policy independently of societal interest and expressed political will for a number of years. The fact that sectoral interest might however attain such a crucial influence on policy making under specific circumstances, is an important conclusion of this thesis with implications for future research analysing industrial lobbying and policy outcomes. This study has shown that German sectoral industrial interest was an important element in the final struggle between Adenauer and the Erhard camp. Sectoral interest was able to exploit that struggle to its advantage, whereas Adenauer advanced his own agenda by exploiting the internal divisions of German industry.

Given that the structure of overall industrial interest as revealed in the quantitative study in chapter 6 implied a clear industrial preference for the EEC of the Six, one can assume that real progress toward British accession and the association of other EFTA members would have caused stronger and more widespread expressions of industrial interest. An assertive policy against France along the lines initially suggested by the Erhard camp, which might have resulted in a paralysis or failure of the common market, would certainly have caused the strongest industrial response.

The role of industry in the debate over West Germany's European policy was quite ambivalent. On the surface, industry as represented by the BDI simply seemed to be yet another arrow in Erhard's apparently well-filled quiver. The mechanisms of interest representations outlined here favoured the general industrial views over the sectoral ones as far as political and public opinion was concerned. It was also important that the expectations in 1957 were much different in the export-oriented sectors than they were five or six years later. By then the disaster predicted by the BDI and Erhard had still not come about. Consequently, their opinions sounded less and less convincing. To an increasingly weak and isolated Adenauer the internal divisions between industry and their self-proclaimed spokespeople offered the chance to expose some of the actual industrial interest in the EEC which Erhard and the BDI were in fact concealing. He was thereby able to show that the whole argument on which the Minister of Economics and the industrial peak organisation had founded their campaign for the FTA and the enlargement of the EEC was out of step with important industrial interests and certainly out of step with the balance and direction of industrial pressure. In exploiting these sectoral interests to further his own objectives Adenauer, consciously or not, helped important societal interests to be incorporated into the high-level political decision making process. In a situation of almost complete isolation of the Chancellor at home, sectoral interests were therefore able to make an important difference to West Germany's European policy at a crucial point. Collusion with de Gaulle at the international level and a coalition with the weaker sectors of German industry helped Adenauer outmanoeuvre Erhard and the BDI. They had failed to realise that the "common good", which they claimed to represent, was not grounded in interests for which anybody in German industry would really fight. It took an extremely shrewd and skilful politician to take on the united coalition of Bundestag, BDI and BMWi and to assemble a countervailing coalition that would carry the day. Adenauer was able to perform such a masterpiece of political leadership against many odds. Yet the prerogatives of his office and his already diminished personal authority would not have allowed him to do so without such a coalition of societal and political interests and forces. As Erhard was to prove in his unsuccessful tenure as Chancellor, it was indeed the Chancellor that mattered. Yet what this meant was essentially the capacity to discern the societal and political forces, the mechanisms to use and offset them against one another and thus to uphold one's own agenda in the pluralistic battle of particular interests. This was the essence of Adenauer's Kanzlerdemokratie and of Erhard's failure.

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ANNEX TO CHAPTER 4

Tables A 4.2.1 - A 4.2.6: Imports into the EFTA markets by country of origin in 1957 and 1958 (in currency and as percentage of total and European imports)

Table A 4.2.1: Imports into the United Kingdom 1957 and 1958 (by origin)

	1957	1958	1957	1958	1957	1958
	million £		*% of total imports*		*% of "6+7"*	
Total	4071,80	3779,50	100,00	100,00	458,59	420,41
"6"+"7"	887,90	899,00	21,81	23,79	100,00	100,00
D	**124,60**	**135,90**	**3,06**	**3,60**	**14,03**	**15,12**
F	110,40	100,70	2,71	2,66	12,43	11,20
NL	131,80	159,50	3,24	4,22	14,84	17,74
BLUX	61,50	60,90	1,51	1,61	6,93	6,77
ITAL	62,70	77,10	1,54	2,04	7,06	8,58
EEC	491,00	534,10	12,06	14,13	55,30	59,41
CH	36,40	36,20	0,89	0,96	4,10	4,03
N	63,80	55,70	1,57	1,47	7,19	6,20
DK	114,10	115,70	2,80	3,06	12,85	12,87
SWE	156,80	134,80	3,85	3,57	17,66	14,99
AUT	9,30	8,20	0,23	0,22	1,05	0,91
PORT	16,50	14,30	0,41	0,38	1,86	1,59
EFTA	396,90	364,90	9,75	9,65	44,70	40,59

Source: BA, B102-12146,1: Bonn, 4 VI 1959: EA3 , Vermerk betr.: Die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel; Anlage 2.

Table A 4.2.2: Imports into the Denmark 1957 and 1958 (by origin)

	1957	1958	1957	1958	1957	1958
	million Danish Kr		*% of total*		*% of "6+7"*	
Total	9342,9	9251,6	100,00	100,00		
"6"+"7"	7084,4	6999,1	75,83	75,65	100,00	100,00
D	**1801,4**	**1834,8**	**19,28**	**19,83**	**25,43**	**26,21**
F	395,6	316,7	4,23	3,42	5,58	4,52
NL	668	679,1	7,15	7,34	9,43	9,70
BLUX	367,1	352,4	3,93	3,81	5,18	5,03
ITAL	150,6	156,5	1,61	1,69	2,13	2,24
EEC	3382,7	3339,5	36,21	36,10	47,75	47,71
GB	2286,2	2110,7	24,47	22,81	32,27	30,16
SWE	840,2	934,4	8,99	10,10	11,86	13,35
N	334,8	327,8	3,58	3,54	4,73	4,68
AUT	50,7	51,6	0,54	0,56	0,72	0,74
CH	160	204,4	1,71	2,21	2,26	2,92
PORT	29,8	30,7	0,32	0,33	0,42	0,44
EFTA	3701,7	3659,6	39,62	39,56	52,25	52,29

Source: BA, B102-12146,1: Bonn, 4 VI 1959: EA3 , Vermerk betr.: Die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel; Anlage 3.

Table A 4.2.3: Imports into Norway 1957 and 1958 (by origin)

	1957	1958	1957	1958	1957	1958
	million N Kr		*% of total*		*% of "6+7"*	
Total	9103,30	9352,10	100,00	100,00		
"6"+"7"	6369,10	6840,40	69,96	73,14	100,00	100,00
D	**1555,90**	**1886,10**	**17,09**	**20,17**	**24,43**	**27,57**
F	337,60	308,00	3,71	3,29	5,30	4,50
NL	525,60	645,00	5,77	6,90	8,25	9,43
BLUX	287,90	281,30	3,16	3,01	4,52	4,11
ITAL	132,70	184,70	1,46	1,97	2,08	2,70
EEC	2839,70	3305,10	31,19	35,34	44,59	48,32
GB	1587,70	1446,60	17,44	15,47	24,93	21,15
SWE	1474,10	1487,70	16,19	15,91	23,14	21,75
DK	287,60	414,40	3,16	4,43	4,52	6,06
AUT	41,90	39,50	0,46	0,42	0,66	0,58
CH	117,40	129,50	1,29	1,38	1,84	1,89
PORT	20,7	17,6	0,23	0,19	0,33	0,26
EFTA	3529,40	3535,30	38,77	37,80	55,41	51,68

Source: BA, B102-12146,1: Bonn, 4 VI 1959: EA3 , Vermerk betr.: Die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel; Anlage 4.

Table A 4.2.4: Imports into Sweden 1957 and 1958 (by origin)

	1957	1958	1957	1958	1957	1958
	million SKr		% of total		% of "6+7"	
Total	12547,50	12247,70	100,00	100,00	156,78	151,03
"6"+"7"	8003,10	8109,20	63,78	66,21	100,00	100,00
D	**2767,80**	**2854,80**	**22,06**	**23,31**	**34,58**	**35,20**
F	374,90	440,80	2,99	3,60	4,68	5,44
NL	849,00	927,90	6,77	7,58	10,61	11,44
BLUX	542,20	455,50	4,32	3,72	6,77	5,62
ITAL	399,00	431,00	3,18	3,52	4,99	5,31
EEC	4932,90	5110,00	39,31	41,72	61,64	63,01
GB	1740,90	1718,10	13,87	14,03	21,75	21,19
N	463,00	405,80	3,69	3,31	5,79	5,00
DK	502,30	490,50	4,00	4,00	6,28	6,05
AUT	82,80	87,70	0,66	0,72	1,03	1,08
CH	242,80	259,60	1,94	2,12	3,03	3,20
PORT	38,4	37,5	0,31	0,31	0,48	0,46
EFTA	3070,20	2999,20	24,47	24,49	38,36	36,99

Source: BA, B102-12146,1: Bonn, 4 VI 1959: EA3 , Vermerk betr.: Die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel; Anlage 5.

Table A 4.2.5: Imports into Austria 1957 and 1958 (by origin) (by origin)

	1957	1958	1957	1958	1957	1958
	million ÖS		% of total imports		% of "6+7"	
Total	29339	27912	100,00	100,00	157,98	152,88
"6"+"7"	18571	18257	63,30	65,41	100,00	100,00
D	**10611**	**10865**	**36,17**	**38,93**	**57,14**	**59,51**
F	974	846	3,32	3,03	5,24	4,63
NL	754	843	2,57	3,02	4,06	4,62
BLUX	475	461	1,62	1,65	2,56	2,53
ITAL	2321	2104	7,91	7,54	12,50	11,52
EEC	15135	15119	51,59	54,17	81,50	82,81
GB	1218	1213	4,15	4,35	6,56	6,64
N	195	139	0,66	0,50	1,05	0,76
DK	159	192	0,54	0,69	0,86	1,05
SWE	377	325	1,28	1,16	2,03	1,78
CH	1443	1204	4,92	4,31	7,77	6,59
PORT	44	65	0,15	0,23	0,24	0,36
EFTA	3436	3138	11,71	11,24	18,50	17,19

Source: BA, B102-12146,1: Bonn, 4 VI 1959: EA3 , Vermerk betr.: Die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel; Anlage 6.

Table A 4.2.6: Imports into Switzerland 1957 and 1958 (by origin) (by origin)

	1957	1958	1957	1958	1957	1958
	million SFr		% of total imports		% of "6+7"	
Total	7597	8447	100,00	100,00	152,95	149,11
"6"+"7"	4967	5665	65,38	67,07	100,00	100,00
D	**1853**	**2193**	**24,39**	**25,96**	**37,31**	**38,71**
F	844	886	11,11	10,49	16,99	15,64
NL	350	380	4,61	4,50	7,05	6,71
BLUX	370	357	4,87	4,23	7,45	6,30
ITAL	726	936	9,56	11,08	14,62	16,52
EEC	4143	4752	54,53	56,26	83,41	83,88
GB	411	450	5,41	5,33	8,27	7,94
N	28	36	0,37	0,43	0,56	0,64
DK	72	69	0,95	0,82	1,45	1,22
SWE	120	133	1,58	1,57	2,42	2,35
AUT	177	208	2,33	2,46	3,56	3,67
PORT	16	17	0,21	0,20	0,32	0,30
EFTA	824	913	10,85	10,81	16,59	16,12

Source: BA, B102-12146,1: Bonn, 4 VI 1959: EA3 , Vermerk betr.: Die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel; Anlage 7.

Tables A 4.2.7 - A 4.2.12: Sectoral export performance of German industry and its competitors in EFTA

Table A 4.2.7: Exports by the Federal Republic and its most serious competitors to the UK in 1958 (in million £):

	chemicals	iron + steel	engines*	electrical engines	precision tools etc.
no tariff data					
D	21,5	5,0	39,0	6,0	5,5
CH	5,0		10,0	1,5	4,0
SWE	3,0	4,0	7,0	1,0	
N	3,5	5,0			

Source: BA, B102 - 12146,1. [EFTA1.DOC, Kopie 1], Bonn, 4 VI 1959, EA3 Hünke; Die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel, Anlagen.

*except electrical engines

Table A 4.2.8: Exports by the Federal Republic and its most serious competitors to Denmark in 1958 (in million Danish crowns):

	textiles	metal goods	engines*	motor vehicles
tariffs	3-20%	5-15%	5-7,5%	5-14%
D	153	84	210	204
GB	151	43	177	130
SWE		40	74	

Source: BA, B102 - 12146,1. [EFTA1.DOC, Kopie 1], Bonn, 4 VI 1959, EA3 Hünke; Die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel, Anlagen.

*except electrical engines

Table A 4.2.9: Exports by the Federal Republic and its most serious competitors to Norway in 1958 (in million Norwegian crowns):

	chemical raw materials	textiles	base metals	engines*	electrical engines	ships
tariffs	0-30%	0-25%	0-30%	5-30%	5-25%	30%
D	51	133	166	165	102	418
GB	24	125	157	142	48	519
SWE			128	142	46	446

Source: BA, B102 - 12146,1. [EFTA1.DOC, Kopie 1], Bonn, 4 VI 1959, EA3 Hünke; Die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel, Anlagen.

*except electrical engines

Table A 4.2.10: Exports by the Federal Republic and its most serious competitors to Sweden in 1958 (in million Swedish crowns):

	chemicals	textiles	engines	motor vehicles
tariffs	0-12%	up to 20%	0-17%	15%
D	188	231	642	366
GB	104	208	343	105
N	95			
DK			99	

Source: BA, B102 - 12146,1. [EFTA1.DOC, Kopie 1], Bonn, 4 VI 1959, EA3 Hünke; Die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel, Anlagen.

Table A 4.2.11: Exports by the Federal Republic and its most serious competitors to Austria in 1958 (in million Austrian Shillings)

	cotton fabric	ball-bearings	metal processing engines	refrigerators	cars	watches, clocks
tariffs	26-30%	10-22%	10-25%	10-18%	1330-1470ÖS per 100 kg	5-15%
D	133	33	200	139	931	31
GB	14			9	92	
CH	58		28			44
SWE		11		16		

Source: BA, B102 - 12146,1. [EFTA1.DOC, Kopie 1], Bonn, 4 VI 1959, EA3 Hünke; Die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel, Anlagen.

Table A 4.2.12: Exports by the Federal Republic and its most serious competitors to Switzerland in 1958 (in million Swiss Francs):

	woolen fabric	cars	toys
tariffs	8-10%	19-25%	5-11%
D	9	184	15
GB	16	56	3

Source: BA, B102 - 12146,1. [EFTA1.DOC, Kopie 1], Bonn, 4 VI 1959, EA3 Hünke; Die Auswirkungen der "kleinen Freihandelszone" auf den deutschen Außenhandel, Anlagen.

Table A 4.3.1: Average tariff burden in percent (excluding tariff free imports) on all imports in 1958:

				finished products	
	total	raw materials	semi-material	pre-products	final products
German tariff 1.1. 1957	11,11	3,24	7,70	13,20	11,08
German tariff 1.12.1959	8,51	2,60	6,30	10,35	8,23
German tariff 11.1. 1962	11,07	3,47	8,40	12,87	11,09
CET according to present state	12,88	4,50	6,67	15,52	14,90
percentage change of average tariff burdens					
German tariff 1959 : 1962	30,08	33,46	33,33	24,35	34,75
German tariff 1959 : 1970	51,35	73,08	5,87	49,95	81,04

Source: BA, B102-18555: Frankfurt, 1 II 1960, Bundesamt für Gewerbliche Wirtschaft: Auswirkungen der Abschaffung der Binnenzölle auf die Zollbelastung der gewerblichen Wirtschaft gemessen an der effektiven Einfuhr 1958:Tabelle 1: Zusammenfassende Übersicht:

Table A 4.3.2: Average tariff burden in percent (including tariff free imports) on all imports in 1958:

				finished products	
	total	raw materials	semi-material	pre-products	final products
German tariff 1.1. 1957	4,60	0,14	1,78	11,98	8,73
German tariff 1.12.1959	3,41	0,12	1,45	9,19	6,46
German tariff 11.1. 1962	4,44	0,16	1,93	11,43	8,70
CET according to present state	4,30	0,18	2,29	10,14	8,64
percentage change of average tariff burdens					
German tariff 1959 : 1962	30,20	33,33	33,10	24,37	34,67
German tariff 1959 : 1970	26,10	50,00	57,93	10,34	33,75

Source: BA, B102-18555: Frankfurt, 1 II 1960, Bundesamt für Gewerbliche Wirtschaft: Auswirkungen der Abschaffung der Binnenzölle auf die Zollbelastung der gewerblichen Wirtschaft gemessen an der effektiven Einfuhr 1958:Tabelle 1: Zusammenfassende Übersicht:

Table A 4.3.3: Average tariff burden in percent (excluding tariff free imports) on imports from third countries in 1958:

				finished products	
	total	raw materials	semi-material	pre-products	final products
German tariff 1.1.1957	10,81	3,75	8,69	13,18	10,01
German tariff 1.12.1959	8,24	3,27	7,45	10,18	7,39
German tariff 1.1.1962	11,68	4,02	7,51	14,24	11,73
CET, present stage	12,88	4,51	6,67	15,52	14,89
percentage change of average tariff burdens					
German tariff 1959 : CET	56,31	37,94	-0,47	52,45	101,49
German tariff 1959 : 1962	41,75	22,94	0,81	39,88	58,73

Source: BA, B102-18555: Frankfurt, 1 II 1960, Bundesamt für Gewerbliche Wirtschaft: Auswirkungen der Abschaffung der Binnenzölle auf die Zollbelastung der gewerblichen Wirtschaft gemessen an der effektiven Einfuhr 1958:Tabelle 2.

Table A 4.3.4: Average tariff burden in percent (including tariff free imports) on imports from third countries in 1958

				finished products	
	total	raw materials	semi-material	pre-products	final products
German tariff 1.1.1957	3,44	0,13	1,13	11,67	7,42
German tariff 1.12.1959	2,59	0,11	0,96	8,74	5,45
German tariff 1.1.1962	4,10	0,15	1,65	12,81	9,24
CET, present stage	5,69	0,21	2,88	15,46	13,48
percentage change of average tariff burdens					
German tariff 1959 : CET	117,38	91,82	200,00	76,89	147,34
German tariff 1959 : 1962	58,30	36,27	71,87	46,56	69,54

Source: BA, B102-18555: Frankfurt, 1 II 1960, Bundesamt für Gewerbliche Wirtschaft: Auswirkungen der Abschaffung der Binnenzölle auf die Zollbelastung der gewerblichen Wirtschaft gemessen an der effektiven Einfuhr 1958:Tabelle 2.

Table A 4.3.5: Average tariff burden in percent (excluding tariff free imports) on imports from the EEC and associated territories

				finished products	
	total	raw materials	semi-material	pre-products	final products
German tariff 1.1.1957	11,56	2,10	6,91	13,22	12,69
German tariff 1.12.1959	8,91	1,31	5,37	10,63	9,50
German tariff 1.1.1962	8,09	1,47	4,83	9,26	8,88
percentage change of average tariff burdens					
German tariff 1959 : 1962	-8,86	12,61	-9,60	-12,42	-6,25

Source: BA, B102-18555: Frankfurt, 1 II 1960, Bundesamt für Gewerbliche Wirtschaft: Auswirkungen der Abschaffung der Binnenzölle auf die Zollbelastung der gewerblichen Wirtschaft gemessen an der effektiven Einfuhr 1958:Tabelle 3.

Table A 4.3.6: Average tariff burden in percent (including tariff free imports) on imports from the EEC and associated territories

				finished products	
	total	raw materials	semi-material	pre-products	final products
German tariff 1.1.1957	7,92	0,24	4,32	12,57	11,06
German tariff 1.12.1959	6,08	0,15	3,34	10,05	8,26
German tariff 1.1.1962	5,54	0,17	3,02	8,80	7,74
percentage change of average tariff burdens					
German tariff 1959 : 1962	-8,88	13,33	-9,58	-12,44	-6,30

Source: BA, B102-18555: Frankfurt, 1 II 1960, Bundesamt für Gewerbliche Wirtschaft: Auswirkungen der Abschaffung der Binnenzölle auf die Zollbelastung der gewerblichen Wirtschaft gemessen an der effektiven Einfuhr 1958:Tabelle 3.

Table A 4.3.7: Average tariff burden of German imports from third countries (GATT members) on the basis of import figures of 1958

group of goods	application of German tariff*	application of CET**
foodstuffs	13,2	12,1
raw materials		
excluding mineral oil	0,1	0,2
including mineral oil	2,5	0,2
semi-products	5,6	6,2
capital goods	7,2	9,6
other finished products	12,5	13,1
overall (excl. mineral oil)	6,8	6,8
overall (incl. mineral oil)	7,4	6,8

*Tariffs effectively applied in 1958, i. e. after the last "konjunktur-political" tariff lowering.
**Taking account of the lowering of 20% of the CET.
Source: PA - AA, Ref. 200, Bd. 277: Brüssel, 24 III 1960: EWG, Kommission, Informationsdienst, Mitteilung an die Presse, Tabelle 1.

Table A 4.3.8: Difference between the tariffs presently applied by WestGermany and the CET (after lowwering by 20%) in percent of imports

	percentage share of products groups in total imports	cases in which German tariffs need to be raised	cases in which German tariffs do not change or need to be lowered
foodstuffs	27,8	44,6	55,4
raw materials	29,7	2,8	97,2
semi-products	24,5	43,9	56,1
capital goods	9,3	69,4	30,6
other finished goods	7,2	55,4	44,6
total	98,5	34,8	65,2

Source: PA - AA, Ref. 200, Bd. 277: Brüssel, 24 III 1960: EWG, Kommission, Informationsdienst, Mitteilung an die Presse, Tabelle 2.

Table A 4.3.9: Extent of tariff changes within product groups

	cases in which German tariffs need to be raised				cases in which German tariffs remain unchanged or need to be lowered			
	>30%	>15% <30%	>15%	sum	<15%	>15% <30%	>30%	sum
	of the present level (in % of imports)				of the present level (in % of imports)			
foodstuffs	16,3	13,3	15,0	44,6	18,7	6,1	30,6	55,4
raw materials	2,8	-	-	2,8	84,0	0,5	12,6	97,2
semi-products	24,0	12,6	7,3	43,9	18,4	2,2	35,5	56,1
capital goods	55,5	10,3	3,6	69,4	13,6	2,3	14,6	30,6
other finished goods	19,2	17,8	18,4	55,4	15,1	6,5	23,0	44,6
total	17,8	9,0	8,0	34,8	37,9	3,1	24,1	65,2

Source: PA - AA, Ref. 200, Bd. 277: Brüssel, 24 III 1960: EWG, Kommission, Informationsdienst, Mitteilung an die Presse, Tabelle 3.

ANNEX TO CHAPTER 6

The data presented in the following tables (pages 385-450) and figures (pages 451-506) are based on quarterly trade statistics taken from the publication STATISTISCHES BUNDESAMT [ed.]: *Der Aussenhandel der Bundesrepublik Deutschland und Berlins (West). Teil 3. Der Spezialhandel nach Bezugs- und Absatzgebieten und nach Warengruppen und -untergruppen. 1953-1964.* Stuttgart 1954-1965. The basic data have been compiled for each sector by adding up the respective trade figures of individual products or product groups. For the list of figures see pages 507-519, for the list of tables see pages 520-527.

TABLE A 6.1: QUARTERLY TEXTILE IMPORTS BY ORIGIN (IN DM1000) 1953-64:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA
53-1	51852	26658	36707	30000	46037	2153	610	1810	15955	50333	145217	116898
53-2	51722	48173	33681	29597	47947	2159	331	954	13512	53576	163173	118479
53-3	56312	46935	37501	44095	46923	1561	313	1120	16377	47544	184843	113838
53-4	62197	54057	47439	42412	55727	2596	436	1999	18727	54131	206105	133616
54-1	45385	41064	35439	32789	53825	1770	857	1373	19799	53637	154677	131261
54-2	26315	42852	38127	33181	51424	2343	836	1435	20255	51106	140475	127399
54-3	62491	56229	45602	3906	54485	2636	162	1327	19831	48616	168228	127057
54-4	61660	57742	53854	57790	49229	2607	338	1758	23736	48164	231046	125832
55-1	35078	43520	51172	33401	62743	2823	216	1603	19884	49424	163171	136693
55-2	72380	44210	51965	33201	47123	2477	279	1137	20081	46948	201756	118045
55-3	63894	61592	57848	41752	61481	3013	283	2445	29655	43372	225086	140249
55-4	70568	46627	77036	43761	62875	3206	450	1372	31005	59282	237992	158190
56-1	61905	51733	64017	38474	60763	3118	321	1861	27314	57480	216129	150857
56-2	51175	51395	61835	38008	58297	3203	374	2026	26035	54541	202413	144476
56-3	78457	66405	68082	44608	66010	3273	412	2670	18166	58035	257552	148566
56-4	84362	77665	79501	49146	64000	3514	628	2244	45006	60614	290674	176006
57-1	78681	63551	80941	42420	76469	3594	398	2340	33334	65306	265593	181441
57-2	86091	63219	59599	42823	73949	2816	331	2468	29245	61141	251732	169950
57-3	84101	95320	110302	52720	74167	3337	524	10840	34768	60699	342443	184335
57-4	103095	97396	60572	59583	80216	3278	850	2579	38573	63770	320646	189266
58-1	79480	77265	82452	59510	76948	3571	461	4138	33095	67272	298707	185485
58-2	70886	71449	52063	51531	72035	2974	459	4114	28112	53717	245929	161411
58-3	73437	100294	62057	67026	49517	3403	409	4383	28590	52243	302814	138545
58-4	81244	84990	67502	81264	66104	3157	1064	5668	30022	55245	315000	161260
59-1	67150	80666	61824	57804	61977	3879	556	4068	29498	62344	267444	162322
59-2	80198	86652	72852	59734	63933	4025	784	4573	31401	63468	299436	168184
59-3	87828	125324	98995	68981	77601	3973	1535	5300	34753	64525	381128	187687
59-4	115391	138307	139552	91596	80097	5416	1535	7111	37736	75046	484846	206941
60-1	106813	126192	139055	75682	75890	5510	805	6153	37607	83086	447742	209051
60-2	107953	109336	128918	67043	66712	5274	667	6278	35626	72600	413250	187157
60-3	98083	142549	135292	82466	66666	5858	1467	5610	35418	69729	458390	184748
60-4	111378	147356	156964	94481	71721	7776	1887	6976	41911	79399	510179	209670
61-1	99812	140890	156453	91970	65658	7510	1033	5996	39785	77812	489125	197794
61-2	110218	155782	157219	88718	53200	7804	1265	5587	39525	67279	511937	174660
61-3	101807	193349	144927	98461	77388	8232	1834	5474	41390	70000	538544	204318
61-4	134585	166873	172716	107130	65246	10334	2334	8155	46179	75279	581304	207527
62-1	134815	191851	188675	112350	72541	9013	1128	6062	43648	81806	627691	214198
62-2	138638	161999	177547	99504	64675	7871	1416	6344	43849	68952	577688	193107
62-3	135527	201375	177160	117291	65351	7704	2278	5750	46745	70117	631353	197945
62-4	168382	186207	199662	126174	70014	8616	2606	7148	59957	78054	680425	226395
63-1	154774	180092	192700	126184	71778	7002	1285	6198	53743	82628	653750	222634
63-2	154714	178322	182875	119112	70928	6802	1532	5935	53662	73509	635023	212368
63-3	147869	215800	177761	138128	70349	6088	2458	6246	51327	70401	679558	206869
63-4	176490	198597	203218	149959	75364	7840	2707	7934	62462	66370	728264	222677
64-1	175254	187818	192628	141540	74057	7734	1178	6724	56923	79386	697240	226002
64-2	177628	206100	186670	144419	75049	7616	1385	6232	56122	67427	714817	213831
64-3	183691	249859	195037	160758	72408	6803	2381	6843	58206	70643	789345	217284
64-4	217026	234708	224208	190007	79147	8485	2673	8299	64208	76663	865949	239475

TABLE A 6.2: QUARTERLY CHEMICAL IMPORTS BY ORIGIN (IN DM1000) 1953-64:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA
53-1	18190	3151	12604	18114	9977	5135	2044	1783	3846	14929	52059	37714
53-2	15008	3844	14683	23146	10845	4075	1412	1500	4545	17678	56681	40055
53-3	20780	4515	29013	28374	13905	3147	1217	1747	4715	16934	82682	41665
53-4	27106	3871	15379	23311	14873	8315	1432	1728	4532	20115	69667	50995
54-1	24055	6480	11222	25038	11159	6377	2008	1602	4702	21039	66795	46887
54-2	24692	7719	15926	35896	14638	7336	1639	1723	8372	19238	84233	52946
54-3	24730	10537	17656	28963	20880	6789	1822	1139	6239	17154	81886	54023
54-4	28621	10070	10061	36196	23335	6033	2108	2555	4109	24477	84948	62617
55-1	32215	4750	16439	44590	19458	7199	4897	1873	3277	23958	97994	60662
55-2	31265	17709	20109	38237	19405	7058	3777	1961	4383	27526	107320	64110
55-3	34922	13529	21664	40046	22108	6076	3708	2235	3477	28138	110161	65742
55-4	22234	10989	22885	65842	25120	9673	2988	2161	6226	24844	121950	71012
56-1	25404	21947	17446	53703	22967	7578	4602	1552	9495	25175	118500	71369
56-2	33654	9583	23015	64493	25059	10155	7293	2145	13668	26788	130745	85108
56-3	27403	12359	26643	75940	24918	11631	5097	2546	9409	26672	142345	80273
56-4	29647	15036	22678	78729	26100	7241	5393	3545	8645	28570	146090	79494
57-1	26187	11537	18547	71086	31048	7409	5727	2645	10224	30318	127357	87371
57-2	35778	16008	20478	67728	22010	6742	4368	3266	7993	30276	139992	74655
57-3	32182	26775	26833	73429	29942	7366	6576	4359	12015	31627	159219	91885
57-4	34436	22993	25466	75529	32058	7412	8510	4027	12821	29672	158424	94500
58-1	35172	20141	9199	75026	26519	5576	3757	3973	9825	32546	139538	82196
58-2	31435	21433	38353	74171	35038	11089	3814	4345	7494	32688	165392	94468
58-3	34854	23198	29396	77130	36127	8911	2969	5397	11674	32784	164578	97862
58-4	34392	23527	28518	76759	59299	8337	3099	4183	13483	33453	163196	121854
59-1	37523	25630	31170	80918	53275	7368	3197	4603	11317	36008	175241	115768
59-2	41595	31336	36413	84208	48913	9867	3022	5029	11015	43656	193552	121502
59-3	40082	36585	54653	86813	51038	11265	4520	5116	9855	43566	218133	125360
59-4	37941	39168	68518	94947	59435	12768	3034	6862	9413	50737	240574	142249
60-1	51707	46576	68565	114929	76703	8470	3532	6304	12346	54116	281777	161471
60-2	50747	48865	64167	104374	80564	10382	4403	6858	9038	54153	268153	165398
60-3	54234	45530	70311	79033	54223	10574	3915	6456	8251	52958	249108	136377
60-4	53444	52788	75942	106305	63547	12982	3375	7583	10325	72429	288479	170241
61-1	43634	53977	74334	111800	53038	11024	3047	6580	10003	47558	283745	131250
61-2	46944	48692	80261	79535	45229	11413	3973	6624	8027	53762	255432	129028
61-3	48395	47100	77305	86472	51108	10817	4010	6216	10921	49018	259272	132090
61-4	47580	48129	79355	99598	51639	12000	3893	7156	11217	63075	274662	148980
62-1	56651	70572	95411	132876	91458	13600	3462	7719	14336	57227	355510	187802
62-2	54139	49182	88228	100380	65998	13262	3130	7592	11153	57880	291929	159015
62-3	56415	64556	108087	131654	70341	12943	4288	8115	14159	55466	360712	165312
62-4	51468	79998	109300	119101	73989	14872	4958	9027	14848	63369	359867	181063
63-1	50264	86621	95723	134502	82006	13361	4674	9849	13985	60048	367110	183923
63-2	63541	68412	120219	136358	70917	12624	6169	9427	15107	70707	388530	184951
63-3	73829	79406	147510	182772	78137	12876	4121	8384	17818	50438	483517	171774
63-4	67867	82141	125086	143143	82279	13786	5407	10579	15277	80129	418237	207457
64-1	70047	79571	157233	150818	97056	13056	5271	10107	12757	58115	457669	196362
64-2	77976	101338	168062	172376	92792	14742	4964	11953	15072	67835	519752	207358
64-3	69845	106678	167822	171236	89784	13987	6605	10026	14277	65885	515581	200564
64-4	83864	107586	186142	180082	119719	17222	8001	10109	16321	82491	557674	253863

TABLE A 6.3: QUARTERLY NF-METALS IMPORTS BY ORIGIN (IN DM1000) 1953-64:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA
53-1	17652	1819	1557	8929	27624	4111	6481	2787	1644	2733	29957	45380
53-2	13152	878	1490	6731	15271	1565	5955	841	4628	806	22251	29066
53-3	25890	1753	2797	13195	36923	7033	7882	2371	6487	5527	43635	66223
53-4	31734	2615	4385	14995	31226	4995	8275	793	5667	2213	53729	53169
54-1	21132	3762	3964	12071	32969	1366	7749	514	4065	446	40929	47109
54-2	29539	5770	11143	14605	49340	1603	12064	449	4452	8708	61057	76616
54-3	16455	5256	10581	14121	37988	694	11580	2343	6778	2625	46413	62008
54-4	28173	8015	7320	16443	20329	1294	16100	3326	6394	2712	59951	50155
55-1	29572	11177	8334	19099	20663	3619	17203	990	4345	2166	68182	48986
55-2	40951	10169	11808	19478	33027	10077	19846	3706	8969	2153	82406	77778
55-3	29924	5862	9146	23478	29151	5048	17786	3560	13859	4115	68410	73519
55-4	44624	7235	11357	23902	37745	7852	18314	3094	10446	3500	87118	80951
56-1	49280	4620	10244	26388	42309	8757	22840	3808	12161	2310	90532	92185
56-2	47155	10756	10204	24347	53942	11685	25362	3871	12926	421	92462	108207
56-3	41915	5414	6538	21135	56629	4356	23334	3013	8923	3131	75002	99386
56-4	32124	4952	3264	22448	43145	4833	26580	1581	7498	1672	62788	85309
57-1	35444	4095	5072	29136	36230	1890	23585	1550	5937	1441	73747	70633
57-2	22927	3792	5378	25559	27330	3300	24247	897	6174	1777	57656	63725
57-3	19283	4734	2754	25398	18473	2056	28575	1237	5578	2212	52169	58131
57-4	23739	2420	2545	27447	25797	7762	25178	1136	9731	1613	56151	71217
58-1	24602	2490	5009	20679	26277	3057	20622	842	6078	2531	52780	59407
58-2	22531	3022	3951	21693	24816	3766	21429	1141	6367	2680	51197	60199
58-3	28725	2275	3367	18723	48009	4844	29104	1138	6321	2090	53090	91506
58-4	30961	3642	5630	28397	36308	4448	36488	1180	13954	5360	68630	97738
59-1	31648	3389	6691	25494	27095	2334	32600	2466	7522	5136	67222	77153
59-2	50377	3831	9740	31114	37618	3778	35207	2064	6841	5761	95062	91269
59-3	46827	3582	12835	36549	59816	1619	36884	1590	7647	4257	99793	111813
59-4	57752	5246	17446	39882	51597	3687	37806	2729	9183	7125	120326	112127
60-1	61509	6343	17865	34383	40739	2456	45172	2178	7615	5890	120100	104050
60-2	54682	9066	12746	39754	49334	2223	25165	2103	7409	6073	116248	92307
60-3	44706	6136	13137	33770	52930	1215	55103	1985	7195	5629	97749	124057
60-4	50065	10965	12778	37394	49431	1742	36570	2017	6836	5680	111202	102276
61-1	56412	4689	12228	32212	48980	1327	37050	2002	7167	5958	105541	102484
61-2	42573	5787	20642	36065	64321	2073	40076	2108	8936	5766	105067	123280
61-3	45868	3760	12229	27249	48147	3806	40705	2246	7555	6771	89106	109230
61-4	66011	3187	11875	22899	37629	3436	30285	2010	13620	6623	103972	93603
62-1	44775	7017	10542	19426	31383	1354	38008	1917	7413	5162	81760	85237
62-2	52230	3010	13666	18999	36515	1394	37949	2348	10462	8315	87905	96983
62-3	35452	1684	17438	19795	53439	979	39737	2496	13908	10991	74369	121550
62-4	54005	2635	21996	22841	46487	2247	52972	2101	19127	8521	101477	131455
63-1	42144	4117	16248	21694	28166	2185	37523	374	6176	11362	84203	85786
63-2	55961	3504	19955	22834	27155	2572	45993	2254	9725	9516	102254	97215
63-3	55651	3629	15635	25922	32124	3138	37010	3693	16721	9946	100837	102632
63-4	58569	4019	22415	25532	23185	4171	47361	3504	22832	15106	110535	116159
64-1	68639	7005	23602	21335	43332	1855	51220	2300	10596	10684	120581	119987
64-2	92807	9005	36306	49242	61082	5756	52928	2816	15858	12278	187360	150718
64-3	105946	13263	26875	55918	56038	3882	57114	1679	20445	14147	202002	153305
64-4	122849	29231	66726	80249	80438	6247	61567	1833	21095	12241	299055	183421

TABLE A 6.4: QUARTERLY NF-METAL PRODUCT IMPORTS BY ORIGIN (IN DM1000) 1953-64:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA
53-1	233	67	165	489	270	269	6	67	612	929	954	2153
53-2	275	88	87	572	343	185	5	115	823	1194	1022	2665
53-3	263	92	190	785	313	155	135	282	882	2553	1330	4320
53-4	295	165	176	997	827	185	87	277	1054	2778	1633	5208
54-1	206	67	228	1106	3903	1511	464	202	1089	1271	1607	8440
54-2	355	158	229	4121	5259	228	161	241	1224	1356	4863	8469
54-3	2166	196	225	4668	8465	181	204	226	1210	1409	7255	11695
54-4	4404	346	269	12067	8496	973	154	292	1541	1982	17086	13438
55-1	2892	311	333	4652	4455	427	17	227	1120	1969	8188	8215
55-2	2216	320	359	8799	3609	401	76	356	1160	1771	11694	7373
55-3	1985	220	429	6240	4524	597	104	362	1440	2043	8874	9070
55-4	2889	543	553	4017	10903	1782	103	507	2107	2889	8002	18291
56-1	3105	269	237	5061	7493	1395	28	357	1702	2247	8672	13222
56-2	2234	530	421	2400	6092	1890	36	566	1604	2288	5585	12476
56-3	2240	1189	320	2854	12014	1559	21	502	1649	2282	6603	18027
56-4	2020	142	643	1840	13200	1256	35	510	1757	2809	4645	19567
57-1	2000	515	533	1550	8978	1256	12	496	1720	2009	4598	14471
57-2	1775	794	799	2454	5082	2456	60	642	1207	2327	5822	11774
57-3	2121	754	672	3292	2851	1286	91	688	1636	2789	6839	9341
57-4	2834	1773	1717	3370	11560	1425	108	896	2281	2956	9694	19226
58-1	3078	1730	859	2833	4784	1556	82	718	1388	3549	8500	12077
58-2	3168	1790	1163	4637	6168	2144	66	837	1965	2608	10758	13788
58-3	2280	1916	722	4442	8886	1713	200	805	2126	3188	9360	16918
58-4	2481	4507	1048	4181	5369	2120	218	1346	2525	4070	12217	15648
59-1	2206	2531	911	3911	5099	2145	52	688	1612	3111	9559	12707
59-2	2815	2966	2769	5546	8839	2236	124	1161	2521	4138	14096	19019
59-3	3487	3984	4338	5361	5242	2206	79	1319	2429	4263	17170	15538
59-4	8746	7030	6114	6132	3824	3114	237	1666	3182	5781	28022	17804
60-1	11693	4597	6071	5939	3467	3082	496	1242	2541	4810	28300	15638
60-2	8872	4925	9354	6744	5629	3851	387	1939	3234	5889	29895	20929
60-3	12493	6720	6757	7320	5728	3413	198	1606	3653	5878	33290	20476
60-4	15866	13875	10256	8082	7378	4892	392	1885	5191	8110	48079	27848
61-1	15546	9463	10957	9261	8016	4500	444	1178	3944	6547	45227	24629
61-2	20883	10501	10700	10115	8169	5513	292	2657	5365	7690	52199	29686
61-3	18663	13824	8477	9349	6294	4533	346	2221	4032	7397	50313	24823
61-4	18235	22412	9762	9479	7620	5304	328	2661	4991	7865	59888	28769
62-1	12752	13952	8892	9970	7233	5054	333	2836	3364	6525	45566	25345
62-2	15097	14962	8831	10750	7252	4198	303	3190	3358	6479	49640	24780
62-3	19223	17461	8053	9502	7669	3562	419	2890	3479	5975	54239	23994
62-4	21995	26658	10615	10148	9094	5342	404	2235	4206	6852	69416	28133
63-1	22012	13463	8612	9015	9289	5801	230	1814	3314	5688	53102	26136
63-2	23173	14585	12584	11114	8346	5726	344	2937	2992	6740	61456	27085
63-3	24501	15621	10879	11745	7391	5148	418	2385	3537	7468	62746	26347
63-4	24295	27077	12865	12110	9818	5406	1196	2660	4125	9181	76347	32386
64-1	23826	17682	12528	12400	7943	6011	509	2763	3883	7676	66436	28785
64-2	29958	20085	14615	14913	8576	5847	619	3263	4525	8026	79571	30856
64-3	33373	28708	14616	15935	7158	6430	476	3723	4823	9813	92632	32423
64-4	42245	53779	23924	20225	9987	8328	738	3767	6285	12125	140173	41230

TABLE A 6.5: QUARTERLY PAPER/PAPER PRODUCT IMPORTS BY ORIGIN (IN DM1000) 1953- 64:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA
53-1	1027	48	319	3232	383	7545	3277	88	5757	62	4626	17112
53-2	899	58	519	3534	256	11142	2273	34	5682	83	5010	19470
53-3	860	87	331	5659	540	9896	2745	90	7785	226	6937	21282
53-4	984	247	739	3532	609	12798	3690	39	10219	148	5502	27503
54-1	86	120	514	3887	596	11868	2505	32	9754	462	4607	25217
54-2	1701	120	514	4205	690	13246	2793	46	9709	308	6540	26792
54-3	938	54	757	4049	483	11499	2975	51	13149	837	5798	28994
54-4	2184	335	795	5037	593	16077	3505	51	16024	568	8351	36818
55-1	1496	240	1977	5513	707	15252	3006	68	17311	859	9226	37203
55-2	1230	196	2637	5079	640	15074	2649	127	16421	433	9142	35344
55-3	1109	172	2980	4626	721	15982	3268	84	13873	304	8887	34232
55-4	1499	229	2625	5419	1156	17296	3169	89	14438	682	9772	36830
56-1	396	217	2716	5777	1514	15497	3165	70	13933	576	9106	34755
56-2	2774	274	2153	6177	1211	20928	2318	150	13813	425	11378	38845
56-3	2503	246	1737	7092	1293	21236	2709	139	16718	537	11578	42632
56-4	2187	314	2148	7848	1165	22996	4362	343	20502	693	12497	50061
57-1	1957	497	1912	7643	553	25525	5801	275	20528	739	12009	53421
57-2	2773	746	1582	7620	2228	26648	4382	736	19328	665	12721	53987
57-3	2418	978	2672	7832	1603	24953	6267	305	21601	768	13900	55497
57-4	3503	693	2380	9749	2246	33559	6521	1233	20015	1063	16325	64637
58-1	3226	730	3420	10139	1486	29019	5525	911	18377	1098	17515	56416
58-2	4108	1128	3279	11556	2130	35340	6659	1149	19775	997	20071	66050
58-3	4130	586	3039	11850	1647	34056	6013	653	22741	1369	19605	66479
58-4	3615	762	2999	13198	1843	39166	8571	421	21216	1455	20574	72672
59-1	3910	557	3424	12617	1789	36174	7850	404	18180	1300	20508	65697
59-2	6130	977	4416	13277	2868	40532	8437	850	19899	1397	24800	73983
59-3	5518	895	7404	12906	2577	40182	9437	1038	20960	1814	26723	76008
59-4	6140	992	13255	16067	3175	43403	10598	1187	23282	2408	36454	84053
60-1	6028	1615	15642	15065	2883	49015	9625	1337	21317	1760	38350	85937
60-2	6867	1533	15724	15857	2862	54815	11283	1386	23581	1591	39981	95518
60-3	6390	1524	10848	15322	3443	49176	12184	893	25894	308	34084	91898
60-4	6899	1264	12066	16933	4573	60362	15780	1226	27755	3672	37162	113368
61-1	6683	1369	10792	17280	4012	46488	13849	850	21720	1674	36124	88593
61-2	7695	1654	11458	18098	4401	52901	14103	1208	22739	1551	38905	96903
61-3	6598	1589	10585	16947	5045	53432	15868	1855	24293	1700	35719	102193
61-4	7794	1626	11265	18359	4969	60836	16064	2960	23768	1936	39044	110533
62-1	8693	1381	9825	20763	4921	57124	13432	3496	22092	2016	40662	103081
62-2	9230	1770	10299	19478	5682	61343	17363	2677	22903	1644	40777	111612
62-3	7882	1691	10679	18593	5662	62336	16932	2654	26852	2076	38845	116512
62-4	7484	2297	12554	19062	5883	68664	21608	2638	25901	1722	41397	126416
63-1	7884	2265	10787	21825	5991	59200	22714	2231	25331	1870	42761	117337
63-2	7683	2610	11802	22082	5780	76259	23832	2958	25288	1433	44177	135550
63-3	8048	1893	11989	21226	4479	62641	21846	2064	24823	1871	43156	117724
63-4	9501	2082	13436	26602	5222	72564	23140	3295	24443	1412	51621	130076
64-1	9142	2157	13266	29084	5624	72477	21754	4272	24587	1918	53649	130632
64-2	12467	3664	15537	31928	5296	83827	25304	3297	28498	1870	63596	148092
64-3	10434	4536	13550	34248	5614	77086	22066	2613	28820	2265	62768	138464
64-4	12464	4677	18479	39199	4816	89248	27159	2217	29148	2166	74819	154754

TABLE A 6.6: QUARTERLY MACHINERY IMPORTS BY ORIGIN (IN DM1000) 1953-64:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA
53-1	5396	2763	3098	2557	10802	4136	245	1074	1975	21905	13814	40137
53-2	7127	3454	4778	4058	13486	5263	272	2420	2454	25781	19417	49676
53-3	3909	3956	5086	4196	12685	4600	310	2380	2420	25171	17147	47566
53-4	2976	4122	6178	5741	15597	7484	461	2184	2472	34026	19017	62224
54-1	3990	4918	5034	5175	15855	6050	411	1941	2730	23460	19117	50447
54-2	4225	4950	5265	5935	20684	7682	175	2967	3566	31691	20375	66765
54-3	4841	5251	5331	5654	18656	6682	404	2463	4226	26827	21077	59258
54-4	4557	7253	5248	6228	29913	8932	707	3012	4619	32194	23286	79377
55-1	4791	7349	5815	6682	17658	7830	545	4140	4475	28047	24637	62695
55-2	5031	10046	6726	6563	21624	9050	402	7703	5295	38225	28366	82299
55-3	5766	9801	7335	10207	21482	11246	451	4920	6170	42930	33109	87199
55-4	7993	12207	9039	11422	21918	10950	835	7351	7713	52505	40661	101272
56-1	5754	9531	7547	7799	30335	12562	1097	9200	6638	43240	30631	103072
56-2	8946	7405	9887	10981	30744	15956	1164	8416	7493	49235	37219	113008
56-3	6314	17802	9834	13058	27303	13347	823	10558	8082	53743	47008	113856
56-4	20445	12653	10724	16331	29047	14378	1687	7187	8606	58660	60153	119565
57-1	7772	13415	10965	12472	32398	13949	1259	9666	8631	44998	44624	110901
57-2	10190	15025	11829	12411	32848	15242	1574	7620	9043	50209	49455	116536
57-3	10570	9897	13737	15021	35772	13936	701	9967	9572	55840	49225	125788
57-4	18350	20822	15684	16328	37570	20159	1676	13211	9260	62876	71184	144752
58-1	11302	17877	16519	14781	43575	15629	2066	19788	8923	53619	60479	143600
58-2	13876	20090	19139	18866	45440	17312	3025	17712	9259	56949	71971	149697
58-3	10430	19958	14525	18159	41617	15149	2167	5656	9166	61423	63072	135178
58-4	13652	23296	18578	27289	46501	21784	2281	27247	9533	68122	82815	175468
59-1	13168	21571	17150	24733	51734	19899	1911	16452	8572	59595	76622	158163
59-2	17455	27841	22856	31020	58296	20506	2145	21001	10472	65675	99172	178095
59-3	15057	31062	25342	30544	54041	17974	1139	21667	11606	68200	102005	174627
59-4	17163	36787	40746	34046	57834	30074	4063	21032	15381	79734	128742	208118
60-1	20654	39858	41846	29823	66241	27307	2303	19307	12339	68913	132181	196410
60-2	26951	48307	50344	38605	80143	27680	2401	23996	15917	74543	164207	224680
60-3	28861	50585	49375	30961	69401	28716	2909	22835	17133	82190	159782	223184
60-4	31819	71658	56682	37604	81215	40726	2653	20932	22114	102352	197763	269992
61-1	29410	63012	59672	33201	76854	39593	4229	23751	19156	74456	185295	238039
61-2	33834	63855	86537	39329	92814	40501	3395	19321	21681	93298	223555	271010
61-3	30870	48801	86060	35793	85834	37816	3827	19925	23592	82148	201524	253142
61-4	34664	62464	120465	43015	109357	53358	5149	20838	31719	107715	260608	328136
62-1	33339	55157	105583	50561	101736	47736	5027	21888	24553	89913	244640	290853
62-2	40360	62212	119343	48414	105349	51282	5128	21312	23733	95340	270329	302144
62-3	37148	55594	98486	48005	90399	50389	5268	22090	25772	94785	239233	288703
62-4	32462	66474	112024	56556	99631	50871	4479	21358	24887	100944	267516	302170
63-1	27069	61302	97426	42615	98812	45278	4280	19502	22032	92172	228412	282076
63-2	33842	57412	103285	54493	131343	51037	4867	21518	25827	94434	249032	329026
63-3	33120	55438	103828	55911	101839	44260	3371	21210	24204	93642	248297	288526
63-4	32997	61289	106789	51477	94791	52535	5041	21080	18029	99494	252552	290970
64-1	35108	65529	112693	47866	110782	46977	4764	22823	24129	88364	261196	297839
64-2	40170	75969	138179	56943	127029	54794	4405	27199	27202	103241	311261	343870
64-3	47571	69977	124737	55953	114313	46863	6670	25763	30601	95321	298238	319531
64-4	40278	93773	141319	67751	114514	56856	7811	26944	31635	121858	343121	359618

TABLE A 6.7: QUARTERLY ELECTRICAL/ELECTRONICAL IMPORTS BY ORIGIN (DM1000) 1953-64:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA
53-1	261	742	1191	8261	2439	426	53	401	482	4807	10455	8608
53-2	512	567	1007	8591	2562	734	40	744	522	4862	10677	9464
53-3	569	645	889	8482	1661	669	77	807	593	4608	10585	8415
53-4	1006	585	1473	12208	3045	995	161	1169	746	7086	15272	13202
54-1	773	434	1015	9692	3234	1157	107	1175	596	4991	11914	11260
54-2	1378	764	1604	9590	5298	1044	116	1711	659	5486	13336	14314
54-3	1594	536	1289	12027	5653	1083	67	1932	1128	6743	15446	16606
54-4	1856	664	1057	16443	4343	1356	120	2257	1235	8015	20020	17326
55-1	1503	503	1310	15081	5739	1728	91	2454	1321	8011	18397	19344
55-2	1869	634	1483	11531	5381	1195	98	2770	1870	9114	15517	20428
55-3	1218	763	1336	13871	6676	1245	178	2909	1691	8574	17188	21273
55-4	1858	985	2355	13321	9657	2524	280	2917	2166	10825	18519	28369
56-1	1833	637	2055	11714	7407	1541	117	1979	2055	8986	16239	22085
56-2	1279	951	2498	13784	7523	1938	237	2755	3186	10144	18512	25783
56-3	1662	1036	1730	12375	9546	1144	182	2256	2191	10422	16803	25741
56-4	2569	1737	1347	18545	12486	1887	123	2694	2808	11032	24198	31030
57-1	2159	1399	3371	14633	9950	1773	279	2119	2670	11310	21562	28101
57-2	1475	1049	3247	12568	9789	1544	120	2314	3009	13317	18339	30093
57-3	1742	1672	2298	12700	9478	2357	217	2433	3314	12140	18412	29939
57-4	2377	2065	3940	17225	15550	2292	243	2286	3869	12730	25607	36970
58-1	4546	2542	11623	17631	12577	2535	456	2429	3845	10458	36342	32300
58-2	6520	4105	11358	22307	11778	2943	789	3044	3921	12125	44290	34600
58-3	5947	4344	15623	27292	11994	2533	839	2907	5017	17101	53206	40391
58-4	4549	4206	14527	52730	17707	2727	1199	3354	4966	15594	76012	45547
59-1	3242	4029	11675	34324	13242	2883	747	3553	3618	11867	53270	35910
59-2	3334	7450	8883	34372	25297	3327	686	3328	4868	17149	54039	54655
59-3	3051	5943	12403	32816	16562	3053	925	3278	4785	15746	54213	44349
59-4	3695	8259	24166	44878	27582	3648	788	4169	6220	19333	80998	61740
60-1	3366	8242	19095	52255	21123	4625	665	3483	5890	19488	82958	55274
60-2	3599	13445	20866	39847	18056	5185	690	4337	7256	19702	77757	55226
60-3	3804	15005	20731	58877	19667	3515	696	4078	8324	20698	98417	56978
60-4	4641	9870	30867	55344	31184	7147	594	5308	11572	26824	100722	82629
61-1	3351	21401	28102	63695	27627	5879	671	4476	10376	19324	116549	68353
61-2	4366	34218	29983	65502	26078	7376	818	4097	9876	24839	134069	73084
61-3	5283	27712	28369	85608	21690	5941	801	4712	12175	27418	146972	72737
61-4	7711	15732	39411	61114	31034	7783	974	6138	13179	29915	123968	89023
62-1	6362	16636	33843	59610	28006	6646	1330	5375	15409	24397	116451	81163
62-2	7733	20605	31695	53106	31025	7120	1060	6542	13379	24921	113139	84047
62-3	7528	55191	33666	52300	24648	5095	677	5444	13025	25492	148685	74381
62-4	10082	71656	64872	149986	39914	14669	1845	8259	19791	32052	296596	116530
63-1	9975	35689	32286	58461	34854	11203	3225	5974	15364	25640	136411	96260
63-2	10075	25419	36742	59269	30319	7962	1839	8433	15742	29831	131505	94126
63-3	17499	22124	38126	52718	28853	5331	900	5440	15047	35395	130467	90966
63-4	28049	45708	53833	62973	40697	9063	2088	11086	19293	33161	190563	115388
64-1	13949	32285	42487	62786	33603	7074	1122	8463	15447	25249	151507	90958
64-2	22710	36385	40982	70913	39169	7554	2003	10199	18996	33291	170990	111212
64-3	16830	31446	45532	76323	39316	5677	1862	8543	17569	34057	170131	107024
64-4	17565	44331	60392	99106	48620	9955	4015	12700	23126	38326	221394	136742

TABLE A 6.8: QUARTERLY IMPORTS OF MANUFACTURED PRODUCTS IN DM 1000 BY ORIGIN 1955-1964:

	EEC	EFTA	TOTAL	non6	Non6	6+7
55-1	677583	603354	2054344	1376761	773407	1280937
55-2	729093	802680	2345173	1616080	813400	1531773
55-3	801339	866153	2490112	1688773	822620	1667492
55-4	876212	963271	2674693	1798481	835210	1839483
56-1	748623	722348	2320832	1572209	849861	1470971
56-2	789843	814126	2679125	1889282	1075156	1603969
56-3	787523	877893	2648705	1861182	983289	1665416
56-4	778321	1475367	2783195	2004874	529507	2253688
57-1	767203	856991	2829382	2062179	1205188	1624194
57-2	794997	847524	2866173	2071176	1223652	1642521
57-3	911894	920870	3087957	2176063	1255193	1832764
57-4	1029826	1073436	3409363	2379537	1306101	2103262
58-1	1010727	971231	3220120	2209393	1238162	1981958
58-2	1032083	942527	3149019	2116936	1174409	1974610
58-3	1073580	1124539	3546751	2473171	1348632	2198119
58-4	1175793	1225236	3836390	2660597	1435361	2401029
59-1	1142944	1104423	3377862	2234918	1130495	2247367
59-2	1425986	1223460	4070576	2644590	1421130	2649446
59-3	1648124	1289544	4218028	2569904	1280360	2937668
59-4	1938314	1430246	4928872	2990558	1560312	3368560
60-1	1916806	1352505	5525139	3608333	2255828	3269311
60-2	2347072	1506094	6587628	4240556	2734462	3853166
60-3	2331418	1438995	6441466	4110048	2671053	3770413
60-4	2437288	1640809	7237078	4799790	3158981	4078097
61-1	2102666	1372541	5737799	4307004	2934463	3475207
61-2	2295914	1542468	6920563	4624649	3082181	3838382
61-3	2295420	1478853	6717422	4422002	2943149	3774273
61-4	2352549	1678178	7085945	4733396	3055218	4030727
62-1	2476866	1578604	7329062	4852196	3273592	4055470
62-2	2459043	1602667	7482417	5023374	3420707	4061710
62-3	2638798	1713214	7953122	5314324	3601110	4352012
62-4	3055868	1930232	8634799	5578931	3648699	4986100
63-1	2649884	1668011	8335382	5685498	4017487	4317895
63-2	3043955	1811862	9479982	6436027	4624165	4855817
63-3	3224684	1767489	9158705	5934021	4166532	4992173
63-4	2389462	1960626	8440254	6050792	4090166	4350088
64-1	2948123	1790586	8489767	5541644	3751058	4738709
64-2	3461058	2020871	9230396	5769338	3748467	5481929
64-3	3696997	2052004	9968587	6271590	4219586	5749001
64-4	4387911	2308109	11161524	6773613	4465504	6696020

TABLE A 6.9: QUARTERLY TEXTILE EXPORTS BY DESTINATION (IN DM1000) 1953-64:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA
53-1	13276	4746	4780	21368	5119	36176	18662	30756	7297	14714	44170	112724
53-2	13385	6202	5804	20235	15115	37902	13378	24186	8758	17589	45626	116928
53-3	14563	9410	6062	19627	13278	39704	13533	30159	7811	21576	49662	126061
53-4	13647	7916	7084	24868	16810	45294	24060	33907	11722	23096	53515	154889
54-1	4880	7625	4955	25150	19169	49430	18157	30948	10845	24918	42610	153467
54-2	22859	11090	4445	30406	14876	38837	22337	27937	12205	12269	68800	128461
54-3	16379	9166	8504	30267	16780	42301	20840	36884	15764	36403	64316	168972
54-4	15915	12208	8342	31156	15843	46053	24375	37959	20562	31014	67621	175806
55-1	19138	11507	8257	30508	17378	51901	22927	31517	20382	28766	69410	172871
55-2	16533	11790	9903	29201	15024	41554	16638	27255	20865	28703	67427	150039
55-3	17560	11280	9919	31155	15955	50115	20574	30618	22623	30683	69914	170568
55-4	21922	13721	6797	27454	24715	48332	23932	29028	29045	27405	69894	182457
56-1	20375	12163	8974	39444	18908	49689	21850	24486	28943	31840	80956	175716
56-2	21915	13107	12085	19918	16097	43845	21371	23772	25509	32131	67025	162725
56-3	21152	12380	10286	58255	17712	35374	23188	28389	26421	35773	102073	166857
56-4	29018	16427	12409	44366	20085	43825	26828	35592	34087	39259	102220	199676
57-1	31954	17422	13158	52136	20672	49100	25813	32079	35373	47242	114670	210279
57-2	33219	10203	12583	43609	19097	43773	22744	25186	32220	43296	99614	186316
57-3	28274	26089	5331	44341	19665	38856	23172	27609	33725	58888	104035	201915
57-4	36163	18563	11413	39304	21199	47826	21879	26951	27901	45266	105443	191022
58-1	28698	17349	6779	38425	21833	46253	18975	22901	33319	45936	91251	189217
58-2	20636	14537	7042	35983	17871	39569	13635	18358	27359	37325	78198	154117
58-3	22251	13729	7543	37685	21408	35959	19102	23645	32909	40568	81208	173591
58-4	25255	13530	8360	42141	23413	44623	22834	27298	33472	42565	89286	194205
59-1	28203	17772	6951	50764	22432	41012	20720	27751	36645	39925	103690	188485
59-2	28271	17970	9067	47791	23160	50313	19213	25489	34854	43888	103099	196917
59-3	30721	18078	12078	48366	27791	32716	22850	30847	38565	48089	109243	200858
59-4	36742	22678	16742	53647	30679	50139	25242	35355	42662	60516	129809	244593
60-1	39955	18623	19683	57870	33380	49768	24960	32107	44589	53483	136131	238287
60-2	35022	26803	21927	52008	31735	43371	21051	26529	41883	55010	135760	219579
60-3	33968	21775	21794	58996	33422	45849	24270	31314	48131	59386	136533	242372
60-4	38025	11751	31371	57810	37561	49719	26886	34308	51598	61816	138957	261888
61-1	39476	28243	31310	79861	31322	48628	25041	30687	54486	61399	178890	251563
61-2	37804	30740	30330	66873	31568	42509	20117	27886	51390	52974	165747	226444
61-3	35705	24604	26650	75705	30745	43406	22448	30675	54182	59800	162664	241256
61-4	40016	30335	37023	76418	34145	48569	24372	33386	58078	58749	183792	257299
62-1	53453	38319	42346	96647	29334	46360	21526	30501	62779	63530	230765	254030
62-2	51638	36148	45144	81047	31177	38249	17583	26748	56011	56926	213977	226694
62-3	50024	38302	35043	87924	33001	41924	18873	32810	61807	66889	211293	255304
62-4	56847	43536	49641	92547	36196	50281	21342	33976	70959	64824	242571	277578
63-1	54865	52380	54953	108943	31758	49603	19607	29019	74264	70423	271141	274674
63-2	53934	57916	59797	105751	31709	45226	15879	26945	67573	64497	277398	251829
63-3	54561	52288	58479	120432	36593	46473	19215	30849	72368	78545	285760	284043
63-4	69501	61562	74167	130731	42220	53766	20344	34940	83979	74816	335961	310065
64-1	67933	68567	83967	153757	36675	53379	19835	34399	84173	83155	374224	311616
64-2	62931	62509	88128	135730	36029	44888	18027	32392	81359	74654	349298	287349
64-3	62780	56729	76191	146477	36765	46164	19486	36053	86794	86925	342177	312187
64-4	72370	67653	81896	151077	39747	55459	22639	40565	92277	85114	372996	335801

TABLE A 6.10: QUARTERLY CHEMICAL EXPORTS BY DESTINATION (IN DM1000) 1953-64:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA
53-1	24949	27808	32457	36532	39193	21846	7698	27216	19442	21643	121746	137038
53-2	25960	27934	27904	33379	38604	24897	9875	31070	20206	26844	115177	151496
53-3	29661	26171	22246	54215	45341	27043	9092	28395	25427	29848	132293	165146
53-4	33293	35329	36779	49956	58937	39575	12097	28043	25318	35474	155357	199444
54-1	30289	35809	37801	44706	47018	24193	12224	57587	27595	30649	148605	199266
54-2	34826	39809	35949	51753	50572	47324	12100	12330	46082	38656	162337	207064
54-3	34258	39293	30008	57643	47039	36501	13480	39351	43295	42547	161202	222213
54-4	42128	44541	46370	67776	51898	42797	15001	36296	14818	43696	200815	204506
55-1	38226	31715	46783	63135	48520	30370	17535	40886	34763	55120	179859	227194
55-2	44359	59420	43917	62335	42545	47328	19749	37478	53850	55838	210031	256788
55-3	38857	48363	36266	47452	47643	40877	20548	36703	41319	42568	170938	229658
55-4	48907	59191	48496	68190	62601	42962	23274	37769	23637	50469	224784	240712
56-1	44453	58225	48645	55914	54694	38980	26337	48915	36501	43099	207237	248526
56-2	49243	62054	61126	70629	61078	48643	19647	53856	42385	55876	243052	281485
56-3	49965	56437	52863	72495	50864	46827	20989	40763	41970	54580	231760	255993
56-4	62037	70674	62637	73045	55125	64282	29478	61371	46860	63089	268393	320205
57-1	57527	62079	68424	73700	48603	49660	28939	49905	47983	65243	261730	290333
57-2	53677	61088	68990	70320	54033	52900	30859	40625	49180	63489	254075	291086
57-3	50196	61354	43801	82895	53955	40755	22429	41480	54284	74688	238246	287591
57-4	53888	76612	46328	80915	64654	71843	30378	49770	56718	68432	257743	341795
58-1	57736	67456	65475	77807	66426	57298	29210	51119	49766	60449	268474	314268
58-2	53553	71281	66865	83215	62567	53867	26172	44040	53492	64298	274914	304436
58-3	56810	67683	53149	87644	61414	54014	27988	42592	64538	71899	265286	322445
58-4	59031	77755	57895	99319	70241	40274	30968	52410	50987	71840	294000	316720
59-1	58439	75191	60670	96556	73063	55423	28046	51238	54513	73730	290856	336013
59-2	69438	103108	63504	105602	69193	60318	28585	59970	63183	88834	341652	370083
59-3	71771	91854	64388	105600	71446	59383	22093	47454	58666	98900	333613	357942
59-4	80117	108897	90288	135143	88229	84715	37931	63444	66413	107464	414445	448196
60-1	79831	111784	95348	122879	87999	75046	36367	64367	67326	96411	409842	427516
60-2	77075	111686	98808	128920	81212	71074	31237	67878	75214	108901	416489	435516
60-3	80220	105792	95445	128184	84258	66757	27265	60054	71256	125247	409641	434837
60-4	87099	118189	98481	156328	92946	90873	37844	78133	77935	133767	460097	511498
61-1	92116	104510	110607	149576	84567	78726	36679	76842	76386	126779	456809	479979
61-2	88342	116394	114567	161269	85401	88934	36125	68647	82311	138871	480572	500289
61-3	79020	109971	101967	106893	80632	78893	30846	66620	72887	145670	397851	475548
61-4	87666	117906	118237	178213	79177	94345	32993	71723	76747	127115	502022	482100
62-1	90421	127969	131776	143970	85937	80339	34404	73327	78405	131181	494136	483593
62-2	91091	120205	127749	142225	107524	84336	37669	69133	84728	135683	481270	519073
62-3	85732	119804	121322	123948	95094	79625	25708	68571	79250	151657	450806	499905
62-4	94159	129050	146310	151362	97928	100890	29303	75961	83171	141046	520881	528299
63-1	96305	147506	154392	153997	104262	87153	28999	73349	81783	128890	552200	504436
63-2	105027	148121	170164	164324	125025	88916	33572	73369	88336	180789	587636	590007
63-3	98163	156995	155614	172538	125107	83368	28135	63402	76481	188716	583310	565209
63-4	110729	161033	172216	184419	145290	109063	32810	73599	95004	165325	628397	621091
64-1	124573	175512	187732	193091	145000	86952	31699	83876	94095	158670	680908	600292
64-2	132100	168526	200115	203661	154920	92965	37627	69417	102215	191964	704402	649108
64-3	118448	131215	167115	197384	129355	86141	33311	69054	107192	198721	614162	623774
64-4	135649	152009	194311	215992	149554	110882	41934	88176	110070	190074	697961	690690

TABLE A 6.11: QUARTERLY NF-METALS EXPORTS BY DESTINATION (IN DM1000) 1953-64:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA
53-1	342	2274	4100	10887	22668	6617	2324	1487	1713	819	17603	35628
53-2	1136	2879	2024	20333	32258	7255	1834	918	4603	524	26372	47392
53-3	1102	936	2760	7358	16481	478	864	817	2599	203	12156	21442
53-4	263	1443	2986	8709	4088	3048	76	169	4295	446	13401	12122
54-1	104	1729	3317	1741	6016	8120	901	516	4303	392	6891	20248
54-2	361	2961	5023	4034	9571	8938	1683	1176	4716	424	12379	26508
54-3	1369	2733	7098	1767	7203	8692	161	1131	4084	725	12967	21996
54-4	1961	5356	7406	3624	16368	6574	503	1774	9964	922	18347	36105
55-1	243	2949	5120	1718	14346	6198	216	1467	6327	1138	10030	29692
55-2	285	340	11965	4346	8526	7493	1238	2130	10353	577	16936	30317
55-3	725	1736	10754	4331	8281	15807	1618	2085	10002	1813	17546	39606
55-4	427	2374	16091	6141	6922	9043	334	2005	16767	993	25033	36064
56-1	1041	5475	14270	4483	5465	12175	553	1922	12319	1055	25269	33489
56-2	914	3166	18644	5203	6481	20960	332	483	11933	1434	27927	41623
56-3	640	4277	17097	4956	6870	7373	655	415	9916	1577	26970	26806
56-4	1151	7110	11358	6029	2879	5636	295	1927	11676	2939	25648	25352
57-1	1928	7560	11622	6014	2121	2601	252	1267	9825	4320	27124	20386
57-2	1551	3353	13533	7248	3791	1525	204	561	11000	1368	25685	18449
57-3	1129	2773	8801	5565	1106	1563	414	1405	10454	1730	18268	16672
57-4	1815	4044	10414	7948	2387	3871	612	872	8610	2859	24221	19211
58-1	1870	2891	7270	8010	2636	1384	318	1211	7998	1029	20041	14576
58-2	1044	1228	8257	6600	4133	1003	544	714	10394	1869	17129	18657
58-3	931	1317	6178	6123	974	1908	288	1151	11701	2871	14549	18893
58-4	1738	1750	7856	8874	1934	256	453	1895	12261	3633	20218	20432
59-1	942	2080	5593	10565	4184	876	316	2200	10651	1912	19180	20139
59-2	3552	2213	6585	14177	1467	808	356	401	11457	2538	26527	17027
59-3	1382	1766	6022	17411	979	562	518	455	11279	3110	26581	16903
59-4	3446	2585	6864	22016	4111	914	1324	337	12583	1745	34911	21014
60-1	2922	3198	7912	16361	6824	2053	1119	317	14098	2362	30393	26773
60-2	4502	2904	8854	21546	5273	563	543	636	18444	3885	37806	29344
60-3	5160	2219	7884	20040	14788	777	741	903	14294	5897	35303	37400
60-4	7624	3542	9046	41833	13297	818	656	992	21954	8618	62045	46335
61-1	4413	2828	7571	41439	7033	669	531	1039	17303	8345	56251	34920
61-2	6634	4351	10449	49170	7824	1291	649	345	20357	10734	70604	41200
61-3	8863	3887	8672	32557	4323	1655	497	755	15061	7479	53979	29770
61-4	6220	7312	6506	10584	7060	3845	947	878	13447	7993	30622	34170
62-1	5501	10917	12057	15145	5746	1165	364	1001	12178	8737	43620	29191
62-2	6031	8723	8828	14230	8474	844	630	254	14132	6748	37812	31082
62-3	7641	7658	7892	7109	49829	1235	460	831	12134	3940	30300	68429
62-4	7935	5993	8184	6935	9057	1457	403	634	11400	5255	29047	28206
63-1	6032	4502	9431	5146	15009	1312	588	272	13285	4932	25111	35398
63-2	7575	5915	10255	6578	7527	2554	604	928	11502	3969	30323	27084
63-3	7449	5529	7588	6675	4829	998	146	1325	7394	3392	27241	18084
63-4	7665	6379	8013	11736	1269	3680	152	1633	12651	6976	33793	26361
64-1	10107	6260	9285	11674	5964	4447	158	1805	10764	3964	37326	27102
64-2	8421	5727	12580	15019	4058	3136	187	824	13523	7168	41747	28896
64-3	8279	3531	9938	17306	6534	948	280	1646	12198	5200	39054	26806
64-4	19113	6726	12569	26245	19433	3529	570	4341	17222	9244	64653	54339

TABLE A 6.12: QUARTERLY NF-METAL PRODUCT EXPORTS BY DESTINATION (DM1000) 1953-64:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA
53-1	7767	2884	3277	13451	6915	8555	2384	3040	1348	9120	27379	31362
53-2	8721	3440	2577	13053	3620	9628	2660	3338	1421	9574	27791	30241
53-3	8577	3988	2706	12027	3389	8659	2828	3869	1828	10904	27298	31477
53-4	10929	4724	3820	22186	5835	12032	4029	5899	2954	13831	41659	44580
54-1	9513	4006	3165	17881	3818	9362	3135	4891	2827	11115	34565	35148
54-2	11186	4042	705	18521	3907	11065	3703	6613	3334	11917	34454	40539
54-3	8336	4260	6582	20071	4081	11232	3660	6227	4564	13337	39249	43101
54-4	14983	4965	4813	24879	4966	15376	4998	7391	7036	16437	49640	56204
55-1	11955	3949	3734	20530	4269	13865	3958	5357	7127	15540	40168	50116
55-2	12223	4591	4503	25064	4728	13727	3465	5266	5399	15028	46381	47613
55-3	11912	4439	4514	25616	5438	14542	2990	4888	6491	16092	46481	50441
55-4	14727	4878	6169	31014	5774	16114	4718	5210	7595	18867	56788	58278
56-1	16423	4903	6420	29976	6088	14230	3940	4338	5911	16596	57722	51103
56-2	10698	6129	7848	34379	4494	18304	4821	5189	6257	17330	59054	56395
56-3	14374	5324	7526	34104	7732	16608	5203	5525	6383	19802	61328	61253
56-4	15291	6479	10127	35407	6846	18084	6743	8625	8330	22614	67304	71242
57-1	14890	6866	7934	36141	7782	16447	4906	6001	6627	18873	65831	60636
57-2	15026	7404	10457	32086	6315	14788	4862	5058	7323	18442	64973	56788
57-3	13166	6817	6207	27708	6170	16379	4451	5564	8568	21838	53898	62970
57-4	15149	7664	6282	26861	6634	18761	5750	6131	10107	20264	55956	67647
58-1	15045	6564	8426	22317	5963	14134	3899	5309	7934	19734	52352	56973
58-2	14950	7238	6192	24634	6290	13965	3618	5402	9200	19752	53014	58227
58-3	12515	6649	5505	24422	7263	15013	3623	5944	10952	22982	49091	65777
58-4	12711	7325	8183	26007	7424	20849	4864	8321	9937	22063	54226	73458
59-1	12172	7835	6696	27209	6715	15130	3909	6629	8635	19970	53912	60988
59-2	13452	8615	7524	27252	7115	17504	4833	7626	11103	23863	56843	72044
59-3	12433	8225	8446	28019	8647	16936	4326	7015	10746	25792	57123	73462
59-4	14696	10463	11364	32868	9714	23020	6065	9195	11951	28782	69391	88727
60-1	14610	10447	11422	34311	10192	19626	4813	7802	10987	25608	70790	79028
60-2	14237	11235	12235	31210	11196	18656	4757	11708	12661	27778	68917	86756
60-3	15714	11175	11894	34554	11414	19235	5076	10282	13777	33877	73337	93661
60-4	17972	10892	15691	36525	11225	24431	6125	11970	15875	39164	81080	108790
61-1	17399	12762	14080	38260	9771	20501	5522	10512	13490	35741	82501	95537
61-2	17467	12675	14739	38077	10687	19936	5508	10236	15584	37538	82958	99489
61-3	17631	12268	12961	36730	11529	18786	5393	9455	15799	42572	79590	103534
61-4	18220	15629	17476	39965	10465	21378	6410	12596	17446	44042	91290	112337
62-1	17383	15914	17620	40170	9848	17865	5858	11705	14066	38765	91087	98107
62-2	17430	17551	18606	38301	10320	18887	5584	10520	14835	38411	91888	98557
62-3	17248	15309	18293	39171	10409	18089	5086	12034	14768	45894	90021	106280
62-4	20354	17822	22122	43502	10944	21683	7145	15154	21166	41630	103800	117722
63-1	18602	18191	21718	41024	10309	20276	5571	12173	18664	43364	99535	110357
63-2	19054	18915	23733	39016	10792	20646	5295	12602	18623	41010	100718	108968
63-3	18785	17902	22753	41399	11561	19825	5790	11043	18447	45568	100839	112234
63-4	24568	22915	28918	50885	12817	25252	7436	13846	24323	48273	127286	131947
64-1	24735	21972	28186	58933	14123	22877	6006	12042	19043	46592	133826	120683
64-2	29958	19352	31692	59170	15266	24202	7188	16418	21164	41876	140172	126114
64-3	24464	16693	30195	58388	14716	23192	6484	15254	23046	42291	129740	124983
64-4	33118	19225	34239	67096	15923	29684	9015	18894	25835	49880	153678	149231

TABLE A 6.13: QUARTERLY PAPER/P-PRODUCT EXPORTS BY DESTINATION (DM1000) 1953-64:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA
53-1	2476	1040	773	3973	552	1324	247	910	493	2021	8262	5547
53-2	2191	1086	1074	3825	1185	1413	317	1245	537	2102	8176	6799
53-3	2683	1200	825	3603	1415	1578	394	1241	574	2046	8311	7248
53-4	2707	1278	1514	4320	1668	2361	597	1201	677	2567	9819	9071
54-1	2692	1363	1133	5051	1602	2620	631	2242	781	2860	10239	10736
54-2	3307	1683	1140	4570	1928	1631	439	2081	1157	2946	10700	10182
54-3	3004	1408	1004	4854	2166	3246	589	1868	1277	3231	10270	12377
54-4	3592	1787	1389	5285	2852	3256	812	2367	1713	3807	12053	14807
55-1	4241	1585	1566	4961	2850	2876	656	2150	1898	3157	12353	13587
55-2	3888	1420	1720	5322	3070	3033	545	2234	2030	3583	12350	14495
55-3	4658	1845	1203	5069	2673	2880	598	2553	2278	3527	12775	14509
55-4	5213	1766	1457	5506	3182	3458	830	2581	2266	3971	13942	16288
56-1	4506	1741	2092	5556	2370	2450	652	2043	2092	3889	13895	13496
56-2	5557	1938	2088	6731	2278	2936	714	2183	2296	3950	16314	14357
56-3	4292	1103	2713	5788	2232	2944	752	2350	2523	3741	13896	14542
56-4	3595	2907	2727	6311	2434	3737	1197	2938	2754	4454	15540	17514
57-1	4343	1781	3088	6845	2323	3359	887	2989	2640	4369	16057	16567
57-2	4333	2883	3301	6651	2623	3802	779	2734	2664	4146	17168	16748
57-3	5115	2399	1967	5716	2811	3416	855	2537	2910	4817	15197	17346
57-4	4997	2824	1328	6246	2531	4446	1013	3149	3334	5099	15395	19572
58-1	4631	2488	1593	6140	3409	3514	830	2605	3435	4992	14852	18785
58-2	4243	2403	1664	6126	3345	4073	677	3006	3649	4843	14436	19593
58-3	4304	2207	2656	6372	3780	3578	885	2990	4818	4208	15539	20259
58-4	4511	2480	1759	7093	3554	4763	1095	3346	3201	4784	15843	20743
59-1	4272	2036	1953	6934	3577	3668	877	2885	3523	3801	15195	18331
59-2	4388	2823	1891	7471	4606	3754	882	3148	4011	4544	16573	20945
59-3	5008	2806	2980	8107	6184	4120	1069	3298	4517	4807	18901	23995
59-4	5441	3212	5102	9157	5815	5330	1040	4082	4525	5869	22912	26661
60-1	6489	3768	5080	9690	6177	3856	1725	3218	4788	5548	25027	25312
60-2	5898	3293	4399	8561	6666	4096	687	3460	4609	5865	22151	25383
60-3	6495	3325	5090	10618	6131	4382	1232	4162	5519	6013	25528	27439
60-4	6920	3511	5953	12454	7350	5631	1475	4814	6266	7022	28838	32558
61-1	6807	3423	6252	10840	7384	4171	1175	4443	4944	6324	27322	28441
61-2	6869	4949	6117	10711	6558	4726	1154	4186	5884	6711	28646	29219
61-3	6984	4793	5989	11233	6002	4367	1107	4324	5980	7318	28999	29098
61-4	7370	4553	6478	13172	7001	5592	1564	4669	6096	7983	31573	32905
62-1	7422	5603	7790	12096	6732	4362	1212	4038	6320	8359	32911	31023
62-2	7614	5551	7923	12813	6417	4309	1116	4428	6375	8027	33901	30672
62-3	8817	5681	7853	13757	6145	5026	1025	4796	6784	8309	36108	32085
62-4	8155	5973	9623	12466	6970	7531	1311	5717	6666	8286	36217	36481
63-1	8086	6526	10800	12751	7252	5275	1259	4623	6438	8720	38163	33567
63-2	8305	6885	11116	12629	6827	6186	1241	4260	7090	8439	38935	34043
63-3	8180	9279	10761	15415	6760	5570	1398	4589	7202	10524	43635	36043
63-4	9372	8014	13868	18085	8803	7159	1653	5403	7639	10004	49339	40661
64-1	9609	9877	14046	17390	8608	6398	1238	4669	7696	10097	50922	38706
64-2	12467	8975	14812	17897	6808	6828	1551	5409	7802	10245	54151	38643
64-3	9989	8074	13435	18567	6449	6828	1356	5342	8856	10010	50065	38841
64-4	10941	8385	16358	20105	8151	8629	1995	6462	8708	11918	55789	45863

TABLE A 6.14: QUARTERLY MACHINERY EXPORTS BY DESTINATION (IN DM1000) 1953-64:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA
53-1	60360	74243	59963	55697	61886	45945	18133	18353	31624	44047	250263	219988
53-2	62548	91565	73746	68700	62129	54673	24091	21869	12002	47610	296559	222374
53-3	60979	69384	54888	72305	47227	37937	25228	23094	43602	48375	257556	225463
53-4	57945	85648	62150	86183	64777	40456	29060	28865	39001	47863	291926	250022
54-1	55389	72578	67907	78094	52000	33572	28227	23697	29823	55015	273968	222334
54-2	62805	81289	63342	81959	51643	65769	33310	30922	41650	55157	289395	278451
54-3	69830	80459	68458	83517	47550	48741	30616	30268	49171	55193	302264	261539
54-4	88070	85583	77313	93265	50819	52077	7561	29285	76097	54024	344231	269863
55-1	65373	80327	74543	88137	43640	50513	24240	26881	46588	42602	308380	234464
55-2	76781	95802	93603	102704	62889	56531	30340	26895	62943	79569	368890	319167
55-3	69766	83618	81924	103511	56503	59707	22893	15239	67256	66926	338819	288524
55-4	83654	55681	105128	121853	76421	62773	25741	34431	87815	40657	366316	327838
56-1	73231	85786	106395	116075	65814	47922	20718	23912	57025	54370	381487	269761
56-2	92092	95501	139440	135895	83960	61740	28008	29395	71025	94537	462928	368665
56-3	105780	90898	137778	133111	74378	54540	22791	25924	68526	78771	467567	324930
56-4	93169	96766	166086	154140	84823	65310	28900	30318	78255	83564	510161	371170
57-1	103936	108217	161101	151322	85316	59501	25177	27630	73179	88329	524576	359132
57-2	106164	129145	201988	148351	80790	71316	35052	31136	88858	97788	585648	404940
57-3	102629	121311	150013	130786	94761	69754	32176	34109	104028	90271	504739	425099
57-4	109087	135080	123467	125707	82995	65999	30146	37537	116143	93339	493341	426159
58-1	112148	122217	122601	118335	86250	64174	33249	31687	83239	95641	475301	394240
58-2	104106	125837	155396	126504	86175	82613	34550	35709	105345	96432	511843	440824
58-3	113829	113426	139093	112159	104207	76949	25258	46715	119721	88961	478507	461811
58-4	94509	119471	128577	121689	109297	89246	29831	33240	114462	86850	464246	462926
59-1	88093	124764	125554	122808	87075	67891	26142	36029	81732	88284	461219	387153
59-2	99623	133247	175633	138347	106244	94689	30957	49246	102803	92840	546850	476779
59-3	100152	140051	198458	135727	87707	74700	30179	58743	109896	92653	574388	453878
59-4	93663	132884	189893	134318	98027	91794	23894	56758	126991	108553	550758	506017
60-1	102125	140333	182142	147005	107044	75422	33503	53951	102212	94109	571605	466241
60-2	112973	153388	200976	155483	118029	90952	37632	53566	129309	111565	622820	541053
60-3	108955	155857	192681	156849	117505	102129	42823	54893	134672	116972	614342	568994
60-4	132376	177424	217318	176514	133412	111711	38611	61609	162756	135738	703632	643837
61-1	126438	190748	223639	186003	137077	98176	38852	60076	131068	132446	726828	597695
61-2	139400	206585	266255	202153	160532	116710	43070	66623	158007	155370	814393	700312
61-3	179988	208915	252841	203282	155028	122203	42273	68659	156239	159247	845026	703649
61-4	151850	227253	277225	215442	172239	134059	45327	72076	173248	172609	871770	769558
62-1	158296	250611	289681	222476	142795	109883	37384	68738	148442	192891	921064	700133
62-2	155959	276896	331698	212405	155402	112959	43948	75648	147426	200700	976958	736083
62-3	180022	243856	302065	208938	153973	110904	46463	79072	155190	191085	934881	736687
62-4	176789	268418	341725	219112	158848	125900	47089	83284	182470	212434	1006044	810025
63-1	159239	307585	314982	201191	145875	106115	38478	66853	139100	193040	982997	689461
63-2	173928	342681	354008	214400	163374	122410	48018	77225	144123	196051	1085017	751201
63-3	194406	268238	336590	221057	155184	122072	44304	70426	138666	206283	1020291	736935
63-4	230098	395251	393645	246246	170506	135590	47205	76336	191464	209159	1265240	830260
64-1	178237	332201	389449	241658	177978	121526	37632	72241	133363	196553	1141545	739293
64-2	40170	304042	439554	246063	210875	132993	49412	85537	157033	211537	1029829	847387
64-3	175904	252734	402809	244186	179816	453854	49309	86198	155921	201158	1075633	1126256
64-4	205371	213846	424313	264034	215753	150954	55204	91729	204702	205785	1107564	924127

TABLE A 6.15: QUARTERLY ELECT./ELECTRONICAL EXPORTS BY DESTINATION (DM1000) 1953-64:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA
53-1	17106	16938	6361	19222	3436	20532	11447	7550	8065	11789	59627	62819
53-2	19538	33008	6815	24927	4170	23592	16168	6483	7101	14873	84288	72387
53-3	22107	22420	9163	25506	3190	24670	15576	6416	7886	15707	79196	73445
53-4	24340	24797	11756	37201	4369	29196	19183	6962	11324	23230	98094	94264
54-1	21502	22155	12364	33180	4036	28097	13676	6035	10466	17437	89201	79747
54-2	22005	29191	12453	41061	6317	32585	14636	7640	14188	19152	104710	94518
54-3	28533	25073	12073	43669	7655	33257	15045	8846	17901	21297	109348	104001
54-4	36299	28724	11583	49664	10210	38062	17684	11520	20774	27374	126270	125624
55-1	26719	25250	10402	48978	12283	39579	15522	10955	21568	21989	111349	121896
55-2	30001	29916	12760	52098	14517	40124	15588	7410	24437	22229	124775	124305
55-3	31317	29547	12677	60082	20033	39928	17813	7602	23039	28529	133623	136944
55-4	36491	39403	16967	72249	20102	48113	19092	8503	30926	33939	165110	160675
56-1	35810	39276	16706	70968	12380	43039	16283	8028	26858	28448	162760	135036
56-2	39789	41854	17041	75307	12947	52029	17752	10107	28803	32953	173991	154591
56-3	43860	40678	16515	77756	14550	47209	16180	11604	30941	33461	178809	153945
56-4	47669	47873	19795	86703	20281	57087	19364	11950	30360	45259	202040	184301
57-1	46076	46528	17939	80943	16708	54899	18925	11392	29889	41944	191486	173757
57-2	44751	44713	21149	70968	17734	57841	19203	11907	36602	38536	181581	181823
57-3	53031	44522	16821	79167	21084	64018	21930	13539	41173	43038	193541	204782
57-4	57147	60813	20574	79515	26099	73355	23637	14985	42348	48490	218049	228914
58-1	47850	47492	21382	66336	21894	70402	17729	13249	39470	40512	183060	203256
58-2	46043	41245	19215	59707	22979	75175	20042	14862	40547	42906	166210	216511
58-3	44793	44830	16458	69616	23128	70575	20602	15995	51003	48087	175697	229390
58-4	51526	53962	19041	77377	35776	97363	25171	19028	38814	53106	201906	269258
59-1	47740	50119	19902	73950	33655	80883	17152	17113	40186	46581	191711	235570
59-2	44837	44902	22449	72607	39379	78133	18531	19403	44770	51510	184795	251726
59-3	46999	51514	27994	81516	43596	82226	21821	22888	43888	54464	208023	268883
59-4	55930	68464	34740	100365	44354	104866	22245	25383	49796	67350	259499	313994
60-1	50334	55193	31369	96355	46860	96136	22261	24444	45484	53354	233251	288539
60-2	53423	63405	33358	103238	45231	83709	24981	24795	51178	57977	253424	287871
60-3	58840	66587	34415	108678	35550	98778	28513	29991	51348	67314	268520	311494
60-4	68221	72774	43871	132082	38474	108806	35876	32042	55575	84879	316948	355652
61-1	65286	64547	42363	124080	33418	83714	25258	32686	54143	71694	296276	300913
61-2	67936	69638	52135	121704	33945	86930	25580	28221	64125	74316	311413	313117
61-3	65389	72703	51826	135858	33347	84832	30809	28938	59848	77689	325776	315463
61-4	64812	91905	67640	162271	36857	92647	30295	35454	67414	95598	386628	358265
62-1	58352	80698	64589	144993	30680	85210	25540	33722	55787	83949	348632	314888
62-2	67656	83150	73857	128164	28420	86291	26110	32744	54897	83860	352827	312322
62-3	62943	92663	75325	132482	32945	86197	29389	44089	58016	86704	363413	337340
62-4	78646	101548	92361	142124	36569	95750	33128	44124	62486	96281	414679	368338
63-1	65033	85239	82159	130707	32409	85159	26328	32121	52513	84846	363138	313376
63-2	78503	99781	92744	138616	33036	97253	27306	30187	61571	82183	409644	331536
63-3	86828	112189	95444	146049	38195	95256	27765	31902	61361	90730	440510	345209
63-4	98248	130503	128902	185134	48405	104834	34810	38184	76565	103881	542787	406679
64-1	94715	112667	108210	175040	43301	100758	28535	33063	64949	92539	490632	363145
64-2	22710	104703	126191	187029	52259	112379	28195	37098	70605	98006	440633	398542
64-3	108593	90246	105713	179508	51748	103906	30549	40484	74091	95916	484060	396694
64-4	109721	100233	140832	211117	58352	123146	34504	45237	90960	115426	561903	467625

TABLE A 6.16: QUARTERLY EXPORTS OF MANUFACTURED PRODUCTS BY DESTINATION (IN DM1000) 1955-64:

	EEC	EFTA	total	non6	Non 6, 7
55-1	1345601	1589405	5329789	3984188	2394783
55-2	1606195	1763738	5622953	4016758	2253020
55-3	1545402	1755272	5740254	4194852	2439580
55-4	1802626	1782280	6749669	4947043	3164763
56-1	1618383	1569737	5990422	4372039	2802302
56-2	1885428	2171329	7213194	5327766	3156437
56-3	1813587	1951201	7019941	5206354	3255153
56-4	2610327	2844554	8007347	5397020	2552466
57-1	2133217	2125547	7663897	5530680	3405133
57-2	2163044	2091479	8170387	6007343	3915864
57-3	2062298	2371730	8348717	6286419	3914689
57-4	2129477	2345723	8921425	6791948	4446225
58-1	1977065	2254725	7957321	5980256	3725531
58-2	2061254	2313646	8297393	6236139	3922493
58-3	1988737	2401056	8711875	6723138	4322082
58-4	2050765	2527926	9321711	7270946	4743020
59-1	2002957	2255256	8191813	6188856	3933600
59-2	2185189	2974461	9303912	7118723	4144262
59-3	2447232	2547738	9527352	7080120	4532382
59-4	2798815	3006758	11054520	8255705	5248947
60-1	2772969	2876068	11610847	8837878	5961810
60-2	2965197	3028588	11600399	8635202	5606614
60-3	2968881	3066326	11633542	8664661	5598335
60-4	3454751	3569300	13608735	10153984	6584684
61-1	3406605	3182421	12238891	8832286	5649865
61-2	3617336	3453563	12880541	9263205	5809642
61-3	3499317	3394332	12666484	8251768	5772835
61-4	3717555	3562032	13433628	8712577	6154041
62-1	3869488	3279675	12626578	8757090	5477415
62-2	3991875	3404760	13341644	9349769	5945009
62-3	3808650	3483253	13065601	9256951	5773698
62-4	4237031	3666881	14275191	10038160	6371279
63-1	4268007	3349358	12934851	8666844	5317486
63-2	4268007	3696020	13576994	9308987	5612967
63-3	4800392	3659318	14745532	9945140	6285822
63-4	4907528	4105093	16317856	11410328	7305235
64-1	5465471	3850209	15562923	10097452	6247243
64-2	5305091	4144915	16370667	11065576	6920661
64-3	5494076	3986281	15648998	10154922	6168641
64-4	4910177	4621035	17880028	12969851	8348816

TABLE A 6.17: 1953-58 - TREND OF QUARTERLY TEXTILE IMPORTS FROM THE EEC MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-Blux	Blux	t-I	I	t-F	F	t-NL	NL
59-1	88436	67150	89945	80666	81617	61824	62861	57804
59-2	90201	80198	92239	86652	83429	72852	64380	59734
59-3	91967	87828	94534	125324	85240	98995	65899	68981
59-4	93733	115391	96828	138307	87052	139552	67418	91596
60-1	95498	106813	99123	126192	88864	139055	68937	75682
60-2	97264	107953	101417	109336	90675	128918	70455	67043
60-3	99030	98083	103711	142549	92487	135292	71974	82466
60-4	100795	111378	106006	147356	94299	156964	73493	94481
61-1	102561	99812	108300	140890	96111	156453	75012	91970
61-2	104326	110218	110595	155782	97922	157219	76531	88718
61-3	106092	101807	112889	193349	99734	144927	78050	98461
61-4	107858	134585	115184	166873	101546	172716	79569	107130
62-1	109623	134815	117478	191851	103357	188675	81088	112350
62-2	111389	138638	119773	161999	105169	177547	82606	99504
62-3	113155	135527	122067	201375	106981	177160	84125	117291
62-4	114920	168382	124361	186207	108793	199662	85644	126174
63-1	116686	154774	126656	180092	110604	192700	87163	126184
63-2	118452	154714	128950	178322	112416	182875	88682	119112
63-3	120217	147869	131245	215800	114228	177761	90201	138128
63-4	121983	176490	133539	198597	116039	203218	91720	149959
64-1	123748	175254	135834	187818	117851	192628	93239	141540
64-2	125514	177628	138128	206100	119663	186670	94758	144419
64-3	127280	183691	140422	249859	121475	195037	96276	160758
64-4	129045	217026	142717	234708	123286	224208	97795	190007

TABLE A 6.18: 1953-58 - TREND OF QUARTERLY TEXTILE IMPORTS FROM THE EFTA MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-UK	UK	t-SWE	SWE	t-N	N	t-DK	DK	t-AUT	AUT	t-CH	CH
59-1	74755	61977	3664	3879	566	556	4954	4068	36309	29498	61145	62344
59-2	75875	63933	3728	4025	574	784	5139	4573	37144	31401	61650	63468
59-3	76994	77601	3793	3973	581	1535	5323	5300	37978	34753	62154	64525
59-4	78114	80097	3857	5416	589	1535	5507	7111	38813	37736	62658	75046
60-1	79233	75890	3922	5510	596	805	5691	6153	39647	37607	63162	83086
60-2	80353	66712	3986	5274	604	667	5875	6278	40482	35626	63667	72600
60-3	81472	66666	4051	5858	611	1467	6059	5610	41316	35418	64171	69729
60-4	82592	71721	4115	7776	618	1887	6243	6976	42151	41911	64675	79399
61-1	83711	65658	4180	7510	626	1033	6428	5996	42985	39785	65180	77812
61-2	84831	53200	4244	7804	633	1265	6612	5587	43820	39525	65684	67279
61-3	85950	77388	4309	8232	641	1834	6796	5474	44654	41390	66188	70000
61-4	87070	65246	4373	10334	648	2334	6980	8155	45489	46179	66693	75279
62-1	88189	72541	4438	9013	656	1128	7164	6062	46323	43648	67197	81806
62-2	89308	64675	4502	7871	663	1416	7348	6344	47158	43849	67701	68952
62-3	90428	65351	4567	7704	671	2278	7532	5750	47992	46745	68205	70117
62-4	91547	70014	4631	8616	678	2606	7716	7148	48827	59957	68710	78054
63-1	92667	71778	4696	7002	686	1285	7901	6198	49661	53743	69214	82628
63-2	93786	70928	4760	6802	693	1532	8085	5935	50496	53662	69718	73509
63-3	94906	70349	4825	6088	701	2458	8269	6246	51330	51327	70223	70401
63-4	96025	75364	4889	7840	708	2707	8453	7934	52165	62462	70727	66370
64-1	97145	74057	4954	7734	716	1178	8637	6724	52999	56923	71231	79386
64-2	98264	75049	5018	7616	723	1385	8821	6232	53834	56122	71736	67427
64-3	99384	72408	5083	6803	731	2381	9005	6843	54668	58206	72240	70643
64-4	100503	79147	5147	8485	738	2673	9190	8299	55503	64208	72744	76663

TABLE A 6.19: 1953-58 - TREND OF QUARTERLY TEXTILE IMPORTS FROM THE EEC AND THE EFTA (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-6+7	6+7
59-1	322858	267444	181394	162322	504252	429766
59-2	330249	299436	184109	168184	514357	467620
59-3	337640	381128	186823	187687	524462	568815
59-4	345030	484846	189538	206941	534567	691787
60-1	352421	447742	192252	209051	544672	656793
60-2	359812	413250	194966	187157	554777	600407
60-3	367202	458390	197681	184748	564882	643138
60-4	374593	510179	200395	209670	574987	719849
61-1	381984	489125	203109	197794	585092	686919
61-2	389374	511937	205824	174660	595197	686597
61-3	396765	538544	208538	204318	605302	742862
61-4	404156	581304	211253	207527	615407	788831
62-1	411546	627691	213967	214198	625512	841889
62-2	418937	577688	216681	193107	635617	770795
62-3	426328	631353	219396	197945	645722	829298
62-4	433718	680425	222110	226395	655827	906820
63-1	441109	653750	224824	222634	665932	876384
63-2	448500	635023	227539	212368	676037	847391
63-3	455891	679558	230253	206869	686142	886427
63-4	463281	728264	232968	222677	696247	950941
64-1	470672	697240	235682	226002	706352	923242
64-2	478063	714817	238396	213831	716457	928648
64-3	485453	789345	241111	217284	726562	1006629
64-4	492844	865949	243825	239475	736667	1105424

TABLE A 6.20: 1953-58 - TREND OF QUARTERLY CHEMICAL IMPORTS FROM THE EEC MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-Blux	Blux	t-I	I	t-F	F	t-NL	NL
59-1	36362	37523	24743	25630	27577	31170	89425	80918
59-2	36989	41595	25650	31336	28136	36413	92341	84208
59-3	37617	40082	26557	36585	28695	54653	95256	86813
59-4	38245	37941	27464	39168	29253	68518	98172	94947
60-1	38873	51707	28371	46576	29812	68565	101088	114929
60-2	39500	50747	29278	48865	30371	64167	104004	104374
60-3	40128	54234	30185	45530	30930	70311	106919	79033
60-4	40756	53444	31092	52788	31489	75942	109835	106305
61-1	41383	43634	31999	53977	32047	74334	112751	111800
61-2	42011	46944	32907	48692	32606	80261	115667	79535
61-3	42639	48395	33814	47100	33165	77305	118582	86472
61-4	43267	47580	34721	48129	33724	79355	121498	99598
62-1	43894	56651	35628	70572	34283	95411	124414	132876
62-2	44522	54139	36535	49182	34841	88228	127330	100380
62-3	45150	56415	37442	64556	35400	108087	130245	131654
62-4	45778	51468	38349	79998	35959	109300	133161	119101
63-1	46405	50264	39256	86621	36518	95723	136077	134502
63-2	47033	63541	40163	68412	37077	120219	138993	136358
63-3	47661	73829	41070	79406	37635	147510	141908	182772
63-4	48288	67867	41977	82141	38194	125086	144824	143143
64-1	48916	70047	42884	79571	38753	157233	147740	150818
64-2	49544	77976	43792	101338	39312	168062	150656	172376
64-3	50172	69845	44699	106678	39870	167822	153571	171236
64-4	50799	83864	45606	107586	40429	186142	156487	180082

TABLE A 6.21: 1953-58 - TREND OF QUARTERLY CHEMICAL IMPORTS FROM THE EFTA MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-UK	UK	t-SWE	SWE	t-N	N	t-DK	DK	t-AUT	AUT	t-CH	CH
59-1	40010	53275	9212	7368	5883	3197	4477	4603	12358	11317	35288	36008
59-2	41289	48913	9360	9867	6053	3022	4622	5029	12729	11015	36055	43656
59-3	42567	51038	9508	11265	6223	4520	4767	5116	13100	9855	36823	43566
59-4	43845	59435	9656	12768	6393	3034	4911	6862	13472	9413	37591	50737
60-1	45123	76703	9804	8470	6563	3532	5056	6304	13843	12346	38359	54116
60-2	46401	80564	9953	10382	6732	4403	5201	6858	14214	9038	39126	54153
60-3	47680	54223	10101	10574	6902	3915	5346	6456	14586	8251	39894	52958
60-4	48958	63547	10249	12982	7072	3375	5491	7583	14957	10325	40662	72429
61-1	50236	53038	10397	11024	7242	3047	5636	6580	15329	10003	41429	47558
61-2	51514	45229	10545	11413	7412	3973	5781	6624	15700	8027	42197	53762
61-3	52793	51108	10693	10817	7581	4010	5925	6216	16071	10921	42965	49018
61-4	54071	51639	10841	12000	7751	3893	6070	7156	16443	11217	43732	63075
62-1	55349	91458	10989	13600	7921	3462	6215	7719	16814	14336	44500	57227
62-2	56627	65998	11137	13262	8091	3130	6360	7592	17185	11153	45268	57880
62-3	57905	70341	11285	12943	8261	4288	6505	8115	17557	14159	46035	55466
62-4	59184	73989	11433	14872	8430	4958	6650	9027	17928	14848	46803	63369
63-1	60462	82006	11582	13361	8600	4674	6795	9849	18300	13985	47571	60048
63-2	61740	70917	11730	12624	8770	6169	6939	9427	18671	15107	48339	70707
63-3	63018	78137	11878	12876	8940	4121	7084	8384	19042	17818	49106	50438
63-4	64296	82279	12026	13786	9110	5407	7229	10579	19414	15277	49874	80129
64-1	65575	97056	12174	13056	9279	5271	7374	10107	19785	12757	50642	58115
64-2	66853	92792	12322	14742	9449	4964	7519	11953	20156	15072	51409	67835
64-3	68131	89784	12470	13987	9619	6605	7664	10026	20528	14277	52177	65885
64-4	69409	119719	12618	17222	9789	8001	7809	10109	20899	16321	52945	82491

TABLE A 6.22: 1953-58 - TREND OF QUARTERLY CHEMICAL IMPORTS FROM THE EEC AND THE EFTA (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-6+7	6+7
59-1	178106	175241	107228	115768	285334	291009
59-2	183116	193552	110108	121502	293224	315054
59-3	188125	218133	112988	125360	301113	343493
59-4	193134	240574	115868	142249	309003	382823
60-1	198144	281777	118748	161471	316892	443248
60-2	203153	268153	121628	165398	324781	433551
60-3	208162	249108	124508	136377	332671	385485
60-4	213172	288479	127388	170241	340560	458720
61-1	218181	283745	130268	131250	348449	414995
61-2	223190	255432	133148	129028	356339	384460
61-3	228200	259272	136028	132090	364228	391362
61-4	233209	274662	138908	148980	372118	423642
62-1	238219	355510	141788	187802	380007	543312
62-2	243228	291929	144668	159015	387896	450944
62-3	248237	360712	147548	165312	395786	526024
62-4	253247	359867	150429	181063	403675	540930
63-1	258256	367110	153309	183923	411564	551033
63-2	263265	388530	156189	184951	419454	573481
63-3	268275	483517	159069	171774	427343	655291
63-4	273284	418237	161949	207457	435233	625694
64-1	278293	457669	164829	196362	443122	654031
64-2	283303	519752	167709	207358	451011	727110
64-3	288312	515581	170589	200564	458901	716145
64-4	293321	557674	173469	253863	466790	811537

TABLE A 6.23: 1953-58 - TREND OF QUARTERLY NF-METAL IMPORTS FROM THE EEC MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-Blux	Blux	t-I	I	t-F	F	t-NL	NL
59-1	32574	31648	4600	3389	5606	6691	28659	25494
59-2	32821	50377	4579	3831	5561	9740	29357	31114
59-3	33069	46827	4559	3582	5517	12835	30055	36549
59-4	33317	57752	4538	5246	5473	17446	30753	39882
60-1	33564	61509	4518	6343	5428	17865	31451	34383
60-2	33812	54682	4497	9066	5384	12746	32149	39754
60-3	34059	44706	4477	6136	5340	13137	32847	33770
60-4	34307	50065	4457	10965	5296	12778	33545	37394
61-1	34555	56412	4436	4689	5251	12228	34243	32212
61-2	34802	42573	4416	5787	5207	20642	34941	36065
61-3	35050	45868	4395	3760	5163	12229	35639	27249
61-4	35297	66011	4375	3187	5118	11875	36337	22899
62-1	35545	44775	4354	7017	5074	10542	37035	19426
62-2	35793	52230	4334	3010	5030	13666	37733	18999
62-3	36040	35452	4313	1684	4985	17438	38431	19795
62-4	36288	54005	4293	2635	4941	21996	39130	22841
63-1	36536	42144	4273	4117	4897	16248	39828	21694
63-2	36783	55961	4252	3504	4852	19955	40526	22834
63-3	37031	55651	4232	3629	4808	15635	41224	25922
63-4	37278	58569	4211	4019	4764	22415	41922	25532
64-1	37526	68639	4191	7005	4719	23602	42620	21335
64-2	37774	92807	4170	9005	4675	36306	43318	49242
64-3	38021	105946	4150	13263	4631	26875	44016	55918
64-4	38269	122849	4129	29231	4586	66726	44714	80249

TABLE A 6.24: 1953-58 - TREND OF QUARTERLY NF-METAL IMPORTS FROM THE EFTA MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-UK	UK	t-SWE	SWE	t-N	N	t-DK	DK	t-AUT	AUT	t-CH	CH
59-1	36229	27095	5226	2334	32267	32600	1580	2466	9828	7522	2381	5136
59-2	36422	37618	5277	3778	33326	35207	1552	2064	10016	6841	2355	5761
59-3	36615	59816	5329	1619	34386	36884	1525	1590	10204	7647	2329	4257
59-4	36808	51597	5380	3687	35445	37806	1497	2729	10392	9183	2303	7125
60-1	37001	40739	5431	2456	36505	45172	1470	2178	10581	7615	2277	5890
60-2	37195	49334	5483	2223	37564	25165	1442	2103	10769	7409	2251	6073
60-3	37388	52930	5534	1215	38624	55103	1415	1985	10957	7195	2224	5629
60-4	37581	49431	5586	1742	39683	36570	1387	2017	11145	6836	2198	5680
61-1	37774	48980	5637	1327	40742	37050	1360	2002	11334	7167	2172	5958
61-2	37968	64321	5688	2073	41802	40076	1332	2108	11522	8936	2146	5766
61-3	38161	48147	5740	3806	42861	40705	1305	2246	11710	7555	2120	6771
61-4	38354	37629	5791	3436	43921	30285	1277	2010	11899	13620	2094	6623
62-1	38547	31383	5842	1354	44980	38008	1250	1917	12087	7413	2068	5162
62-2	38740	36515	5894	1394	46040	37949	1222	2348	12275	10462	2042	8315
62-3	38934	53439	5945	979	47099	39737	1195	2496	12463	13908	2016	10991
62-4	39127	46487	5997	2247	48159	52972	1167	2101	12652	19127	1990	8521
63-1	39320	28166	6048	2185	49218	37523	1140	374	12840	6176	1964	11362
63-2	39513	27155	6099	2572	50277	45993	1112	2254	13028	9725	1938	9516
63-3	39707	32124	6151	3138	51337	37010	1085	3693	13216	16721	1912	9946
63-4	39900	23185	6202	4171	52396	47361	1057	3504	13405	22832	1886	15106
64-1	40093	43332	6253	1855	53456	51220	1030	2300	13593	10596	1860	10684
64-2	40286	61082	6305	5756	54515	52928	1002	2816	13781	15858	1834	12278
64-3	40479	56038	6356	3882	55575	57114	975	1679	13970	20445	1808	14147
64-4	40673	80438	6408	6247	56634	61567	947	1833	14158	21095	1782	12241

TABLE A 6.25: 1953-58 - TREND OF QUARTERLY NF-METAL IMPORTS FROM THE EEC AND THE EFTA (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-6+7	6+7
59-1	71438	67222	87510	77153	158948	144375
59-2	72319	95062	88948	91269	161267	186331
59-3	73200	99793	90387	111813	163587	211606
59-4	74081	120326	91826	112127	165907	232453
60-1	74962	120100	93265	104050	168226	224150
60-2	75842	116248	94704	92307	170546	208555
60-3	76723	97749	96142	124057	172866	221806
60-4	77604	111202	97581	102276	175185	213478
61-1	78485	105541	99020	102484	177505	208025
61-2	79366	105067	100459	123280	179825	228347
61-3	80247	89106	101897	109230	182144	198336
61-4	81128	103972	103336	93603	184464	197575
62-1	82009	81760	104775	85237	186784	166997
62-2	82890	87905	106214	96983	189103	184888
62-3	83770	74369	107652	121550	191423	195919
62-4	84651	101477	109091	131455	193743	232932
63-1	85532	84203	110530	85786	196062	169989
63-2	86413	102254	111969	97215	198382	199469
63-3	87294	100837	113408	102632	200702	203469
63-4	88175	110535	114846	116159	203021	226694
64-1	89056	120581	116285	119987	205341	240568
64-2	89937	187360	117724	150718	207661	338078
64-3	90818	202002	119163	153305	209980	355307
64-4	91699	299055	120601	183421	212300	482476

TABLE A 6.26: 1953-58 - TREND OF QUARTERLY NF-METAL PRODUCT IMPORTS FROM THE EEC MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-Blux	Blux	t-I	I	t-F	F	t-NL	NL
59-1	3217	2206	2100	2531	1071	911	4267	3911
59-2	3316	2815	2206	2966	1115	2769	4317	5546
59-3	3416	3487	2312	3984	1160	4338	4367	5361
59-4	3515	8746	2419	7030	1204	6114	4417	6132
60-1	3614	11693	2525	4597	1249	6071	4467	5939
60-2	3713	8872	2631	4925	1293	9354	4517	6744
60-3	3812	12493	2738	6720	1337	6757	4567	7320
60-4	3911	15866	2844	13875	1382	10256	4617	8082
61-1	4010	15546	2950	9463	1426	10957	4667	9261
61-2	4109	20883	3057	10501	1471	10700	4717	10115
61-3	4208	18663	3163	13824	1515	8477	4767	9349
61-4	4307	18235	3270	22412	1560	9762	4817	9479
62-1	4406	12752	3376	13952	1604	8892	4866	9970
62-2	4505	15097	3482	14962	1648	8831	4916	10750
62-3	4604	19223	3589	17461	1693	8053	4966	9502
62-4	4703	21995	3695	26658	1737	10615	5016	10148
63-1	4802	22012	3801	13463	1782	8612	5066	9015
63-2	4901	23173	3908	14585	1826	12584	5116	11114
63-3	5000	24501	4014	15621	1870	10879	5166	11745
63-4	5099	24295	4120	27077	1915	12865	5216	12110
64-1	5198	23826	4227	17682	1959	12528	5266	12400
64-2	5297	29958	4333	20085	2004	14615	5316	14913
64-3	5396	33373	4440	28708	2048	14616	5366	15935
64-4	5495	42245	4546	53779	2093	23924	5416	20225

TABLE A 6.27: 1953-58 - TREND OF QUARTERLY NF-METAL PRODUCT IMPORTS FROM THE EFTA MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-UK	UK	t-SWE	SWE	t-N	N	t-DK	DK	t-AUT	AUT	t-CH	CH
59-1	9420	5099	2160	2145	92	52	957	688	2196	1612	3341	3111
59-2	9694	8839	2243	2236	92	124	995	1161	2252	2521	3424	4138
59-3	9968	5242	2326	2206	91	79	1033	1319	2309	2429	3507	4263
59-4	10242	3824	2409	3114	90	237	1071	1666	2365	3182	3590	5781
60-1	10516	3467	2492	3082	89	496	1109	1242	2421	2541	3673	4810
60-2	10790	5629	2575	3851	88	387	1148	1939	2477	3234	3756	5889
60-3	11064	5728	2658	3413	87	198	1186	1606	2534	3653	3839	5878
60-4	11338	7378	2741	4892	86	392	1224	1885	2590	5191	3922	8110
61-1	11612	8016	2824	4500	86	444	1262	1178	2646	3944	4006	6547
61-2	11886	8169	2907	5513	85	292	1300	2657	2702	5365	4089	7690
61-3	12160	6294	2990	4533	84	346	1338	2221	2759	4032	4172	7397
61-4	12435	7620	3073	5304	83	328	1377	2661	2815	4991	4255	7865
62-1	12709	7233	3156	5054	82	333	1415	2836	2871	3364	4338	6525
62-2	12983	7252	3239	4198	81	303	1453	3190	2927	3358	4421	6479
62-3	13257	7669	3322	3562	80	419	1491	2890	2984	3479	4504	5975
62-4	13531	9094	3405	5342	80	404	1529	2235	3040	4206	4587	6852
63-1	13805	9289	3488	5801	79	230	1567	1814	3096	3314	4670	5688
63-2	14079	8346	3571	5726	78	344	1605	2937	3153	2992	4753	6740
63-3	14353	7391	3654	5148	77	418	1644	2385	3209	3537	4836	7468
63-4	14627	9818	3737	5406	76	1196	1682	2660	3265	4125	4919	9181
64-1	14901	7943	3820	6011	75	509	1720	2763	3321	3883	5002	7676
64-2	15175	8576	3903	5847	74	619	1758	3263	3378	4525	5085	8026
64-3	15450	7158	3986	6430	74	476	1796	3723	3434	4823	5168	9813
64-4	15724	9987	4069	8328	73	738	1834	3767	3490	6285	5251	12125

TABLE A 6.28: 1953-58 - TREND OF QUARTERLY NF-METAL PRODUCT IMPORTS FROM THE EEC AND THE EFTA (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-6+7	6+7
59-1	10655	9559	18166	12707	28821	22266
59-2	10955	14096	18700	19019	29655	33115
59-3	11255	17170	19233	15538	30488	32708
59-4	11554	28022	19767	17804	31322	45826
60-1	11854	28300	20301	15638	32155	43938
60-2	12154	29895	20835	20929	32988	50824
60-3	12454	33290	21368	20476	33822	53766
60-4	12753	48079	21902	27848	34655	75927
61-1	13053	45227	22436	24629	35489	69856
61-2	13353	52199	22969	29686	36322	81885
61-3	13653	50313	23503	24823	37156	75136
61-4	13952	59888	24037	28769	37989	88657
62-1	14252	45566	24571	25345	38823	70911
62-2	14552	49640	25104	24780	39656	74420
62-3	14851	54239	25638	23994	40490	78233
62-4	15151	69416	26172	28133	41323	97549
63-1	15451	53102	26705	26136	42156	79238
63-2	15751	61456	27239	27085	42990	88541
63-3	16050	62746	27773	26347	43823	89093
63-4	16350	76347	28307	32386	44657	108733
64-1	16650	66436	28840	28785	45490	95221
64-2	16950	79571	29374	30856	46324	110427
64-3	17249	92632	29908	32423	47157	125055
64-4	17549	140173	30441	41230	47991	181403

TABLE A 6.29: 1953-58 - TREND OF QUARTERLY PAPER/PAPER PRODUCT IMPORTS FROM THE EEC MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-Blux	Blux	t-I	I	t-F	F	t-NL	NL
59-1	3728	3910	842	557	3417	3424	11337	12617
59-2	3868	6130	879	977	3541	4416	11710	13277
59-3	4007	5518	916	895	3665	7404	12083	12906
59-4	4147	6140	954	992	3789	13255	12456	16067
60-1	4286	6028	991	1615	3913	15642	12829	15065
60-2	4426	6867	1028	1533	4038	15724	13201	15857
60-3	4566	6390	1065	1524	4162	10848	13574	15322
60-4	4705	6899	1102	1264	4286	12066	13947	16933
61-1	4845	6683	1139	1369	4410	10792	14320	17280
61-2	4984	7695	1176	1654	4534	11458	14693	18098
61-3	5124	6598	1213	1589	4659	10585	15065	16947
61-4	5263	7794	1251	1626	4783	11265	15438	18359
62-1	5403	8693	1288	1381	4907	9825	15811	20763
62-2	5543	9230	1325	1770	5031	10299	16184	19478
62-3	5682	7882	1362	1691	5155	10679	16557	18593
62-4	5822	7484	1399	2297	5279	12554	16929	19062
63-1	5961	7884	1436	2265	5404	10787	17302	21825
63-2	6101	7683	1473	2610	5528	11802	17675	22082
63-3	6240	8048	1510	1893	5652	11989	18048	21226
63-4	6380	9501	1548	2082	5776	13436	18421	26602
64-1	6520	9142	1585	2157	5900	13266	18793	29084
64-2	6659	12467	1622	3664	6025	15537	19166	31928
64-3	6799	10434	1659	4536	6149	13550	19539	34248
64-4	6938	12464	1696	4677	6273	18479	19912	39199

TABLE A 6.30: 1953-58 - TREND OF QUARTERLY PAPER/PAPER PRODUCT IMPORTS FROM THE EFTA MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-UK	UK	t-SWE	SWE	t-N	N	t-DK	DK	t-AUT	AUT	t-CH	CH
59-1	2028	1789	35465	36174	6559	7850	781	404	23624	18180	1206	1300
59-2	2103	2868	36680	40532	6756	8437	820	850	24286	19899	1251	1397
59-3	2178	2577	37895	40182	6954	9437	859	1038	24947	20960	1296	1814
59-4	2252	3175	39110	43403	7151	10598	897	1187	25608	23282	1341	2408
60-1	2327	2883	40326	49015	7349	9625	936	1337	26269	21317	1387	1760
60-2	2402	2862	41541	54815	7546	11283	974	1386	26930	23581	1432	1591
60-3	2476	3443	42756	49176	7744	12184	1013	893	27591	25894	1477	308
60-4	2551	4573	43971	60362	7942	15780	1051	1226	28252	27755	1522	3672
61-1	2626	4012	45186	46488	8139	13849	1090	850	28913	21720	1568	1674
61-2	2700	4401	46402	52901	8337	14103	1128	1208	29574	22739	1613	1551
61-3	2775	5045	47617	53432	8534	15868	1167	1855	30235	24293	1658	1700
61-4	2849	4969	48832	60836	8732	16064	1206	2960	30896	23768	1704	1936
62-1	2924	4921	50047	57124	8929	13432	1244	3496	31557	22092	1749	2016
62-2	2999	5682	51262	61343	9127	17363	1283	2677	32218	22903	1794	1644
62-3	3073	5662	52478	62336	9324	16932	1321	2654	32879	26852	1839	2076
62-4	3148	5883	53693	68664	9522	21608	1360	2638	33540	25901	1885	1722
63-1	3223	5991	54908	59200	9719	22714	1398	2231	34202	25331	1930	1870
63-2	3297	5780	56123	76259	9917	23832	1437	2958	34863	25288	1975	1433
63-3	3372	4479	57338	62641	10114	21846	1476	2064	35524	24823	2020	1871
63-4	3447	5222	58554	72564	10312	23140	1514	3295	36185	24443	2066	1412
64-1	3521	5624	59769	72477	10510	21754	1553	4272	36846	24587	2111	1918
64-2	3596	5296	60984	83827	10707	25304	1591	3297	37507	28498	2156	1870
64-3	3670	5614	62199	77086	10905	22066	1630	2613	38168	28820	2201	2265
64-4	3745	4816	63414	89248	11102	27159	1668	2217	38829	29148	2247	2166

TABLE A 6.31: 1953-58 - TREND OF QUARTERLY PAPER/PAPER PRODUCT IMPORTS FROM THE EEC AND THE EFTA (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-6+7	6+7
59-1	19324	20508	69664	65697	88988	86205
59-2	19998	24800	71896	73983	91894	98783
59-3	20672	26723	74128	76008	94800	102731
59-4	21345	36454	76360	84053	97706	120507
60-1	22019	38350	78593	85937	100612	124287
60-2	22693	39981	80825	95518	103518	135499
60-3	23366	34084	83057	91898	106424	125982
60-4	24040	37162	85290	113368	109330	150530
61-1	24714	36124	87522	88593	112236	124717
61-2	25387	38905	89754	96903	115141	135808
61-3	26061	35719	91986	102193	118047	137912
61-4	26735	39044	94219	110533	120953	149577
62-1	27408	40662	96451	103081	123859	143743
62-2	28082	40777	98683	111612	126765	152389
62-3	28756	38845	100915	116512	129671	155357
62-4	29430	41397	103148	126416	132577	167813
63-1	30103	42761	105380	117337	135483	160098
63-2	30777	44177	107612	135550	138389	179727
63-3	31451	43156	109844	117724	141295	160880
63-4	32124	51621	112077	130076	144201	181697
64-1	32798	53649	114309	130632	147107	184281
64-2	33472	63596	116541	148092	150013	211688
64-3	34145	62768	118773	138464	152919	201232
64-4	34819	74819	121006	154754	155825	229573

TABLE A 6.32: 1953-58 - TREND OF QUARTERLY MACHINERY IMPORTS FROM THE EEC MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-Blux	Blux	t-I	I	t-F	F	t-NL	NL
59-1	14232	13168	21271	21571	17389	17150	20594	24733
59-2	14710	17455	22093	27841	18021	22856	21382	31020
59-3	15188	15057	22916	31062	18652	25342	22170	30544
59-4	15666	17163	23738	36787	19284	40746	22958	34046
60-1	16143	20654	24560	39858	19915	41846	23746	29823
60-2	16621	26951	25382	48307	20547	50344	24534	38605
60-3	17099	28861	26204	50585	21178	49375	25321	30961
60-4	17577	31819	27027	71658	21810	56682	26109	37604
61-1	18055	29410	27849	63012	22441	59672	26897	33201
61-2	18533	33834	28671	63855	23073	86537	27685	39329
61-3	19011	30870	29493	48801	23704	86060	28473	35793
61-4	19489	34664	30316	62464	24336	120465	29261	43015
62-1	19966	33339	31138	55157	24967	105583	30048	50561
62-2	20444	40360	31960	62212	25599	119343	30836	48414
62-3	20922	37148	32782	55594	26230	98486	31624	48005
62-4	21400	32462	33604	66474	26862	112024	32412	56556
63-1	21878	27069	34427	61302	27493	97426	33200	42615
63-2	22356	33842	35249	57412	28125	103285	33988	54493
63-3	22834	33120	36071	55438	28756	103828	34775	55911
63-4	23312	32997	36893	61289	29388	106789	35563	51477
64-1	23789	35108	37716	65529	30019	112693	36351	47866
64-2	24267	40170	38538	75969	30651	138179	37139	56943
64-3	24745	47571	39360	69977	31282	124737	37927	55953
64-4	25223	40278	40182	93773	31914	141319	38715	67751

TABLE A 6.33: 1953-58 - TREND OF QUARTERLY MACHINERY IMPORTS FROM THE EFTA MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-UK	UK	t-SWE	SWE	t-N	N	t-DK	DK	t-AUT	AUT	t-CH	CH
59-1	45460	51734	19838	19899	2235	1911	17024	16452	11049	8572	66922	59595
59-2	46919	58296	20494	20506	2332	2145	17757	21001	11425	10472	68804	65675
59-3	48377	54041	21150	17974	2428	1139	18490	21667	11802	11606	70685	68200
59-4	49836	57834	21806	30074	2524	4063	19222	21032	12178	15381	72567	79734
60-1	51294	66241	22462	27307	2621	2303	19955	19307	12554	12339	74448	68913
60-2	52753	80143	23118	27680	2717	2401	20687	23996	12930	15917	76330	74543
60-3	54211	69401	23774	28716	2814	2909	21420	22835	13306	17133	78211	82190
60-4	55670	81215	24430	40726	2910	2653	22153	20932	13683	22114	80093	102352
61-1	57128	76854	25086	39593	3006	4229	22885	23751	14059	19156	81974	74456
61-2	58587	92814	25742	40501	3103	3395	23618	19321	14435	21681	83856	93298
61-3	60045	85834	26398	37816	3199	3827	24351	19925	14811	23592	85737	82148
61-4	61503	109357	27054	53358	3295	5149	25083	20838	15187	31719	87619	107715
62-1	62962	101736	27710	47736	3392	5027	25816	21888	15564	24553	89500	89913
62-2	64420	105349	28366	51282	3488	5128	26549	21312	15940	23733	91382	95340
62-3	65879	90399	29022	50389	3584	5268	27281	22090	16316	25772	93263	94785
62-4	67337	99631	29678	50871	3681	4479	28014	21358	16692	24887	95145	100944
63-1	68796	98812	30334	45278	3777	4280	28747	19502	17068	22032	97026	92172
63-2	70254	131343	30990	51037	3874	4867	29479	21518	17445	25827	98908	94434
63-3	71713	101839	31646	44260	3970	3371	30212	21210	17821	24204	100789	93642
63-4	73171	94791	32302	52535	4066	5041	30945	21080	18197	18029	102671	99494
64-1	74630	110782	32958	46977	4163	4764	31677	22823	18573	24129	104552	88364
64-2	76088	127029	33614	54794	4259	4405	32410	27199	18949	27202	106434	103241
64-3	77547	114313	34270	46863	4355	6670	33143	25763	19326	30601	108315	95321
64-4	79005	114514	34926	56856	4452	7811	33875	26944	19702	31635	110197	121858

TABLE A 6.34: 1953-58 - TREND OF QUARTERLY MACHINERY IMPORTS FROM THE EEC AND THE EFTA (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-6+7	6+7
59-1	73487	76622	162529	158163	236016	234785
59-2	76206	99172	167730	178095	243937	277267
59-3	78926	102005	172932	174627	251857	276632
59-4	81645	128742	178133	208118	259778	336860
60-1	84365	132181	183334	196410	267699	328591
60-2	87084	164207	188535	224680	275619	388887
60-3	89803	159782	193736	223184	283540	382966
60-4	92523	197763	198938	269992	291460	467755
61-1	95242	185295	204139	238039	299381	423334
61-2	97962	223555	209340	271010	307302	494565
61-3	100681	201524	214541	253142	315222	454666
61-4	103400	260608	219742	328136	323143	588744
62-1	106120	244640	224944	290853	331064	535493
62-2	108839	270329	230145	302144	338984	572473
62-3	111559	239233	235346	288703	346905	527936
62-4	114278	267516	240547	302170	354825	569686
63-1	116998	228412	245749	282076	362746	510488
63-2	119717	249032	250950	329026	370667	578058
63-3	122436	248297	256151	288526	378587	536823
63-4	125156	252552	261352	290970	386508	543522
64-1	127875	261196	266553	297839	394429	559035
64-2	130595	311261	271755	343870	402349	655131
64-3	133314	298238	276956	319531	410270	617769
64-4	136034	343121	282157	359618	418191	702739

TABLE A 6.35: 1953-58 - TREND OF QUARTERLY ELECTRICAL/ELECTRONICAL PRODUCT IMPORTS FROM THE EEC MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-Blux	Blux	t-I	I	t-F	F	t-NL	NL
59-1	4425	3242	3123	4029	9632	11675	26069	34324
59-2	4609	3334	3261	7450	10103	8883	26912	34372
59-3	4793	3051	3399	5943	10575	12403	27756	30544
59-4	4977	3695	3537	8259	11047	24166	28599	34046
60-1	5160	3366	3675	8242	11519	19095	29443	52255
60-2	5344	3599	3813	13445	11990	20866	30286	39847
60-3	5528	3804	3951	15005	12462	20731	31130	58877
60-4	5712	4641	4089	9870	12934	30867	31973	55344
61-1	5896	3351	4227	21401	13406	28102	32817	63695
61-2	6080	4366	4365	34218	13877	29983	33660	65502
61-3	6263	5283	4503	27712	14349	28369	34504	85608
61-4	6447	7711	4641	15732	14821	39411	35347	61114
62-1	6631	6362	4779	16636	15293	33843	36191	59610
62-2	6815	7733	4917	20605	15764	31695	37034	53106
62-3	6999	7528	5055	55191	16236	33666	37878	52300
62-4	7183	10082	5193	71656	16708	64872	38721	149986
63-1	7366	9975	5331	35689	17180	32286	39565	58461
63-2	7550	10075	5469	25419	17652	36742	40408	59269
63-3	7734	17499	5607	22124	18123	38126	41252	52718
63-4	7918	28049	5745	45708	18595	53833	42095	62973
64-1	8102	13949	5883	32285	19067	42487	42939	62786
64-2	8286	22710	6021	36385	19539	40982	43782	70913
64-3	8469	16830	6159	31446	20010	45532	44626	76323
64-4	8653	17565	6297	44331	20482	60392	45469	99106

TABLE A 6.36: 1953-58 - TREND OF QUARTERLY ELECTRICAL/ELECTRONICAL PRODUCT IMPORTS FROM THE EFTA MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-UK	UK	t-SWE	SWE	t-N	N	t-DK	DK	t-AUT	AUT	t-CH	CH
59-1	15081	13242	2754	2883	626	747	3268	3553	4674	3618	15174	11867
59-2	15649	25297	2843	3327	655	686	3356	3328	4868	4868	15627	17149
59-3	16217	16562	2933	3053	685	925	3445	3278	5063	4785	16079	15746
59-4	16785	27582	3022	3648	714	788	3534	4169	5257	6220	16531	19333
60-1	17354	21123	3111	4625	744	665	3622	3483	5451	5890	16984	19488
60-2	17922	18056	3200	5185	773	690	3711	4337	5646	7256	17436	19702
60-3	18490	19667	3289	3515	802	696	3800	4078	5840	8324	17888	20698
60-4	19058	31184	3378	7147	832	594	3888	5308	6034	11572	18341	26824
61-1	19626	27627	3467	5879	861	671	3977	4476	6229	10376	18793	19324
61-2	20195	26078	3556	7376	891	818	4066	4097	6423	9876	19245	24839
61-3	20763	21690	3645	5941	920	801	4155	4712	6617	12175	19698	27418
61-4	21331	31034	3735	7783	950	974	4243	6138	6812	13179	20150	29915
62-1	21899	28006	3824	6646	979	1330	4332	5375	7006	15409	20602	24397
62-2	22467	31025	3913	7120	1009	1060	4421	6542	7201	13379	21055	24921
62-3	23036	24648	4002	5095	1038	677	4509	5444	7395	13025	21507	25492
62-4	23604	39914	4091	14669	1067	1845	4598	8259	7589	19791	21959	32052
63-1	24172	34854	4180	11203	1097	3225	4687	5974	7784	15364	22412	25640
63-2	24740	30319	4269	7962	1126	1839	4775	8433	7978	15742	22864	29831
63-3	25308	28853	4358	5331	1156	900	4864	5440	8172	15047	23316	35395
63-4	25877	40697	4447	9063	1185	2088	4953	11086	8367	19293	23769	33161
64-1	26445	33603	4537	7074	1215	1122	5041	8463	8561	15447	24221	25249
64-2	27013	39169	4626	7554	1244	2003	5130	10199	8755	18996	24673	33291
64-3	27581	39316	4715	5677	1273	1862	5219	8543	8950	17569	25126	34057
64-4	28150	48620	4804	9955	1303	4015	5307	12700	9144	23126	25578	38326

TABLE A 6.37: 1953-58 - TREND OF QUARTERLY ELECTRICAL/ELECTRONICAL PRODUCT IMPORTS FROM THE EEC AND THE EFTA (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-6+7	6+7
59-1	43249	53270	41577	35910	84826	89180
59-2	44886	54039	42999	54655	87885	108694
59-3	46523	54213	44421	44349	90944	98562
59-4	48160	80998	45843	61740	94003	142738
60-1	49797	82958	47265	55274	97063	138232
60-2	51434	77757	48687	55226	100122	132983
60-3	53072	98417	50109	56978	103181	155395
60-4	54709	100722	51532	82629	106240	183351
61-1	56346	116549	52954	68353	109300	184902
61-2	57983	134069	54376	73084	112359	207153
61-3	59620	146972	55798	72737	115418	219709
61-4	61257	123968	57220	89023	118477	212991
62-1	62894	116451	58642	81163	121537	197614
62-2	64531	113139	60065	84047	124596	197186
62-3	66168	148685	61487	74381	127655	223066
62-4	67805	296596	62909	116530	130714	413126
63-1	69443	136411	64331	96260	133774	232671
63-2	71080	131505	65753	94126	136833	225631
63-3	72717	130467	67175	90966	139892	221433
63-4	74354	190563	68598	115388	142951	305951
64-1	75991	151507	70020	90958	146011	242465
64-2	77628	170990	71442	111212	149070	282202
64-3	79265	170131	72864	107024	152129	277155
64-4	80902	221394	74286	136742	155188	358136

TABLE A 6.38: 1955-58 - TREND OF QUARTERLY IMPORTS MANUFACTURED PRODUCTS FROM THE EEC, THE EFTA, THE REST OF THE WORLD (IN DM 1000) COMPARED TO THE ACTUAL IMPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-non6,7	non6,7	t-total	total	t-non 6	non6
59-1	1102668	1142944	1151797	1104423	1427749	1130495	3682214	3377862	2579546	2234918
59-2	1129566	1425986	1176364	1223460	1471682	1421130	3777612	4070576	2648046	2644590
59-3	1156463	1648124	1200932	1289544	1515615	1280360	3873010	4218028	2716547	2569904
59-4	1183361	1938314	1225500	1430246	1559547	1560312	3968408	4928872	2785047	2990558
60-1	1210258	1916806	1250067	1352505	1603480	2255828	4063806	5525139	2853547	3608333
60-2	1237156	2347072	1274635	1506094	1647413	2734462	4159203	6587628	2922048	4240556
60-3	1264053	2331418	1299203	1438995	1691345	2671053	4254601	6441466	2990548	4110048
60-4	1290951	2437288	1323770	1640809	1735278	3158981	4349999	7237078	3059048	4799790
61-1	1317848	2102666	1348338	1372541	1779211	2934463	4445397	5737799	3127548	4307004
61-2	1344746	2295914	1372905	1542468	1823143	3082181	4540795	6920563	3196049	4624649
61-3	1371643	2295420	1397473	1478853	1867076	2943149	4636192	6717422	3264549	4422002
61-4	1398541	2352549	1422041	1678178	1911009	3055218	4731590	7085945	3333049	4733396
62-1	1425438	2476866	1446608	1578604	1954941	3273592	4826988	7329062	3401550	4852196
62-2	1452336	2459043	1471176	1602667	1998874	3420707	4922386	7482417	3470050	5023374
62-3	1479233	2638798	1495744	1713214	2042807	3601110	5017783	7953122	3538550	5314324
62-4	1506131	3055868	1520311	1930232	2086739	3648699	5113181	8634799	3607051	5578931
63-1	1533028	2649884	1544879	1668011	2130672	4017487	5208579	8335382	3675551	5685498
63-2	1559925	3043955	1569447	1811862	2174605	4624165	5303977	9479982	3744051	6436027
63-3	1586823	3224684	1594014	1767489	2218537	4166532	5399375	9158705	3812552	5934021
63-4	1613720	2389462	1618582	1960626	2262470	4090166	5494772	8440254	3881052	6050792
64-1	1640618	2948123	1643150	1790586	2306403	3751058	5590170	8489767	3949552	5541644
64-2	1667515	3461058	1667717	2020871	2350335	3748467	5685568	9230396	4018053	5769338
64-3	1694413	3696997	1692285	2052004	2394268	4219586	5780966	9968587	4086553	6271590
64-4	1721310	4387911	1716853	2308109	2438201	4465504	5876363	11161524	4155053	6773613

TABLE A 6.39 : 1953-58 - TREND OF QUARTERLY TEXTILE EXPORTS TO THE EEC MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t 53-58	Blux	t 53-58	Italy	t 53-58	France	t 53-58	NL
59-1	31022	28203	18441	17772	10370	6951	46732	50764
59-2	31807	28271	18909	17970	10531	9067	47748	47791
59-3	32592	30721	19377	18078	10691	12078	48763	48366
59-4	33378	36742	19845	22678	10851	16742	49778	53647
60-1	34163	39955	20313	18623	11011	19683	50793	57870
60-2	34948	35022	20781	26803	11171	21927	51809	52008
60-3	35733	33968	21249	21775	11332	21794	52824	58996
60-4	36518	38025	21717	11751	11492	31371	53839	57810
61-1	37304	39476	22186	28243	11652	31310	54854	79861
61-2	38089	37804	22654	30740	11812	30330	55870	66873
61-3	38874	35705	23122	24604	11973	26650	56885	75705
61-4	39659	40016	23590	30335	12133	37023	57900	76418
62-1	40444	53453	24058	38319	12293	42346	58915	96647
62-2	41230	51638	24526	36148	12453	45144	59931	81047
62-3	42015	50024	24994	38302	12614	35043	60946	87924
62-4	42800	56847	25462	43536	12774	49641	61961	92547
63-1	43585	54865	25930	52380	12934	54953	62976	108943
63-2	44370	53934	26398	57916	13094	59797	63991	105751
63-3	45156	54561	26866	52288	13255	58479	65007	120432
63-4	45941	69501	27334	61562	13415	74167	66022	130731
64-1	46726	67933	27802	68567	13575	83967	67037	153757
64-2	47511	62931	28271	62509	13735	88128	68052	135730
64-3	48296	62780	28739	56729	13896	76191	69068	146477
64-4	49082	72370	29207	67653	14056	81896	70083	151077

TABLE A 6.40 : 1953-58 - TREND OF QUARTERLY TEXTILE EXPORTS TO THE EFTA MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-UK	UK	t-SWE	SWE	t-N	N	t-DK	DK	t-AUT	AUT	t-CH	CH
59-1	22803	22432	44042	41012	22457	20720	24627	27751	38677	36645	45056	39925
59-2	23200	23160	44078	50313	22584	19213	24305	25489	39907	34854	46187	43888
59-3	23598	27791	44113	32716	22711	22850	23984	30847	41137	38565	47318	48089
59-4	23995	30679	44149	50139	22839	25242	23663	35355	42368	42662	48449	60516
60-1	24393	33380	44185	49768	22966	24960	23342	32107	43598	44589	49580	53483
60-2	24790	31735	44220	43371	23093	21051	23020	26529	44829	41883	50711	55010
60-3	25188	33422	44256	45849	23220	24270	22699	31314	46059	48131	51842	59386
60-4	25585	37561	44292	49719	23347	26886	22378	34308	47290	51598	52973	61816
61-1	25983	31322	44328	48628	23475	25041	22056	30687	48520	54486	54104	61399
61-2	26380	31568	44363	42509	23602	20117	21735	27886	49750	51390	55235	52974
61-3	26778	30745	44399	43406	23729	22448	21414	30675	50981	54182	56366	59800
61-4	27175	34145	44435	48569	23856	24372	21093	33386	52211	58078	57497	58749
62-1	27573	29334	44470	46360	23984	21526	20771	30501	53442	62779	58628	63530
62-2	27970	31177	44506	38249	24111	17583	20450	26748	54672	56011	59759	56926
62-3	28368	33001	44542	41924	24238	18873	20129	32810	55902	61807	60890	66889
62-4	28765	36196	44577	50281	24365	21342	19808	33976	57133	70959	62021	64824
63-1	29163	31758	44613	49603	24492	19607	19486	29019	58363	74264	63152	70423
63-2	29560	31709	44649	45226	24620	15879	19165	26945	59594	67573	64283	64497
63-3	29958	36593	44685	46473	24747	19215	18844	30849	60824	72368	65414	78545
63-4	30355	42220	44720	53766	24874	20344	18523	34940	62054	83979	66545	74816
64-1	30753	36675	44756	53379	25001	19835	18201	34399	63285	84173	67676	83155
64-2	31150	36029	44792	44888	25128	18027	17880	32392	64515	81359	68807	74654
64-3	31548	36765	44827	46164	25256	19486	17559	36053	65746	86794	69938	86925
64-4	31945	39747	44863	55459	25383	22639	17237	40565	66976	92277	71069	85114

TABLE A 6.41: 1953-58 - TREND OF QUARTERLY TEXTILE EXPORTS TO THE EEC AND THE EFTA (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-6+7	6+7
59-1	106566	103690	202461	188485	309026	292175
59-2	108994	103099	205261	196917	314255	300016
59-3	111423	109243	208062	200858	319485	310101
59-4	113852	129809	210862	244593	324714	374402
60-1	116281	136131	213663	238287	329944	374418
60-2	118709	135760	216464	219579	335173	355339
60-3	121138	136533	219264	242372	340402	378905
60-4	123567	138957	222065	261888	345632	400845
61-1	125996	178890	224865	251563	350861	430453
61-2	128424	165747	227666	226444	356090	392191
61-3	130853	162664	230466	241256	361320	403920
61-4	133282	183792	233267	257299	366549	441091
62-1	135711	230765	236068	254030	371778	484795
62-2	138139	213977	238868	226694	377008	440671
62-3	140568	211293	241669	255304	382237	466597
62-4	142997	242571	244469	277578	387466	520149
63-1	145426	271141	247270	274674	392696	545815
63-2	147854	277398	250071	251829	397925	529227
63-3	150283	285760	252871	284043	403154	569803
63-4	152712	335961	255672	310065	408384	646026
64-1	155141	374224	258472	311616	413613	685840
64-2	157569	349298	261273	287349	418842	636647
64-3	159998	342177	264074	312187	424072	654364
64-4	162427	372996	266874	335801	429301	708797

TABLE A 6.42: 1953-58 - TREND OF QUARTERLY CHEMICAL EXPORTS TO THE EEC MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-Blux	Blux	t-I	I	t-F	F	t-NL	NL
59-1	63377	58439	79871	75191	66780	60670	91981	96556
59-2	64867	69438	82034	103108	68318	63504	94122	105602
59-3	66358	71771	84197	91854	69857	64388	96264	105600
59-4	67849	80117	86360	108897	71395	90288	98406	135143
60-1	69340	79831	88522	111784	72934	95348	100548	122879
60-2	70830	77075	90685	111686	74472	98808	102690	128920
60-3	72321	80220	92848	105792	76011	95445	104832	128184
60-4	73812	87099	95011	118189	77549	98481	106974	156328
61-1	75302	92116	97174	104510	79088	110607	109116	149576
61-2	76793	88342	99336	116394	80626	114567	111257	161269
61-3	78284	79020	101499	109971	82165	101967	113399	106893
61-4	79774	87666	103662	117906	83703	118237	115541	178213
62-1	81265	90421	105825	127969	85242	131776	117683	143970
62-2	82756	91091	107987	120205	86780	127749	119825	142225
62-3	84247	85732	110150	119804	88319	121322	121967	123948
62-4	85737	94159	112313	129050	89857	146310	124109	151362
63-1	87228	96305	114476	147506	91396	154392	126251	153997
63-2	88719	105027	116639	148121	92934	170164	128392	164324
63-3	90209	98163	118801	156995	94473	155614	130534	172538
63-4	91700	110729	120964	161033	96011	172216	132676	184419
64-1	93191	124573	123127	175512	97550	187732	134818	193091
64-2	94681	132100	125290	168526	99088	200115	136960	203661
64-3	96172	118448	127452	131215	100627	167115	139102	197384
64-4	97663	135649	129615	152009	102165	194311	141244	215992

TABLE A 6.43: 1953-58 - TREND OF QUARTERLY CHEMICAL EXPORTS TO THE EFTA MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-UK	UK	t-SWE	SWE	t-N	N	t-DK	DK	t-AUT	AUT	t-CH	CH
59-1	65024	73063	59696	55423	33411	28046	52834	51238	59746	54513	76923	73730
59-2	65947	69193	60988	60318	34430	28585	53760	59970	61291	63183	78976	88834
59-3	66871	71446	62280	59383	35449	22093	54687	47454	62836	58666	81029	98900
59-4	67794	88229	63572	84715	36469	37931	55614	63444	64381	66413	83081	107464
60-1	68717	87999	64865	75046	37488	36367	56541	64367	65926	67326	85134	96411
60-2	69641	81212	66157	71074	38507	31237	57467	67878	67471	75214	87187	108901
60-3	70564	84258	67449	66757	39526	27265	58394	60054	69016	71256	89240	125247
60-4	71488	92946	68741	90873	40546	37844	59321	78133	70561	77935	91292	133767
61-1	72411	84567	70033	78726	41565	36679	60248	76842	72106	76386	93345	126779
61-2	73334	85401	71325	88934	42584	36125	61175	68647	73650	82311	95398	138871
61-3	74258	80632	72617	78893	43604	30846	62101	66620	75195	72887	97451	145670
61-4	75181	79177	73910	94345	44623	32993	63028	71723	76740	76747	99503	127115
62-1	76104	85937	75202	80339	45642	34404	63955	73327	78285	78405	101556	131181
62-2	77028	107524	76494	84336	46662	37669	64882	69133	79830	84728	103609	135683
62-3	77951	95094	77786	79625	47681	25708	65808	68571	81375	79250	105662	151657
62-4	78875	97928	79078	100890	48700	29303	66735	75961	82920	83171	107714	141046
63-1	79798	104262	80370	87153	49719	28999	67662	73349	84465	81783	109767	128890
63-2	80721	125025	81663	88916	50739	33572	68589	73369	86010	88336	111820	180789
63-3	81645	125107	82955	83368	51758	28135	69516	63402	87555	76481	113873	188716
63-4	82568	145290	84247	109063	52777	32810	70442	73599	89100	95004	115925	165325
64-1	83491	145000	85539	86952	53797	31699	71369	83876	90645	94095	117978	158670
64-2	84415	154920	86831	92965	54816	37627	72296	69417	92190	102215	120031	191964
64-3	85338	129355	88123	86141	55835	33311	73223	69054	93735	107192	122083	198721
64-4	86261	149554	89415	110882	56855	41934	74149	88176	95280	110070	124136	190074

TABLE A 6.44: 1953-58 - TREND OF QUARTERLY CHEMICAL EXPORTS TO THE EEC AND THE EFTA (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-6+7	6+7
59-1	302009	290856	347633	336013	649642	626869
59-2	309342	341652	355392	370083	664735	711735
59-3	316676	333613	363152	357942	679828	691555
59-4	324010	414445	370911	448196	694921	862641
60-1	331344	409842	378670	427516	710014	837358
60-2	338678	416489	386430	435516	725107	852005
60-3	346012	409641	394189	434837	740200	844478
60-4	353345	460097	401948	511498	755293	971595
61-1	360679	456809	409707	479979	770387	936788
61-2	368013	480572	417467	500289	785480	980861
61-3	375347	397851	425226	475548	800573	873399
61-4	382681	502022	432985	482100	815666	984122
62-1	390015	494136	440745	483593	830759	977729
62-2	397348	481270	448504	519073	845852	1000343
62-3	404682	450806	456263	499905	860945	950711
62-4	412016	520881	464022	528299	876038	1049180
63-1	419350	552200	471782	504436	891131	1056636
63-2	426684	587636	479541	590007	906225	1177643
63-3	434018	583310	487300	565209	921318	1148519
63-4	441351	628397	495060	621091	936411	1249488
64-1	448685	680908	502819	600292	951504	1281200
64-2	456019	704402	510578	649108	966597	1353510
64-3	463353	614162	518337	623774	981690	1237936
64-4	470687	697961	526097	690690	996783	1388651

TABLE A 6.45: 1953-58 - TREND OF QUARTERLY NF-METAL EXPORTS TO THE EEC MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-Blux	Blux	t-I	I	t-F	F	t-NL	NL
59-1	1550	942	3573	2080	12753	5593	5563	10565
59-2	1594	3552	3617	2213	13060	6585	5502	14177
59-3	1638	1382	3661	1766	13368	6022	5440	17411
59-4	1681	3446	3704	2585	13675	6864	5378	22016
60-1	1725	2922	3748	3198	13982	7912	5316	16361
60-2	1769	4502	3792	2904	14289	8854	5255	21546
60-3	1813	5160	3835	2219	14596	7884	5193	20040
60-4	1857	7624	3879	3542	14903	9046	5131	41833
61-1	1900	4413	3923	2828	15210	7571	5069	41439
61-2	1944	6634	3966	4351	15517	10449	5008	49170
61-3	1988	8863	4010	3887	15824	8672	4946	32557
61-4	2032	6220	4054	7312	16132	6506	4884	10584
62-1	2075	5501	4097	10917	16439	12057	4822	15145
62-2	2119	6031	4141	8723	16746	8828	4761	14230
62-3	2163	7641	4185	7658	17053	7892	4699	7109
62-4	2207	7935	4228	5993	17360	8184	4637	6935
63-1	2251	6032	4272	4502	17667	9431	4576	5146
63-2	2294	7575	4316	5915	17974	10255	4514	6578
63-3	2338	7449	4359	5529	18281	7588	4452	6675
63-4	2382	7665	4403	6379	18588	8013	4390	11736
64-1	2426	10107	4447	6260	18896	9285	4329	11674
64-2	2469	8421	4490	5727	19203	12580	4267	15019
64-3	2513	8279	4534	3531	19510	9938	4205	17306
64-4	2557	19113	4578	6726	19817	12569	4143	26245

TABLE A 6.46: 1953-58 - TREND OF QUARTERLY NF-METAL EXPORTS TO THE EFTA MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-UK	UK	t-SWE	SWE	t-N	N	t-DK	DK	t-AUT	AUT	t-CH	CH
59-1	-1822	4184	3270	876	118	316	1323	2200	13297	10651	2919	1912
59-2	-2613	1467	3036	808	72	356	1330	401	13668	11457	3034	2538
59-3	-3404	979	2803	562	26	518	1338	455	14039	11279	3149	3110
59-4	-4194	4111	2569	914	-20	1324	1345	337	14410	12583	3263	1745
60-1	-4985	6824	2336	2053	-66	1119	1353	317	14781	14098	3378	2362
60-2	-5776	5273	2102	563	-112	543	1361	636	15152	18444	3493	3885
60-3	-6567	14788	1869	777	-159	741	1368	903	15523	14294	3607	5897
60-4	-7357	13297	1635	818	-205	656	1376	992	15894	21954	3722	8618
61-1	-8148	7033	1402	669	-251	531	1383	1039	16265	17303	3837	8345
61-2	-8939	7824	1168	1291	-297	649	1391	345	16636	20357	3951	10734
61-3	-9730	4323	935	1655	-343	497	1398	755	17007	15061	4066	7479
61-4	-10521	7060	701	3845	-389	947	1406	878	17378	13447	4181	7993
62-1	-11311	5746	468	1165	-435	364	1413	1001	17749	12178	4295	8737
62-2	-12102	8474	234	844	-481	630	1421	254	18120	14132	4410	6748
62-3	-12893	49829	1	1235	-528	460	1428	831	18491	12134	4525	3940
62-4	-13684	9057	-233	1457	-574	403	1436	634	18862	11400	4639	5255
63-1	-14474	15009	-467	1312	-620	588	1443	272	19233	13285	4754	4932
63-2	-15265	7527	-700	2554	-666	604	1451	928	19604	11502	4869	3969
63-3	-16056	4829	-934	998	-712	146	1458	1325	19975	7394	4983	3392
63-4	-16847	1269	-1167	3680	-758	152	1466	1633	20346	12651	5098	6976
64-1	-17637	5964	-1401	4447	-804	158	1473	1805	20717	10764	5213	3964
64-2	-18428	4058	-1634	3136	-850	187	1481	824	21088	13523	5327	7168
64-3	-19219	6534	-1868	948	-897	280	1488	1646	21459	12198	5442	5200
64-4	-20010	19433	-2101	3529	-943	570	1496	4341	21830	17222	5557	9244

TABLE A 6.47: 1953-58 - TREND OF QUARTERLY NF-METAL EXPORTS TO THE EEC AND THE EFTA (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-6+7	6+7
59-1	23440	19180	19104	20139	42544	39319
59-2	23773	26527	18527	17027	42300	43554
59-3	24106	26581	17950	16903	42056	43484
59-4	24438	34911	17373	21014	41811	55925
60-1	24771	30393	16796	26773	41567	57166
60-2	25104	37806	16218	29344	41323	67150
60-3	25437	35303	15641	37400	41078	72703
60-4	25770	62045	15064	46335	40834	108380
61-1	26103	56251	14487	34920	40589	91171
61-2	26435	70604	13910	41200	40345	111804
61-3	26768	53979	13332	29770	40101	83749
61-4	27101	30622	12755	34170	39856	64792
62-1	27434	43620	12178	29191	39612	72811
62-2	27767	37812	11601	31082	39368	68894
62-3	28099	30300	11024	68429	39123	98729
62-4	28432	29047	10446	28206	38879	57253
63-1	28765	25111	9869	35398	38634	60509
63-2	29098	30323	9292	27084	38390	57407
63-3	29431	27241	8715	18084	38146	45325
63-4	29764	33793	8138	26361	37901	60154
64-1	30096	37326	7561	27102	37657	64428
64-2	30429	41747	6983	28896	37413	70643
64-3	30762	39054	6406	26806	37168	65860
64-4	31095	64653	5829	54339	36924	118992

TABLE A 6.48: 1953-58 - TREND OF QUARTERLY NF-METAL PRODUCT EXPORTS TO THE EEC MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-Blux	Blux	t-I	I	t-F	F	t-NL	NL
59-1	15803	12172	7743	7835	8878	6696	35609	27209
59-2	16064	13452	7931	8615	9129	7524	36197	27252
59-3	16325	12433	8118	8225	9380	8446	36785	28019
59-4	16586	14696	8306	10463	9631	11364	37372	32868
60-1	16846	14610	8494	10447	9883	11422	37960	34311
60-2	17107	14237	8681	11235	10134	12235	38547	31210
60-3	17368	15714	8869	11175	10385	11894	39135	34554
60-4	17628	17972	9057	10892	10637	15691	39723	36525
61-1	17889	17399	9244	12762	10888	14080	40310	38260
61-2	18150	17467	9432	12675	11139	14739	40898	38077
61-3	18410	17631	9620	12268	11390	12961	41486	36730
61-4	18671	18220	9808	15629	11642	17476	42073	39965
62-1	18932	17383	9995	15914	11893	17620	42661	40170
62-2	19193	17430	10183	17551	12144	18606	43248	38301
62-3	19453	17248	10371	15309	12396	18293	43836	39171
62-4	19714	20354	10558	17822	12647	22122	44424	43502
63-1	19975	18602	10746	18191	12898	21718	45011	41024
63-2	20235	19054	10934	18915	13150	23733	45599	39016
63-3	20496	18785	11121	17902	13401	22753	46187	41399
63-4	20757	24568	11309	22915	13652	28918	46774	50885
64-1	21018	24735	11497	21972	13903	28186	47362	58933
64-2	21278	27205	11684	19352	14155	31692	47949	59170
64-3	21539	24464	11872	16693	14406	30195	48537	58388
64-4	21800	33118	12060	19225	14657	34239	49125	67096

TABLE A 6.49: 1953-58 - TREND OF QUARTERLY NF-METAL PRODUCT EXPORTS TO THE EFTA MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-UK	UK	t-SWE	SWE	t-N	N	t-DK	DK	t-AUT	AUT	t-CH	CH
59-1	7273	6715	18828	15130	5135	3909	6640	6629	10778	8635	23637	19970
59-2	7403	7115	19195	17504	5215	4833	6727	7626	11142	11103	24188	23863
59-3	7532	8647	19563	16936	5296	4326	6813	7015	11506	10746	24739	25792
59-4	7662	9714	19930	23020	5376	6065	6900	9195	11870	11951	25290	28782
60-1	7791	10192	20297	19626	5456	4813	6986	7802	12234	10987	25840	25608
60-2	7920	11196	20664	18656	5536	4757	7073	11708	12598	12661	26391	27778
60-3	8050	11414	21031	19235	5616	5076	7159	10282	12962	13777	26942	33877
60-4	8179	11225	21399	24431	5696	6125	7246	11970	13326	15875	27493	39164
61-1	8309	9771	21766	20501	5776	5522	7333	10512	13690	13490	28044	35741
61-2	8438	10687	22133	19936	5857	5508	7419	10236	14054	15584	28594	37538
61-3	8567	11529	22500	18786	5937	5393	7506	9455	14418	15799	29145	42572
61-4	8697	10465	22867	21378	6017	6410	7592	12596	14782	17446	29696	44042
62-1	8826	9848	23235	17865	6097	5858	7679	11705	15146	14066	30247	38765
62-2	8956	10320	23602	18887	6177	5584	7765	10520	15510	14835	30798	38411
62-3	9085	10409	23969	18089	6257	5086	7852	12034	15874	14768	31348	45894
62-4	9214	10944	24336	21683	6337	7145	7938	15154	16238	21166	31899	41630
63-1	9344	10309	24703	20276	6417	5571	8025	12173	16602	18664	32450	43364
63-2	9473	10792	25071	20646	6498	5295	8112	12602	16966	18623	33001	41010
63-3	9603	11561	25438	19825	6578	5790	8198	11043	17330	18447	33552	45568
63-4	9732	12817	25805	25252	6658	7436	8285	13846	17694	24323	34102	48273
64-1	9861	14123	26172	22877	6738	6006	8371	12042	18058	19043	34653	46592
64-2	9991	15266	26539	24202	6818	7188	8458	16418	18423	21164	35204	41876
64-3	10120	14716	26907	23192	6898	6484	8544	15254	18787	23046	35755	42291
64-4	10250	15923	27274	29684	6978	9015	8631	18894	19151	25835	36306	49880

TABLE A 6.50: 1953-58 - TREND OF QUARTERLY NF-METAL PRODUCT EXPORTS TO THE EEC AND THE EFTA (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-6+7	6+7
59-1	68033	53912	72292	60988	137427	114900
59-2	69321	56843	73870	72044	140327	128887
59-3	70608	57123	75448	73462	143227	130585
59-4	71895	69391	77026	88727	146127	158118
60-1	73182	70790	78605	79028	149028	149818
60-2	74470	68917	80183	86756	151928	155673
60-3	75757	73337	81761	93661	154828	166998
60-4	77044	81080	83339	108790	157728	189870
61-1	78332	82501	84917	95537	160628	178038
61-2	79619	82958	86495	99489	163529	182447
61-3	80906	79590	88073	103534	166429	183124
61-4	82194	91290	89651	112337	169329	203627
62-1	83481	91087	91230	98107	172229	189194
62-2	84768	91888	92808	98557	175130	190445
62-3	86056	90021	94386	106280	178030	196301
62-4	87343	103800	95964	117722	180930	221522
63-1	88630	99535	97542	110357	183830	209892
63-2	89918	100718	99120	108968	186730	209686
63-3	91205	100839	100698	112234	189631	213073
63-4	92492	127286	102276	131947	192531	259233
64-1	93780	133826	103855	120683	195431	254509
64-2	95067	140172	105433	126114	198331	266286
64-3	96354	129740	107011	124983	201232	254723
64-4	97641	153678	108589	149231	204132	302909

TABLE A 6.51: 1953-58 - TREND OF QUARTERLY PAPER/PAPER PRODUCT EXPORTS TO THE EEC MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-Blux	Blux	t-I	I	t-F	F	t-NL	NL
59-1	5225	4272	2704	2036	2522	1953	7059	6934
59-2	5326	4388	2771	2823	2585	1891	7184	7471
59-3	5427	5008	2839	2806	2647	2980	7309	8107
59-4	5528	5441	2906	3212	2710	5102	7434	9157
60-1	5629	6489	2974	3768	2772	5080	7559	9690
60-2	5730	5898	3041	3293	2835	4399	7684	8561
60-3	5832	6495	3109	3325	2897	5090	7809	10618
60-4	5933	6920	3177	3511	2960	5953	7935	12454
61-1	6034	6807	3244	3423	3022	6252	8060	10840
61-2	6135	6869	3312	4949	3085	6117	8185	10711
61-3	6236	6984	3379	4793	3147	5989	8310	11233
61-4	6337	7370	3447	4553	3210	6478	8435	13172
62-1	6438	7422	3514	5603	3272	7790	8560	12096
62-2	6539	7614	3582	5551	3335	7923	8685	12813
62-3	6640	8817	3649	5681	3397	7853	8810	13757
62-4	6741	8155	3717	5973	3460	9623	8935	12466
63-1	6842	8086	3785	6526	3522	10800	9060	12751
63-2	6943	8305	3852	6885	3585	11116	9185	12629
63-3	7044	8180	3920	9279	3647	10761	9310	15415
63-4	7145	9372	3987	8014	3710	13868	9435	18085
64-1	7247	9609	4055	9877	3773	14046	9560	17390
64-2	7348	9857	4122	8975	3835	14812	9685	17897
64-3	7449	9989	4190	8074	3898	13435	9810	18567
64-4	7550	10941	4258	8385	3960	16358	9935	20105

TABLE A 6.52: 1953-58 - TREND OF QUARTERLY PAPER/PAPER PRODUCT EXPORTS TO THE EFTA MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-UK	UK	t-SWE	SWE	t-N	N	t-DK	DK	t-AUT	AUT	t-CH	CH
59-1	3573	3577	4409	3668	1032	877	3342	2885	4072	3523	5269	3801
59-2	3663	4606	4519	3754	1058	882	3425	3148	4224	4011	5393	4544
59-3	3753	6184	4630	4120	1084	1069	3507	3298	4376	4517	5517	4807
59-4	3842	5815	4740	5330	1110	1040	3589	4082	4529	4525	5642	5869
60-1	3932	6177	4851	3856	1136	1725	3671	3218	4681	4788	5766	5548
60-2	4022	6666	4961	4096	1162	687	3754	3460	4834	4609	5891	5865
60-3	4111	6131	5072	4382	1188	1232	3836	4162	4986	5519	6015	6013
60-4	4201	7350	5182	5631	1214	1475	3918	4814	5138	6266	6140	7022
61-1	4291	7384	5292	4171	1240	1175	4000	4443	5291	4944	6264	6324
61-2	4381	6558	5403	4726	1266	1154	4083	4186	5443	5884	6389	6711
61-3	4470	6002	5513	4367	1292	1107	4165	4324	5596	5980	6513	7318
61-4	4560	7001	5624	5592	1318	1564	4247	4669	5748	6096	6637	7983
62-1	4650	6732	5734	4362	1344	1212	4329	4038	5900	6320	6762	8359
62-2	4740	6417	5844	4309	1369	1116	4412	4428	6053	6375	6886	8027
62-3	4829	6145	5955	5026	1395	1025	4494	4796	6205	6784	7011	8309
62-4	4919	6970	6065	7531	1421	1311	4576	5717	6358	6666	7135	8286
63-1	5009	7252	6176	5275	1447	1259	4658	4623	6510	6438	7260	8720
63-2	5099	6827	6286	6186	1473	1241	4741	4260	6662	7090	7384	8439
63-3	5188	6760	6396	5570	1499	1398	4823	4589	6815	7202	7509	10524
63-4	5278	8803	6507	7159	1525	1653	4905	5403	6967	7639	7633	10004
64-1	5368	8608	6617	6398	1551	1238	4988	4669	7119	7696	7757	10097
64-2	5457	6808	6728	6828	1577	1551	5070	5409	7272	7802	7882	10245
64-3	5547	6449	6838	6828	1603	1356	5152	5342	7424	8856	8006	10010
64-4	5637	8151	6949	8629	1629	1995	5234	6462	7577	8708	8131	11918

TABLE A 6.53: 1953-58 - TREND OF QUARTERLY PAPER/PAPER PRODUCT EXPORTS TO THE EEC AND THE EFTA (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-6+7	6+7
59-1	17510	15195	21697	18331	24145	33526
59-2	17866	16573	22282	20945	9414	37518
59-3	18222	18901	22867	23995	8472	42896
59-4	18579	22912	23452	26661	25086	49573
60-1	18935	25027	24038	25312	10355	50339
60-2	19291	22151	24623	25383	9414	47534
60-3	19647	25528	25208	27439	26028	52967
60-4	20003	28838	25793	32558	11297	61396
61-1	20360	27322	26378	28441	10355	55763
61-2	20716	28646	26964	29219	26969	57865
61-3	21072	28999	27549	29098	12238	58097
61-4	21428	31573	28134	32905	11297	64478
62-1	21784	32911	28719	31023	27910	63934
62-2	22141	33901	29304	30672	13179	64573
62-3	22497	36108	29889	32085	12238	68193
62-4	22853	36217	30475	36481	28852	72698
63-1	23209	38163	31060	33567	14121	71730
63-2	23565	38935	31645	34043	13179	72978
63-3	23921	43635	32230	36043	29793	79678
63-4	24278	49339	32815	40661	15062	90000
64-1	24634	50922	33401	38706	14121	89628
64-2	24990	54151	33986	38643	30734	92794
64-3	25346	50065	34571	38841	16003	88906
64-4	25702	55789	35156	45863	15062	101652

TABLE A 6.54: 1953-58 - TREND OF QUARTERLY MACHINERY EXPORTS TO THE EEC MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-Blux	Blux	t-I	I	t-F	F	t-NL	NL
59-1	116216	88093	125973	124764	170576	125554	148701	122808
59-2	118766	99623	128385	133247	175458	175633	151897	138347
59-3	121316	100152	130796	140051	180339	198458	155093	135727
59-4	123866	93663	133208	132884	185221	189893	158289	134318
60-1	126416	102125	135620	140333	190102	182142	161485	147005
60-2	128966	112973	138032	153388	194983	200976	164681	155483
60-3	131516	108955	140443	155857	199865	192681	167878	156849
60-4	134066	132376	142855	177424	204746	217318	171074	176514
61-1	136616	126438	145267	190748	209627	223639	174270	186003
61-2	139165	139400	147679	206585	214509	266255	177466	202153
61-3	141715	179988	150090	208915	219390	252841	180662	203282
61-4	144265	151850	152502	227253	224272	277225	183858	215442
62-1	146815	158296	154914	250611	229153	289681	187054	222476
62-2	149365	155959	157325	276896	234034	331698	190250	212405
62-3	151915	180022	159737	243856	238916	302065	193446	208938
62-4	154465	176789	162149	268418	243797	341725	196642	219112
63-1	157015	159239	164561	307585	248679	314982	199838	201191
63-2	159565	173928	166972	342681	253560	354008	203035	214400
63-3	162115	194406	169384	268238	258441	336590	206231	221057
63-4	164665	230098	171796	395251	263323	393645	209427	246246
64-1	167215	178237	174208	332201	268204	389449	212623	241658
64-2	169765	202065	176619	304042	273086	439554	215819	246063
64-3	172315	175904	179031	252734	277967	402809	219015	244186
64-4	174865	205371	181443	213846	282848	424313	222211	264034

TABLE A 6.55: 1953-58 - TREND OF QUARTERLY MACHINERY EXPORTS TO THE EFTA MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-UK	UK	t-SWE	SWE	t-N	N	t-DK	DK	t-AUT	AUT	t-CH	CH
59-1	98701	87075	78932	67891	31064	26142	36909	36029	117510	81732	101583	88284
59-2	100916	106244	80521	94689	31398	30957	37538	49246	121353	102803	104090	92840
59-3	103132	87707	82109	74700	31732	30179	38167	58743	125196	109896	106597	92653
59-4	105348	98027	83698	91794	32066	23894	38796	56758	129039	126991	109104	108553
60-1	107564	107044	85287	75422	32400	33503	39425	53951	132882	102212	111611	94109
60-2	109780	118029	86875	90952	32734	37632	40054	53566	136725	129309	114118	111565
60-3	111996	117505	88464	102129	33069	42823	40682	54893	140568	134672	116625	116972
60-4	114212	133412	90053	111711	33403	38611	41311	61609	144410	162756	119132	135738
61-1	116428	137077	91641	98176	33737	38852	41940	60076	148253	131068	121639	132446
61-2	118643	160532	93230	116710	34071	43070	42569	66623	152096	158007	124146	155370
61-3	120859	155028	94819	122203	34405	42273	43198	68659	155939	156239	126653	159247
61-4	123075	172239	96408	134059	34739	45327	43827	72076	159782	173248	129160	172609
62-1	125291	142795	97996	109883	35073	37384	44456	68738	163625	148442	131667	192891
62-2	127507	155402	99585	112959	35407	43948	45085	75648	167468	147426	134174	200700
62-3	129723	153973	101174	110904	35741	46463	45714	79072	171311	155190	136681	191085
62-4	131939	158848	102762	125900	36076	47089	46343	83284	175154	182470	139188	212434
63-1	134155	145875	104351	106115	36410	38478	46972	66853	178996	139100	141695	193040
63-2	136371	163374	105940	122410	36744	48018	47601	77225	182839	144123	144202	196051
63-3	138586	155184	107528	122072	37078	44304	48230	70426	186682	138666	146709	206283
63-4	140802	170506	109117	135590	37412	47205	48859	76336	190525	191464	149216	209159
64-1	143018	177978	110706	121526	37746	37632	49488	72241	194368	133363	151723	196553
64-2	145234	210875	112294	132993	38080	49412	50117	85537	198211	157033	154230	211537
64-3	147450	179816	113883	87405	38414	49309	50746	86198	202054	155921	156737	201158
64-4	149666	215753	115472	150954	38749	55204	51375	91729	205897	204702	159244	205785

TABLE A 6.56: 1953-58 - TREND OF QUARTERLY MACHINERY EXPORTS TO THE EEC AND THE EFTA (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-6+7	6+7
59-1	561737	461219	464698	387153	1025669	848372
59-2	574776	546850	475815	476779	1049793	1023629
59-3	587815	574388	486933	453878	1073918	1028266
59-4	600854	550758	498050	506017	1098043	1056775
60-1	613893	571605	509168	466241	1122168	1037846
60-2	626933	622820	520286	541053	1146293	1163873
60-3	639972	614342	531403	568994	1170418	1183336
60-4	653011	703632	542521	643837	1194542	1347469
61-1	666050	726828	553638	597695	1218667	1324523
61-2	679089	814393	564756	700312	1242792	1514705
61-3	692129	845026	575873	703649	1266917	1548675
61-4	705168	871770	586991	769558	1291042	1641328
62-1	718207	921064	598108	700133	1315167	1621197
62-2	731246	976958	609226	736083	1339292	1713041
62-3	744285	934881	620344	736687	1363416	1671568
62-4	757325	1006044	631461	810025	1387541	1816069
63-1	770364	982997	642579	689461	1411666	1672458
63-2	783403	1085017	653696	751201	1435791	1836218
63-3	796442	1020291	664814	736935	1459916	1757226
63-4	809481	1265240	675931	830260	1484041	2095500
64-1	822521	1141545	687049	739293	1508165	1880838
64-2	835560	1029829	698166	847387	1532290	1877216
64-3	848599	1075633	709284	1126256	1556415	2201889
64-4	861638	1107564	720402	924127	1580540	2031691

TABLE A 6.57: 1953-58 - TREND OF QUARTERLY ELECTRICAL/ELECTRONICAL PRODUCT EXPORTS TO THE EEC MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-Blux	Blux	t-I	I	t-F	F	t-NL	NL
59-1	56112	47740	54326	50119	21890	19902	89023	73950
59-2	57686	44837	55738	44902	22448	22449	91471	72607
59-3	59261	46999	57150	51514	23006	27994	93919	81516
59-4	60835	55930	58562	68464	23564	34740	96367	100365
60-1	62410	50334	59974	55193	24122	31369	98815	96355
60-2	63985	53423	61386	63405	24680	33358	101263	103238
60-3	65559	58840	62798	66587	25238	34415	103711	108678
60-4	67134	68221	64210	72774	25796	43871	106159	132082
61-1	68708	65286	65622	64547	26353	42363	108606	124080
61-2	70283	67936	67034	69638	26911	52135	111054	121704
61-3	71858	65389	68446	72703	27469	51826	113502	135858
61-4	73432	64812	69859	91905	28027	67640	115950	162271
62-1	75007	58352	71271	80698	28585	64589	118398	144993
62-2	76581	67656	72683	83150	29143	73857	120846	128164
62-3	78156	62943	74095	92663	29701	75325	123294	132482
62-4	79730	78646	75507	101548	30259	92361	125742	142124
63-1	81305	65033	76919	85239	30816	82159	128189	130707
63-2	82880	78503	78331	99781	31374	92744	130637	138616
63-3	84454	86828	79743	112189	31932	95444	133085	146049
63-4	86029	98248	81155	130503	32490	128902	135533	185134
64-1	87603	94715	82567	112667	33048	108210	137981	175040
64-2	89178	106111	83979	104703	33606	126191	140429	187029
64-3	90753	108593	85391	90246	34164	105713	142877	179508
64-4	92327	109721	86803	100233	34722	140832	145325	211117

TABLE A 6.58: 1953-58 - TREND OF QUARTERLY ELECTRICAL/ELECTRONICAL PRODUCT EXPORTS TO THE EFTA MEMBER COUNTRIES (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-UK	UK	t-SWE	SWE	t-N	N	t-DK	DK	t-AUT	AUT	t-CH	CH
59-1	28607	33655	81584	80883	22175	17152	16010	17113	47917	40186	51984	46581
59-2	29709	39379	84241	78133	22521	18531	16449	19403	49635	44770	53629	51510
59-3	30812	43596	86899	82226	22868	21821	16888	22888	51353	43888	55273	54464
59-4	31914	44354	89557	104866	23214	22245	17327	25383	53072	49796	56918	67350
60-1	33016	46860	92214	96136	23561	22261	17766	24444	54790	45484	58562	53354
60-2	34119	45231	94872	83709	23907	24981	18205	24795	56508	51178	60207	57977
60-3	35221	35550	97530	98778	24254	28513	18644	29991	58227	51348	61851	67314
60-4	36323	38474	100187	108806	24600	35876	19083	32042	59945	55575	63496	84879
61-1	37425	33418	102845	83714	24947	25258	19522	32686	61664	54143	65140	71694
61-2	38528	33945	105502	86930	25293	25580	19961	28221	63382	64125	66784	74316
61-3	39630	33347	108160	84832	25640	30809	20400	28938	65100	59848	68429	77689
61-4	40732	36857	110818	92647	25986	30295	20838	35454	66819	67414	70073	95598
62-1	41835	30680	113475	85210	26332	25540	21277	33722	68537	55787	71718	83949
62-2	42937	28420	116133	86291	26679	26110	21716	32744	70256	54897	73362	83860
62-3	44039	32945	118790	86197	27025	29389	22155	44089	71974	58016	75007	86704
62-4	45142	36569	121448	95750	27372	33128	22594	44124	73692	62486	76651	96281
63-1	46244	32409	124106	85159	27718	26328	23033	32121	75411	52513	78296	84846
63-2	47346	33036	126763	97253	28065	27306	23472	30187	77129	61571	79940	82183
63-3	48448	38195	129421	95256	28411	27765	23911	31902	78847	61361	81585	90730
63-4	49551	48405	132079	104834	28758	34810	24350	38184	80566	76565	83229	103881
64-1	50653	43301	134736	100758	29104	28535	24789	33063	82284	64949	84874	92539
64-2	51755	52259	137394	112379	29451	28195	25228	37098	84003	70605	86518	98006
64-3	52858	51748	140051	103906	29797	30549	25667	40484	85721	74091	88162	95916
64-4	53960	58352	142709	123146	30144	34504	26106	45237	87439	90960	89807	115426

TABLE A 6.59: 1953-58 - TREND OF QUARTERLY ELECTRICAL/ELECTRONICAL PRODUCT EXPORTS TO THE EEC AND THE EFTA (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-6+7	6+7
59-1	221352	191711	248458	235570	469628	427281
59-2	227344	184795	256373	251726	483529	436521
59-3	233336	208023	264289	268883	497429	476906
59-4	239329	259499	272205	313994	511330	573493
60-1	245321	233251	280121	288539	525230	521790
60-2	251313	253424	288036	287871	539131	541295
60-3	257306	268520	295952	311494	553032	580014
60-4	263298	316948	303868	355652	566932	672600
61-1	269291	296276	311783	300913	580833	597189
61-2	275283	311413	319699	313117	594733	624530
61-3	281275	325776	327615	315463	608634	641239
61-4	287268	386628	335530	358265	622534	744893
62-1	293260	348632	343446	314888	636435	663520
62-2	299253	352827	351362	312322	650335	665149
62-3	305245	363413	359278	337340	664236	700753
62-4	311237	414679	367193	368338	678137	783017
63-1	317230	363138	375109	313376	692037	676514
63-2	323222	409644	383025	331536	705938	741180
63-3	329214	440510	390940	345209	719838	785719
63-4	335207	542787	398856	406679	733739	949466
64-1	341199	490632	406772	363145	747639	853777
64-2	347192	440633	414688	398542	761540	839175
64-3	353184	484060	422603	396694	775440	880754
64-4	359176	561903	430519	467625	789341	1029528

TABLE A 6.60: 1955-58 - TREND OF QUARTERLY EXPORTS MANUFACTURED PRODUCTS TO THE EEC, THE EFTA, THE REST OF THE WORLD (IN DM 1000) COMPARED TO THE ACTUAL EXPORTS 1959-1964

	t-EEC	EEC	t-EFTA	EFTA	t-non6,7	non6,7	t-total	total	t-non 6	non6
59-1	2272439	2002957	2602369	2255256	4671019	3933600	9545828	8191813	7273388	6188856
59-2	2313363	2185189	2659565	2974461	4820451	4144262	9793379	9303912	7480016	7118723
59-3	2354286	2447232	2716760	2547738	4969883	4532382	10040930	9527352	7686643	7080120
59-4	2395210	2798815	2773955	3006758	5119315	5248947	10288481	11054520	7893271	8255705
60-1	2436134	2772969	2831151	2876068	5268747	5961810	10536032	11610847	8099898	8837878
60-2	2477057	2965197	2888346	3028588	5418180	5606614	10783583	11600399	8306525	8635202
60-3	2517981	2968881	2945541	3066326	5567612	5598335	11031135	11633542	8513153	8664661
60-4	2558905	3454751	3002736	3569300	5717044	6584684	11278686	13608735	8719780	10153984
61-1	2599828	3406605	3059932	3182421	5866476	5649865	11526237	12238891	8926408	8832286
61-2	2640752	3617336	3117127	3453563	6015908	5809642	11773788	12880541	9133035	9263205
61-3	2681676	3499317	3174322	3394332	6165340	5772835	12021339	12666484	9339662	8251768
61-4	2722599	3717555	3231518	3562032	6314772	6154041	12268890	13433628	9546290	8712577
62-1	2763523	3869488	3288713	3279675	6464204	5477415	12516441	12626578	9752917	8757090
62-2	2804447	3991875	3345908	3404760	6613636	5945009	12763992	13341644	9959545	9349769
62-3	2845370	3808650	3403104	3483253	6763068	5773698	13011543	13065601	10166172	9256951
62-4	2886294	4237031	3460299	3666881	6912501	6371279	13259094	14275191	10372799	10038160
63-1	2927218	4268007	3517494	3349358	7061933	5317486	13506646	12934851	10579427	8666844
63-2	2968141	4268007	3574689	3696020	7211365	5612967	13754197	13576994	10786054	9308987
63-3	3009065	4800392	3631885	3659318	7360797	6285822	14001748	14745532	10992682	9945140
63-4	3049989	4907528	3689080	4105093	7510229	7305235	14249299	16317856	11199309	11410328
64-1	3090912	5465471	3746275	3850209	7659661	6247243	14496850	15562923	11405936	10097452
64-2	3131836	5305091	3803471	4144915	7809093	6920661	14744401	16370667	11612564	11065576
64-3	3172760	5494076	3860666	3986281	7958525	6168641	14991952	15648998	11819191	10154922
64-4	3213683	4910177	3917861	4621035	8107957	8348816	15239503	17880028	12025819	12969851

TABLE A 6.61: ANNUAL PERCENTAGE CHANGE IN TEXTILE IMPORTS BY ORIGIN:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA	6+7
1954	-11.81	12.55	11.39	-12.62	6.27	10.47	29.76	0.17	29.50	-1.98	-0.70	5.95	2.01
1955	23.52	-0.98	37.57	19.15	12.09	23.12	-44.00	11.27	20.33	-1.24	19.24	8.14	14.53
1956	14.05	26.15	14.88	11.91	6.34	13.79	41.29	34.22	15.80	15.90	16.76	12.06	14.88
1957	27.57	29.24	13.89	16.04	22.38	-0.63	21.21	107.10	16.65	8.78	22.10	16.95	20.09
1958	-13.33	4.54	-15.20	31.28	-13.19	0.61	13.79	0.42	-11.85	-8.94	-1.52	-10.80	-5.05
1959	14.92	29.03	41.33	7.24	7.18	31.96	84.29	15.02	11.32	16.15	23.26	12.13	19.28
1960	21.01	21.92	50.11	14.94	-0.92	41.20	9.43	18.83	12.88	14.86	27.69	9.03	21.42
1961	5.23	25.02	12.69	20.84	-6.94	38.75	33.98	0.78	10.84	-4.74	15.92	-0.80	10.88
1962	29.33	12.87	17.70	17.87	4.24	-2.00	14.88	0.36	16.37	2.95	18.68	6.04	15.27
1963	9.78	4.23	1.82	17.14	5.81	-16.48	7.46	3.99	13.90	-2.01	7.13	3.96	6.34
1964	18.89	13.67	5.55	19.37	4.24	10.48	-4.57	6.78	6.45	0.41	13.75	3.71	11.31

TABLE A 6.62: ANNUAL PERCENTAGE CHANGE IN CHEMICAL IMPORTS BY ORIGIN:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA	6+7
1954	25.92	126.29	-23.46	35.66	41.15	28.36	24.11	3.86	32.79	17.59	21.74	27.02	23.83
1955	18.16	34.97	47.81	49.66	22.97	13.08	102.85	17.25	-25.87	27.54	37.61	20.81	30.81
1956	-3.75	25.43	10.71	44.59	15.05	21.99	45.64	18.93	137.38	2.62	22.92	20.92	22.17
1957	10.74	31.21	1.72	5.46	16.17	-20.97	12.49	46.07	4.45	13.70	8.80	10.17	9.31
1958	5.65	14.21	15.49	5.32	36.44	17.23	-45.84	25.19	-1.34	7.86	8.16	13.77	10.25
1959	15.67	50.31	80.87	14.45	35.47	21.69	0.98	20.74	-2.06	32.32	30.79	27.37	29.47
1960	33.72	45.99	46.25	16.65	29.33	2.76	10.54	25.87	-3.94	34.31	31.42	25.47	29.17
1961	-11.22	2.14	11.57	-6.73	-26.91	6.71	-1.98	-2.30	0.52	-8.66	-1.32	-14.54	-6.19
1962	17.22	33.56	28.84	28.25	50.13	20.82	6.13	22.11	35.67	9.62	27.48	28.05	27.67
1963	16.84	19.78	21.82	23.30	3.83	-3.71	28.62	17.83	14.11	11.70	21.15	7.92	16.70
1964	18.09	24.83	39.04	13.03	27.45	12.08	21.94	10.35	-6.05	4.98	23.73	14.71	20.92

TABLE A 6.63: ANNUAL PERCENTAGE CHANGE IN NF-METALS IMPORTS BY ORIGIN:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA	6+7
1954	7.77	222.76	222.69	30.54	26.64	-72.00	66.10	-2.36	17.71	28.48	39.30	21.69	29.36
1955	52.23	51.05	23.14	50.17	-14.25	436.53	54.02	71.14	73.45	-17.65	46.92	19.22	32.22
1956	17.51	-25.26	-25.58	9.73	62.56	11.41	34.13	8.13	10.34	-36.87	4.79	36.93	20.18
1957	-40.52	-41.57	-47.94	14.02	-44.99	-49.35	3.54	-60.73	-33.94	-6.52	-25.27	-31.52	-28.68
1958	5.35	-24.01	14.02	-16.78	25.58	7.38	5.96	-10.77	19.33	79.77	-5.85	17.12	6.18
1959	74.69	40.41	160.13	48.66	30.07	-29.15	32.38	105.74	-4.67	75.97	69.43	27.04	44.94
1960	13.05	102.58	21.01	9.22	9.26	-33.12	13.69	-6.40	-6.85	4.46	16.45	7.73	12.03
1961	-0.05	-46.41	0.79	-18.50	3.45	39.37	-8.58	1.00	28.30	7.93	-9.34	1.40	-4.11
1962	-11.57	-17.66	11.70	-31.55	-15.70	-43.86	13.87	5.93	36.57	31.34	-14.41	1.55	-6.19
1963	13.87	6.43	16.67	18.41	-34.08	101.98	-0.46	10.87	8.93	39.23	15.14	-7.68	2.42
1964	83.79	283.16	106.74	115.40	117.74	47.02	32.73	-12.18	22.61	7.45	103.35	51.18	77.14

TABLE A 6.64: ANNUAL PERCENTAGE CHANGE IN NF-METAL PRODUCT IMPORTS BY ORIGIN:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA	6+7
1954	568.95	86.17	53.88	672.49	1390.19	264.36	321.89	29.69	50.22	-19.26	523.83	193.06	277.77
1955	39.98	81.75	76.03	7.95	-10.08	10.85	-69.48	51.09	15.07	44.10	19.30	2.16	9.41
1956	-3.84	52.80	-3.17	-48.73	65.17	90.21	-60.00	33.26	15.19	11.00	-30.61	47.37	11.40
1957	-9.05	80.09	129.55	-12.25	-26.62	5.30	125.83	40.67	1.97	4.73	5.68	-13.40	-7.92
1958	26.08	159.20	1.91	50.88	-11.46	17.28	108.86	36.15	16.95	33.07	51.50	6.60	21.40
1959	56.75	66.06	272.68	30.18	-8.74	28.78	-13.07	30.44	21.74	28.91	68.60	11.36	34.91
1960	183.55	82.41	129.54	34.06	-3.49	57.08	199.39	38.02	50.03	42.76	102.72	30.47	67.61
1961	49.88	86.61	22.99	36.03	35.57	30.27	-4.28	30.65	25.40	19.49	48.77	27.11	40.58
1962	-5.81	29.95	-8.79	5.67	3.82	-8.53	3.48	27.92	-21.41	-12.43	5.41	-5.24	1.77
1963	36.07	-3.13	23.49	8.95	11.51	21.62	49.97	-12.15	-3.05	12.57	15.90	9.49	13.86
1964	37.69	69.98	46.16	44.31	-3.39	20.54	7.04	37.97	39.72	29.45	49.34	19.06	40.07

TABLE A 6.65: ANNUAL PERCENTAGE CHANGE IN PAPER AND PAPER PRODUCT IMPORTS BY ORIGIN:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA	6+7
1954	30.21	42.95	35.22	7.65	32.10	27.33	-1.73	-28.29	65.19	319.08	14.59	38.02	33.20
1955	8.66	33.07	296.09	20.14	36.49	20.71	2.67	104.44	27.57	4.74	46.37	21.89	26.22
1956	47.36	25.57	-14.34	30.32	60.76	26.81	3.82	90.76	4.71	-2.06	20.34	15.80	16.73
1957	35.51	177.26	-2.38	22.12	27.92	37.23	82.98	263.11	25.41	45.00	23.33	36.83	33.98
1958	41.57	10.02	49.04	42.32	7.18	24.30	16.53	22.95	0.78	52.06	41.51	14.98	20.14
1959	43.90	6.71	123.75	17.38	46.48	16.51	35.69	11.01	0.26	40.66	39.50	14.57	20.29
1960	20.67	73.52	90.46	15.15	32.20	33.11	34.55	39.18	19.71	5.95	37.88	29.02	31.37
1961	9.88	5.09	-18.75	11.88	33.91	0.14	22.53	41.95	-6.12	-6.41	0.14	2.97	2.18
1962	15.71	14.44	-1.68	10.20	20.19	16.76	15.78	66.81	5.65	8.70	7.94	14.92	13.01
1963	-0.52	23.97	10.74	17.77	-3.05	8.50	32.01	-8.00	2.19	-11.69	12.39	9.41	10.19
1964	34.40	69.88	26.70	46.57	-0.57	19.20	5.19	17.55	11.18	24.80	40.24	14.23	21.16

TABLE A 6.66: ANNUAL PERCENTAGE CHANGE IN MACHINERY IMPORTS BY ORIGIN:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA	6+7
1954	-9.25	56.50	9.08	38.91	61.89	36.60	31.75	28.85	62.44	6.82	20.84	28.18	26.28
1955	33.88	76.13	38.50	51.68	-2.85	33.16	31.59	132.25	56.22	41.63	51.18	30.34	35.48
1956	75.82	20.27	31.39	38.12	42.02	43.93	113.66	46.64	30.30	26.70	38.05	34.80	35.69
1957	13.08	24.83	37.44	16.74	18.02	12.52	9.20	14.43	18.45	4.41	22.56	10.78	14.08
1958	5.07	37.29	31.69	40.66	27.81	10.41	83.09	73.99	1.03	12.24	29.77	21.28	23.83
1959	27.57	44.37	54.29	52.15	25.28	26.59	-2.95	13.85	24.81	13.78	46.06	19.05	27.57
1960	72.31	79.44	86.86	13.84	33.84	40.67	10.89	8.63	46.65	20.06	60.85	27.16	39.33
1961	18.93	13.18	77.93	10.47	22.85	37.64	61.70	-3.72	42.44	9.03	33.19	19.26	25.07
1962	11.28	0.55	23.45	34.49	8.84	16.94	19.89	3.36	2.91	6.53	17.31	8.58	12.45
1963	-11.36	-1.67	-5.54	0.47	7.47	-3.58	-11.77	-3.85	-8.95	-0.33	-4.25	0.57	-1.66
1964	28.42	29.65	25.67	11.74	9.34	6.41	34.69	23.31	26.06	7.65	24.07	10.94	16.86

TABLE A 6.67: ANNUAL PERCENTAGE CHANGE IN ELECTRICAL/ ELECTRONICAL IMPORTS BY ORIGIN:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA	6+7
1954	138.54	-5.55	8.88	27.20	90.87	64.31	23.87	126.69	54.42	18.12	29.21	49.93	38.70
1955	15.12	20.31	30.59	12.67	48.17	44.22	57.80	56.18	94.80	44.74	14.67	50.26	32.28
1956	13.88	51.16	17.67	4.86	34.64	-2.72	1.85	-12.36	45.29	11.12	8.81	17.03	13.43
1957	5.58	41.83	68.49	1.25	21.12	22.37	30.35	-5.49	25.61	21.96	10.78	19.56	15.87
1958	178.11	145.71	313.28	109.99	20.75	34.80	282.19	28.21	38.00	11.68	150.06	22.17	73.52
1959	-38.22	68.99	7.52	22.03	52.96	20.24	-4.17	22.11	9.81	15.95	15.57	28.67	21.09
1960	15.67	81.31	60.27	40.94	8.89	58.56	-15.92	20.09	69.52	35.29	48.38	27.18	38.89
1961	34.40	112.76	37.47	33.73	18.22	31.78	23.40	12.89	38.02	17.05	44.94	21.23	35.21
1962	53.08	65.64	30.36	14.16	16.13	24.28	50.49	31.91	35.08	5.29	29.40	17.46	25.01
1963	106.90	-21.42	-1.88	-25.90	9.01	0.09	63.93	20.74	6.24	16.06	-12.73	11.41	-4.39
1964	8.32	12.03	17.64	32.43	19.29	-9.83	11.80	29.00	14.81	5.56	21.24	12.40	17.68

TABLE A 6.68: ANNUAL PERCENTAGE CHANGE IN IMPORTS OF MANUFACTURED PRODUCTS IN DM 1000ACCORDING TO ORIGIN:

	EEC	EFTA	TOTAL	non6	Non6	6+7
1954	0.65	20.22	9.07	13.08	5.95	10.67
1955	-1.03	19.97	11.29	17.11	14.21	9.79
1956	-2.74	20.56	9.47	15.12	10.01	9.18
1957	1.57	21.41	12.04	16.75	12.56	11.75
1958	12.87	-4.91	16.88	18.58	45.15	2.98
1959	20.00	-5.25	15.02	13.03	32.43	5.78
1960	27.38	-3.69	15.63	11.03	26.19	9.84
1961	27.48	0.27	15.20	10.40	20.26	12.30
1962	22.50	15.27	12.79	8.87	4.14	18.78
1963	18.06	15.31	10.54	7.35	1.31	16.67
1964	20.93	19.69	15.27	12.74	7.27	20.31

TABLE A 6.69:
ANNUAL PERCENTAGE CHANGE IN TEXTILE EXPORTS BY DESTINATION:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA	6+7
1954	9.41	41.79	10.60	35.87	32.48	11.03	23.09	12.37	66.84	35.89	26.10	22.74	23.66
1955	25.19	20.48	32.88	1.14	9.61	8.65	-1.91	-11.45	56.49	10.47	13.68	7.86	9.49
1956	23.03	11.97	25.46	36.90	-0.37	-9.99	10.90	-5.22	23.73	20.29	27.34	4.30	10.99
1957	40.18	33.66	-2.90	10.75	10.76	3.95	0.40	-0.37	12.40	40.06	20.29	11.99	14.76
1958	-25.28	-18.17	-30.04	-14.02	4.83	-7.32	-20.36	-17.55	-1.67	-14.53	-19.78	-9.93	-13.37
1959	27.98	29.34	50.85	30.04	23.11	4.67	18.08	29.54	20.20	15.64	31.15	16.84	21.47
1960	18.58	3.21	111.37	13.02	30.79	8.34	10.39	4.03	21.92	19.37	22.77	15.80	18.24
1961	4.10	44.29	32.22	31.84	-6.11	-2.96	-5.34	-1.31	17.15	1.40	26.25	1.50	10.48
1962	38.54	37.20	37.40	19.84	1.51	-3.44	-13.76	1.14	15.32	8.26	30.03	3.79	14.66
1963	9.86	43.40	43.69	30.07	9.69	10.32	-5.39	-1.84	18.54	14.32	30.23	10.56	19.80
1964	14.24	13.97	33.46	26.01	4.87	2.47	6.59	17.79	15.57	14.42	22.94	11.27	17.23

TABLE A 6.70:
ANNUAL PERCENTAGE CHANGE IN CHEMICAL EXPORTS BY DESTINATION:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA	6+7
1954	24.27	36.00	25.75	27.46	7.94	33.04	36.23	26.88	45.80	36.67	28.29	27.55	27.88
1955	20.39	24.61	16.87	8.67	2.43	7.11	53.60	5.00	16.53	31.15	16.74	14.56	15.53
1956	20.75	24.51	28.39	12.85	10.16	23.03	18.92	34.07	9.21	6.20	20.98	15.91	18.20
1957	4.66	5.56	1.01	13.14	-0.23	8.27	16.75	-11.29	24.12	25.48	6.46	9.46	8.07
1958	5.50	8.82	6.96	13.04	17.81	-4.51	1.54	4.61	5.10	-1.24	8.98	3.89	6.21
1959	23.17	33.39	14.57	27.28	15.84	26.47	2.03	16.80	10.97	37.41	25.20	20.22	22.55
1960	15.89	18.05	39.17	21.09	14.73	16.90	13.77	21.76	20.17	25.86	22.85	19.65	21.18
1961	7.07	0.30	14.76	11.12	-4.80	12.23	2.96	4.96	5.69	15.96	8.32	7.10	7.69
1962	4.11	10.75	18.36	-5.78	17.20	1.26	-7.00	1.11	5.59	3.92	5.98	4.80	5.37
1963	13.51	23.46	23.76	20.26	29.29	6.75	-2.81	-1.14	4.93	18.61	20.77	12.30	16.45
1964	24.51	2.22	14.85	19.97	15.84	2.29	17.05	9.45	21.07	11.41	14.71	12.41	13.58

TABLE A 6.71:
ANNUAL PERCENTAGE CHANGE IN NF-METALS EXPORTS BY DESTINATION:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA	6+7
1954	33.49	69.66	92.45	-76.39	-48.13	85.79	-36.29	35.56	74.62	23.64	-27.25	-10.06	-16.48
1955	-55.73	-42.10	92.30	48.09	-2.77	19.23	4.86	67.22	88.36	83.56	37.48	29.39	32.03
1956	122.98	170.69	39.70	25.01	-43.02	19.73	-46.12	-38.25	5.51	54.94	52.15	-6.20	13.58
1957	71.46	-11.47	-27.70	29.53	-56.65	-79.28	-19.24	-13.52	-12.99	46.71	-9.94	-41.29	-27.06
1958	-13.08	-59.47	-33.38	10.58	2.89	-52.40	8.16	21.10	6.18	-8.51	-24.51	-2.89	-15.01
1959	66.97	20.29	-15.21	116.74	11.00	-30.56	56.83	-31.74	8.54	-1.03	49.02	3.48	26.15
1960	116.78	37.24	34.44	55.50	274.10	33.26	21.68	-16.06	49.64	123.13	54.43	86.26	67.54
1961	29.31	54.92	-1.48	34.04	-34.70	77.16	-14.22	5.93	-3.81	66.41	27.73	0.15	15.10
1962	3.74	81.15	11.34	-67.54	178.61	-36.98	-29.23	-9.84	-24.67	-28.57	-33.42	12.03	-15.31
1963	5.95	-32.94	-4.53	-30.59	-60.83	81.75	-19.76	52.87	-10.06	-21.92	-17.27	-31.85	-24.96
1964	59.88	-0.36	25.75	133.10	25.69	41.15	-19.80	107.22	19.80	32.73	56.94	28.26	43.21

TABLE A 6.72:
ANNUAL PERCENTAGE CHANGE IN NF-METAL PRODUCT EXPORTS BY DESTINATION:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA	6+7
1954	22.29	14.88	23.30	33.99	-15.12	20.99	30.21	55.59	135.21	21.59	27.21	27.12	27.16
1955	15.45	3.38	23.94	25.66	20.49	23.84	-2.36	-17.52	49.83	24.09	20.21	17.98	19.03
1956	11.75	27.88	68.72	30.95	24.50	15.41	36.85	14.27	1.01	16.50	29.29	16.25	22.49
1957	2.54	25.91	-3.26	-8.27	6.92	-1.27	-3.56	-3.90	21.37	4.03	-1.94	3.35	0.68
1958	-5.17	-3.39	-8.34	-20.70	0.14	-3.64	-19.86	9.77	16.55	6.44	-13.29	2.58	-5.23
1959	-4.47	26.50	20.22	18.45	19.49	13.49	19.55	21.98	11.60	16.42	13.70	16.03	14.98
1960	18.54	24.51	50.58	18.42	36.77	12.89	8.56	37.08	25.60	28.47	23.96	24.73	24.39
1961	13.09	21.91	15.64	12.03	-3.58	-1.64	9.93	2.48	16.92	26.47	14.35	11.59	12.81
1962	2.40	24.87	29.34	5.30	-2.19	-5.06	3.68	15.45	4.04	3.01	12.03	2.38	6.72
1963	11.87	17.01	26.72	6.94	9.53	12.38	1.77	0.51	23.48	8.21	13.69	10.18	11.84
1964	38.60	-0.87	28.00	41.35	31.99	16.23	19.10	26.06	11.28	1.36	30.12	12.41	20.92

TABLE A 6.73:
ANNUAL PERCENTAGE CHANGE IN PAPER AND PAPER PRODUCT EXPORTS ACCORDING TO OF ORIGIN:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA	6+7
1954	25.24	35.56	11.47	25.69	77.34	61.07	58.91	86.16	116.05	47.02	25.15	67.81	44.49
1955	42.91	6.01	27.43	5.56	37.75	13.89	6.39	11.22	71.92	10.85	18.86	22.40	20.72
1956	-0.28	16.22	61.79	16.91	-20.90	-1.47	26.09	-0.04	14.08	12.61	16.00	1.75	8.39
1957	4.67	28.59	0.67	4.40	10.46	24.50	6.61	19.92	19.48	14.95	6.99	17.23	12.13
1958	-5.85	-3.13	-20.78	1.07	36.94	6.02	-1.33	4.72	30.78	2.15	-4.93	13.02	4.48
1959	8.03	13.56	55.45	23.08	43.26	5.93	10.93	12.27	9.75	1.03	21.28	13.29	16.75
1960	35.03	27.77	72.08	30.48	30.43	6.48	32.34	16.71	27.79	28.53	38.00	23.08	29.80
1961	8.63	27.50	21.02	11.21	2.36	4.96	-2.32	12.57	8.13	15.90	14.77	8.10	11.29
1962	14.19	28.73	33.63	11.26	-2.53	12.58	-6.72	7.70	14.15	16.39	19.39	8.86	14.05
1963	6.05	34.62	40.24	15.15	12.86	13.95	19.02	-0.55	8.51	14.27	22.23	10.79	16.70
1964	26.70	15.00	26.01	25.61	1.26	18.57	10.61	15.93	16.54	12.16	24.02	12.29	18.64

TABLE A 6.74:
ANNUAL PERCENTAGE CHANGE IN MACHINERY EXPORTS BY DESTINATION:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA	6+7
1954	14.17	-0.29	10.48	19.07	-14.41	11.81	3.32	23.86	55.86	16.76	10.36	12.46	11.31
1955	7.06	-1.40	28.22	23.56	18.53	14.67	3.51	-9.39	34.49	4.72	14.26	13.35	13.84
1956	23.24	16.97	54.76	29.56	29.03	-0.01	-2.71	5.90	3.87	35.47	31.81	14.06	23.67
1957	15.80	33.83	15.80	3.14	11.29	16.15	22.04	19.04	39.07	18.79	15.70	21.04	17.96
1958	0.66	-2.59	-14.28	-13.93	12.23	17.41	0.27	12.99	10.61	-0.50	-8.46	8.94	-0.91
1959	-10.14	10.40	26.37	10.97	-1.78	5.14	-9.53	36.26	-0.32	3.93	10.54	3.64	7.25
1960	19.63	18.09	15.02	19.70	25.57	15.54	37.24	11.58	25.52	19.89	17.78	21.73	19.60
1961	30.95	32.93	28.60	26.90	31.28	23.92	11.11	19.38	16.94	35.19	29.68	24.82	27.40
1962	12.28	24.75	24.04	6.95	-2.22	-2.44	3.16	14.70	2.42	28.63	17.83	7.64	13.15
1963	12.91	26.35	10.60	2.31	3.91	5.77	1.78	-5.18	-3.18	0.93	13.40	0.84	7.91
1964	-20.85	-16.06	18.36	12.80	23.54	76.75	7.61	15.43	6.14	1.31	0.02	20.92	8.56

TABLE A 6.75:
ANNUAL PERCENTAGE CHANGE IN ELECTRICAL/ELECTRONICAL EXPORTS BY DESTINATION:

	Blux	I	F	NL	UK	SWE	N	DK	AUT	CH	EEC	EFTA	6+7
1954	30.39	8.21	42.17	56.82	86.07	34.71	-2.14	24.19	84.22	29.97	33.72	33.33	33.54
1955	14.94	18.04	8.94	39.29	137.21	27.08	11.43	1.26	57.86	25.13	24.52	34.65	29.43
1956	34.21	36.71	32.67	33.13	-10.12	18.85	2.30	20.94	17.00	31.34	34.17	15.46	24.73
1957	20.27	15.85	9.17	-0.05	35.68	25.46	20.29	24.31	28.26	22.76	9.34	25.71	16.98
1958	-5.37	-4.60	-0.51	-12.09	27.14	25.35	-0.18	21.83	13.21	7.33	-7.36	16.36	4.53
1959	2.78	14.65	38.10	20.29	55.12	10.40	-4.54	34.30	5.19	19.12	16.12	16.52	16.34
1960	18.06	19.98	36.09	34.07	3.19	11.94	39.98	31.24	13.96	19.84	27.03	16.20	20.97
1961	14.13	15.83	49.61	23.52	-17.19	-10.15	0.28	12.61	20.60	21.16	23.13	3.55	12.62
1962	1.58	19.84	43.08	0.71	-6.51	1.53	1.99	23.45	-5.84	9.86	12.08	3.50	7.85
1963	22.80	19.45	30.42	9.63	18.22	8.22	1.79	-14.41	9.01	3.09	18.69	4.80	12.10
1964	2.17	-4.64	20.46	25.34	35.26	15.08	4.80	17.74	19.28	11.13	12.59	16.41	14.28

TABLE A 6.76: ANNUAL PERCENTAGE CHANGE IN EXPORTS OF MANUFACTURED PRODUCTS IN DM 1000 ACCORDING TO ORIGIN:

	EEC	EFTA	total	non6	Non 6, 7
1956	25.84	23.89	20.43	18.44	14.77
1957	7.07	4.66	17.26	21.24	33.28
1958	-4.83	6.30	3.58	6.48	6.58
1959	16.79	13.55	11.05	9.28	6.86
1960	28.91	16.28	27.25	26.70	32.99
1961	17.09	8.39	5.71	-3.39	-1.54
1962	11.70	1.78	4.08	6.68	0.77
1963	14.69	7.05	8.00	5.16	4.05
1964	16.06	12.10	13.70	12.60	12.90

FIGURE A 6.1

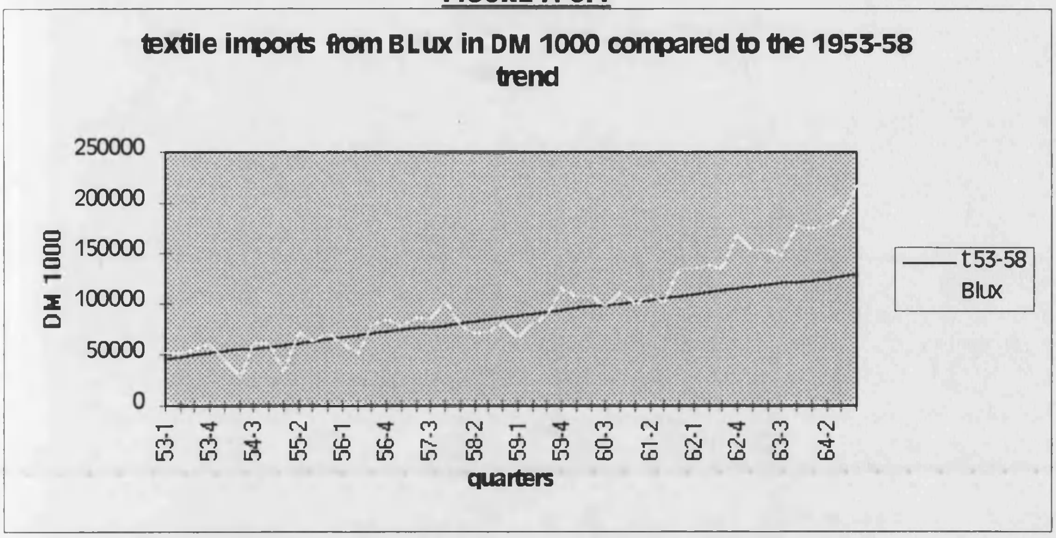


FIGURE A 6.2

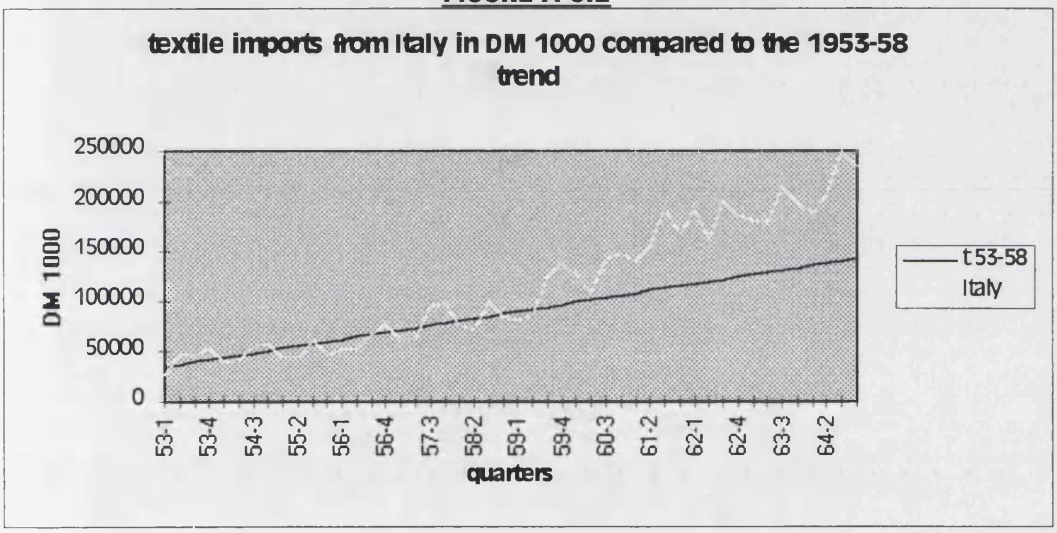


FIGURE A 6.3

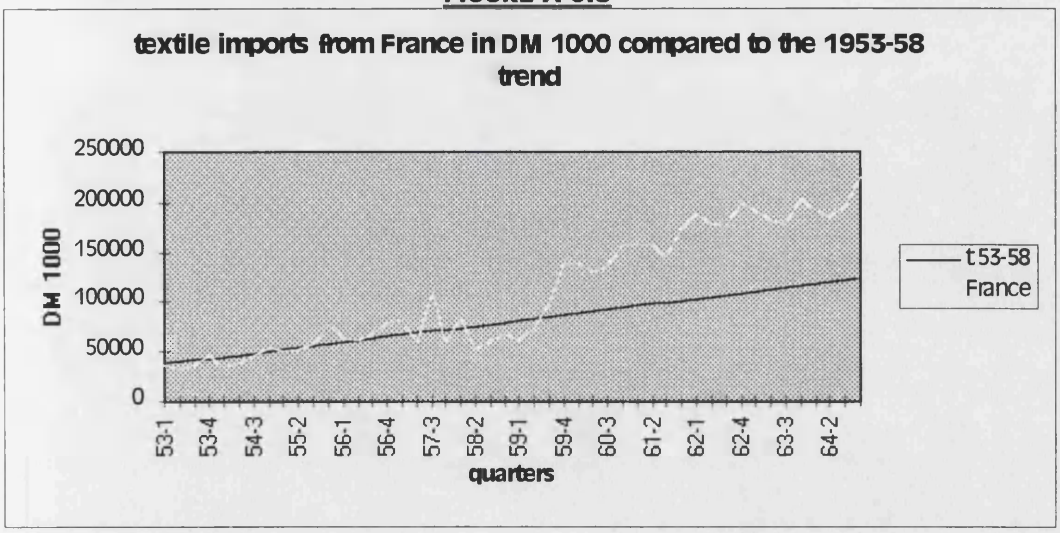


FIGURE A 6.4

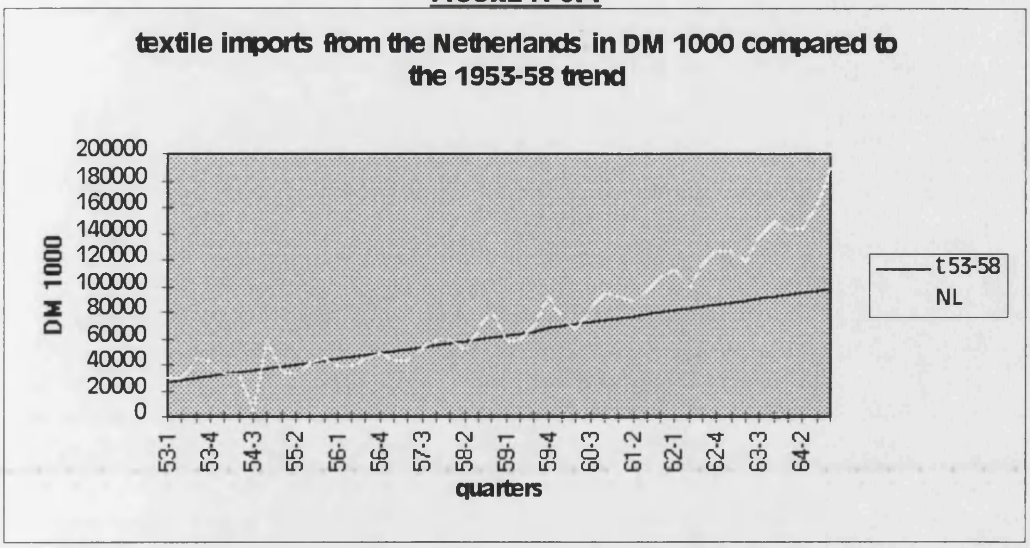


FIGURE A 6.5

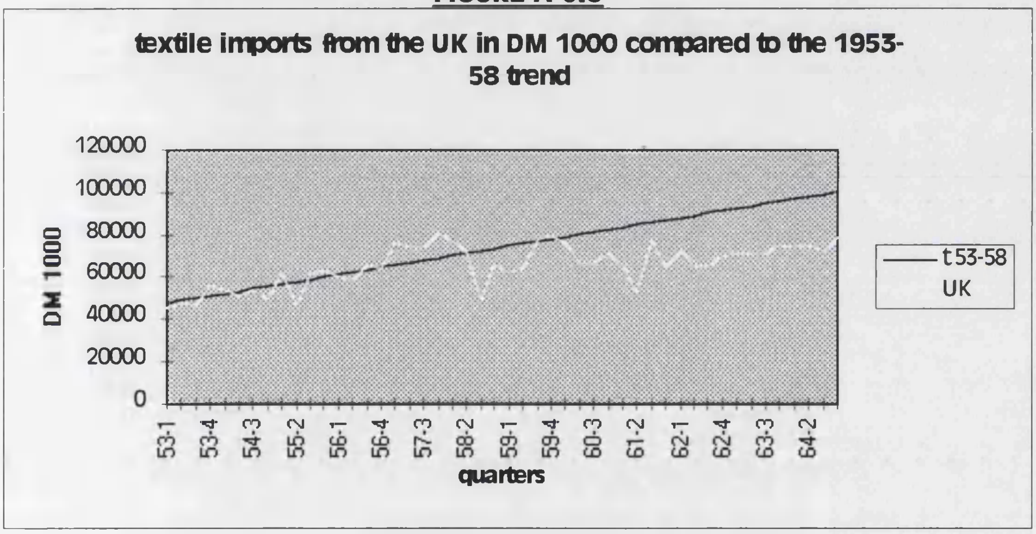


FIGURE A 6.6

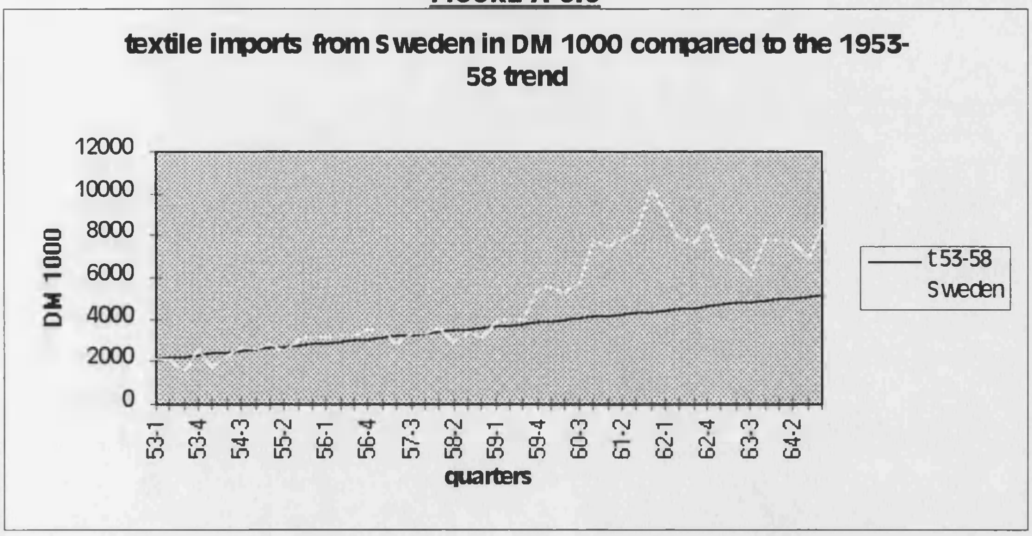


FIGURE A 6.7

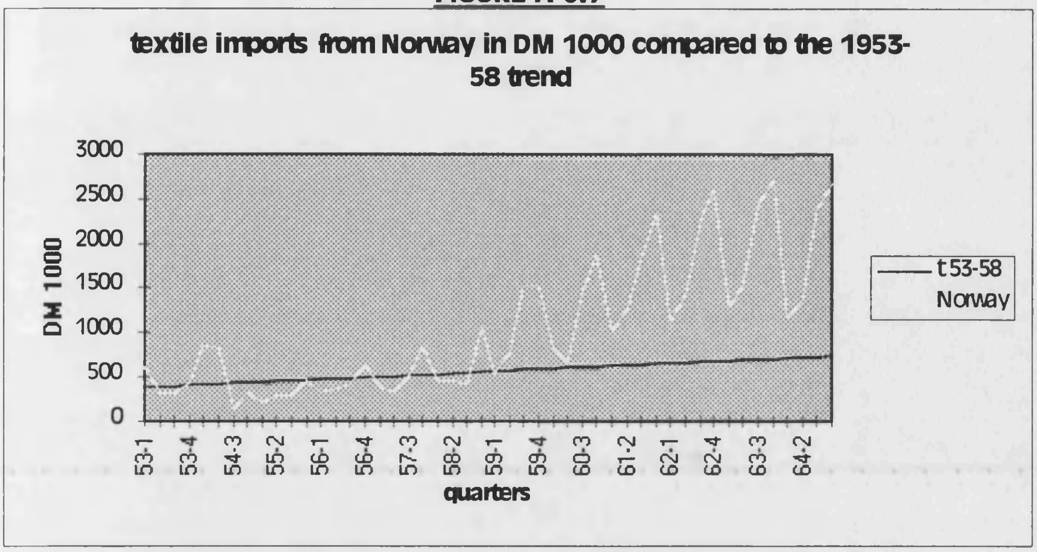


FIGURE A 6.8

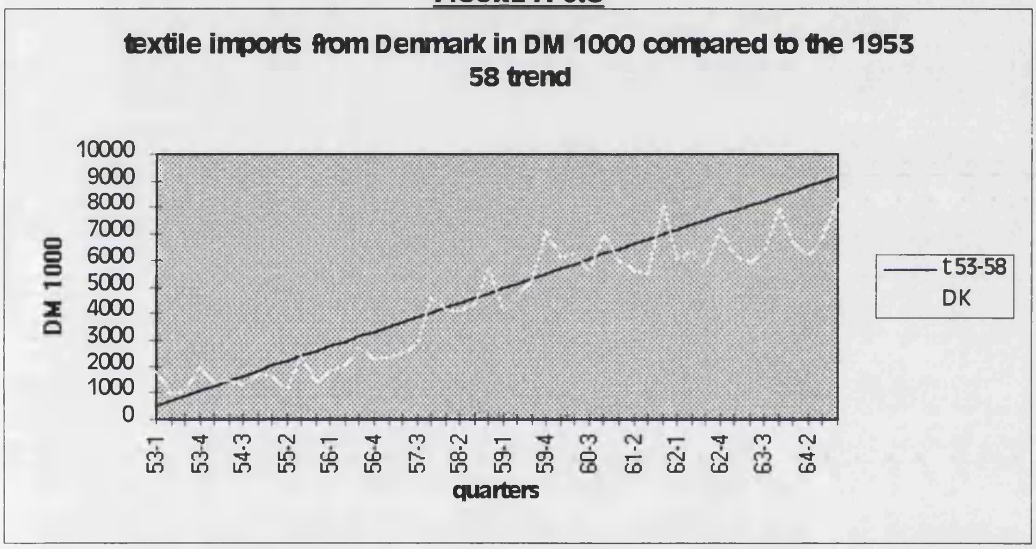


FIGURE A 6.9

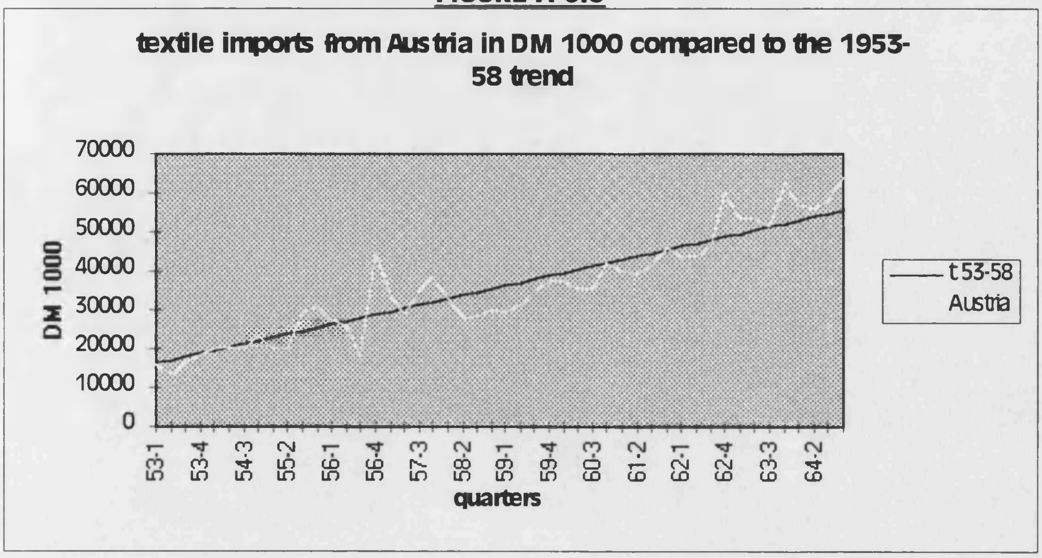


FIGURE A 6.10

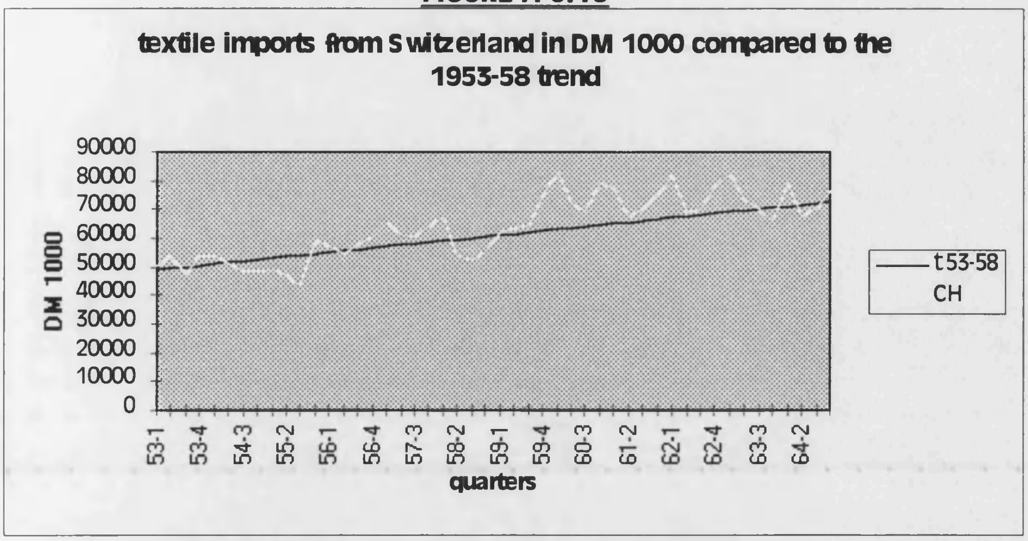


FIGURE A 6.11

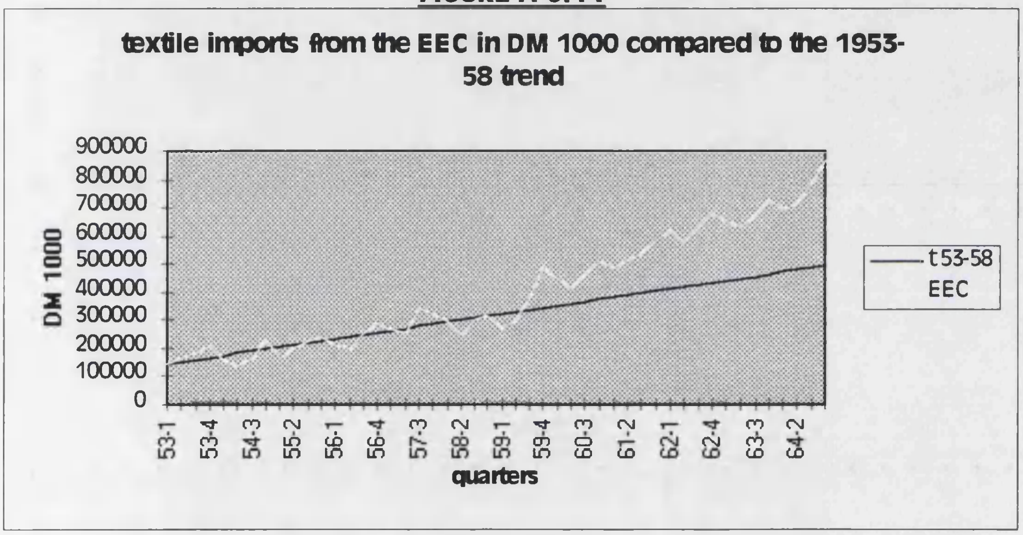


FIGURE A 6.12

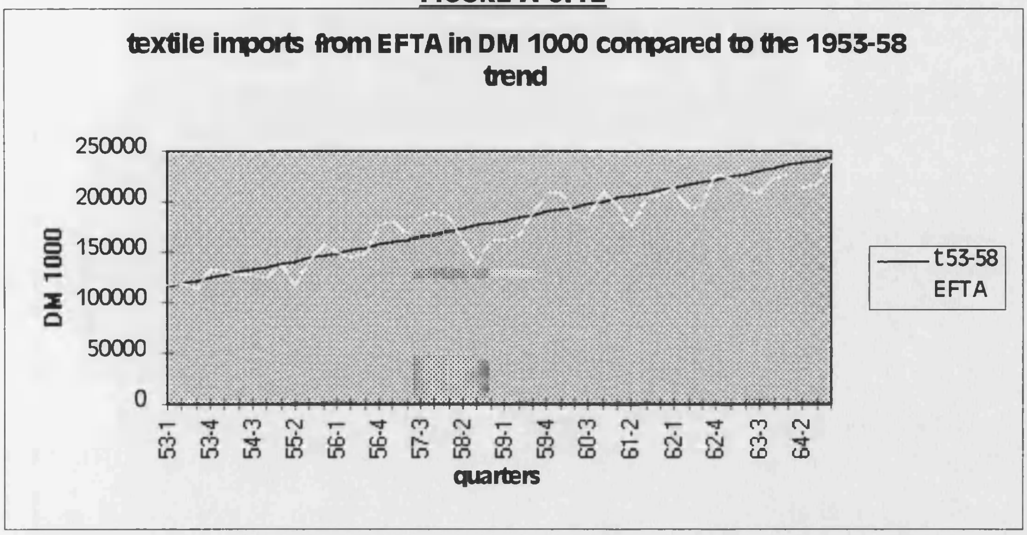


FIGURE A 6.13

chemical imports from BLux in DM 1000 compared to the 1953-58 trend

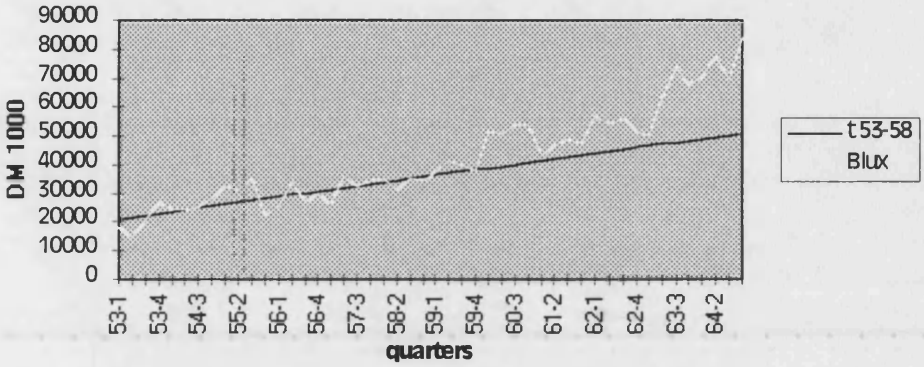


FIGURE A 6.14

chemical imports from Italy in DM 1000 compared to the 1953-58 trend

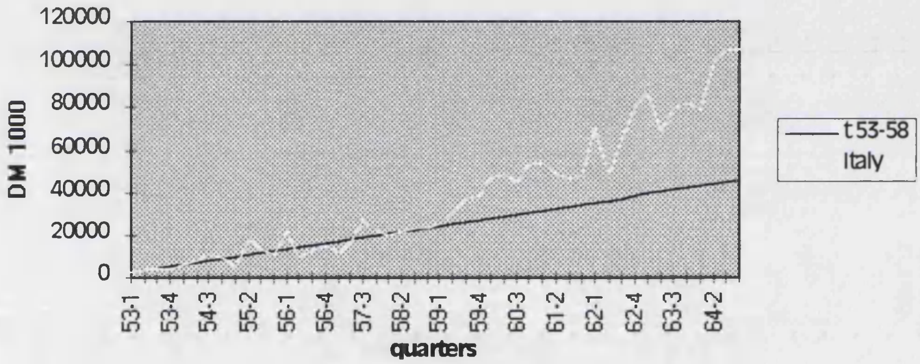


FIGURE A 6.15

chemical imports from France in DM 1000 compared to the 1953-58 trend

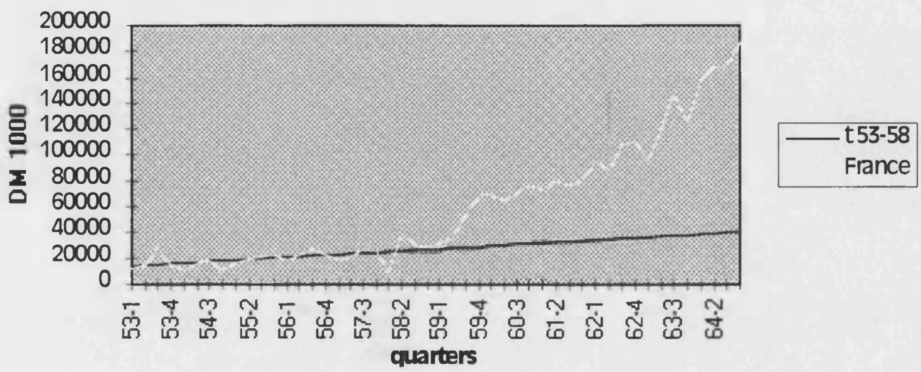


FIGURE A 6.16

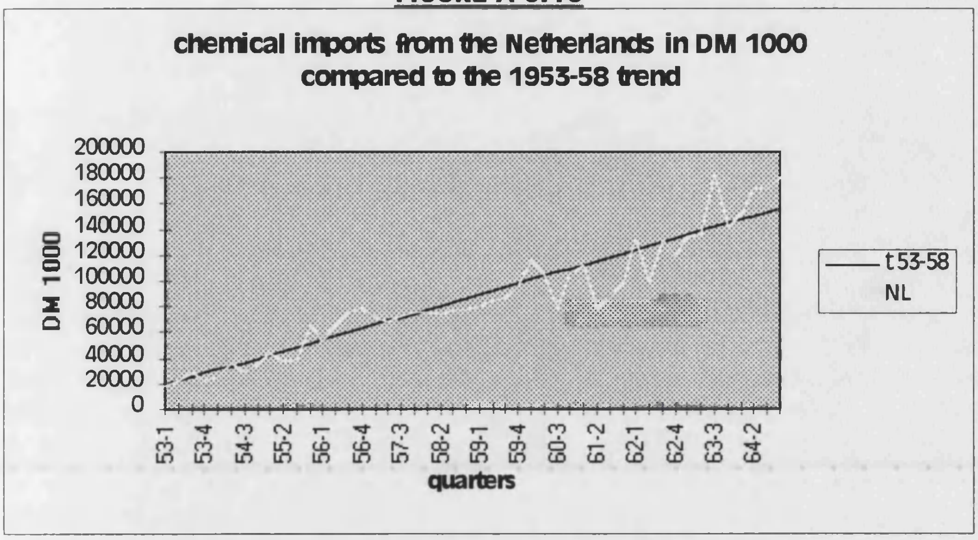


FIGURE A 6.17

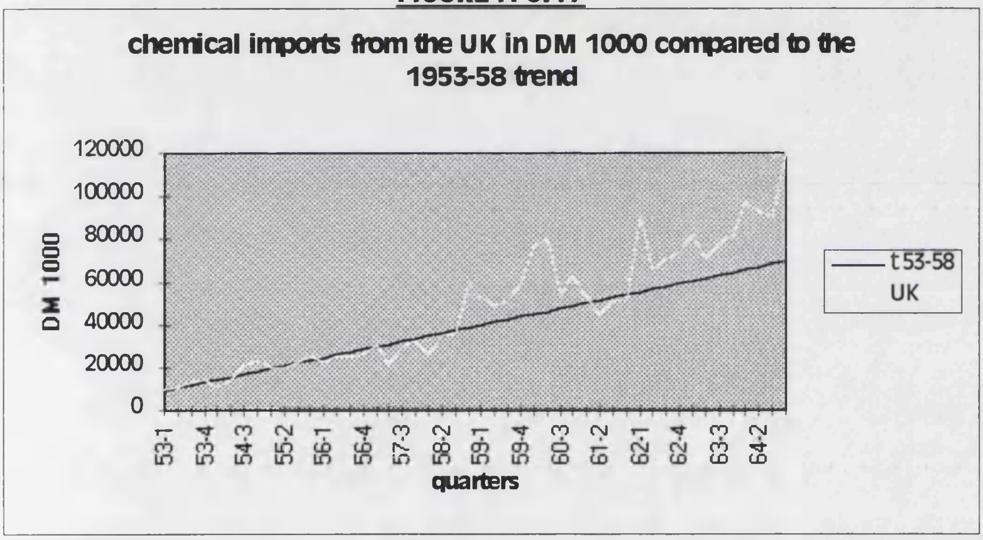


FIGURE A 6.18

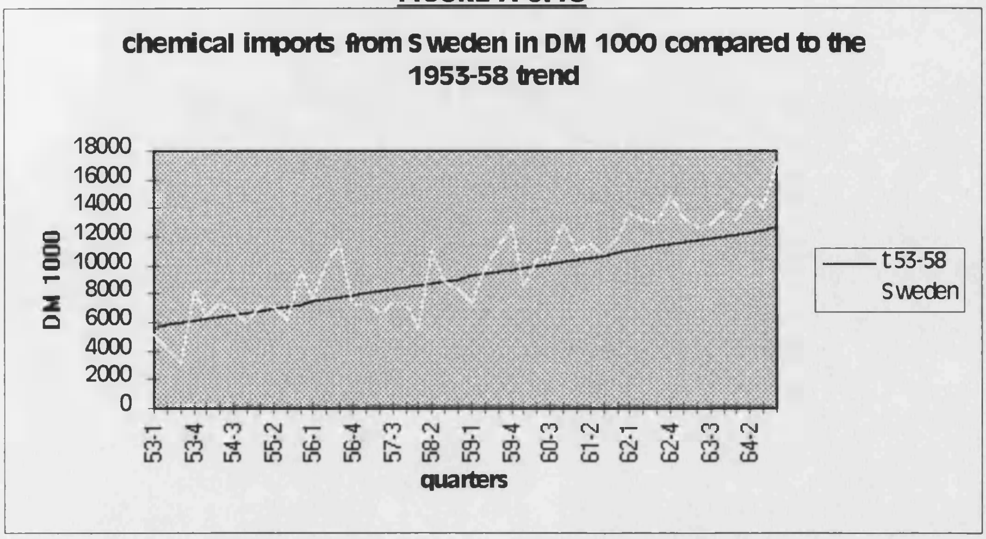


FIGURE A 6.19

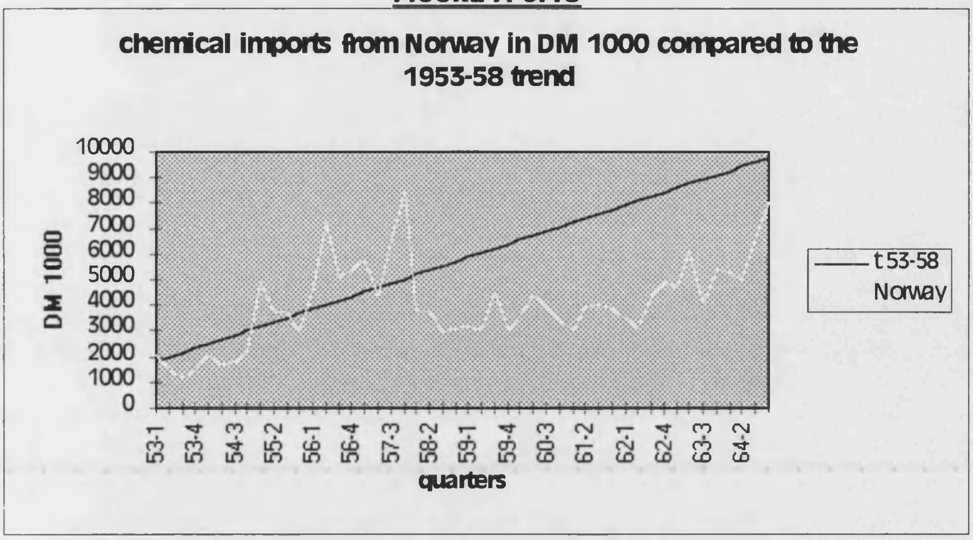


FIGURE A 6.20

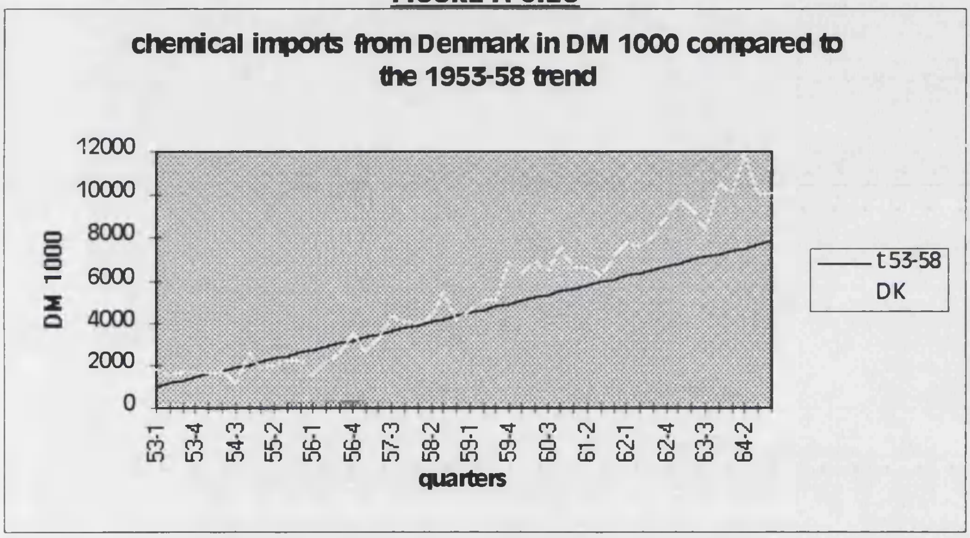


FIGURE A 6.21

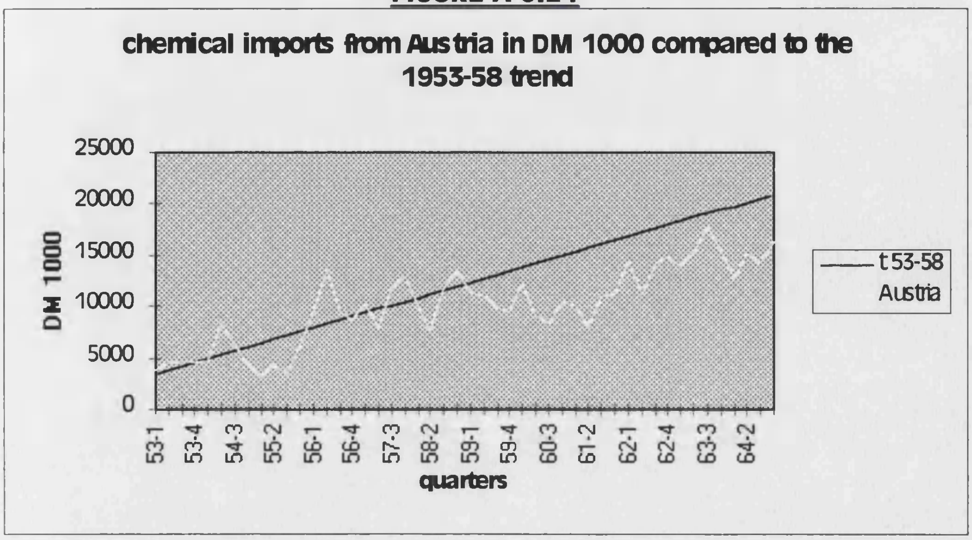


FIGURE A 6.22

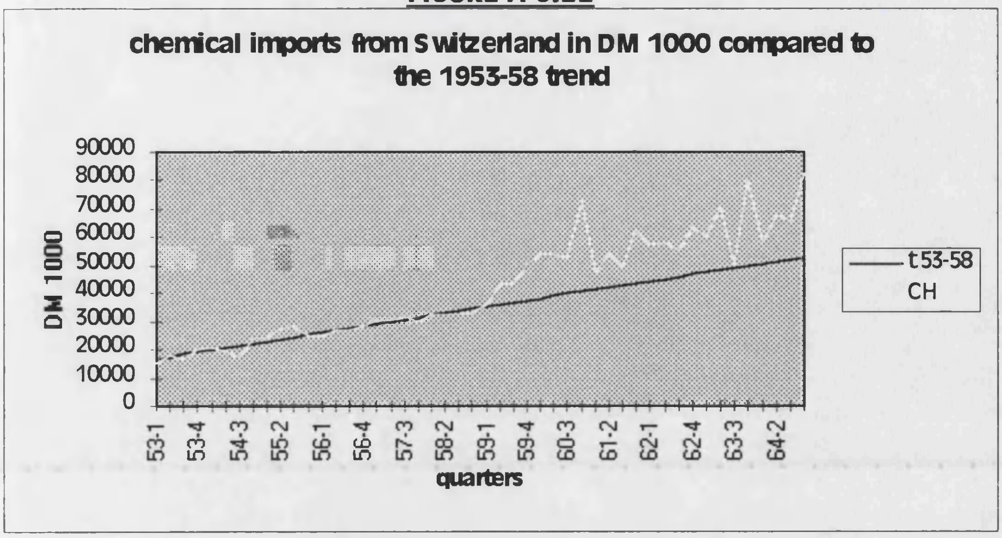


FIGURE A 6.23

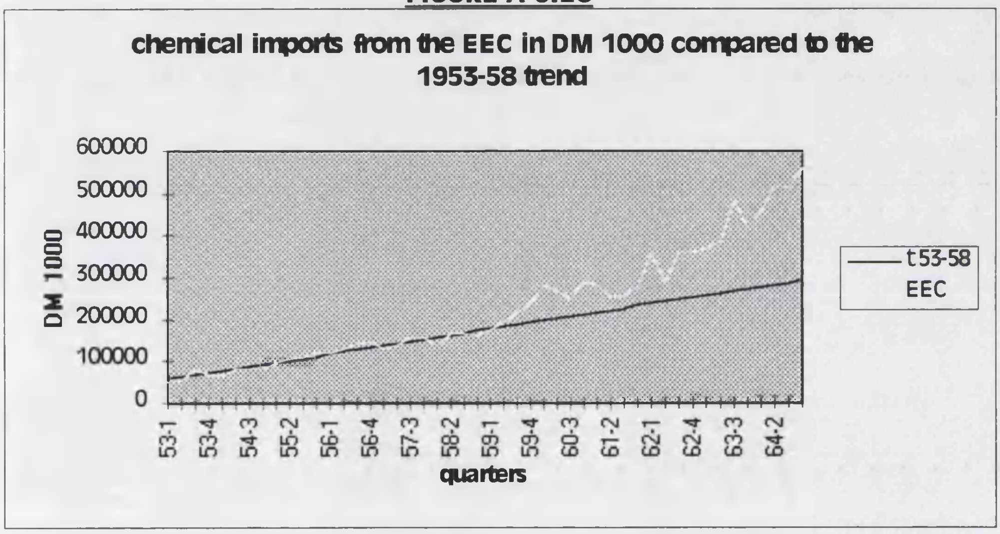


FIGURE A 6.24

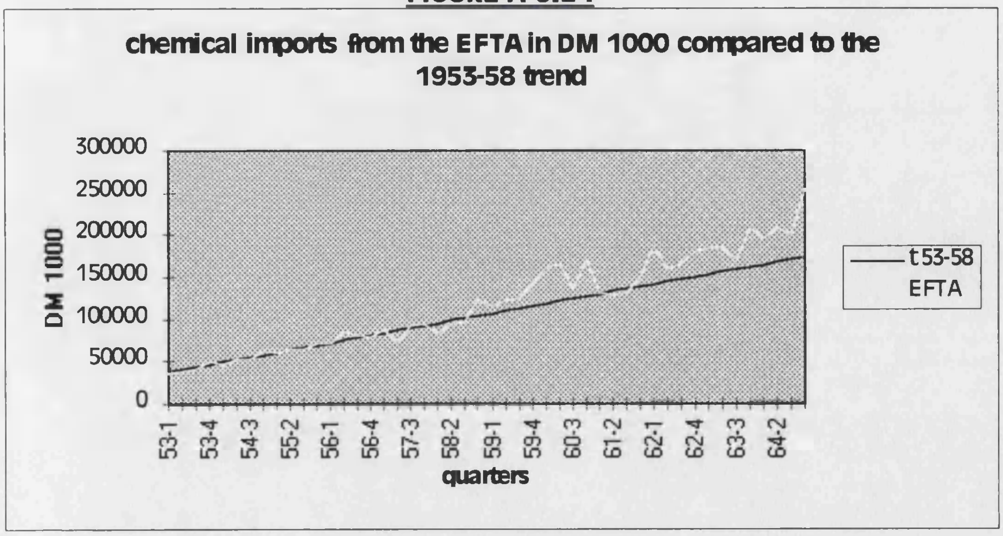


FIGURE A 6.25

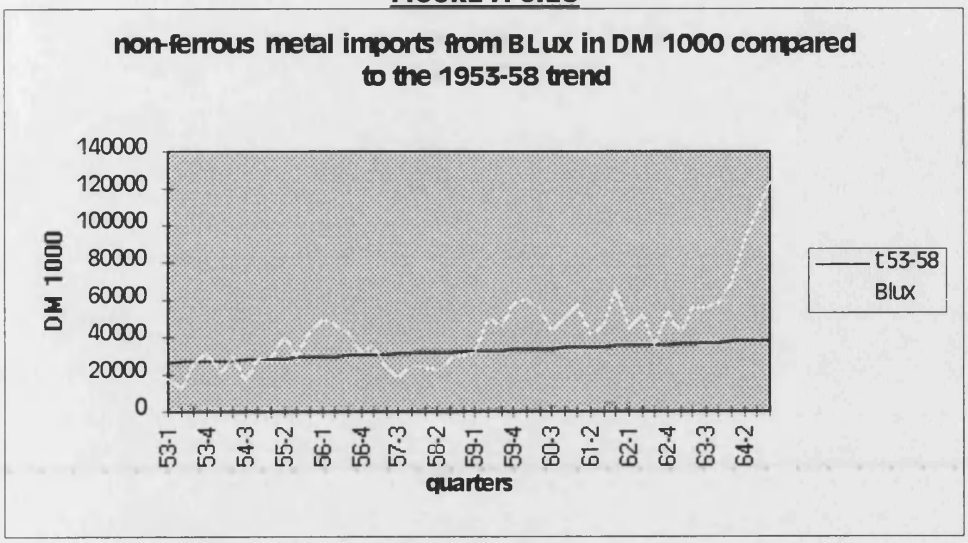


FIGURE A 6.26

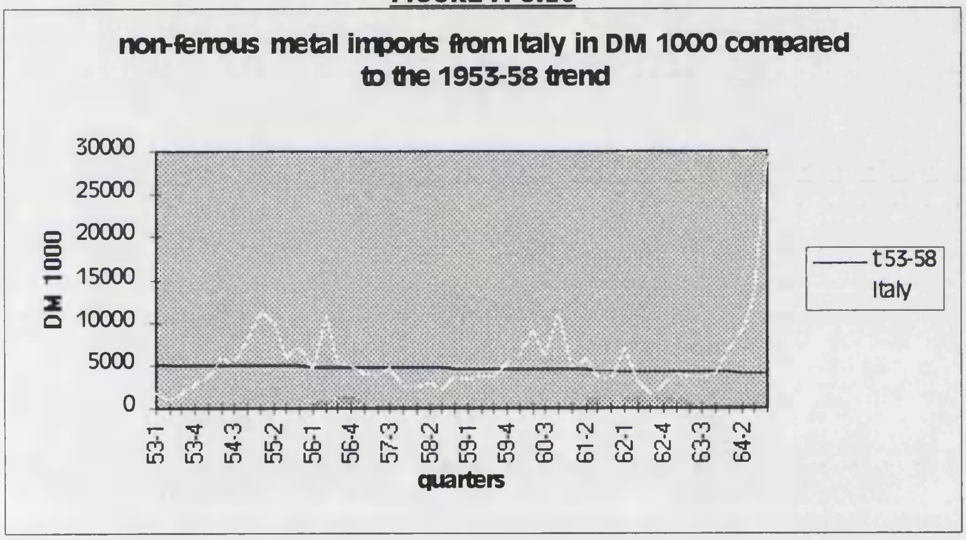


FIGURE A 6.27

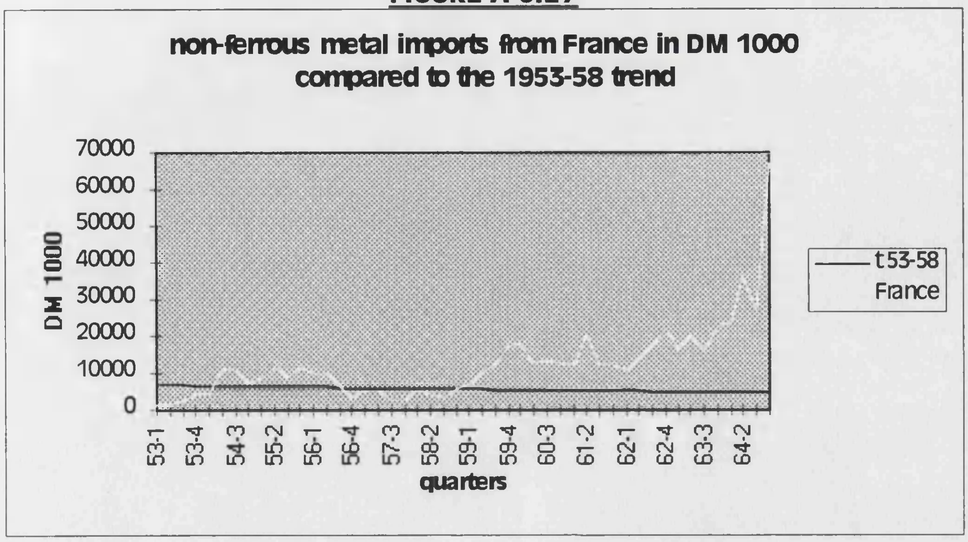


FIGURE A 6.28

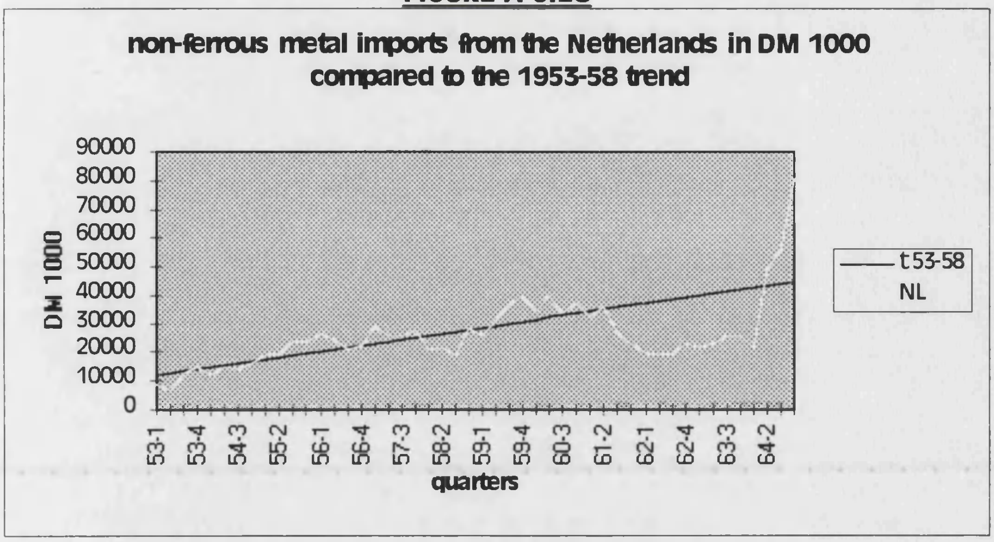


FIGURE A 6.29

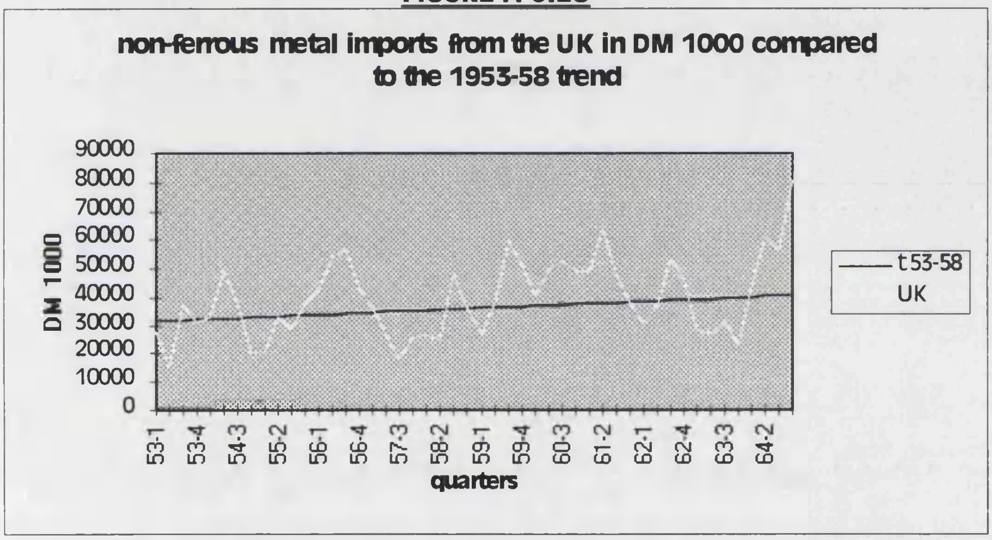


FIGURE A 6.30

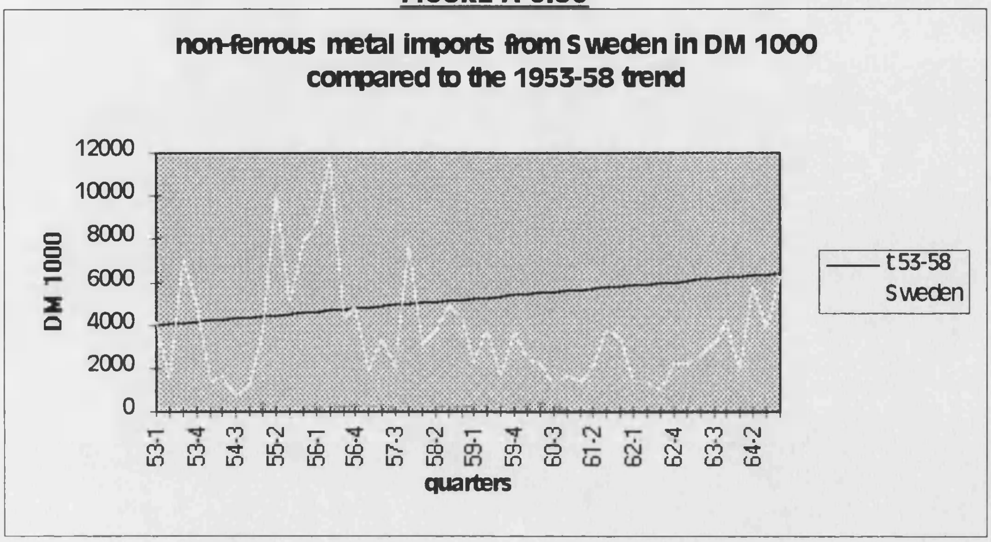


FIGURE A 6.31

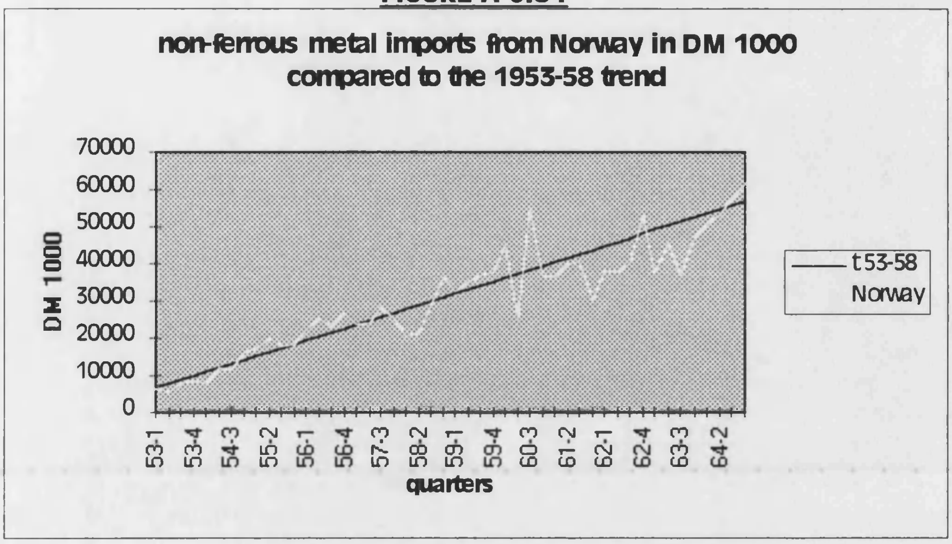


FIGURE A 6.32

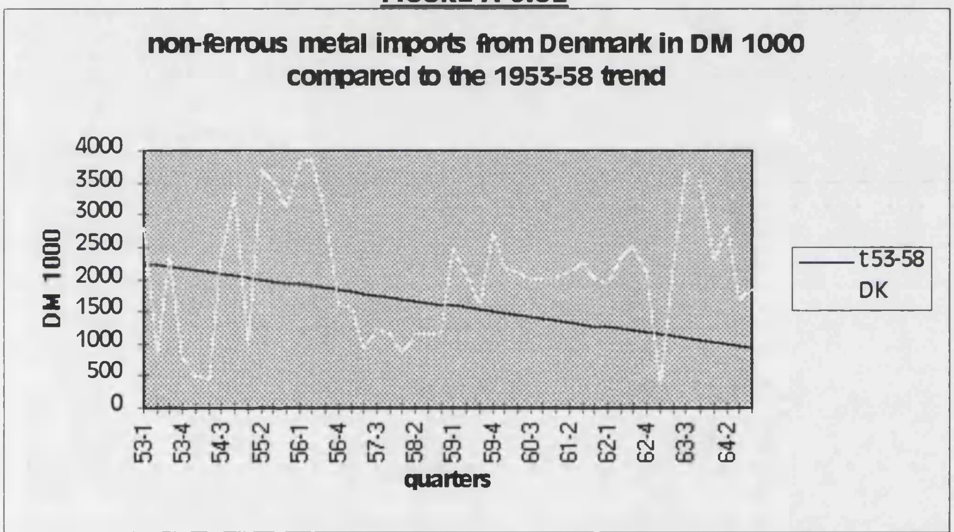


FIGURE A 6.33

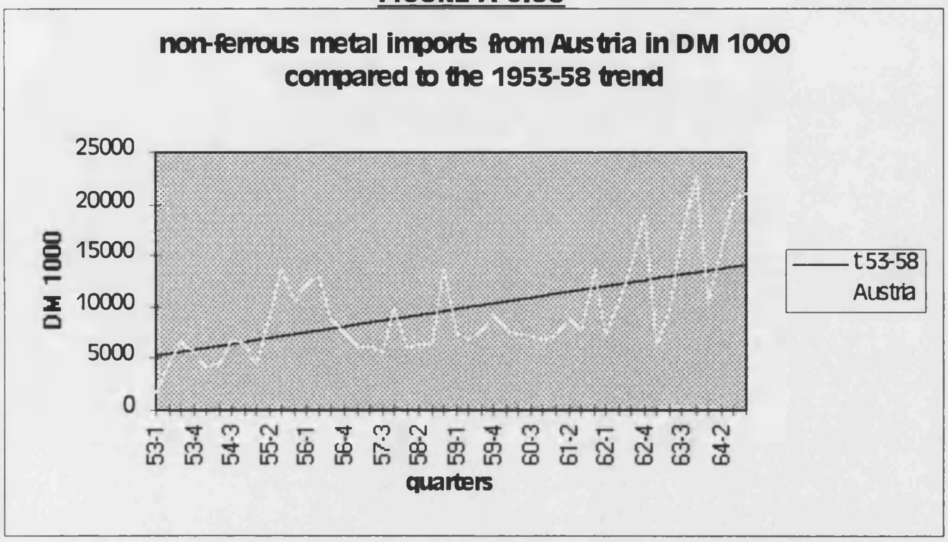


FIGURE A 6.34

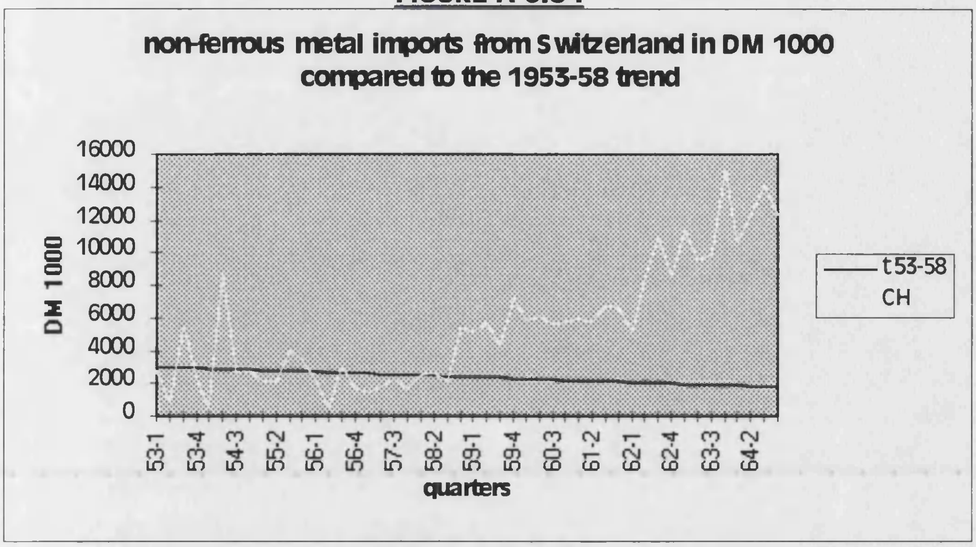


FIGURE A 6.35

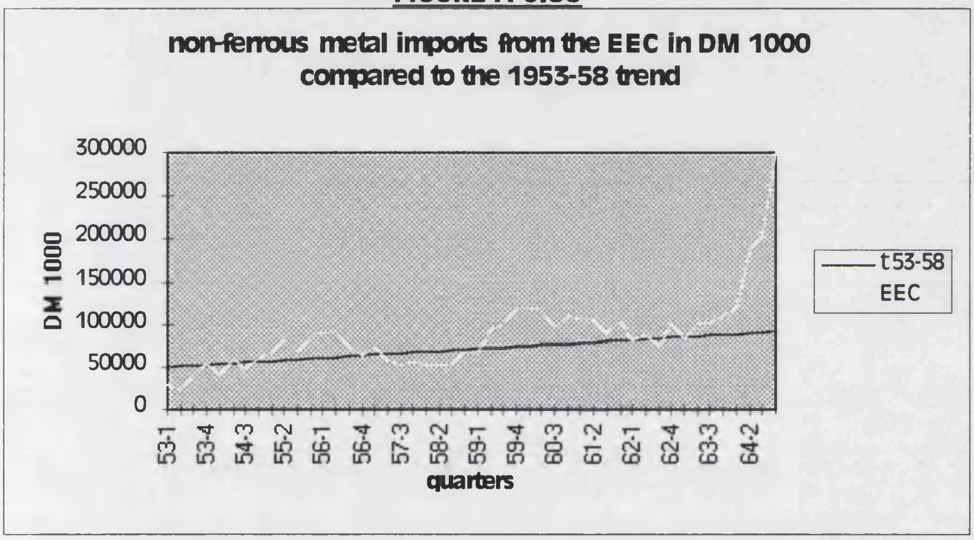


FIGURE A 6.36

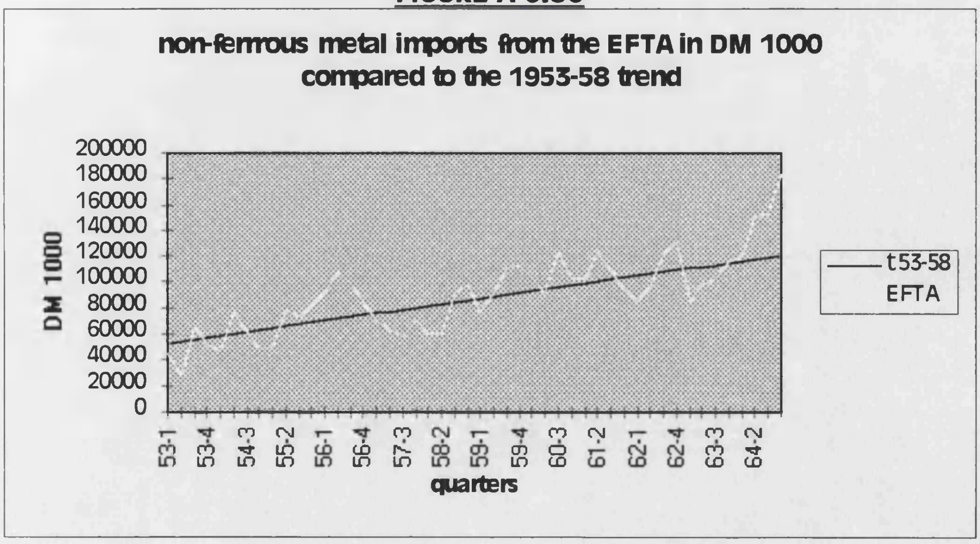


FIGURE A 6.37

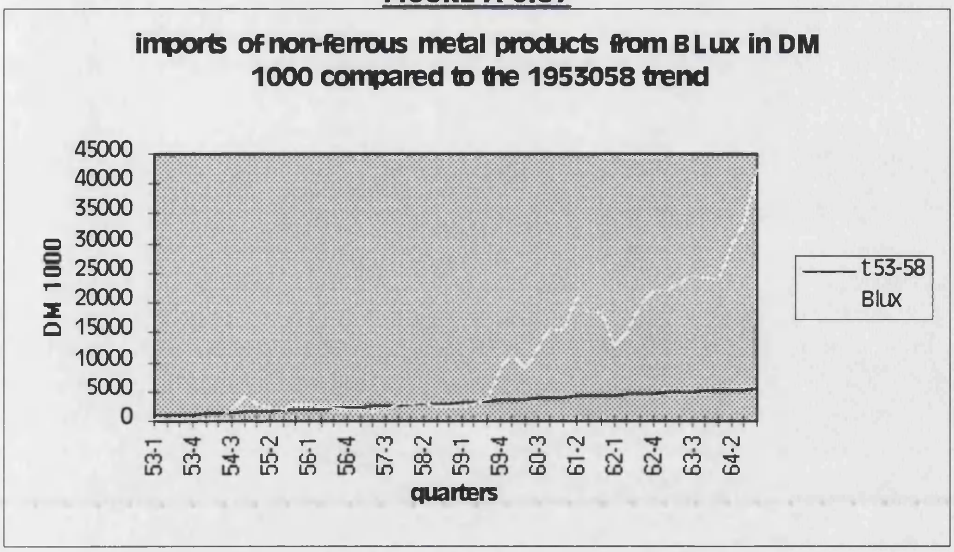


FIGURE A 6.38

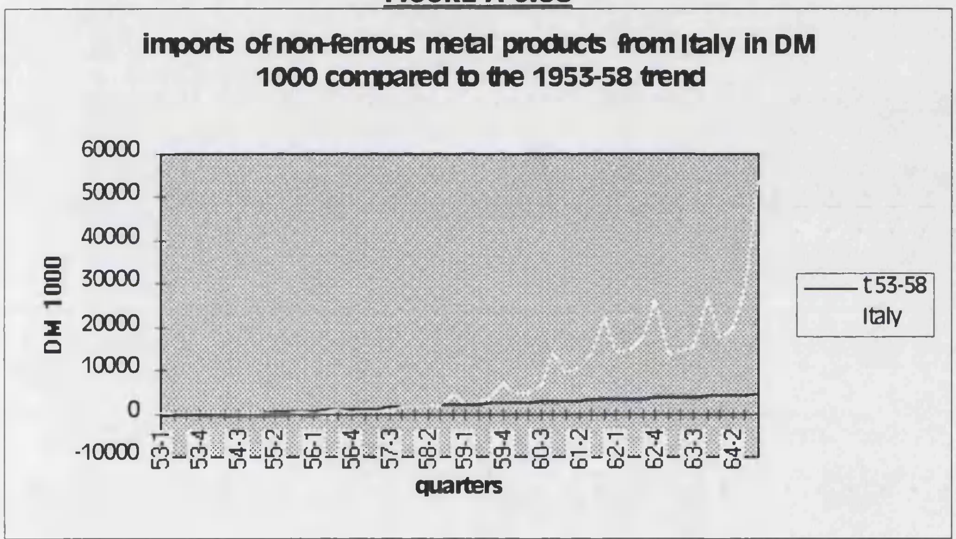


FIGURE A 6.39

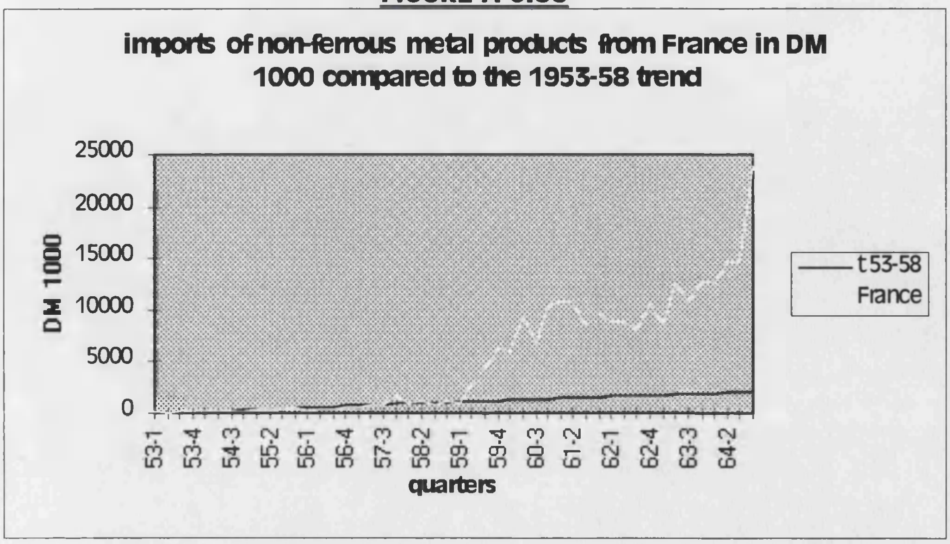


FIGURE A 6.40

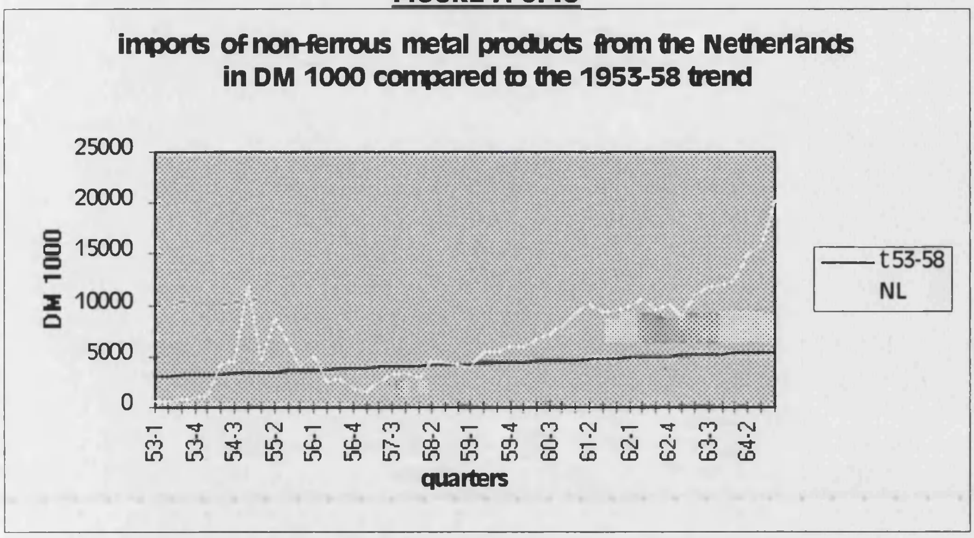


FIGURE A 6.41

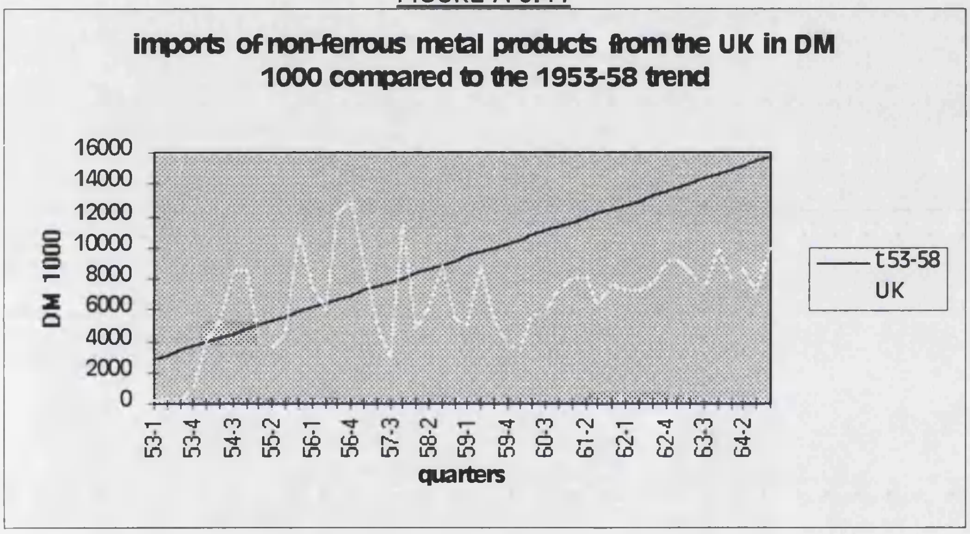


FIGURE A 6.42

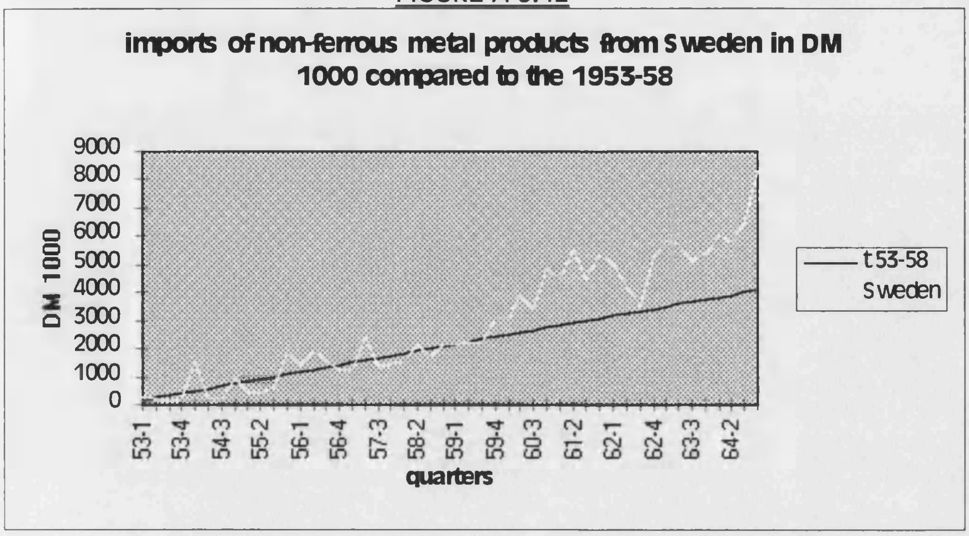


FIGURE A 6.43

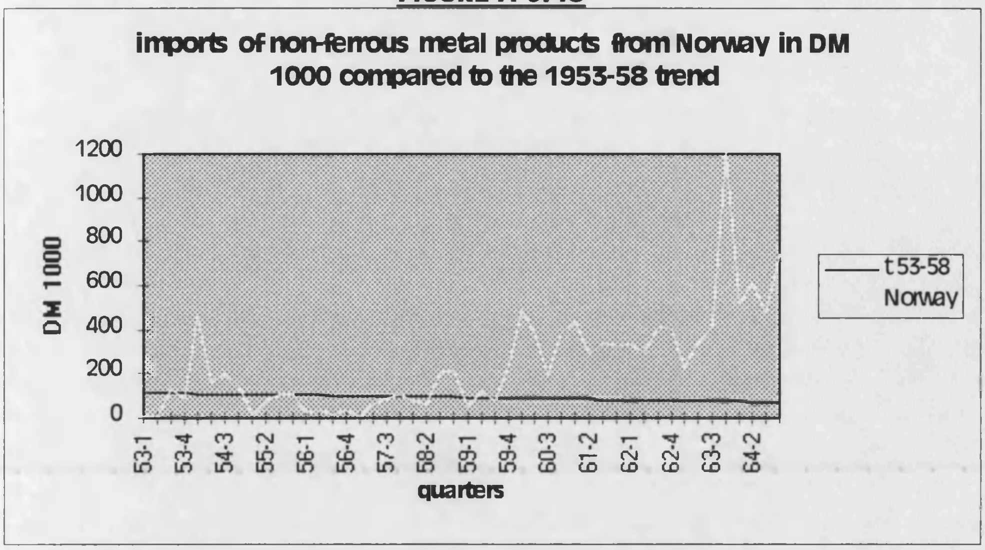


FIGURE A 6.44

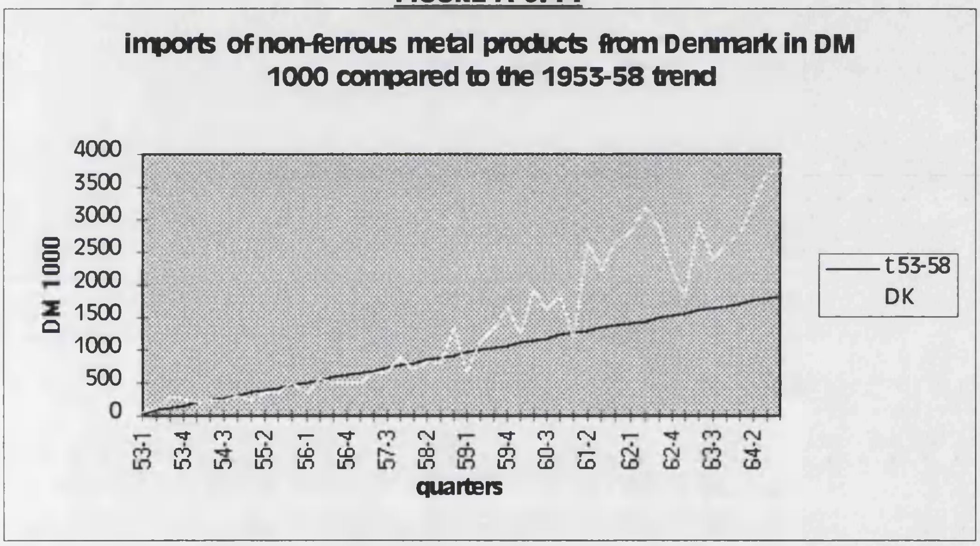


FIGURE A 6.45

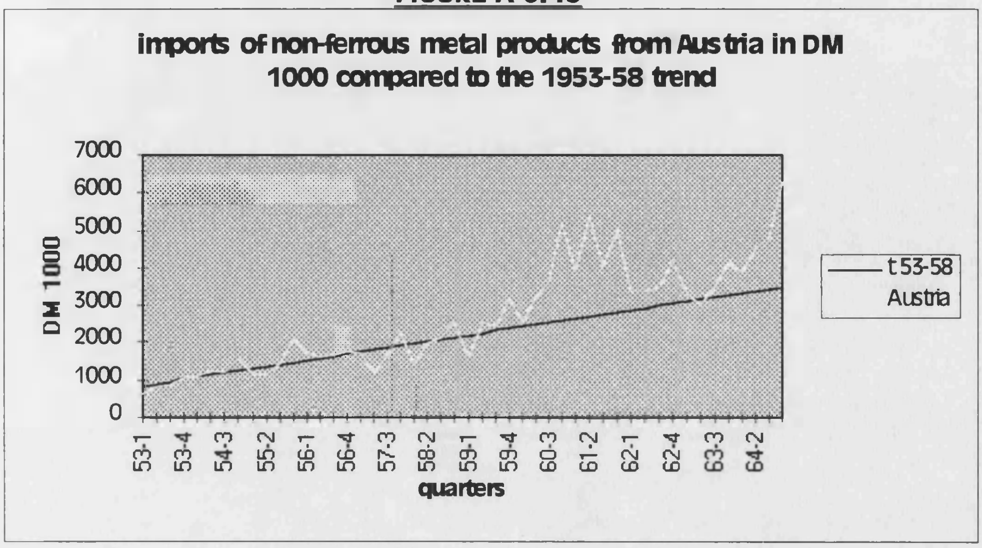


FIGURE A 6.46

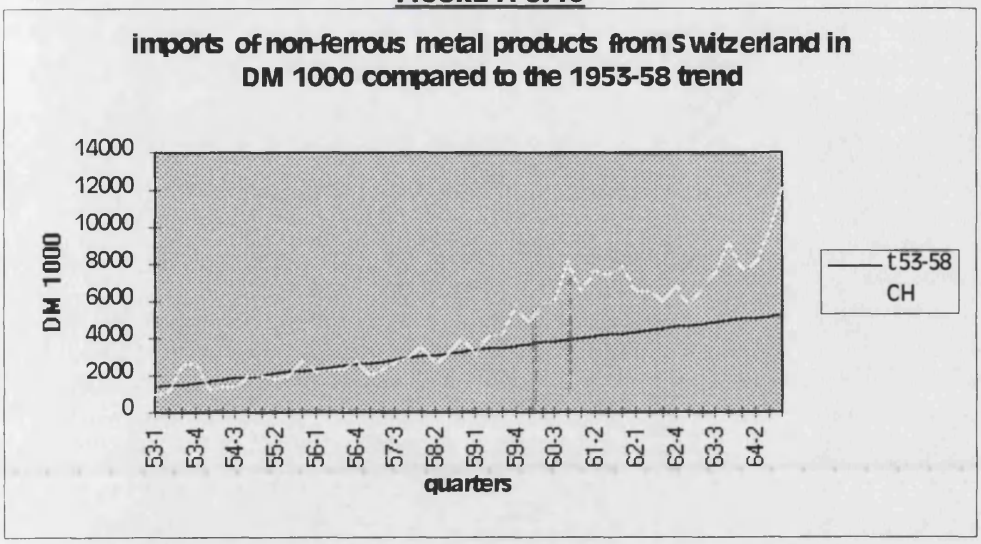


FIGURE A 6.47

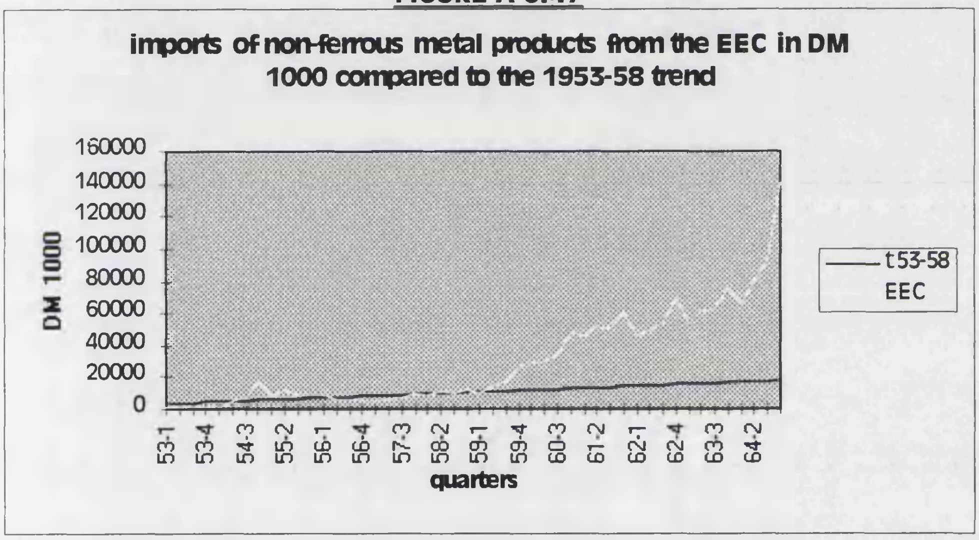


FIGURE A 6.48

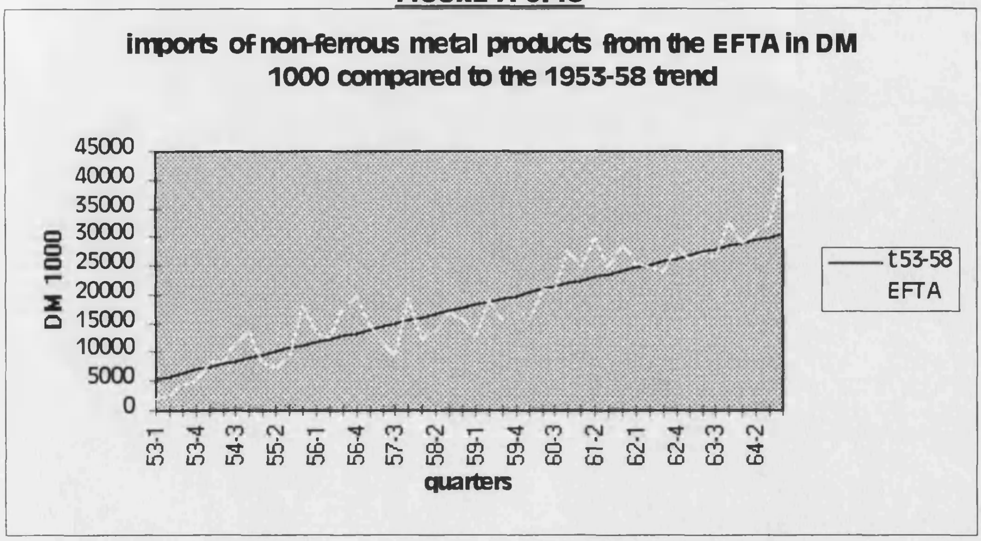


FIGURE A 6.49

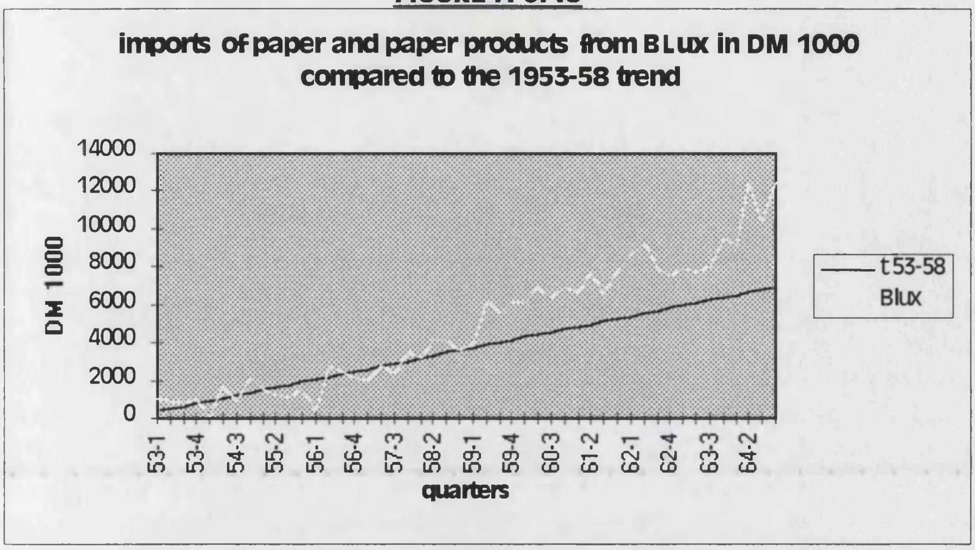


FIGURE A 6.50

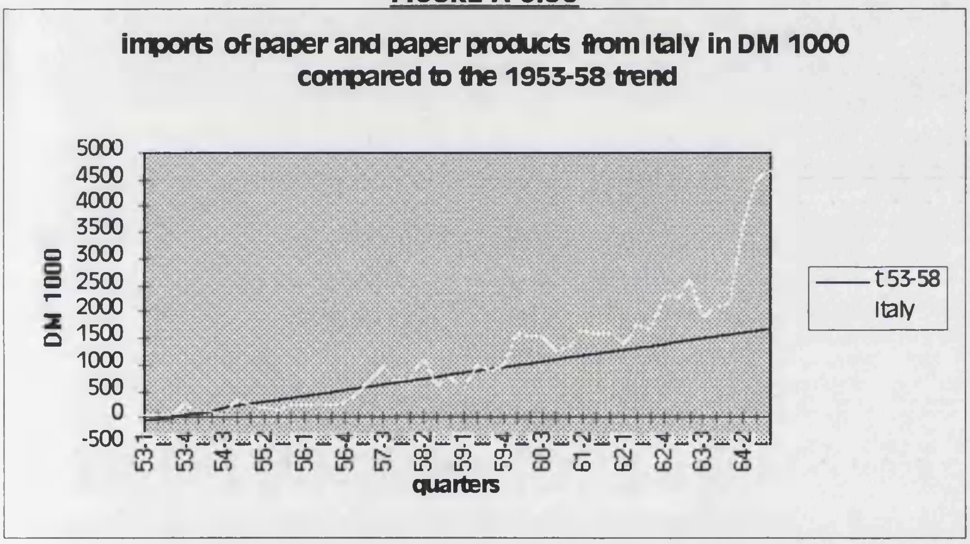
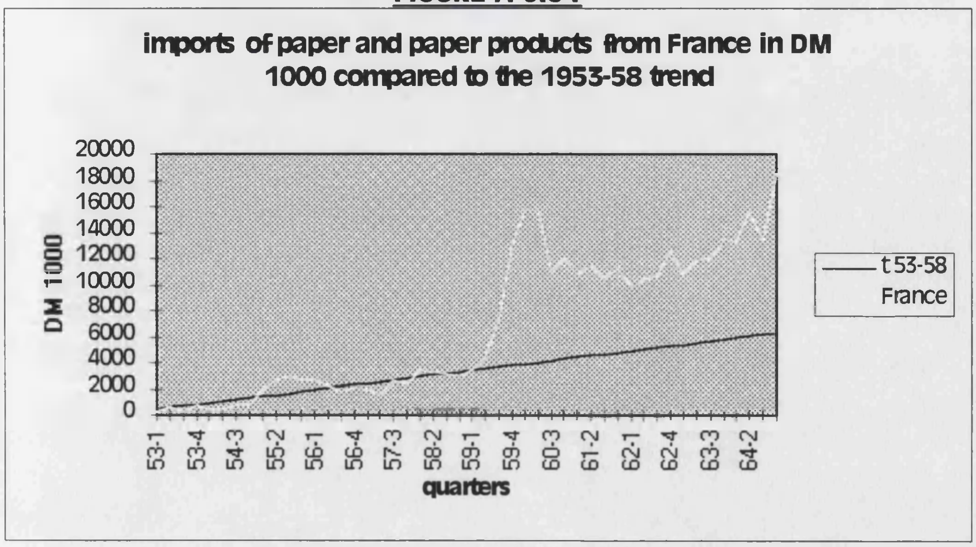


FIGURE A 6.51



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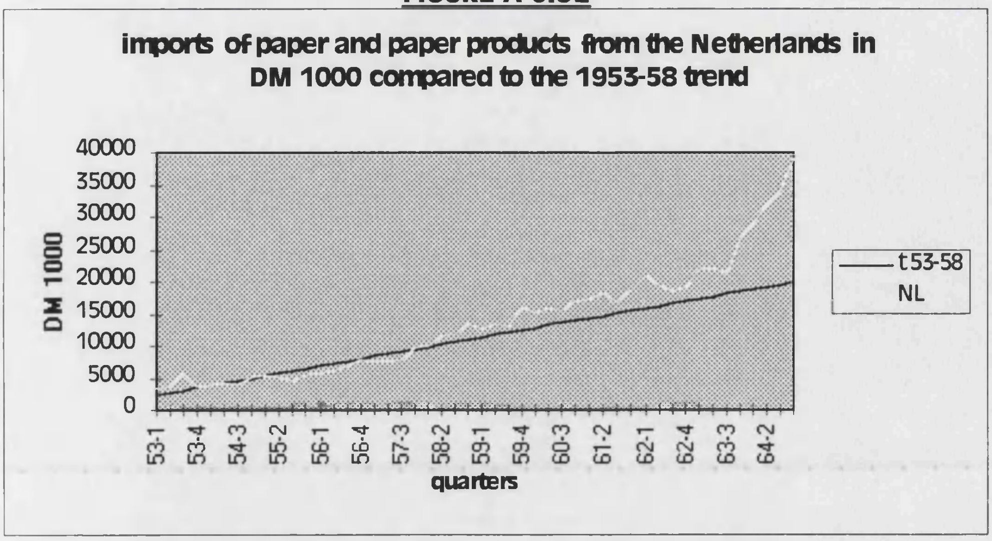

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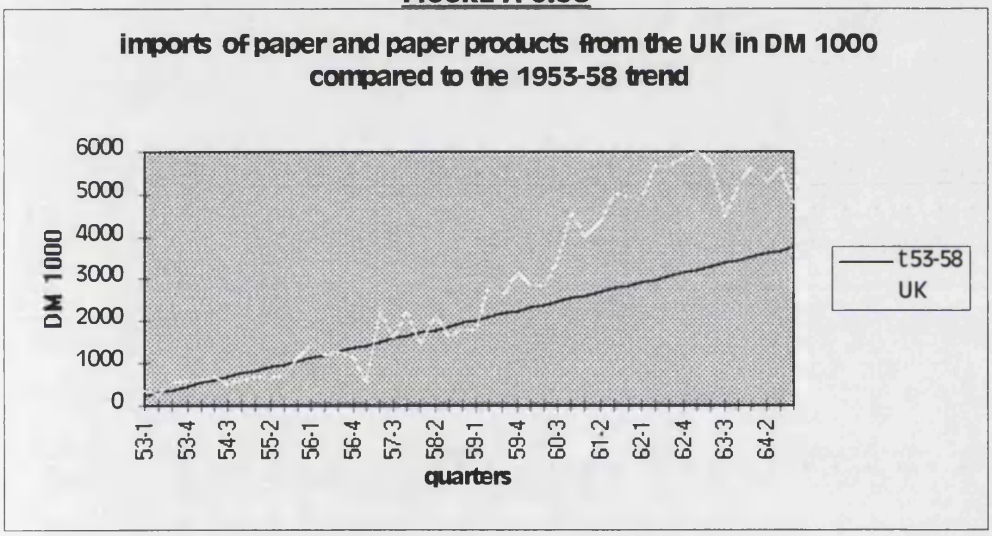
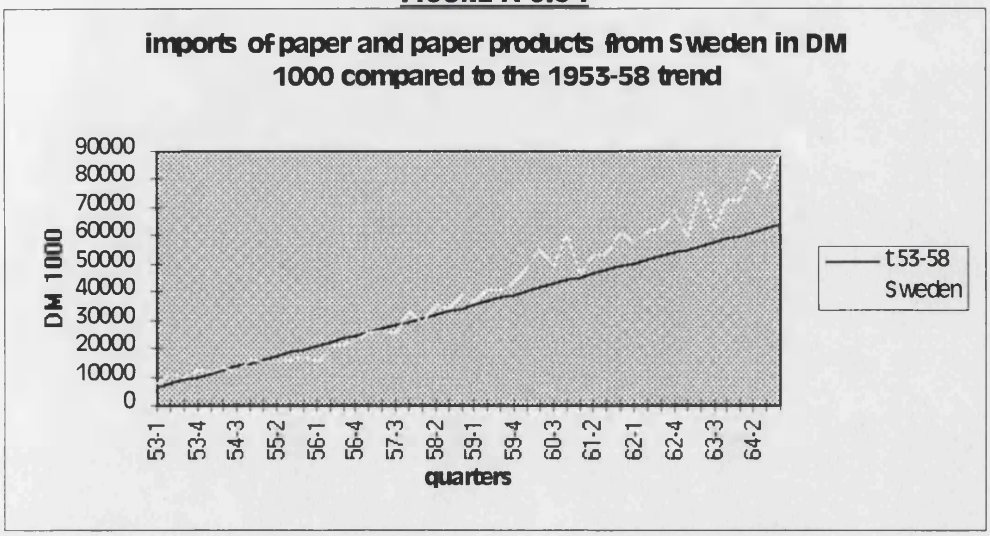


FIGURE A 6.54



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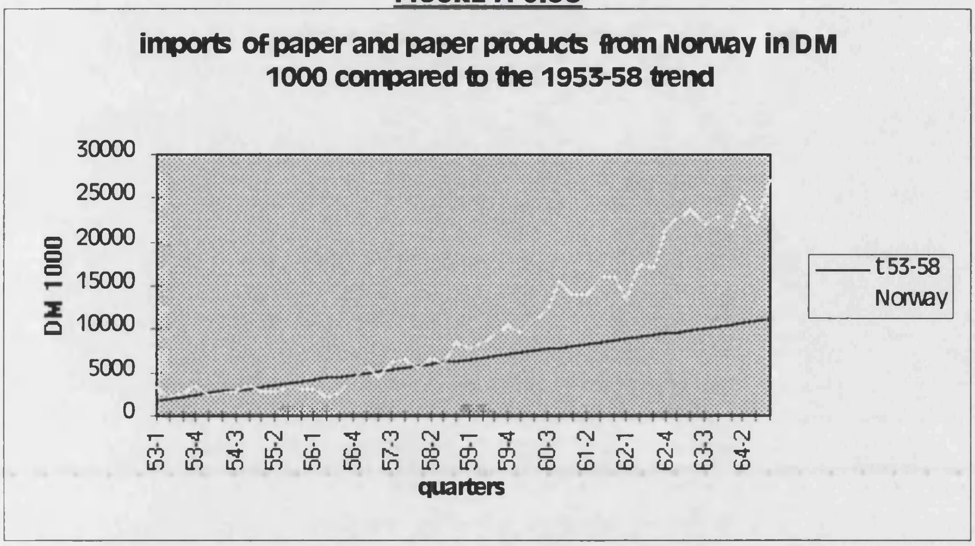

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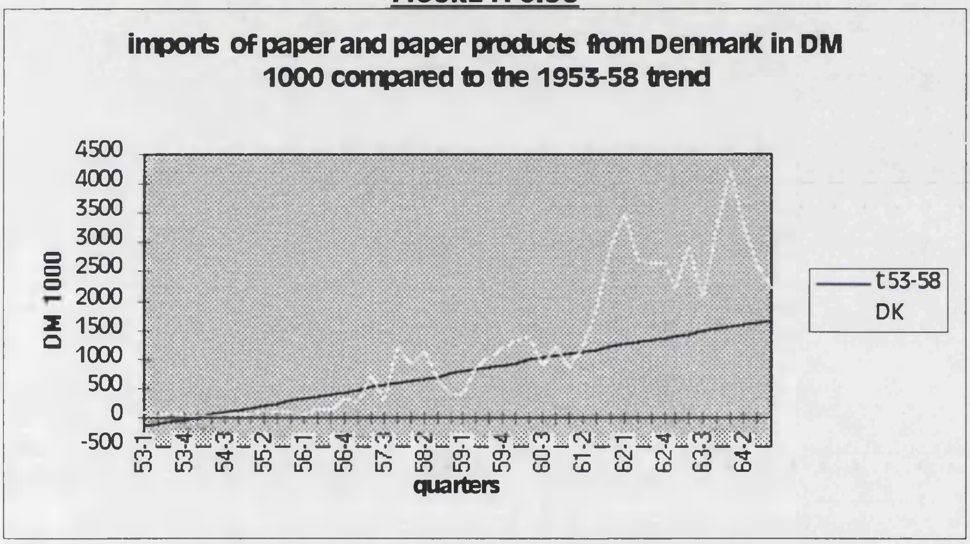

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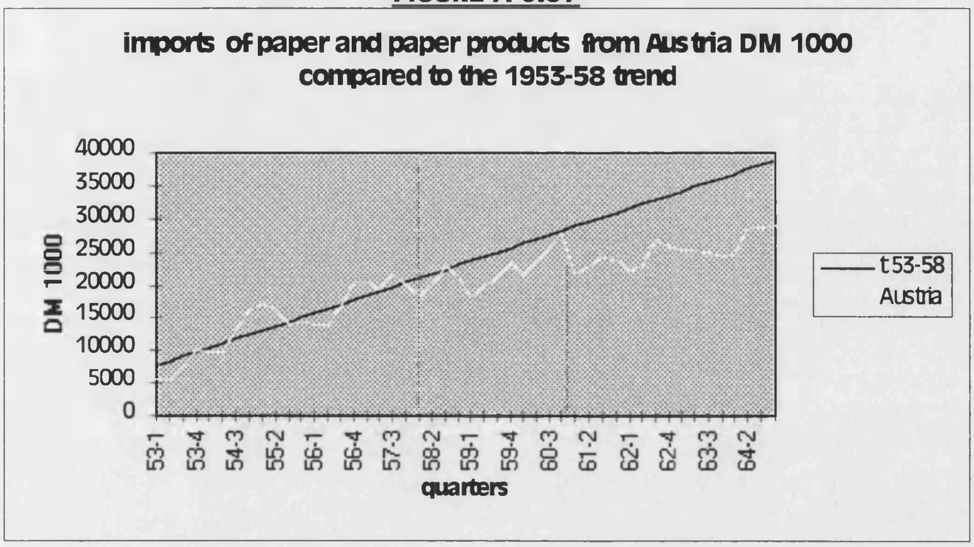

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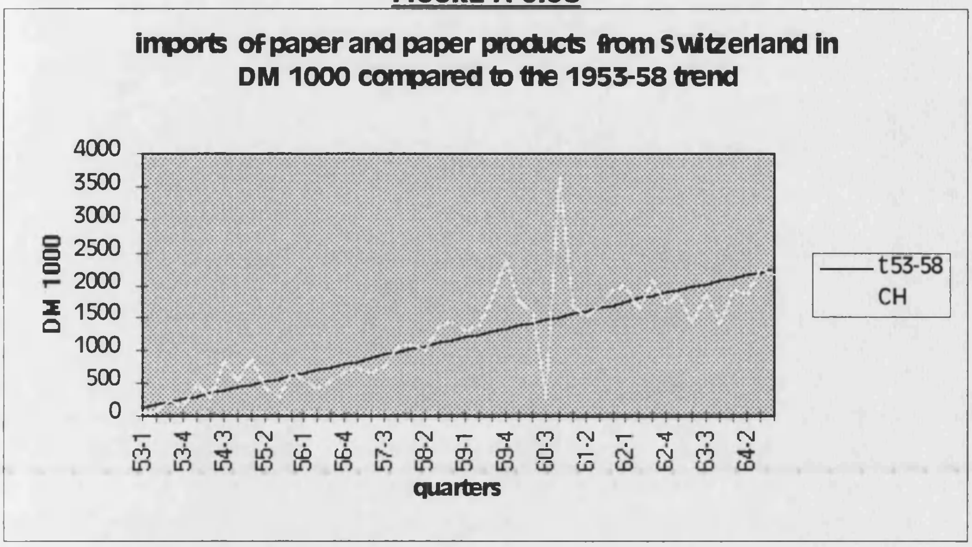

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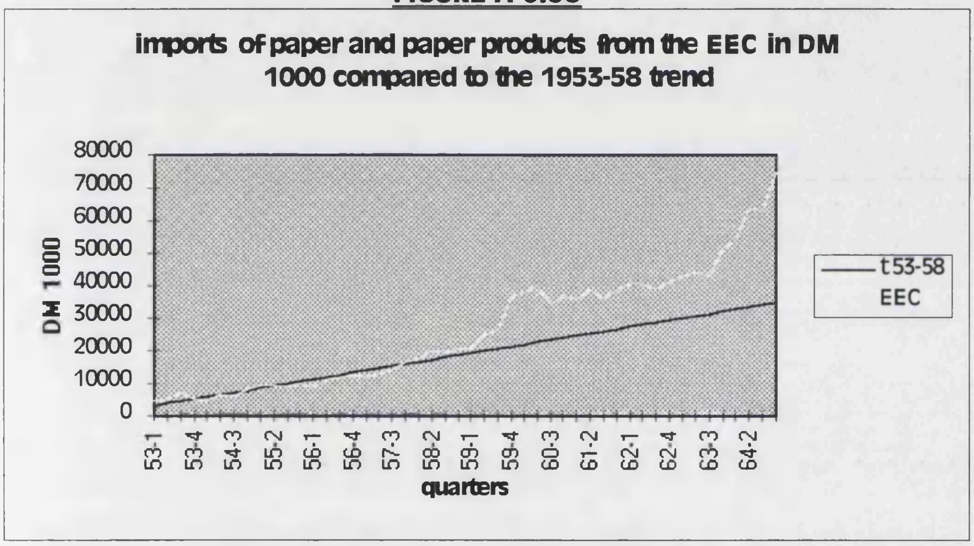
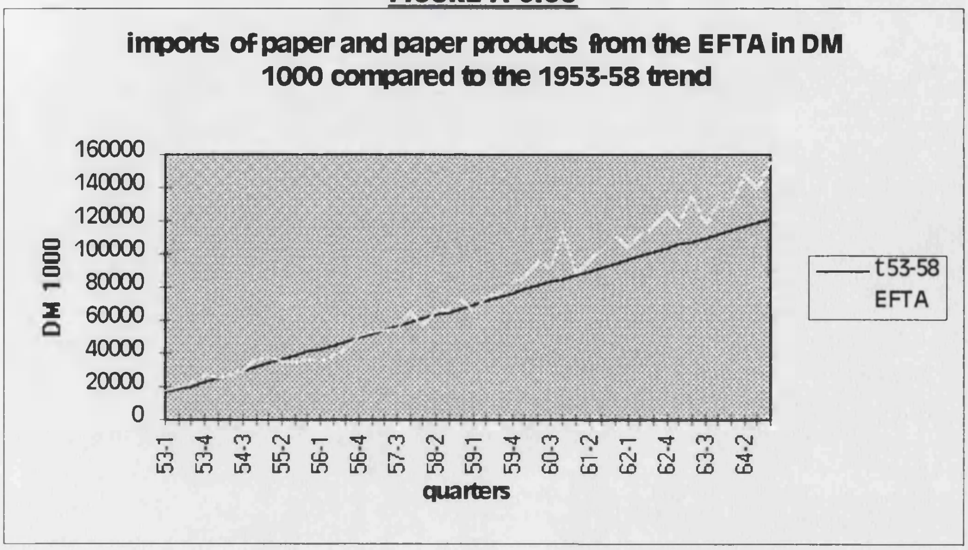


FIGURE A 6.60



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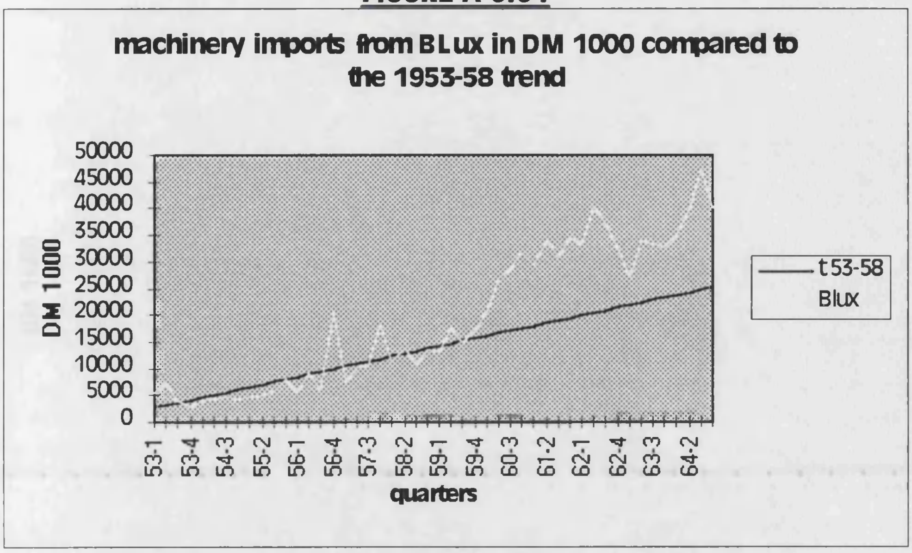

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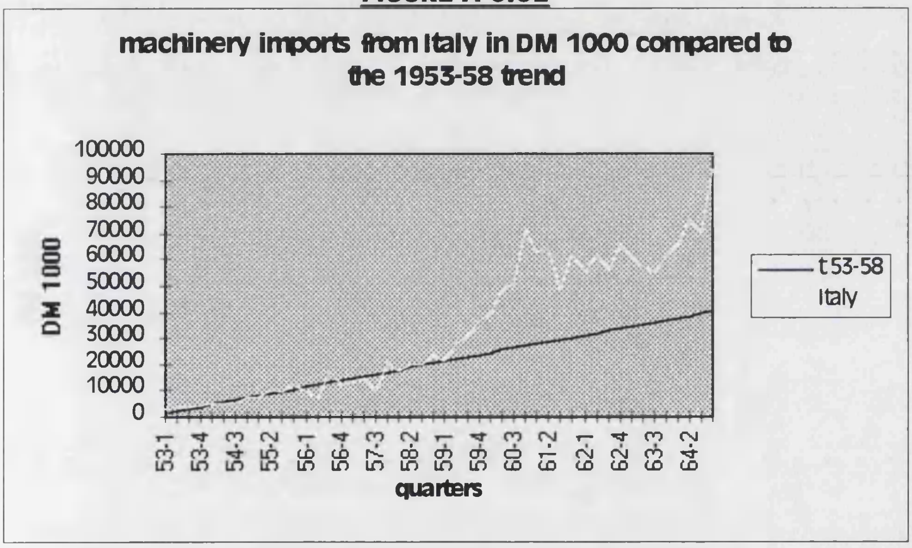

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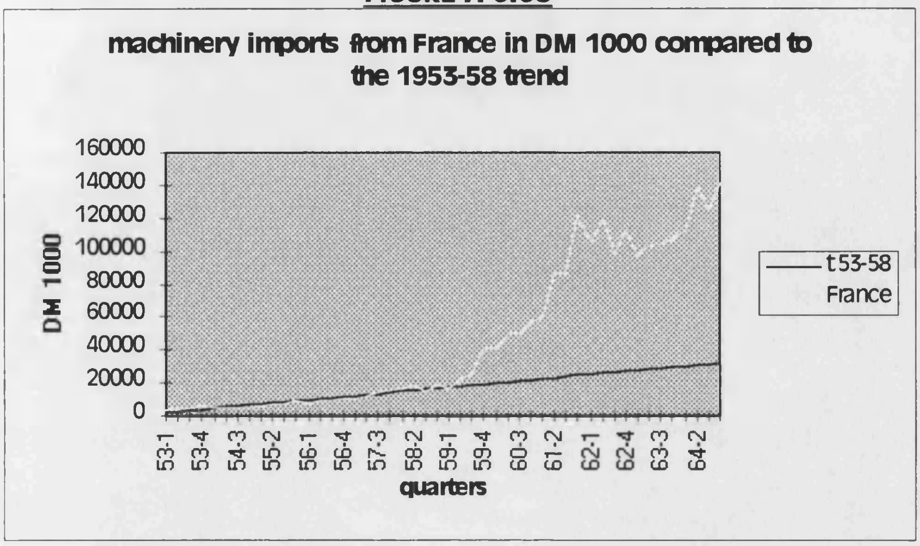

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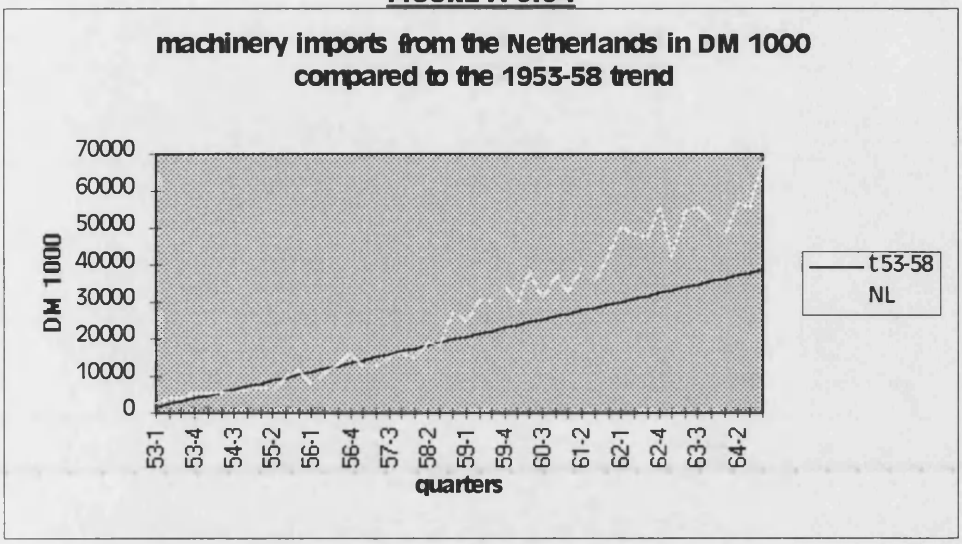

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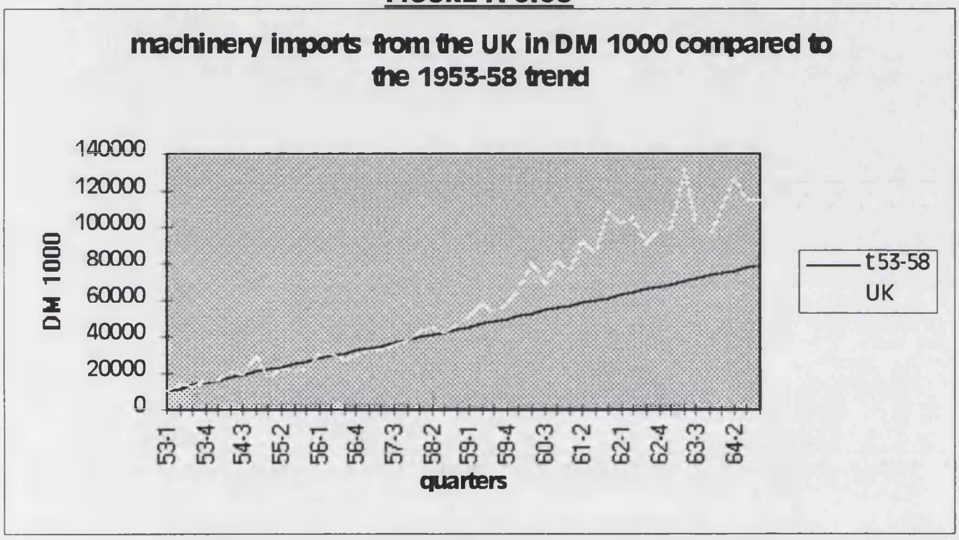


FIGURE A 6.66

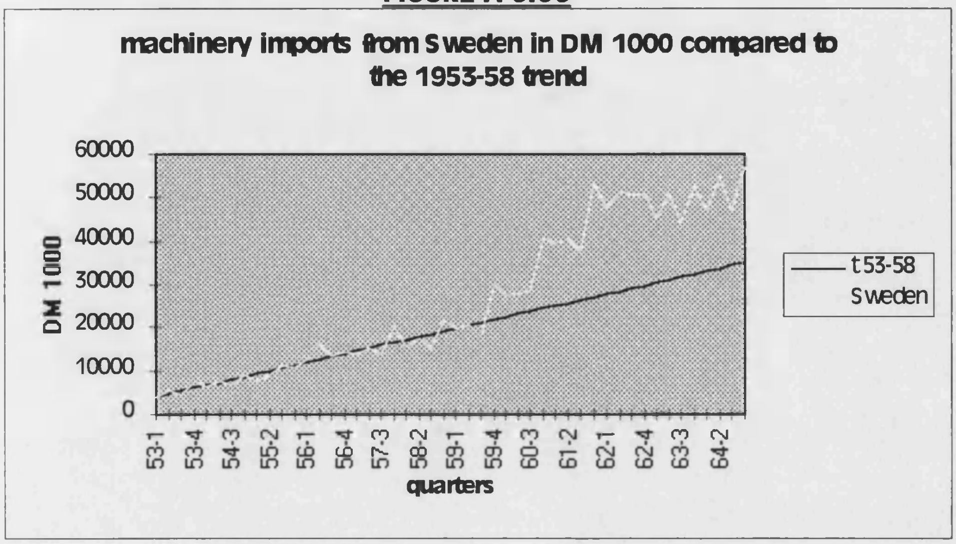


FIGURE A 6.67

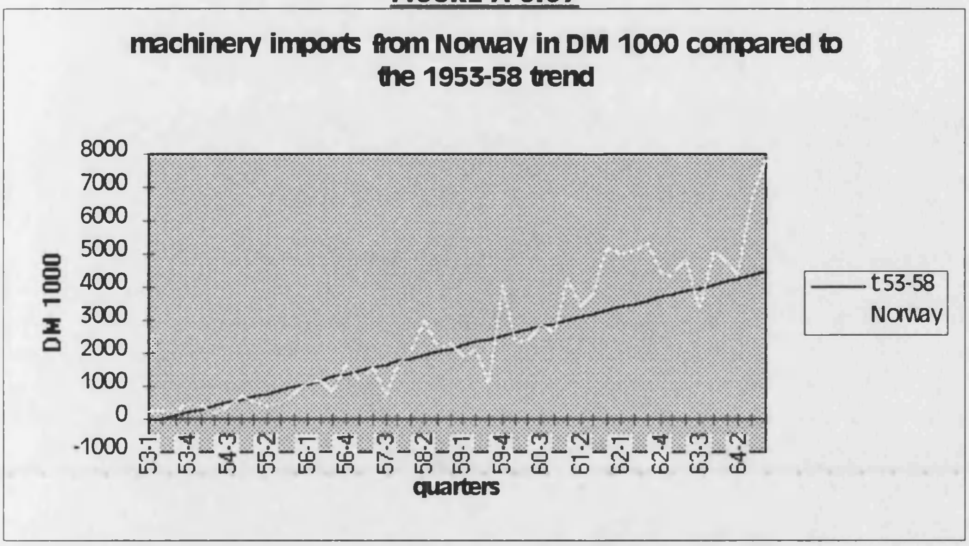


FIGURE A 6.68

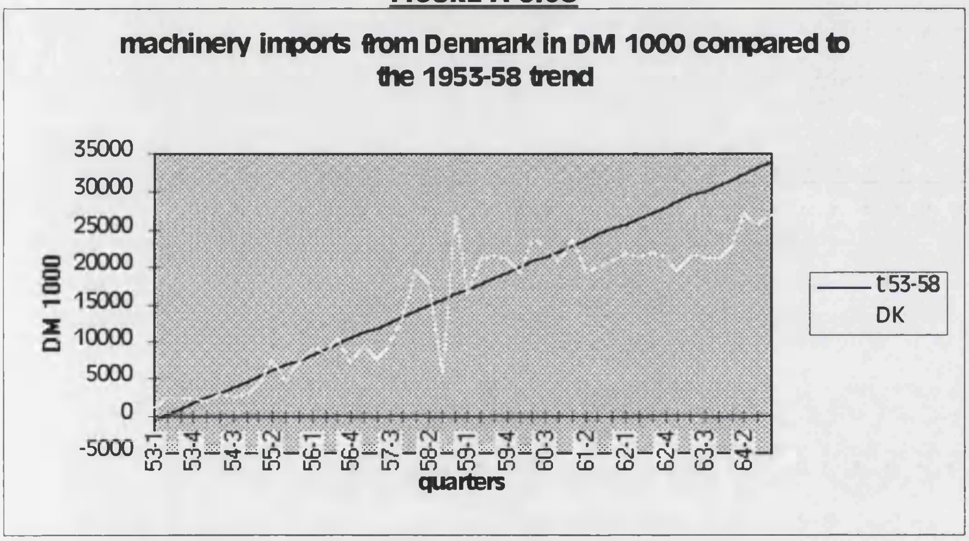


FIGURE A 6.69

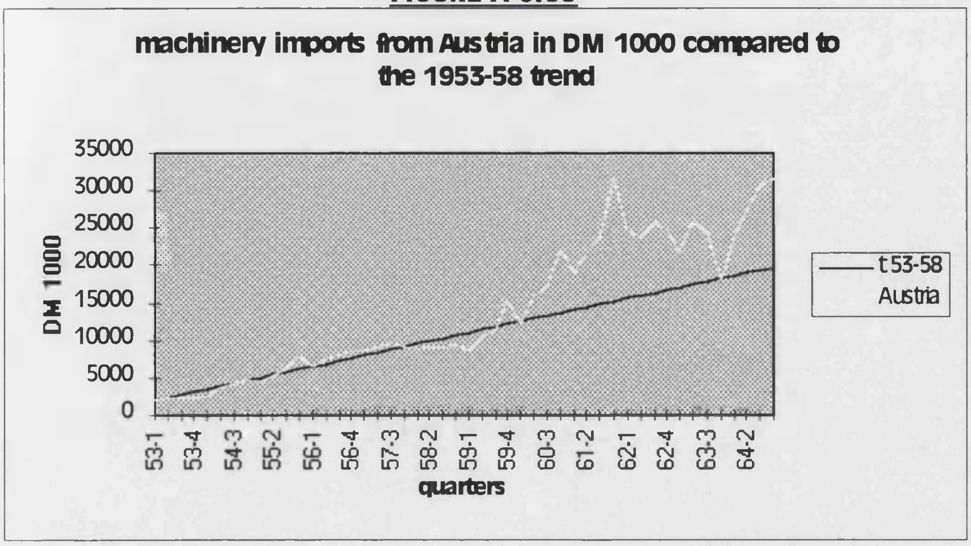


FIGURE A 6.70

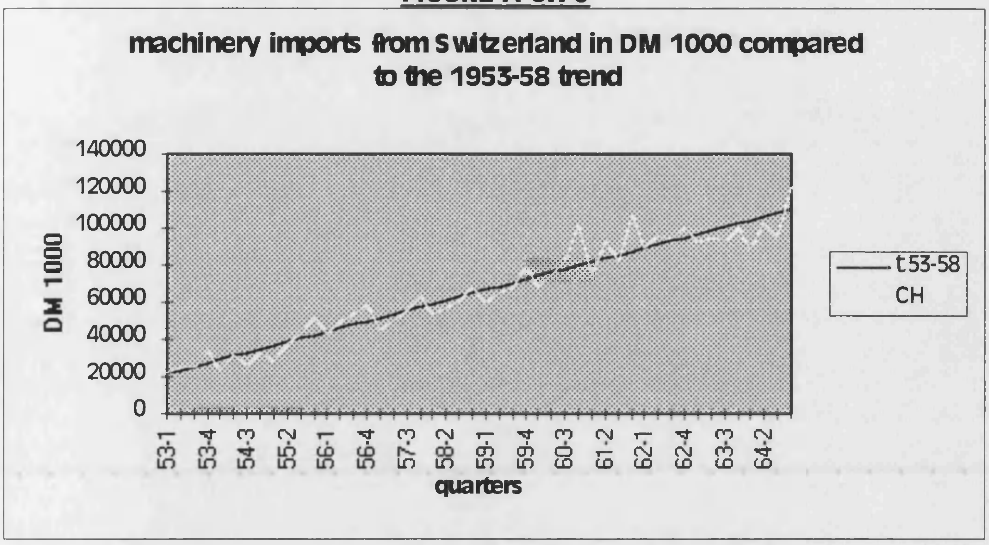


FIGURE A 6.71

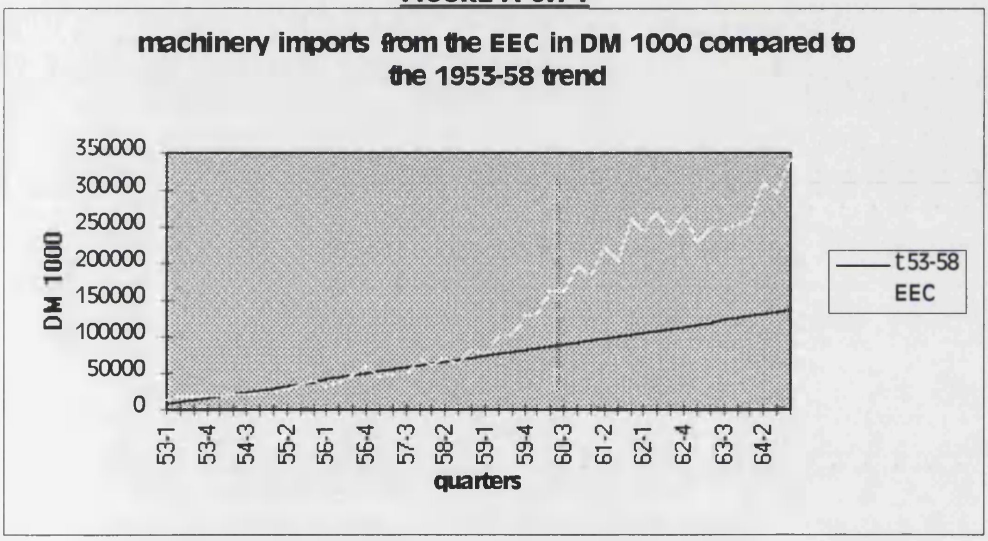


FIGURE A 6.72

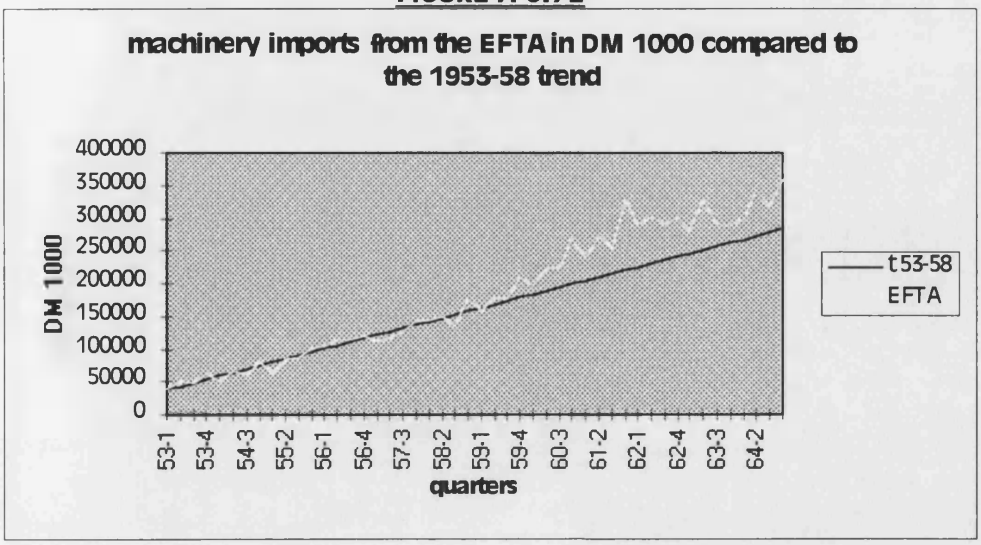


FIGURE A 6.73

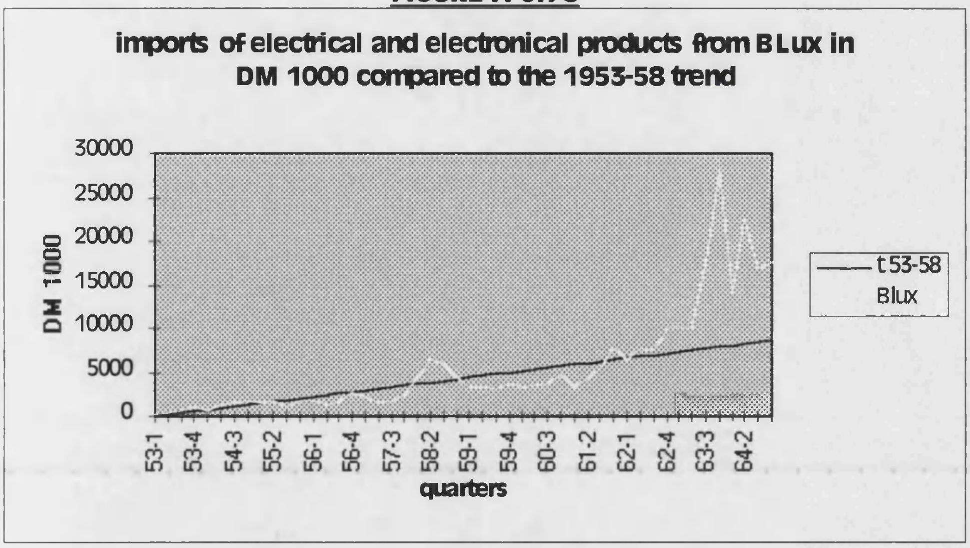


FIGURE A 6.74

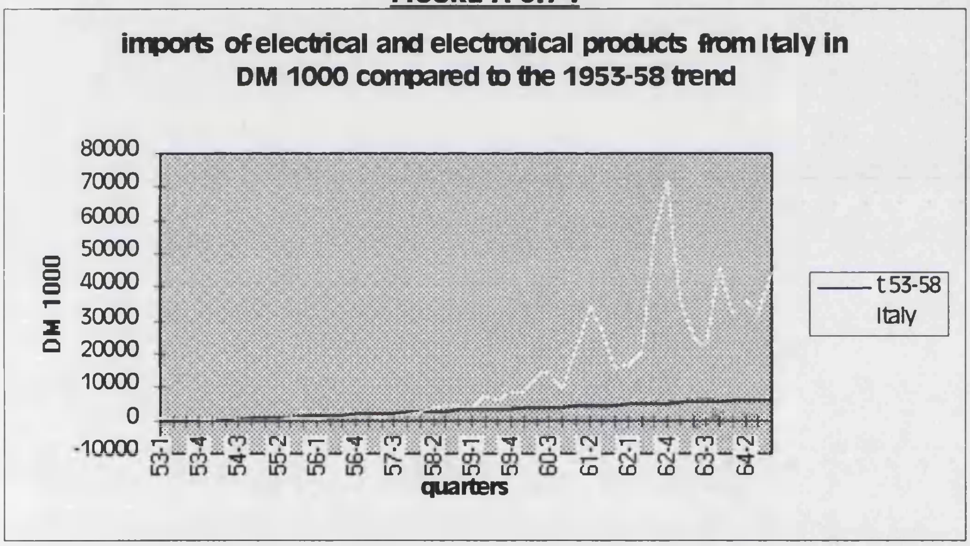


FIGURE A 6.75

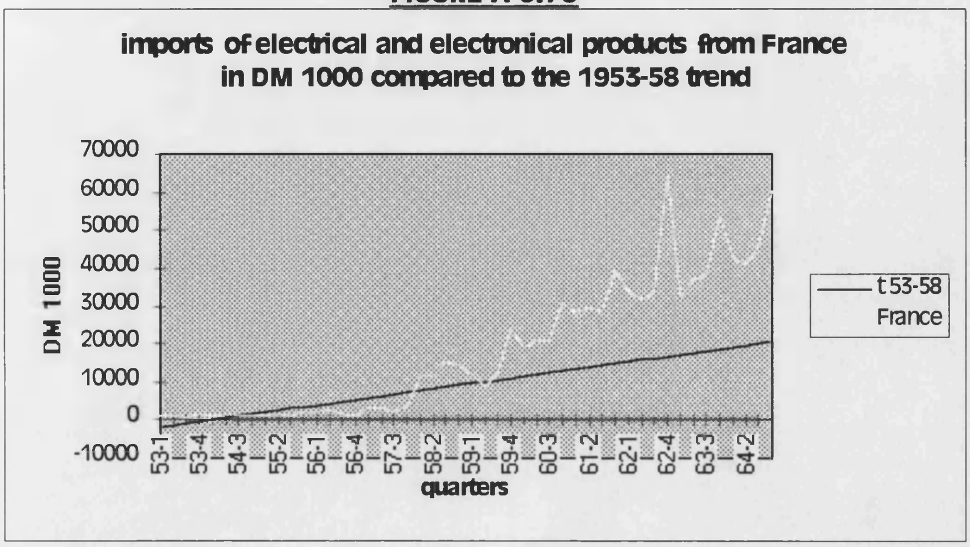


FIGURE A 6.76

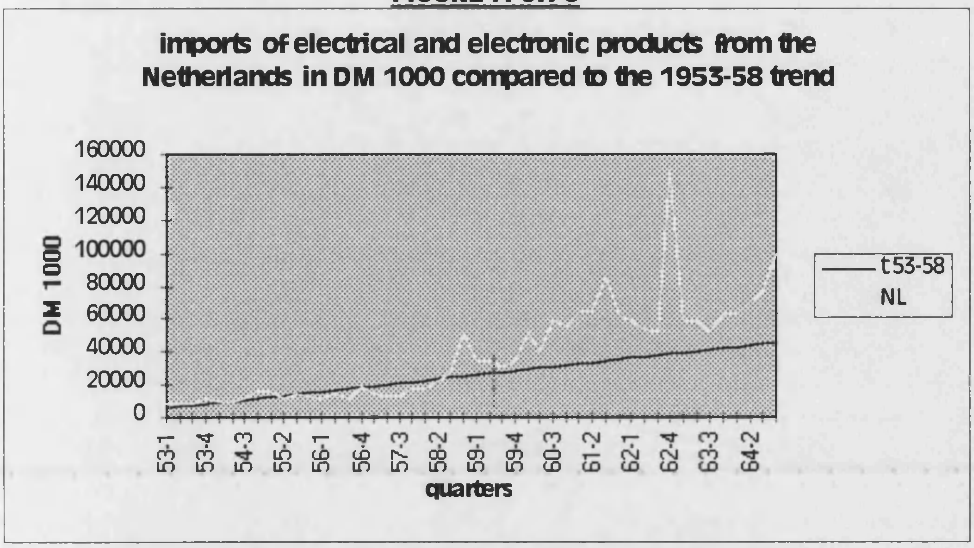
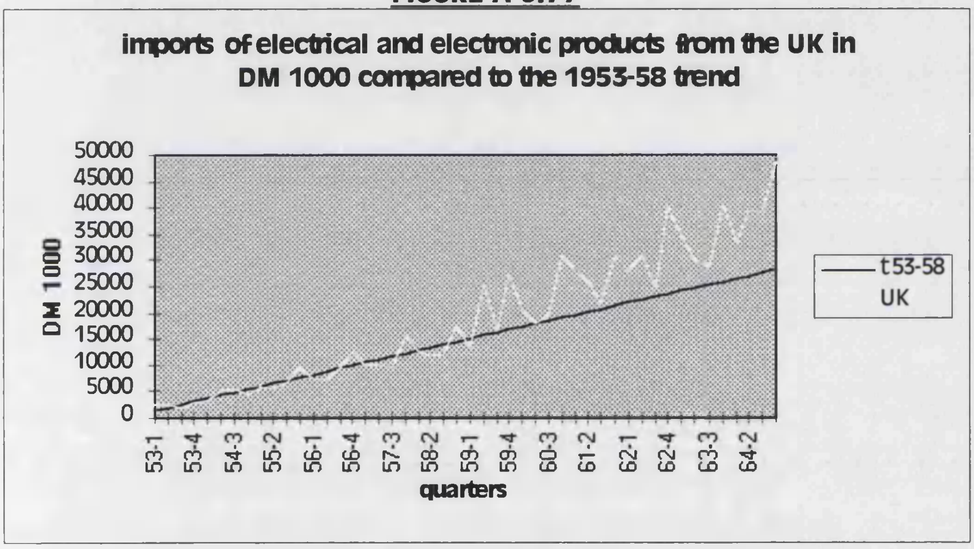


FIGURE A 6.77



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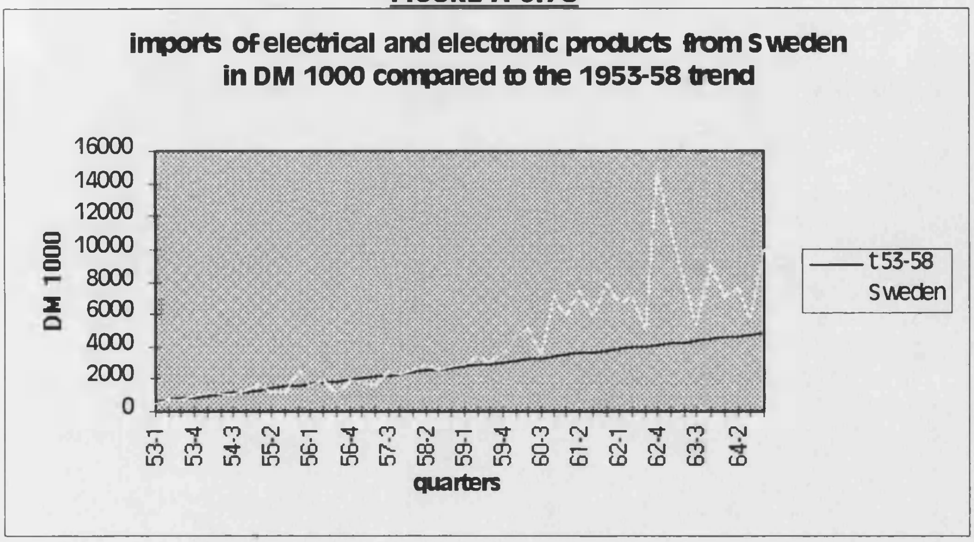

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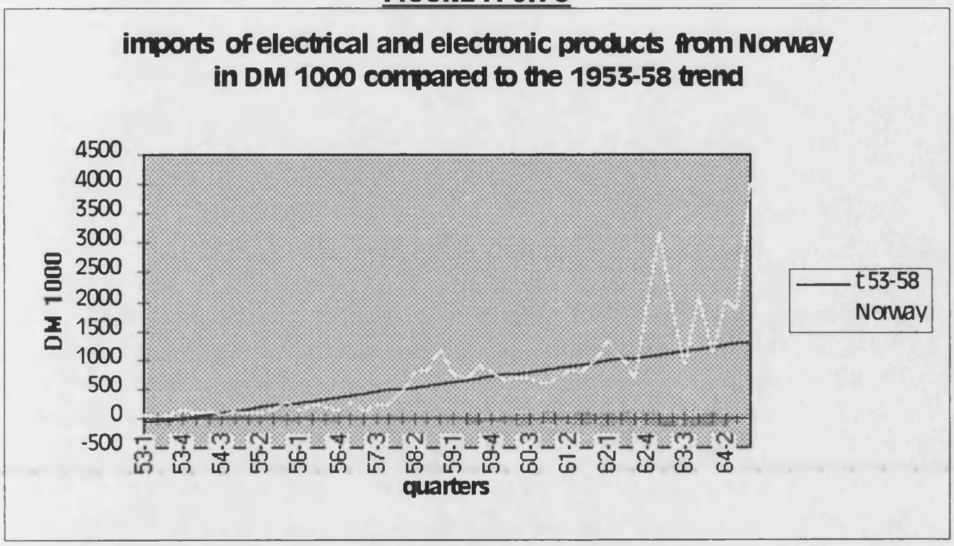


FIGURE A 6.80

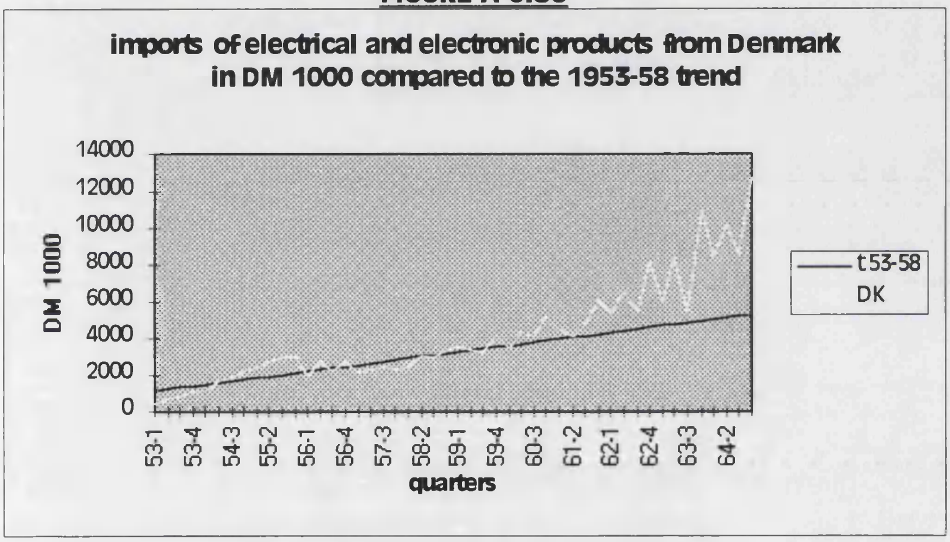
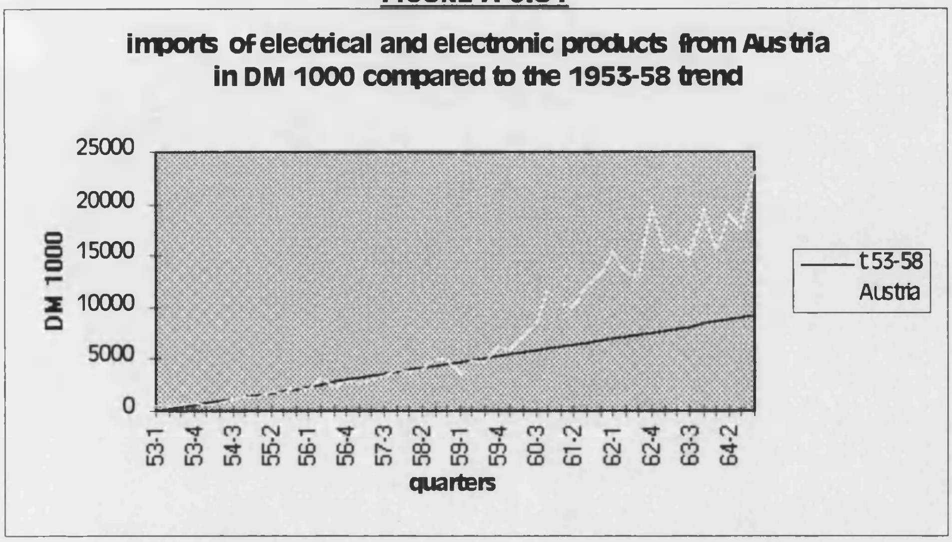


FIGURE A 6.81



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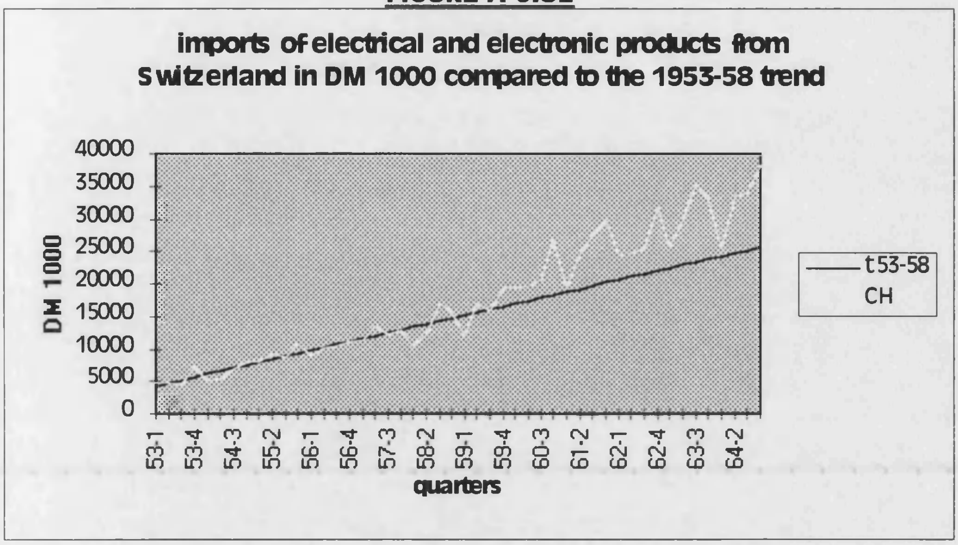

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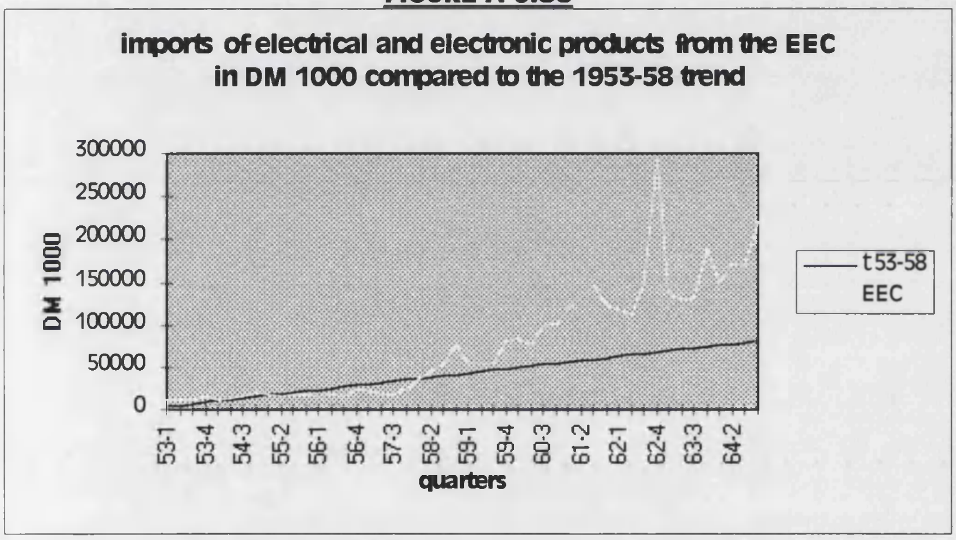

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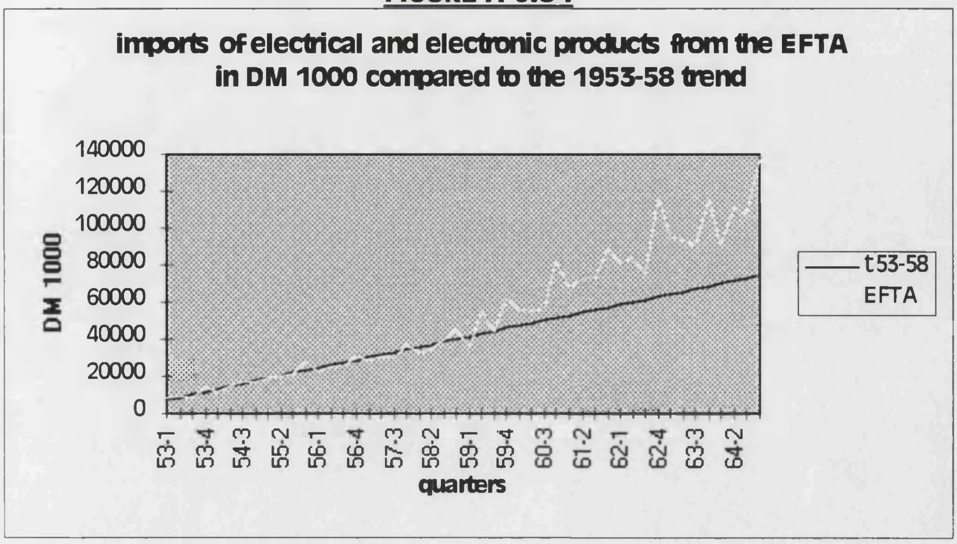

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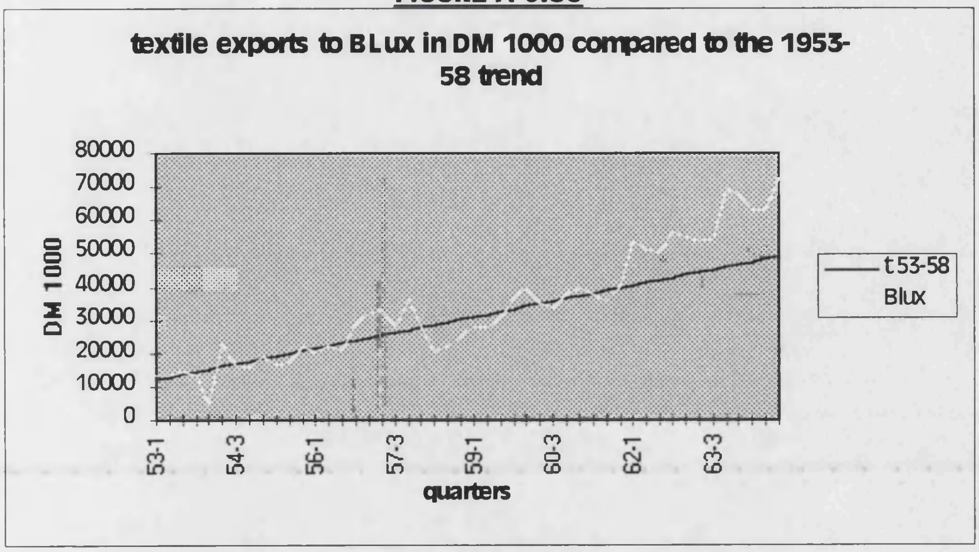


FIGURE A 6.86

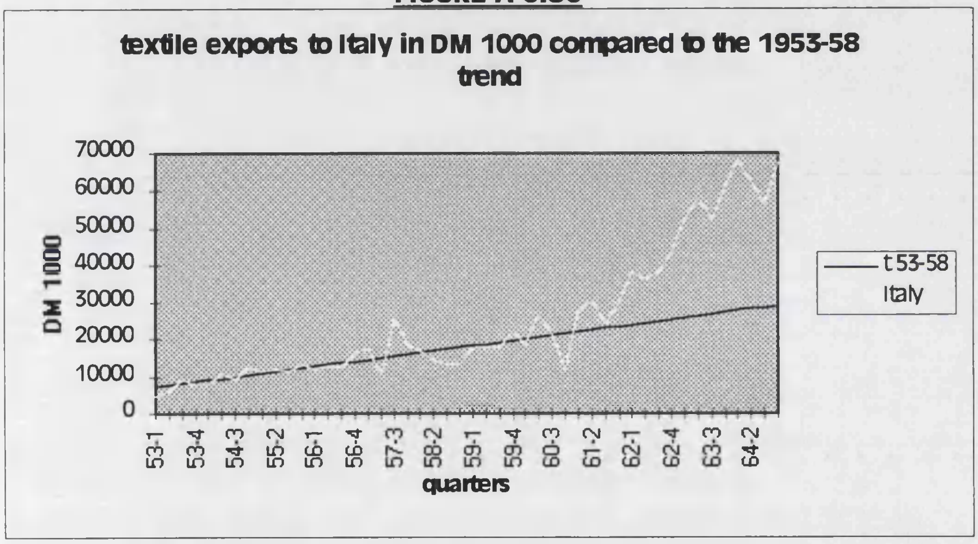


FIGURE A 6.87

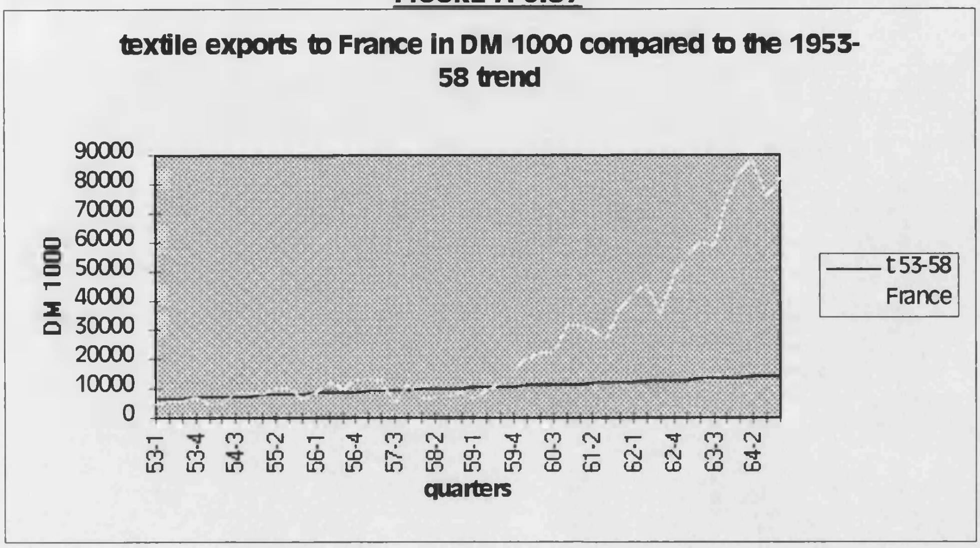
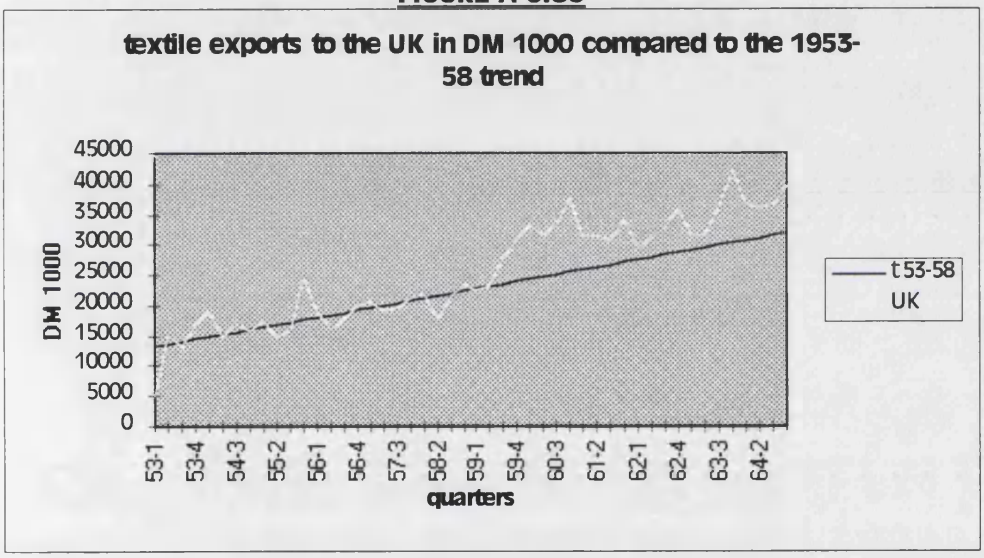


FIGURE A 6.88

FIGURE A 6.89



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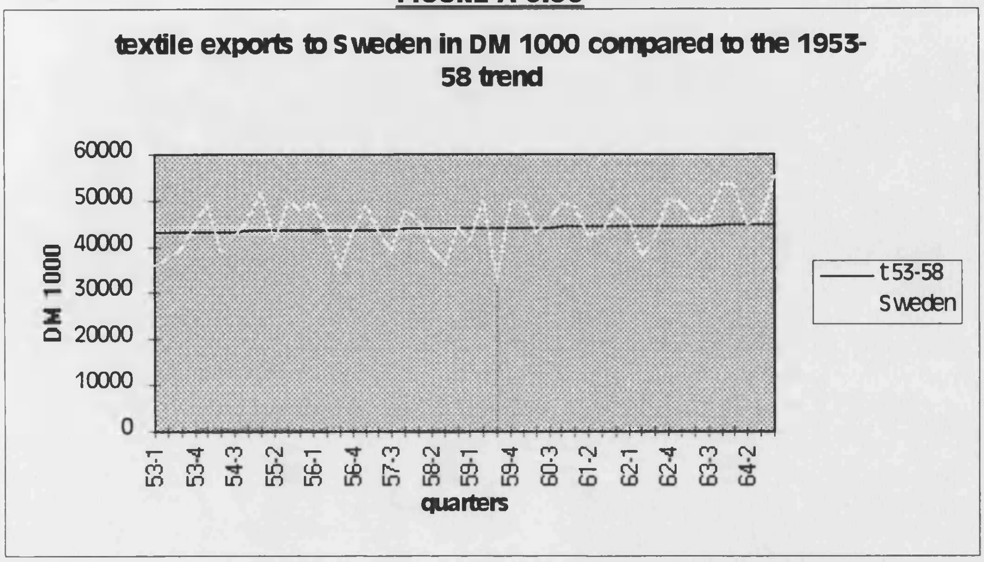


FIGURE A 6.91

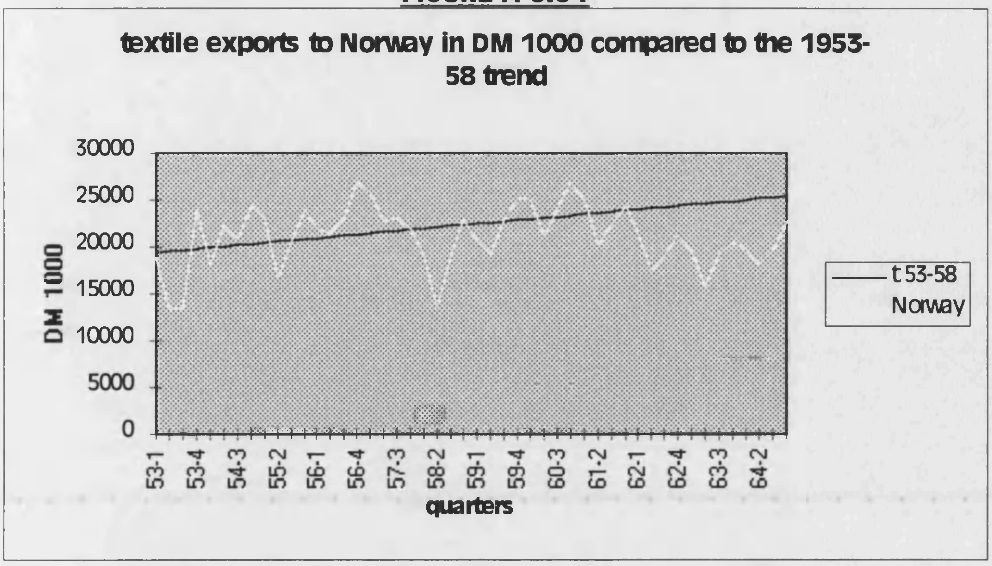


FIGURE A 6.92

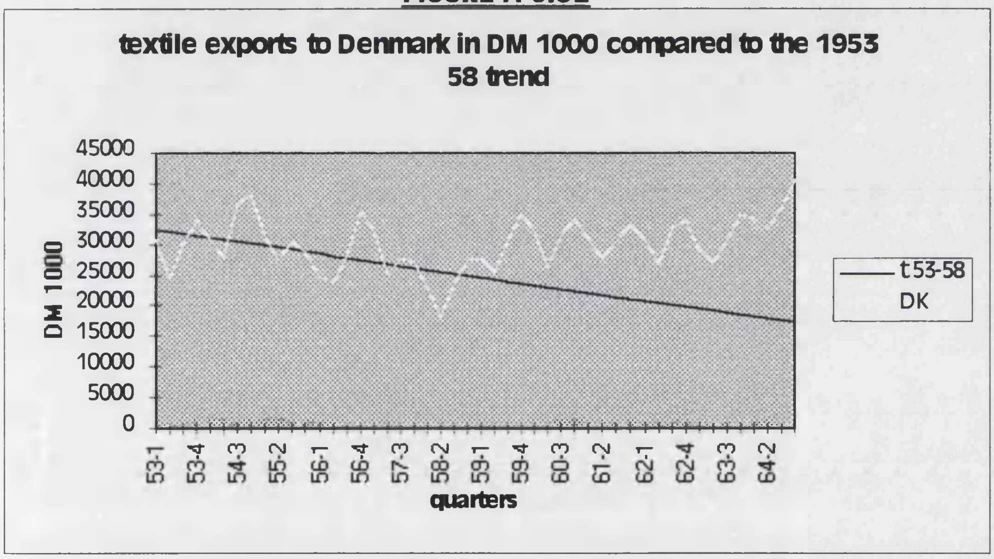


FIGURE A 6.93

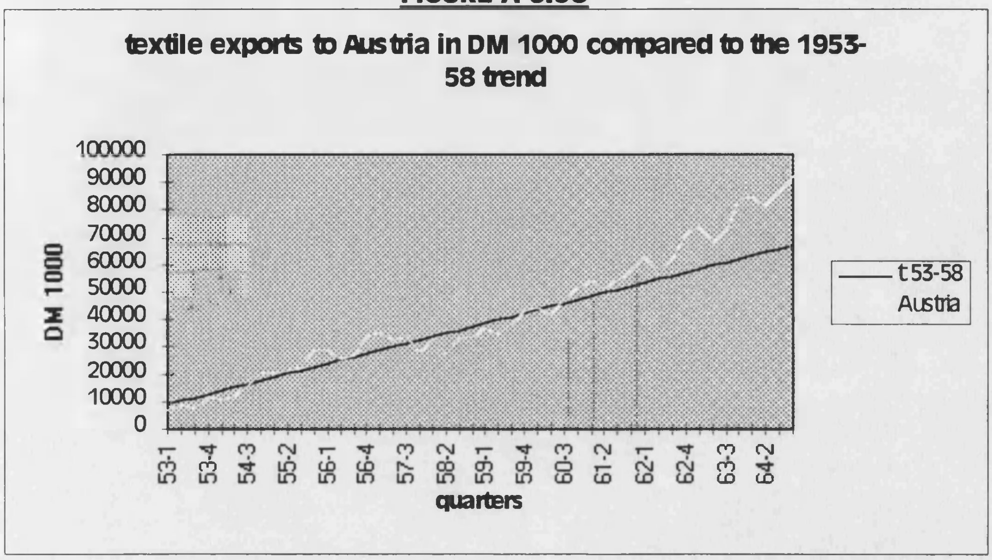


FIGURE A 6.94

textile exports to Switzerland in DM 1000 compared to the 1953-58 trend

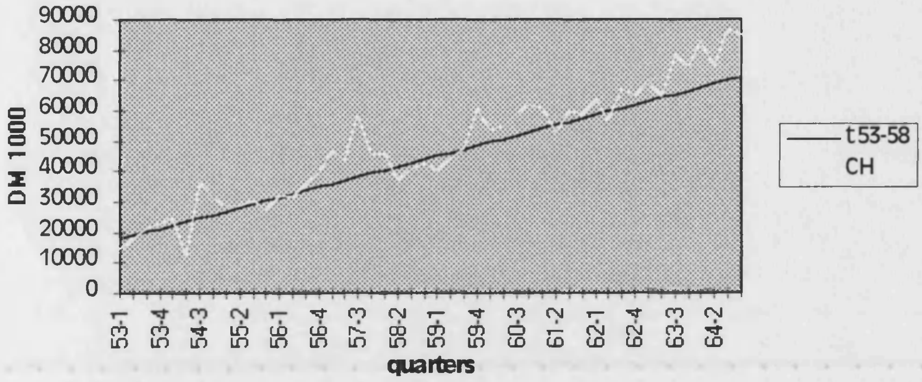


FIGURE A 6.95

textile exports to the EEC in DM 1000 compared to the 1953 58 trend

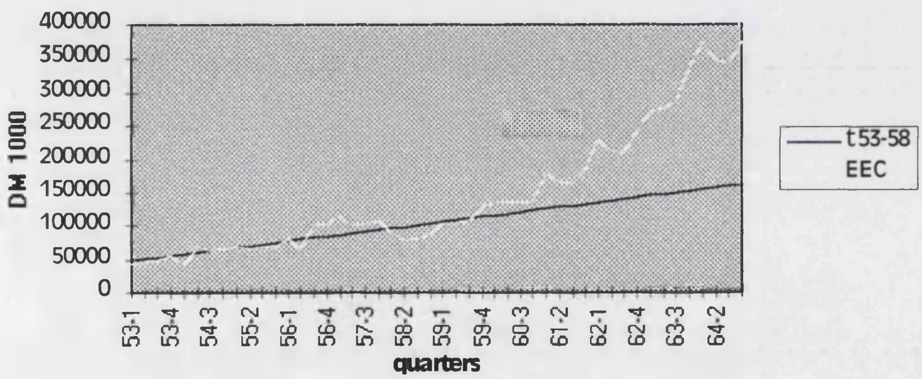


FIGURE A 6.96

textile exports to the EFTA in DM 1000 compared to the 1953-58 trend

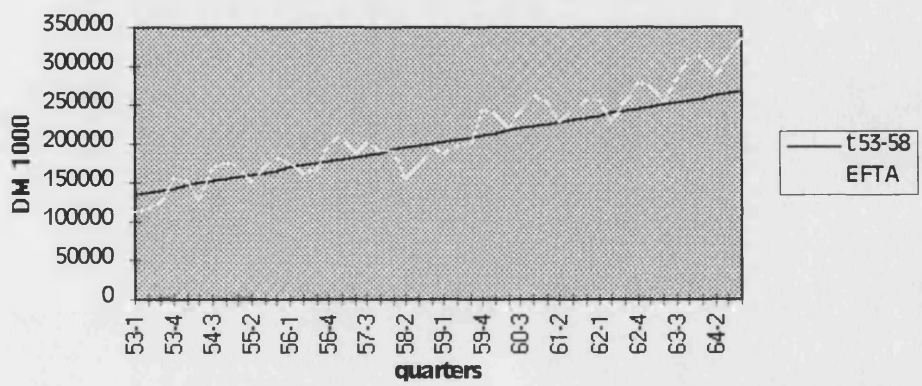


FIGURE A 6.97

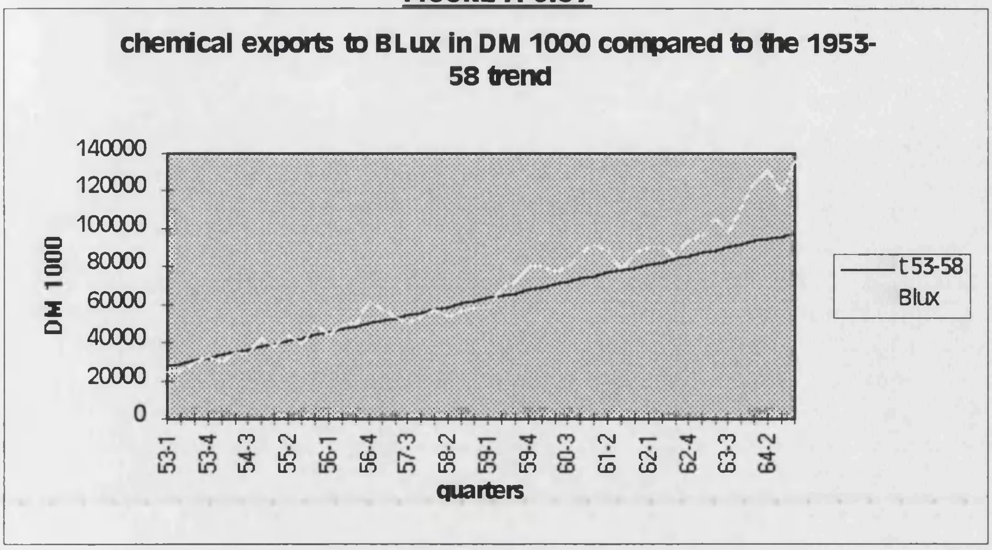


FIGURE A 6.98

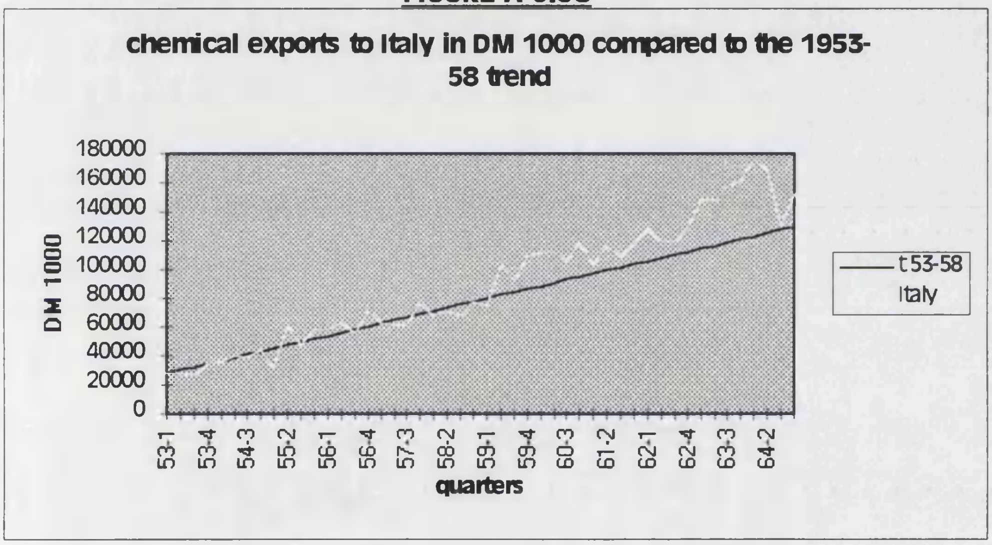


FIGURE A 6.99

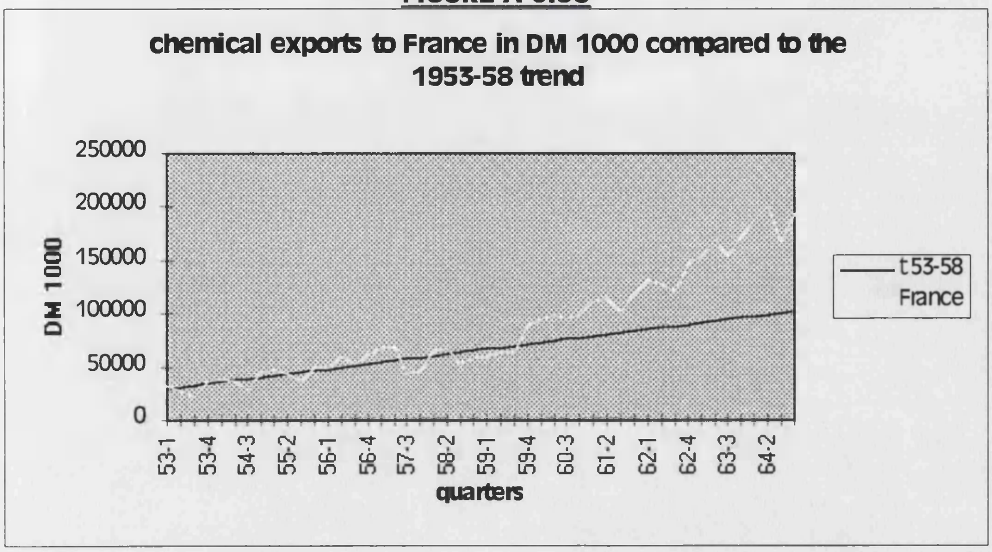


FIGURE A 6.100

chemical exports to the Netherlands in DM 1000 compared to the 1953-58 trend

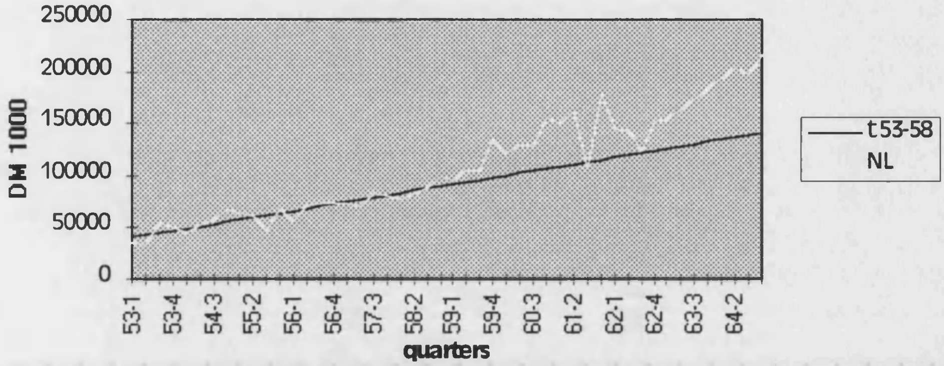


FIGURE A 6.101

chemical exports to the UK in DM 1000 compared to the 1953-58 trend

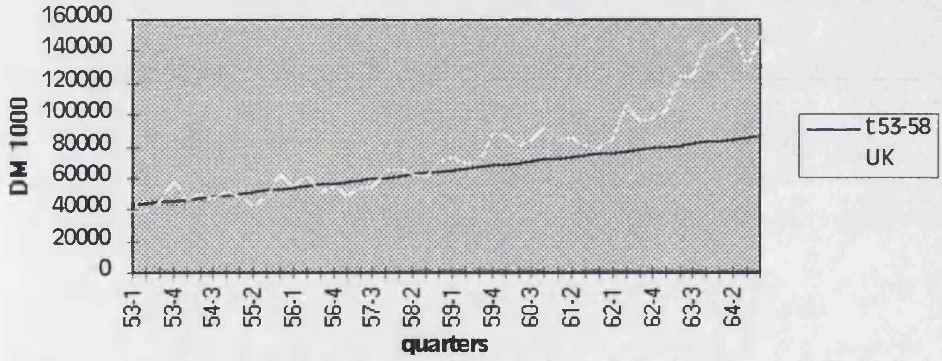


FIGURE A 6.102

chemical exports to Sweden in DM 1000 compared to the 1953-58 trend

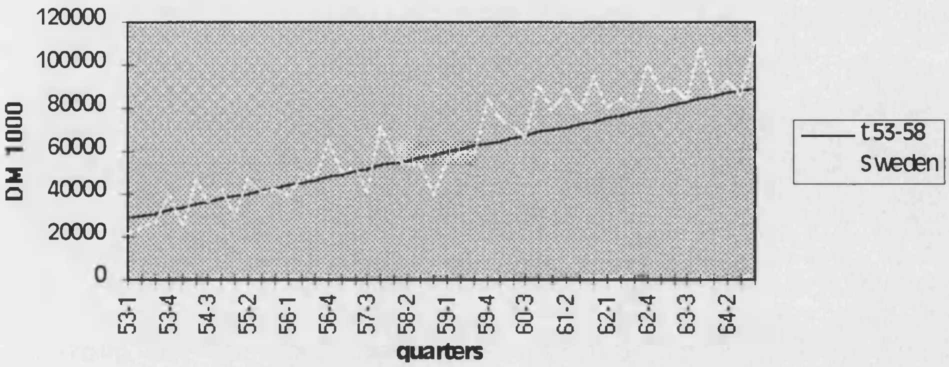


FIGURE A 6.103

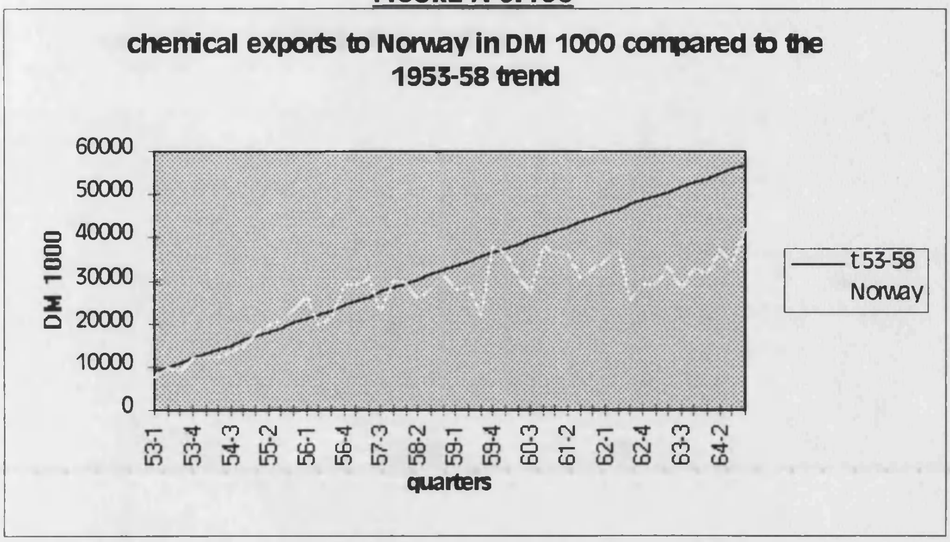


FIGURE A 6.104

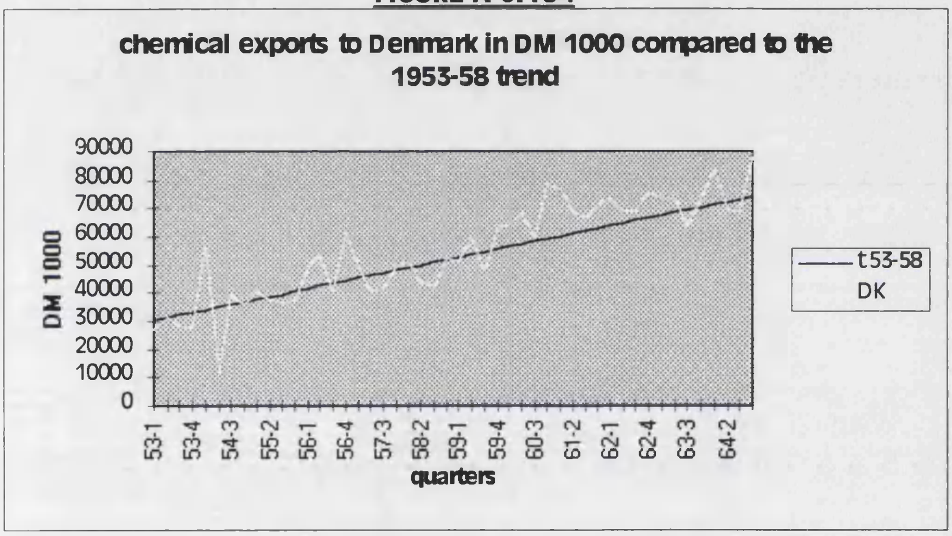


FIGURE A 6.105

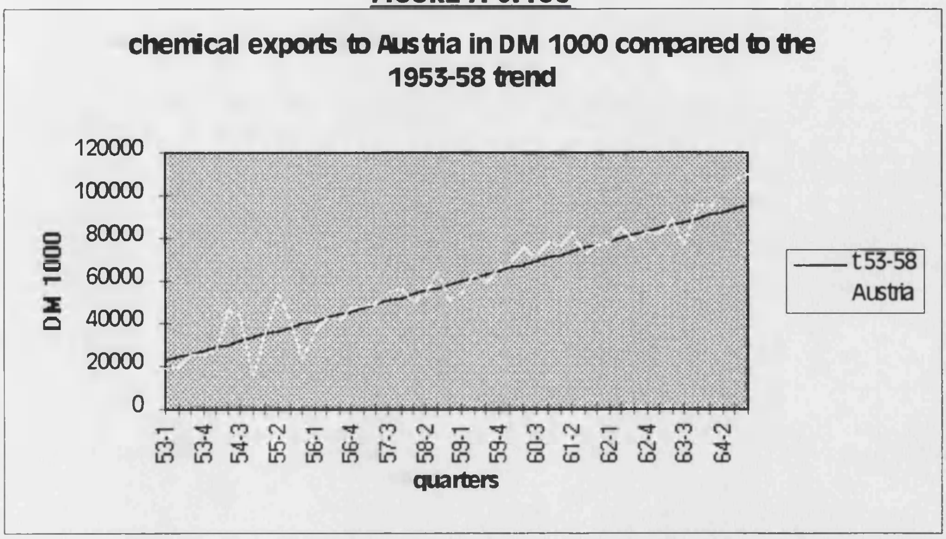


FIGURE A 6.106

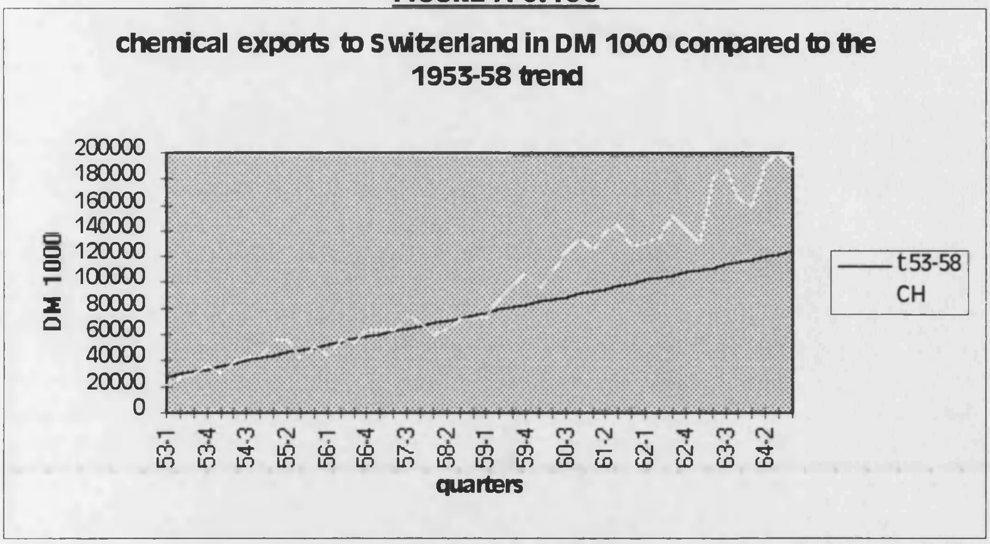


FIGURE A 6.107

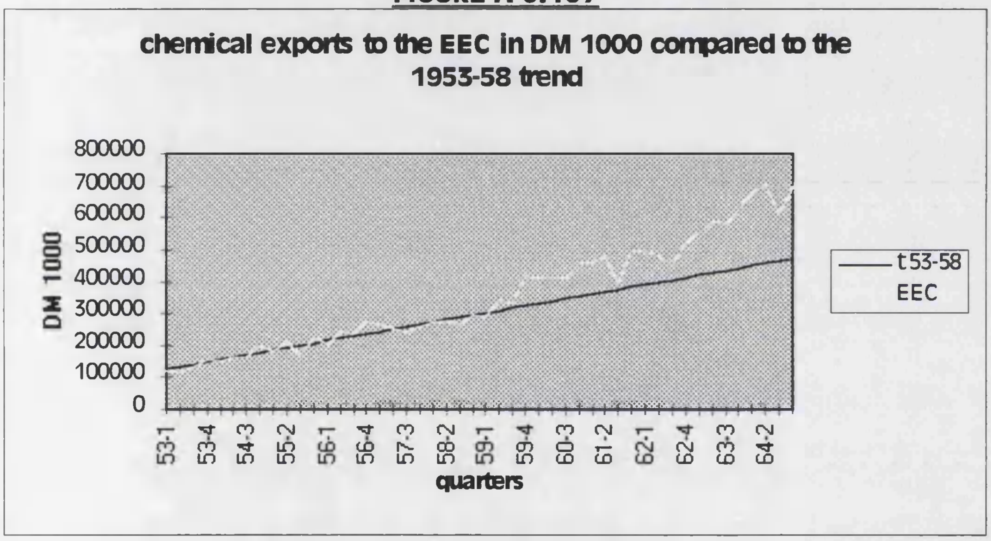


FIGURE A 6.108

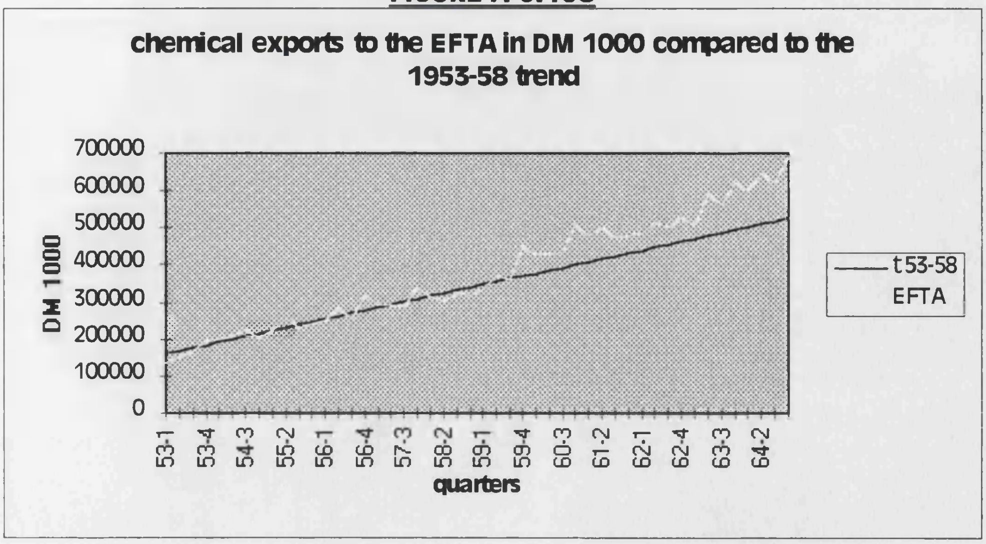


FIGURE A 6.109

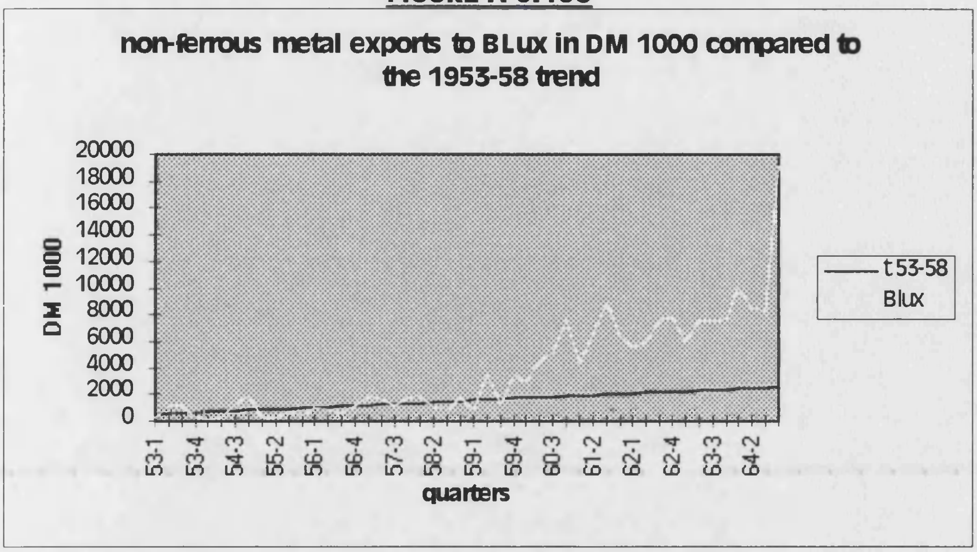


FIGURE A 6.110

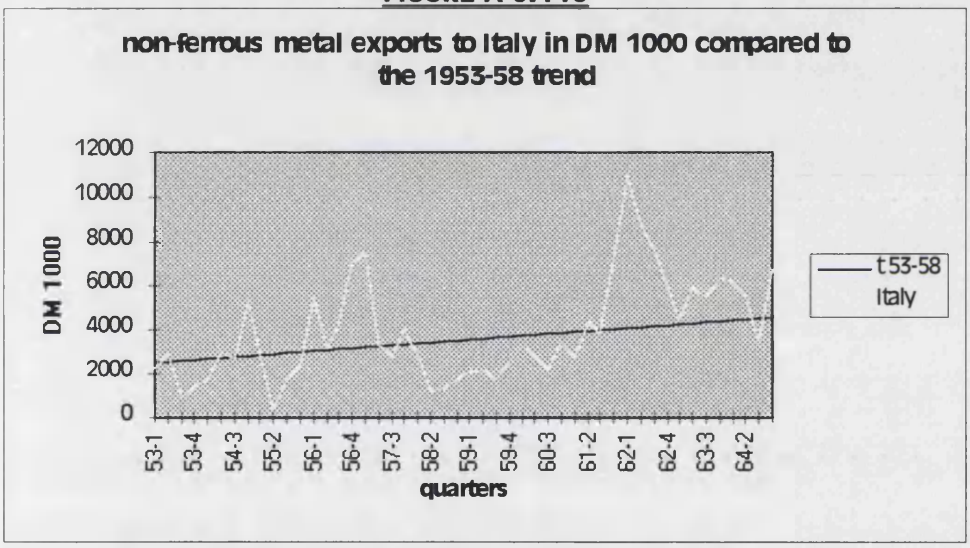


FIGURE A 6.111

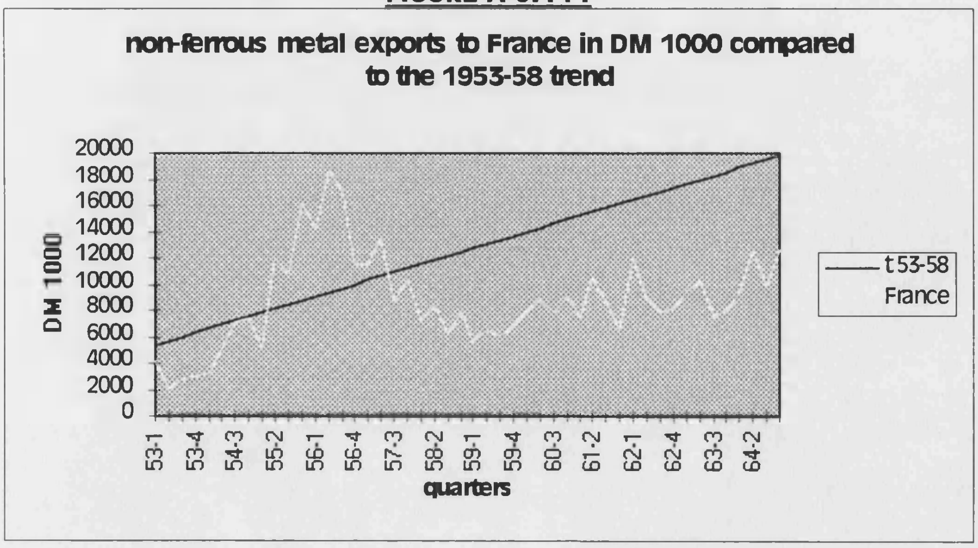


FIGURE A 6.112

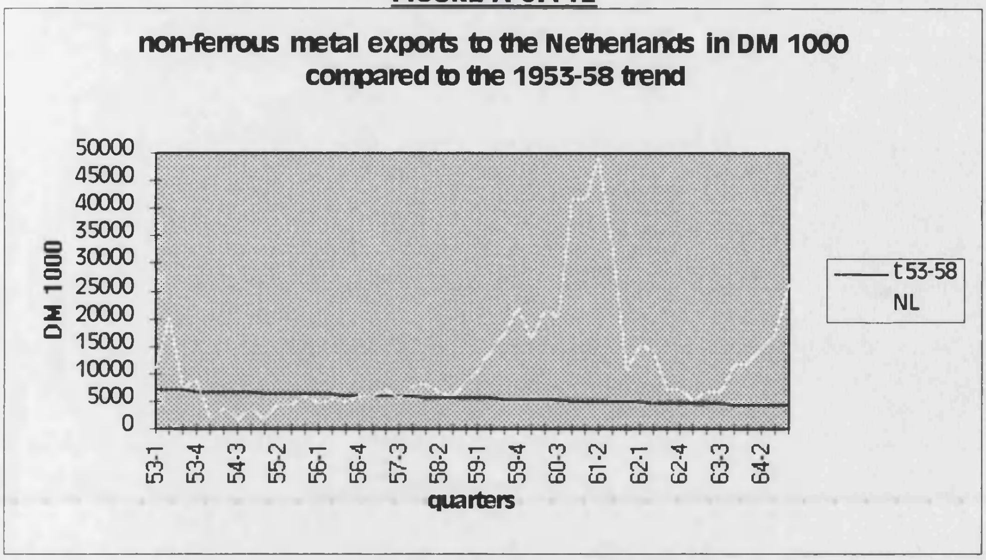


FIGURE A 6.113

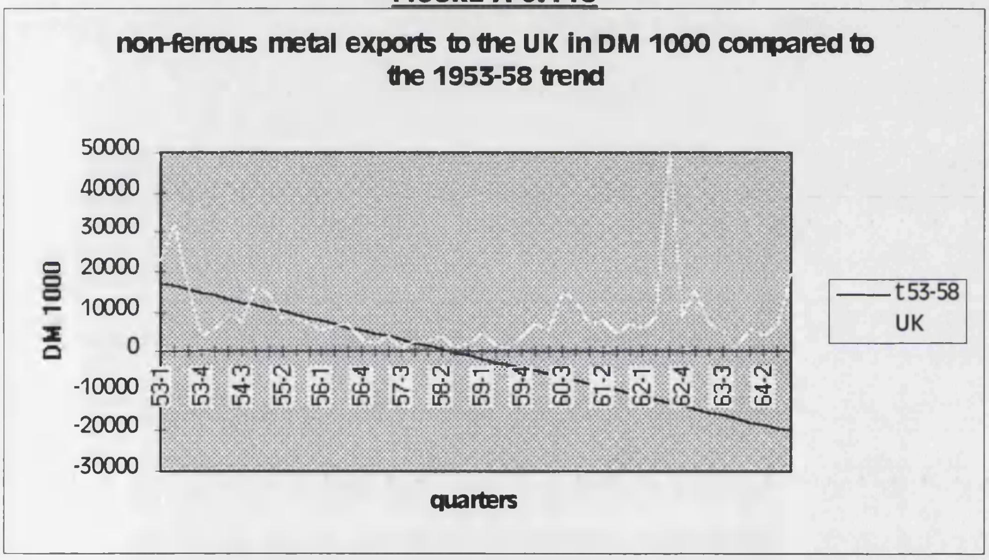


FIGURE A 6.114

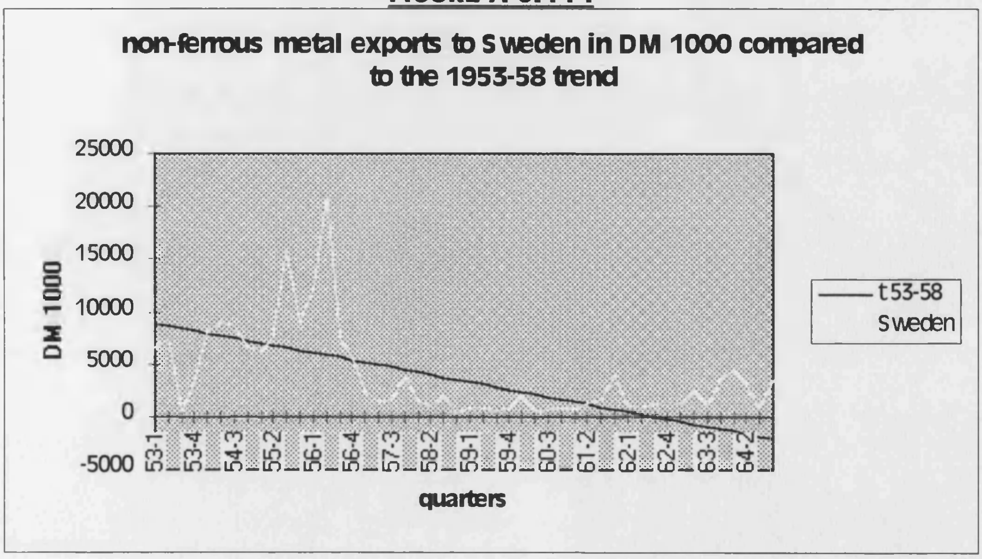


FIGURE A 6.115

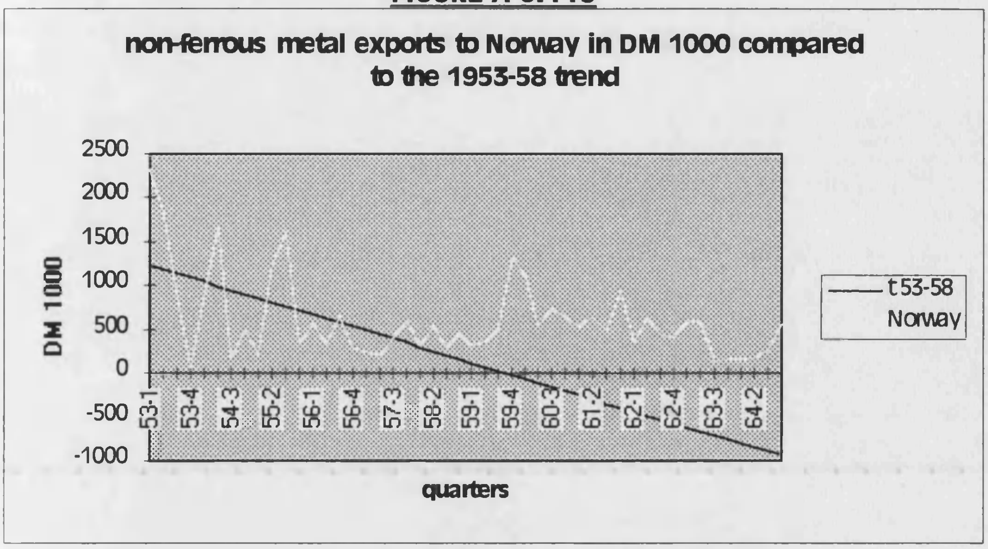


FIGURE A 6.116

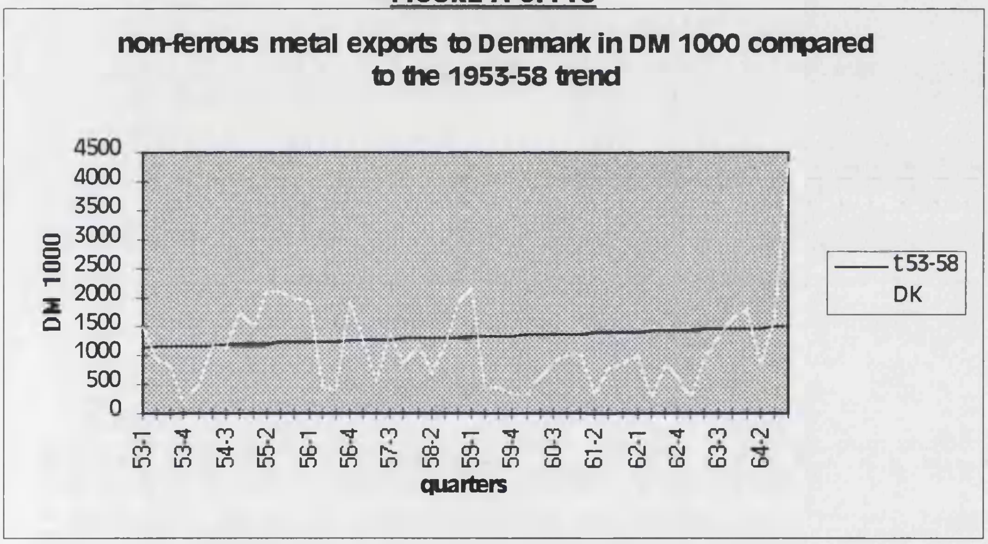


FIGURE A 6.117

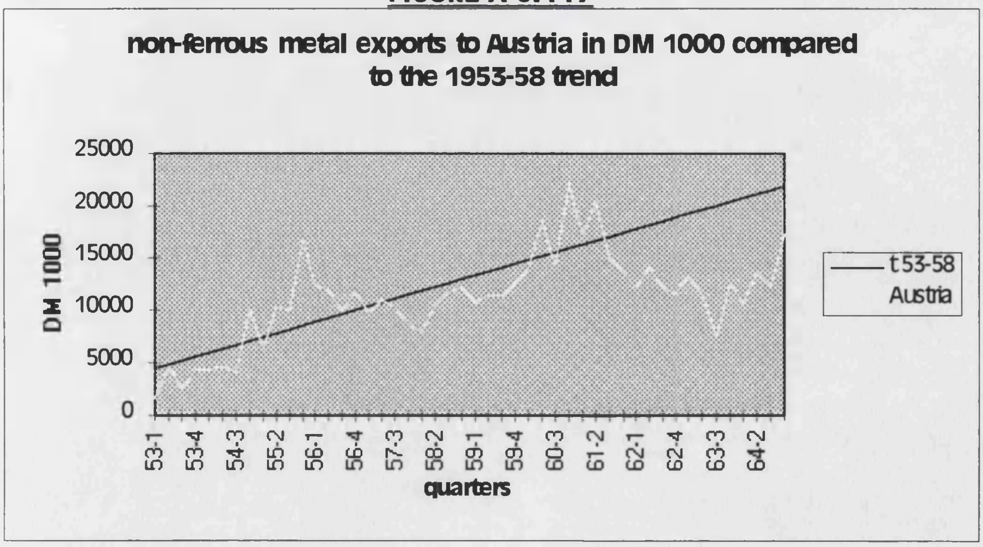
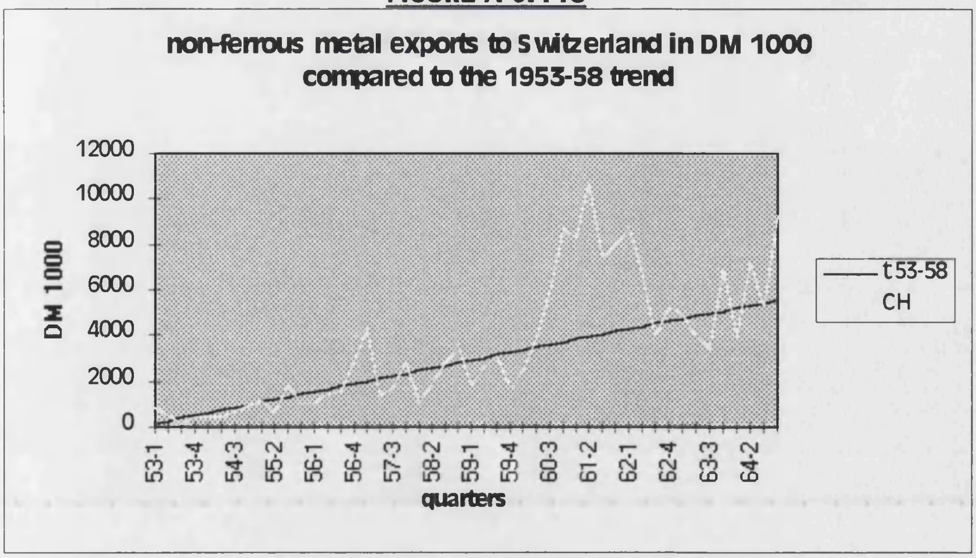


FIGURE A 6.118



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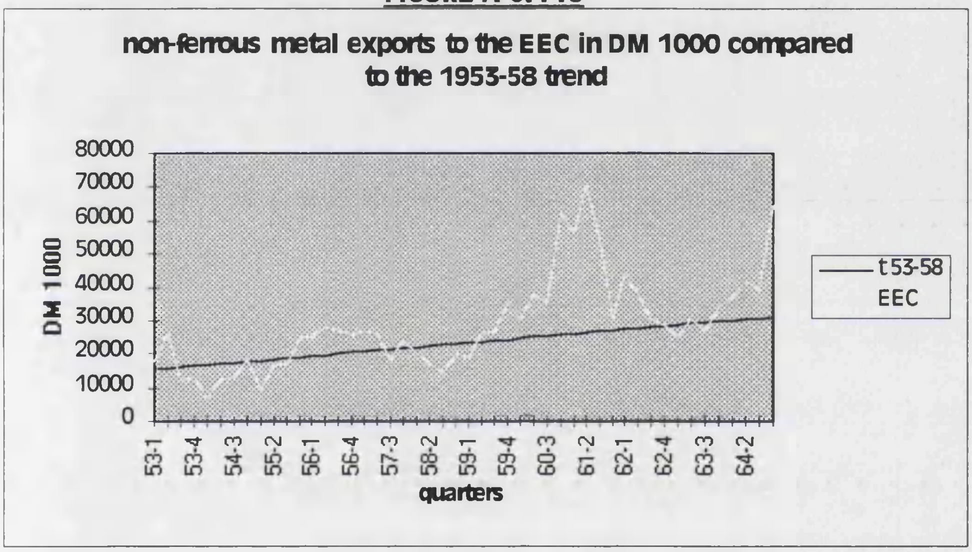

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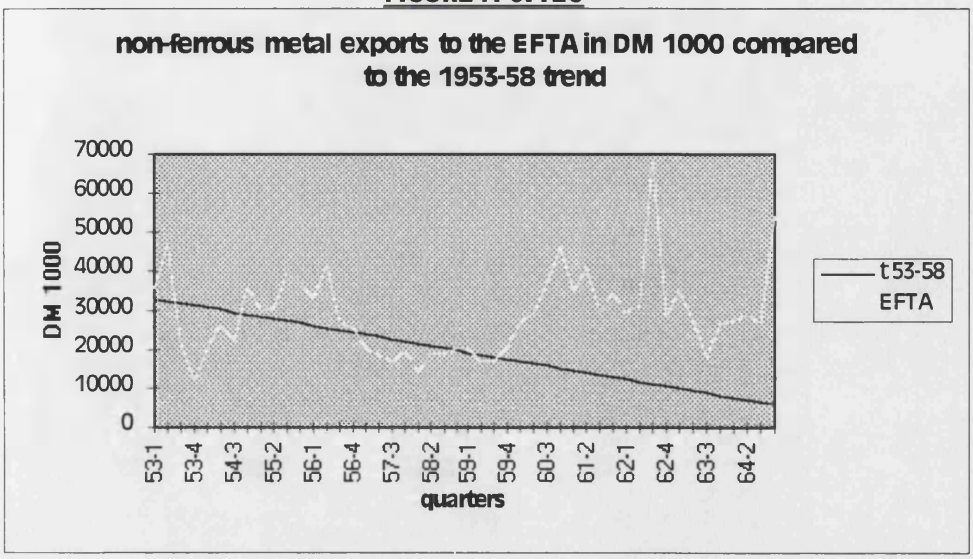

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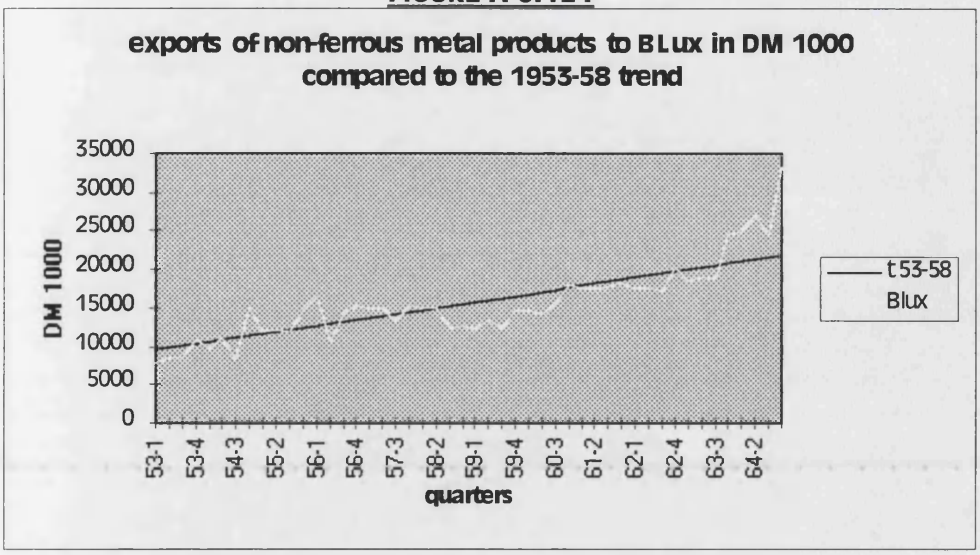

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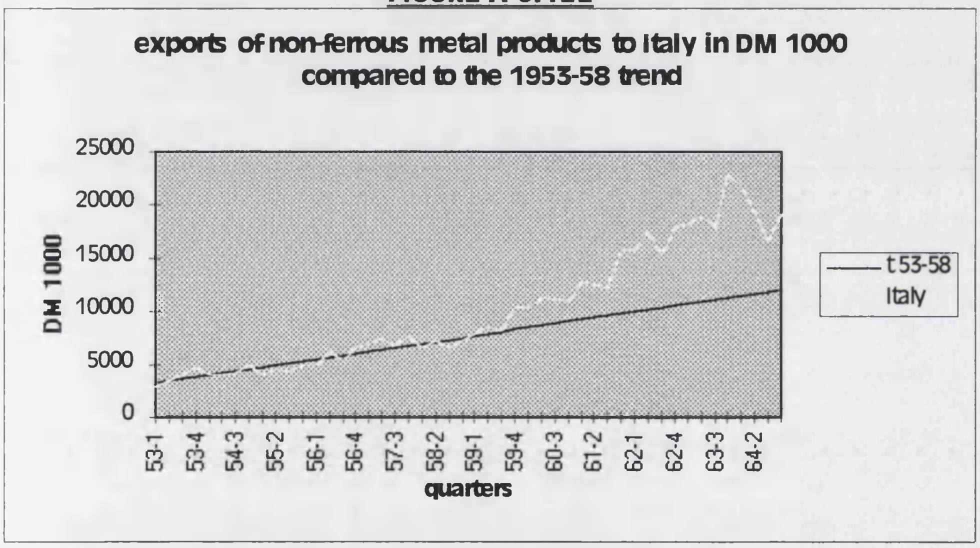

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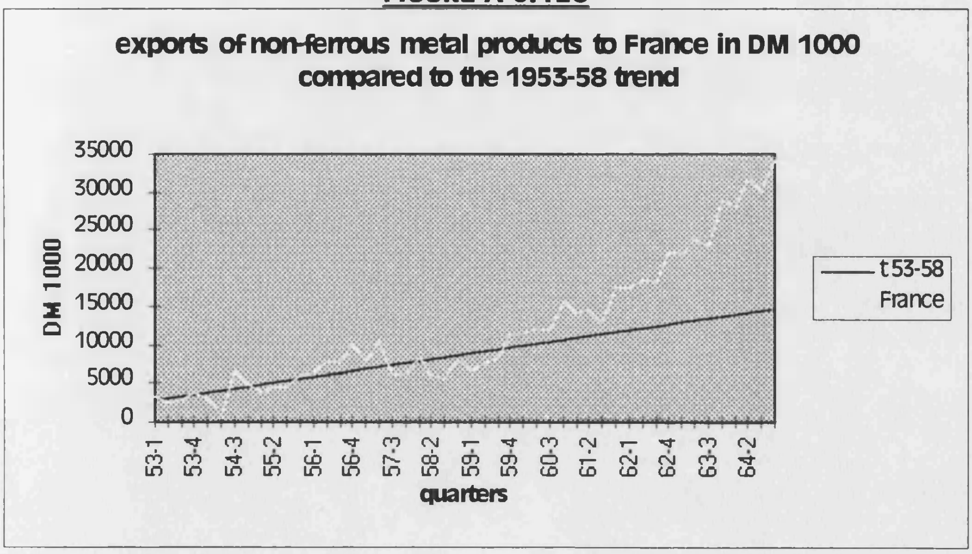

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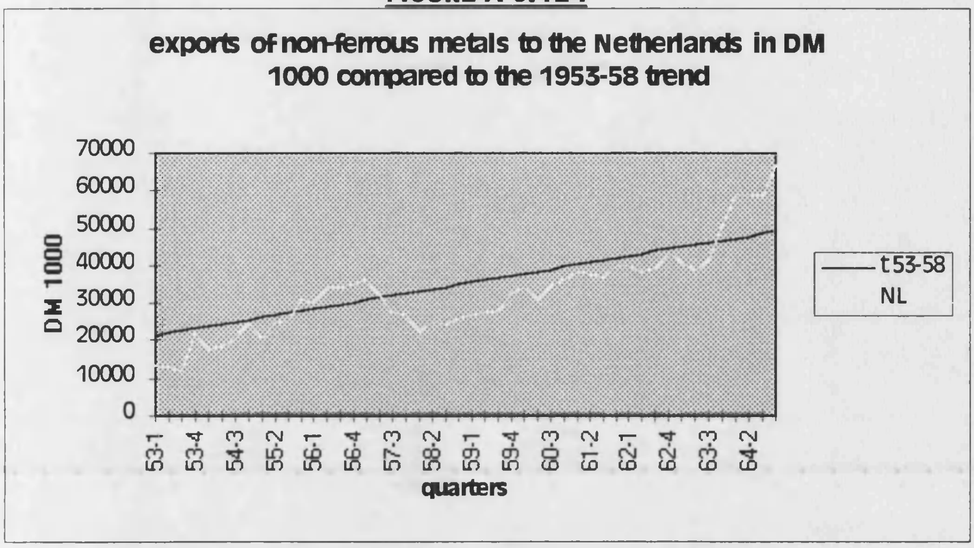

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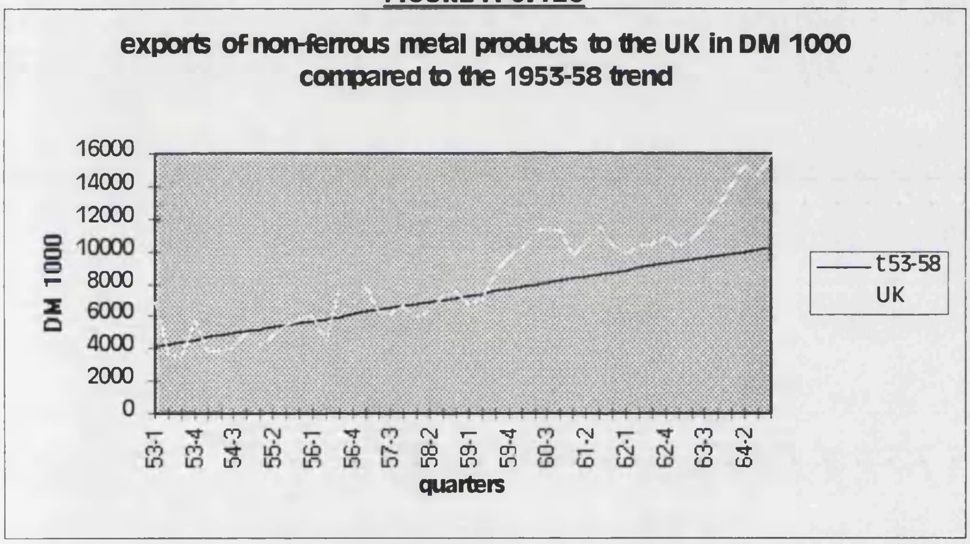

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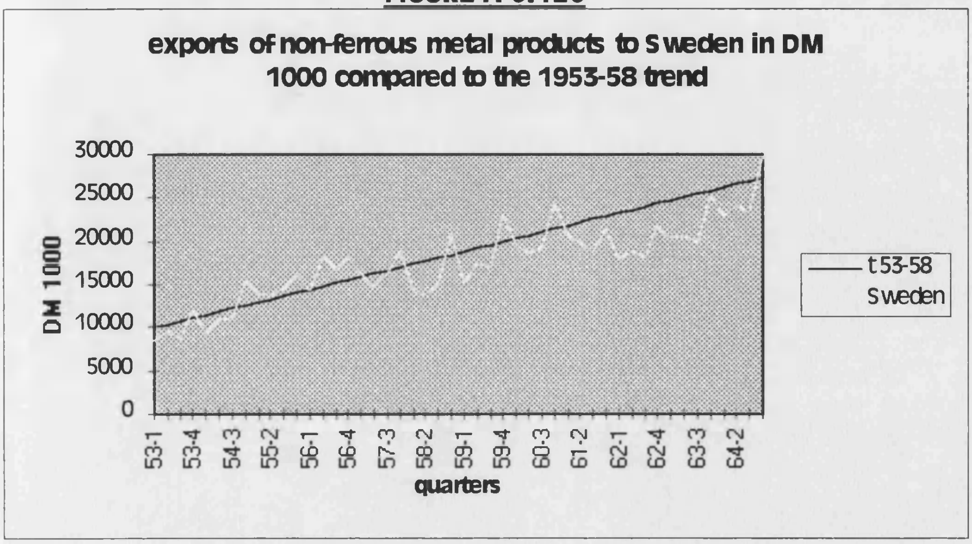

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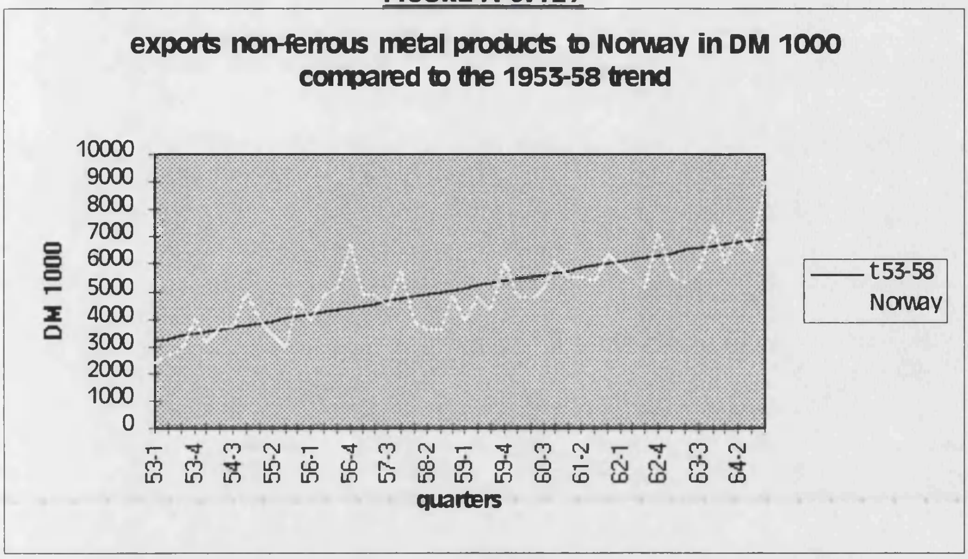

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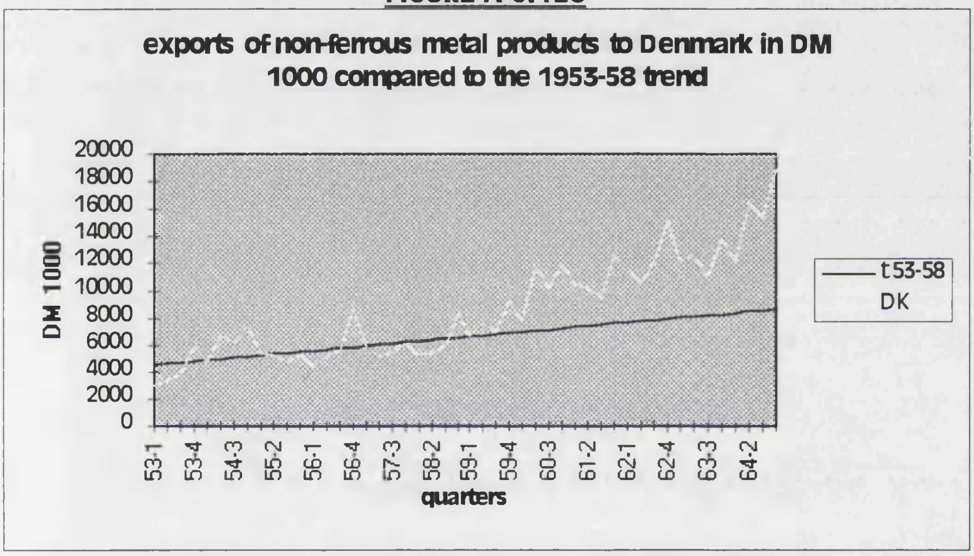

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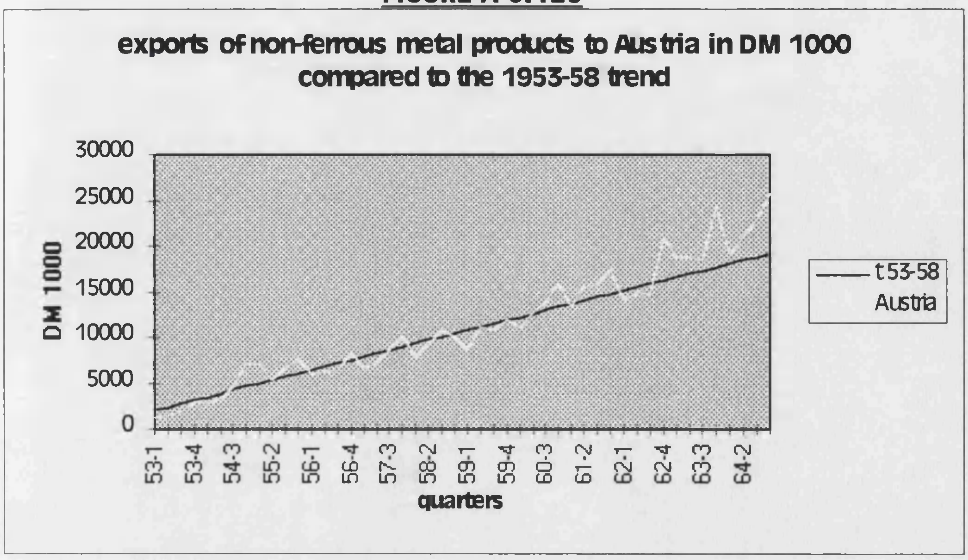

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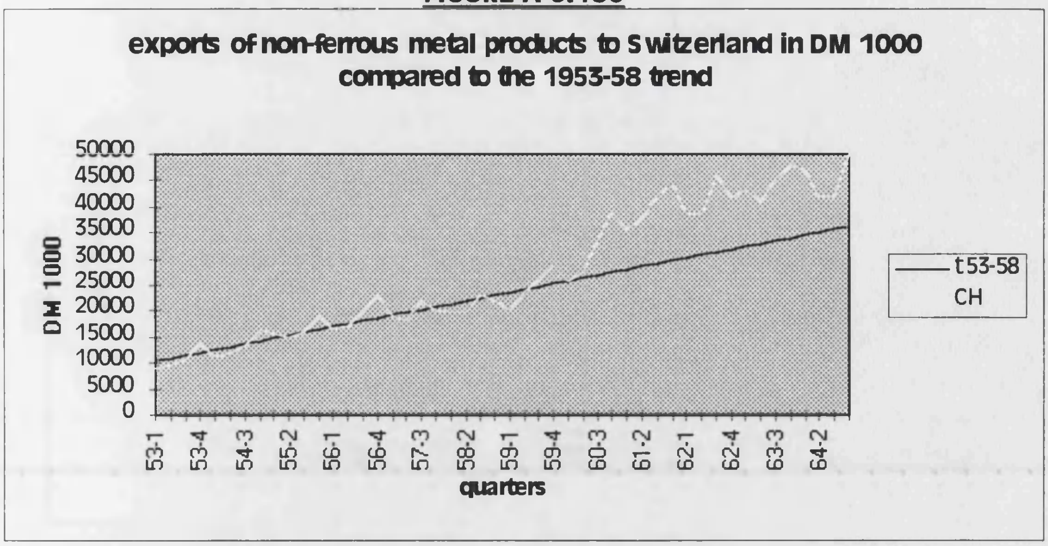

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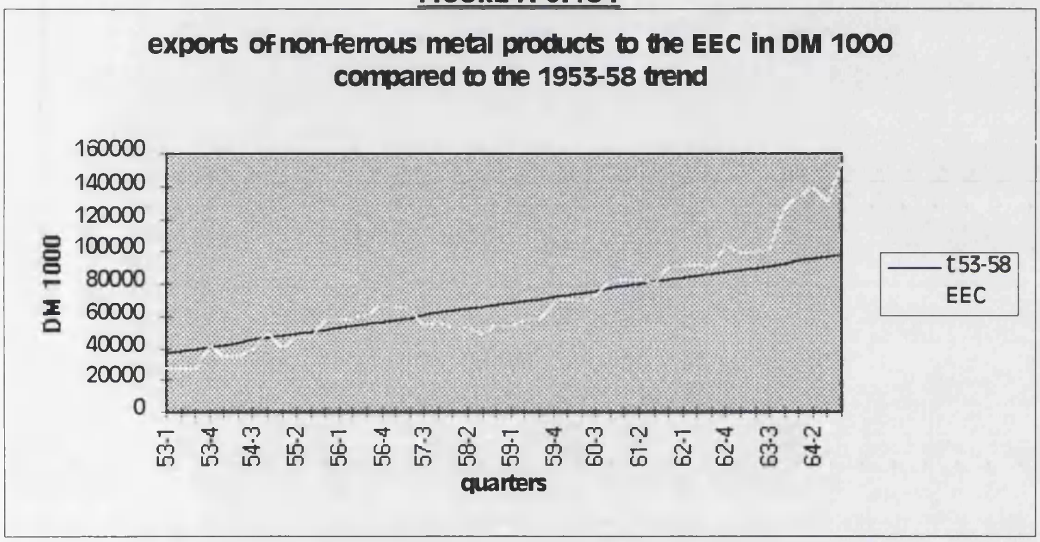

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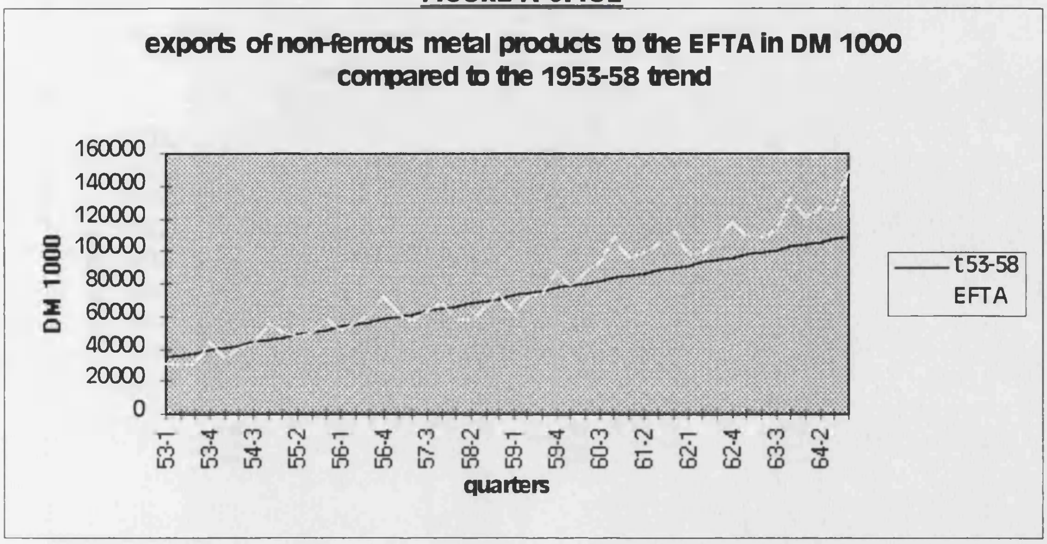

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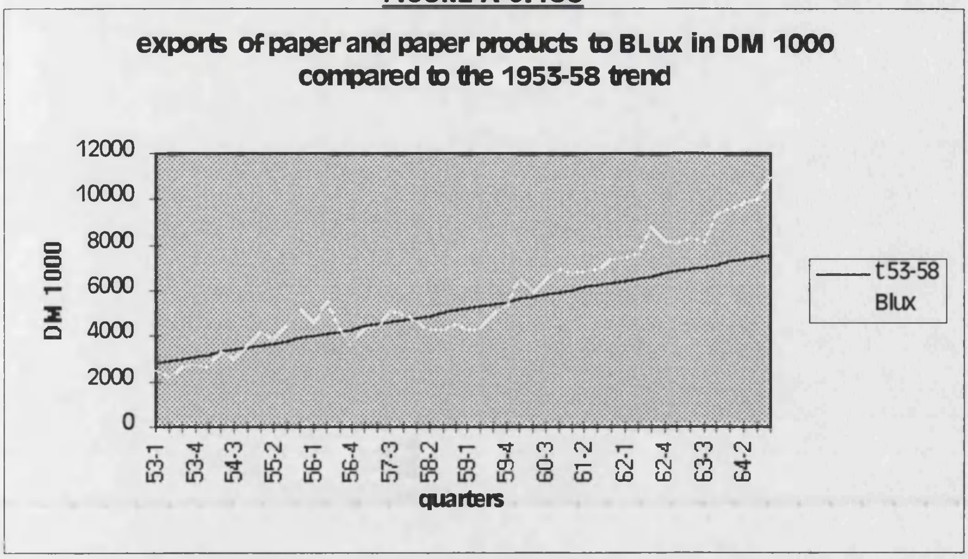

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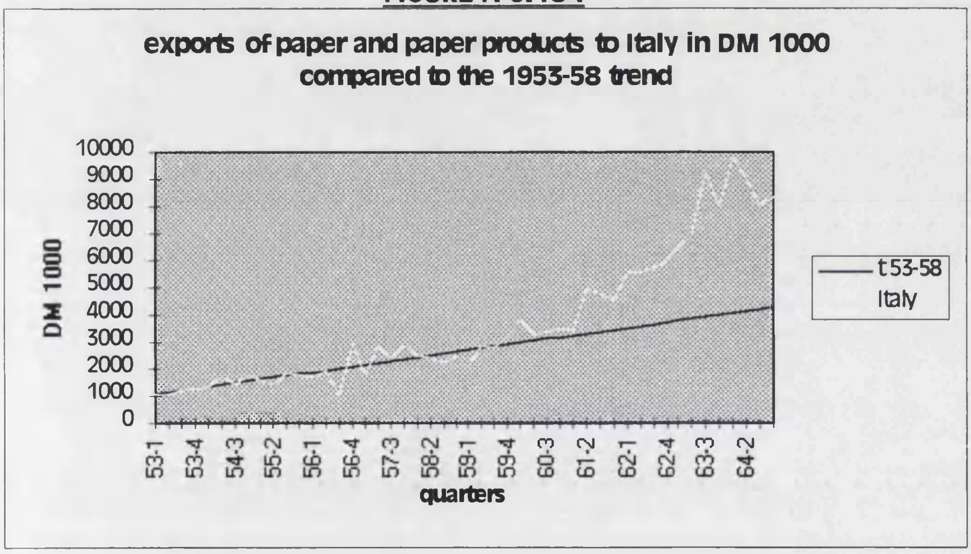

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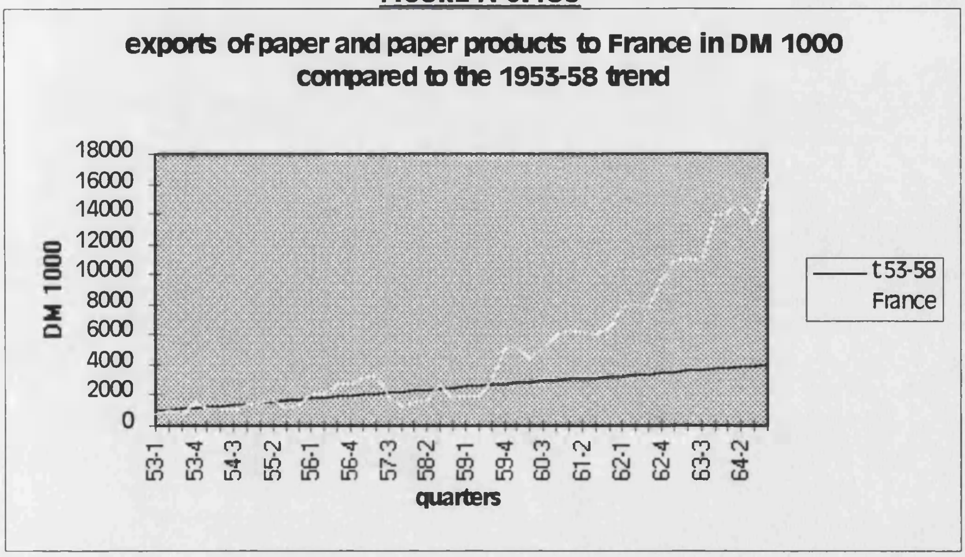

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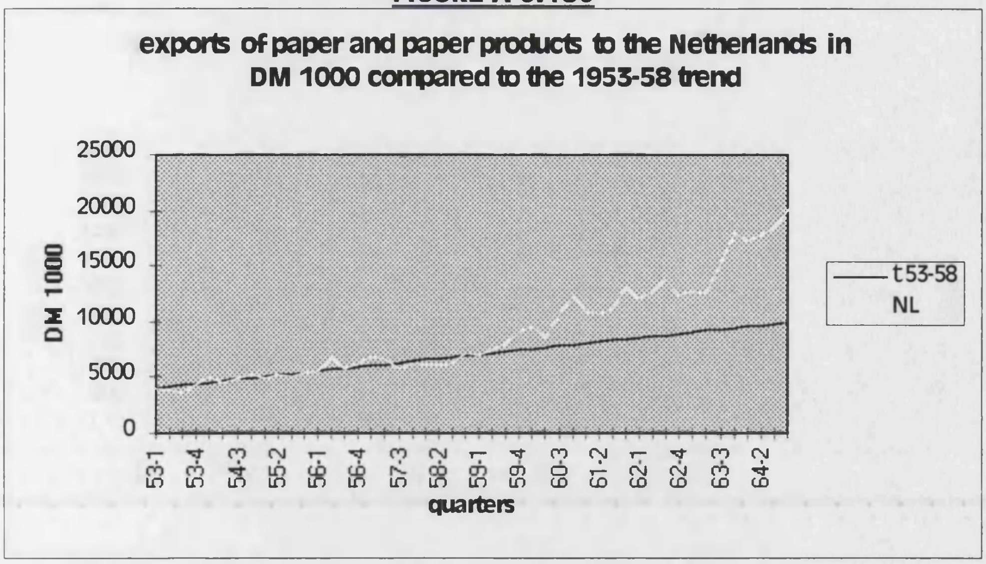

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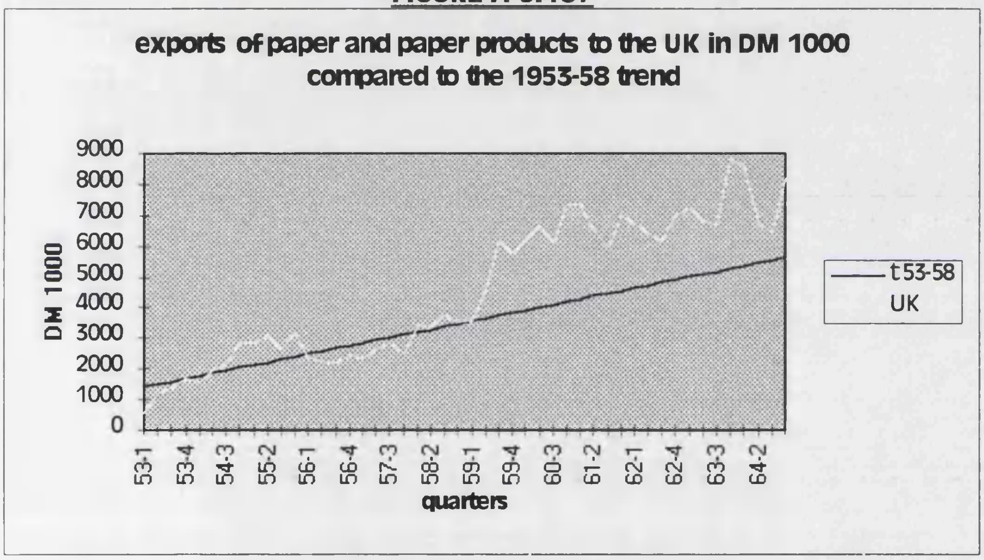

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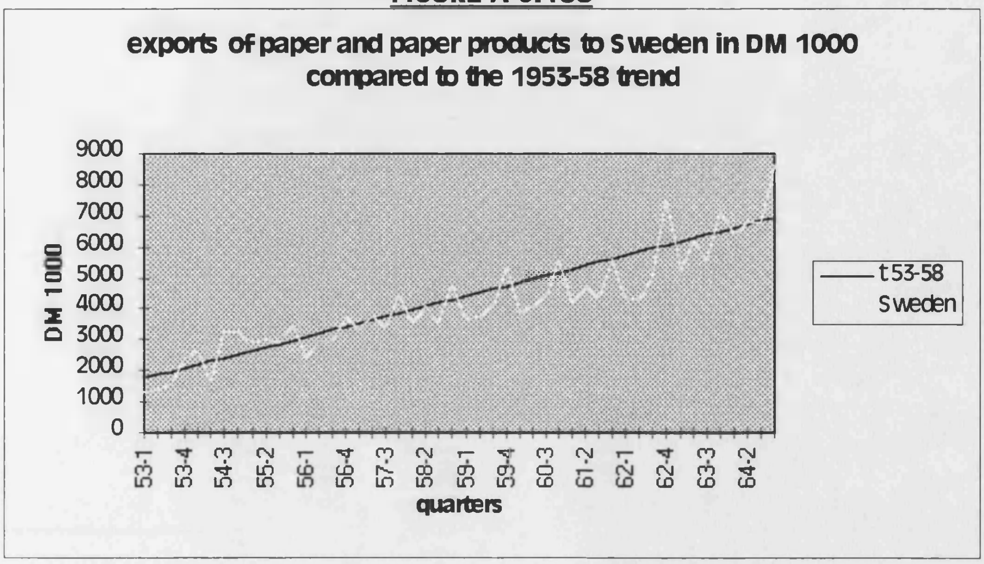

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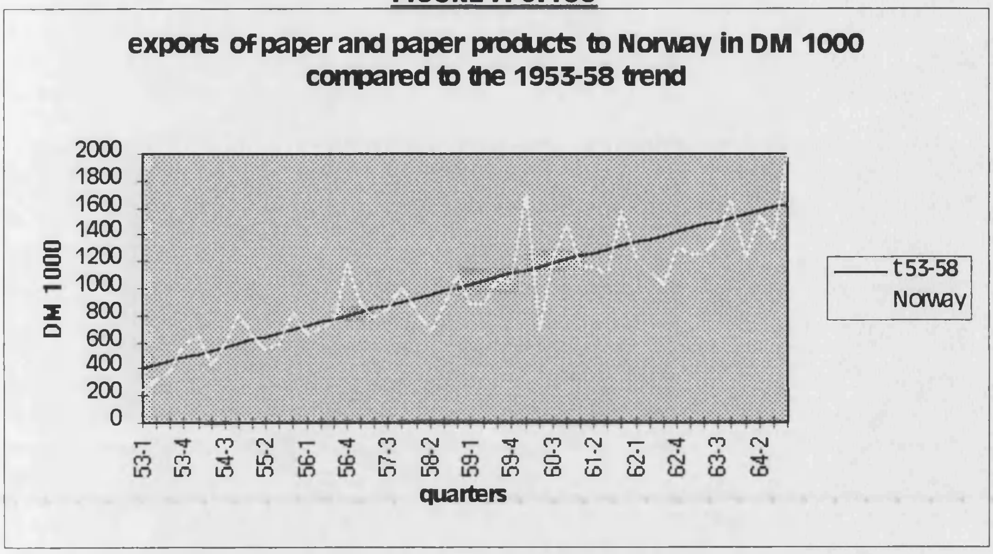

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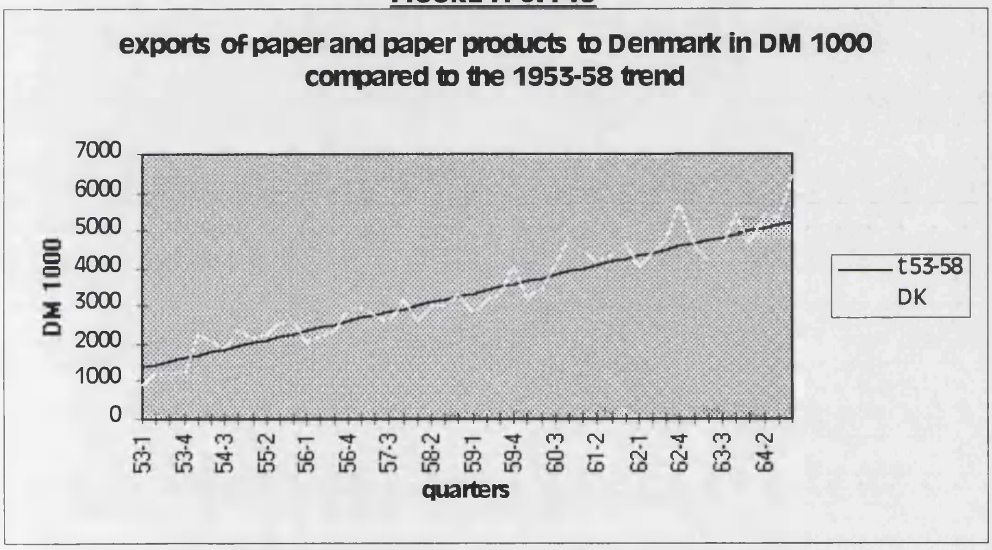

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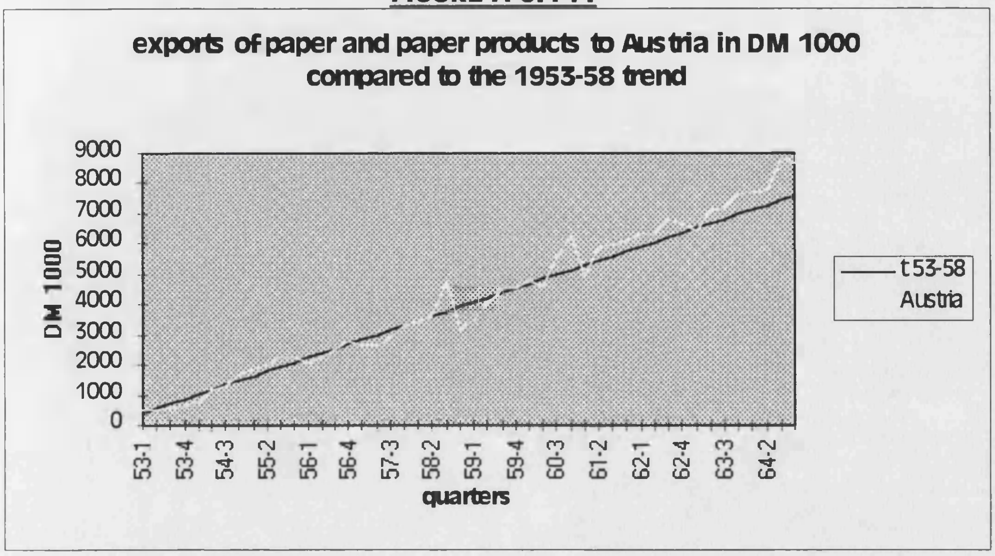

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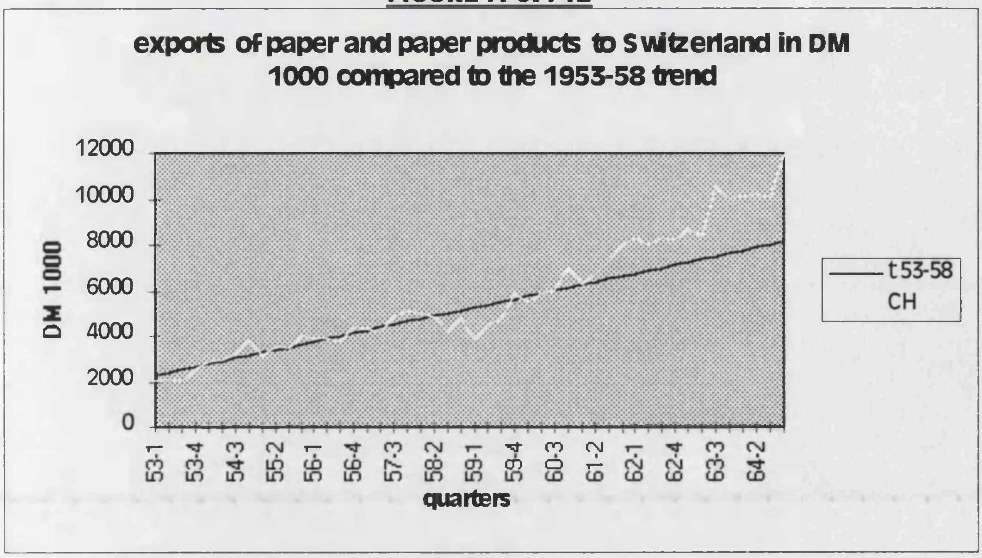

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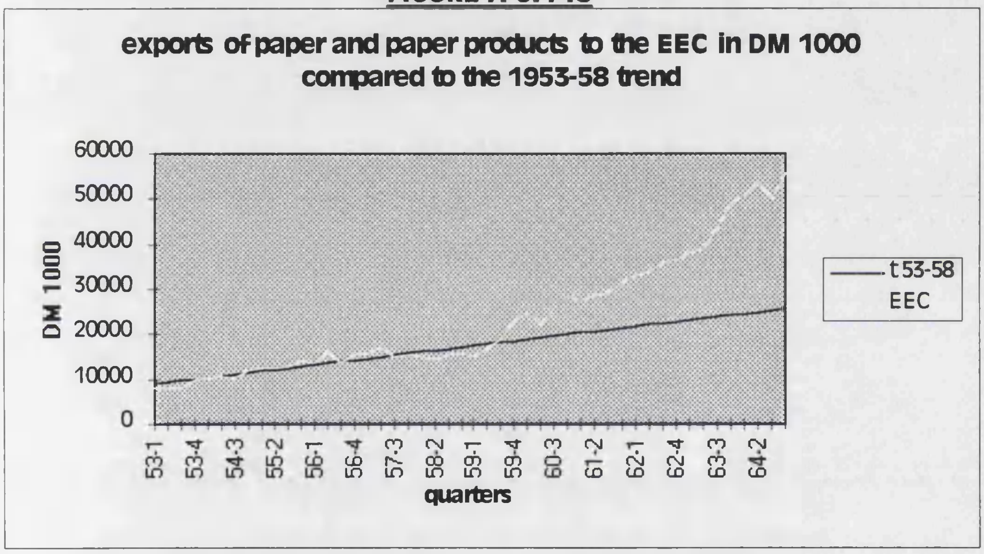

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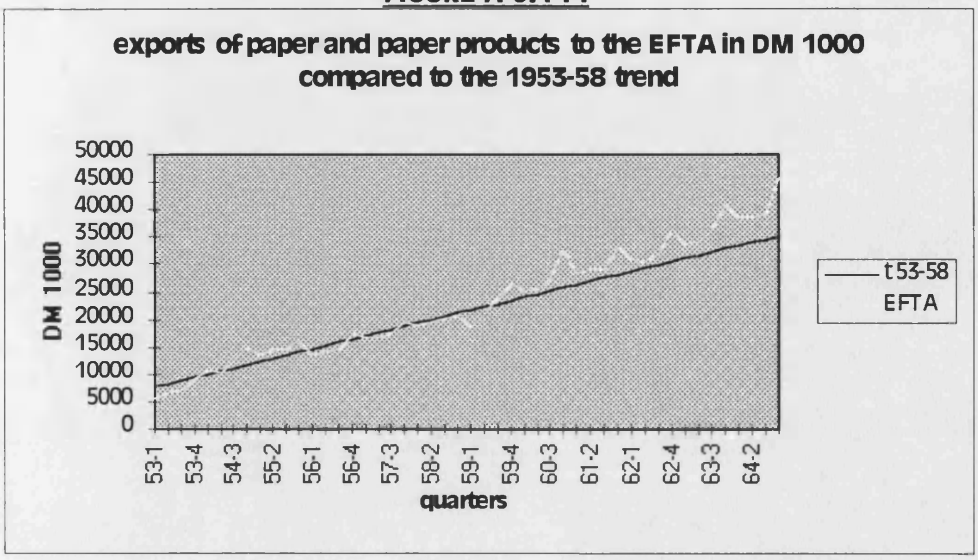

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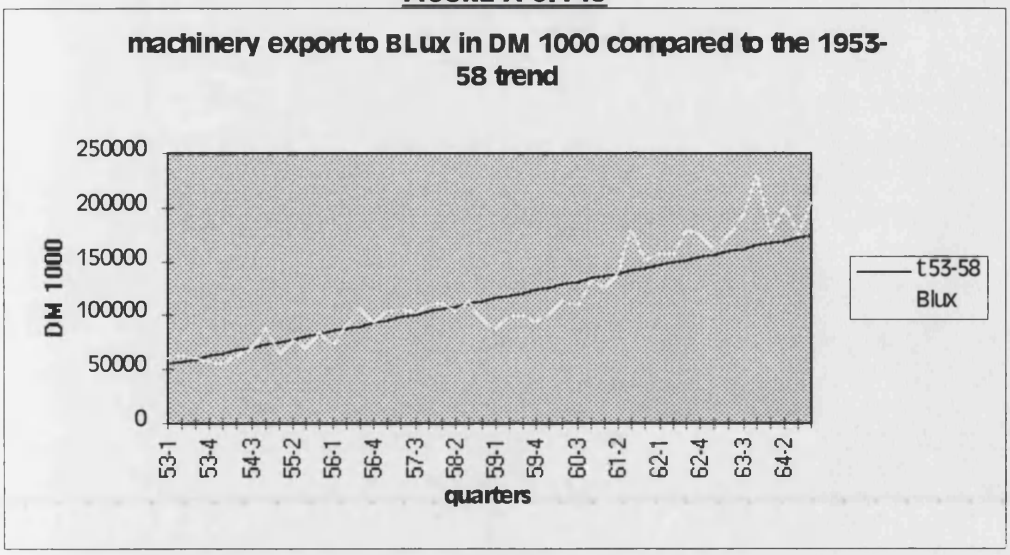

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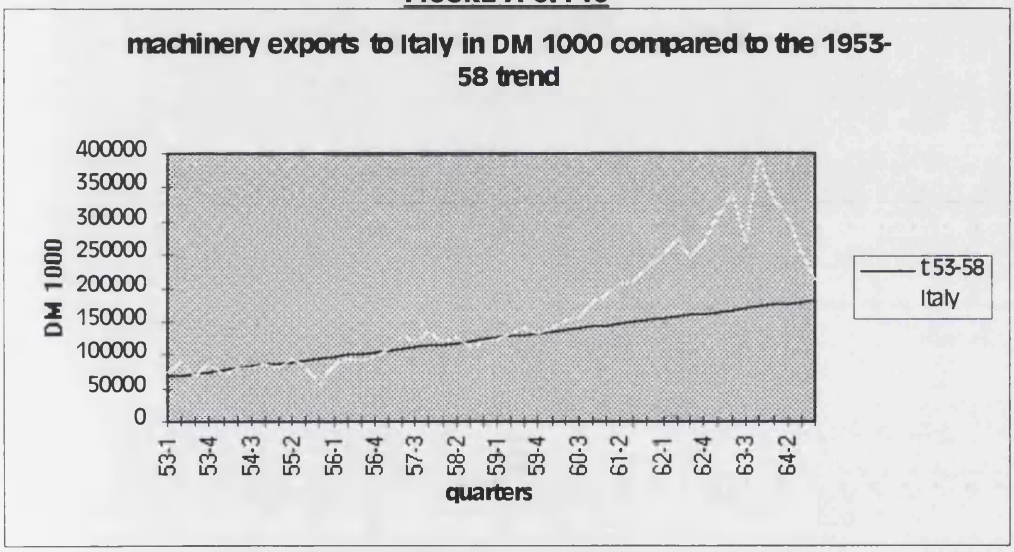

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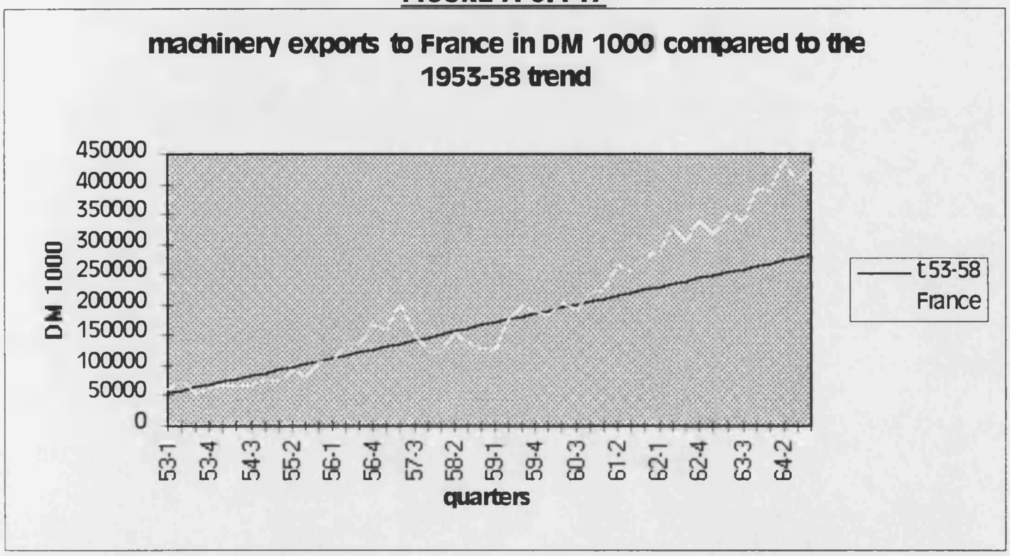

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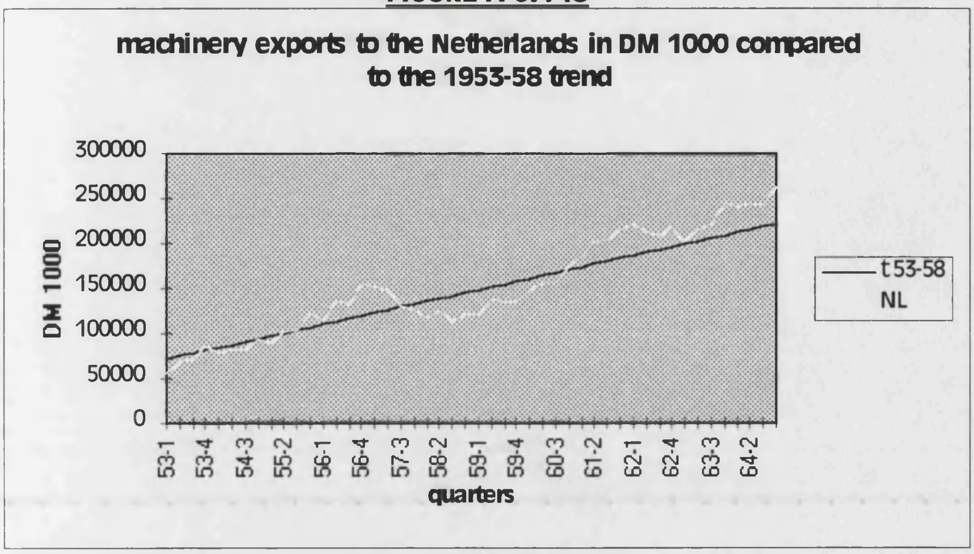

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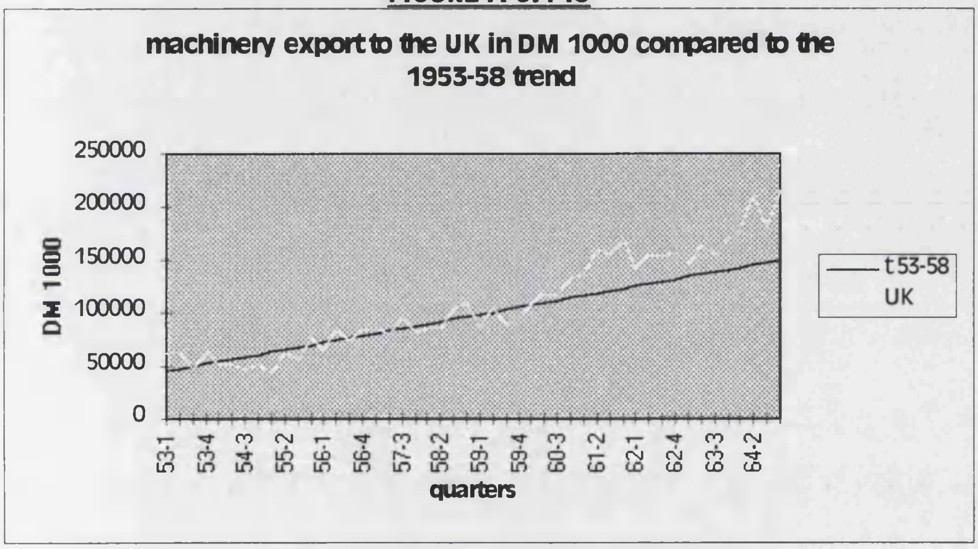

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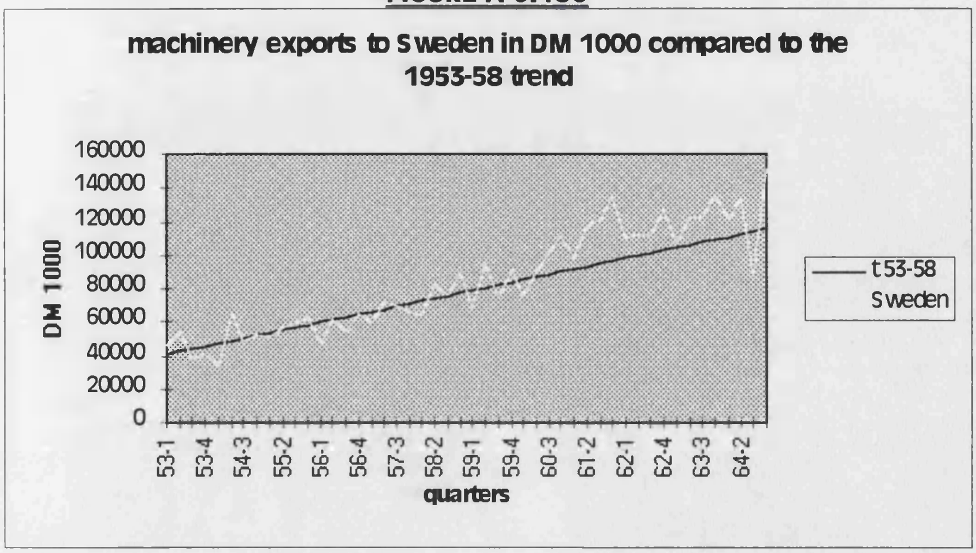

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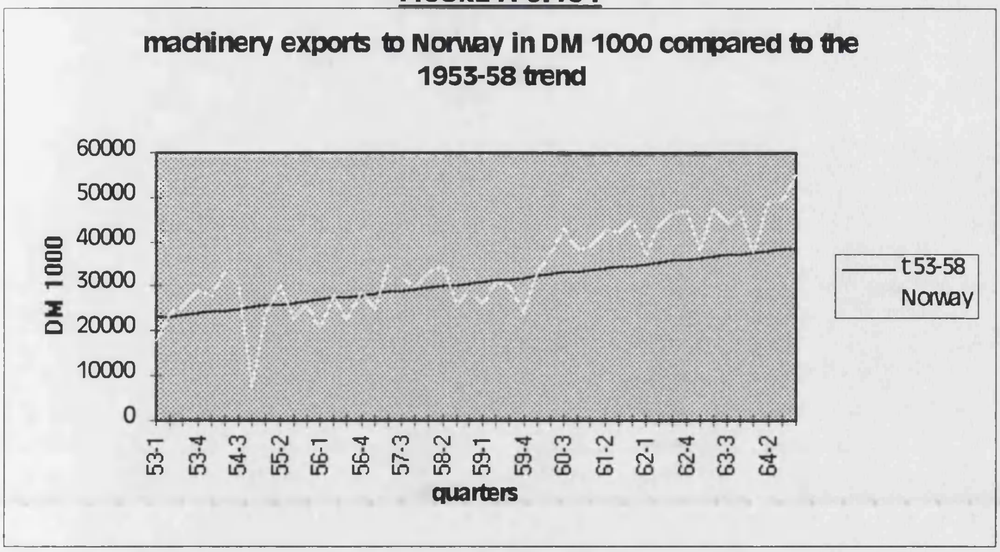

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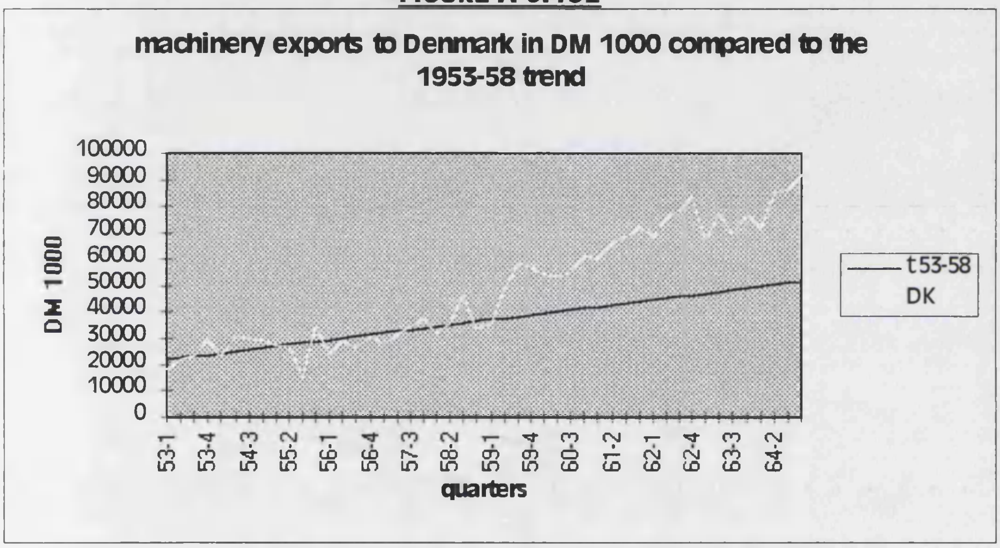

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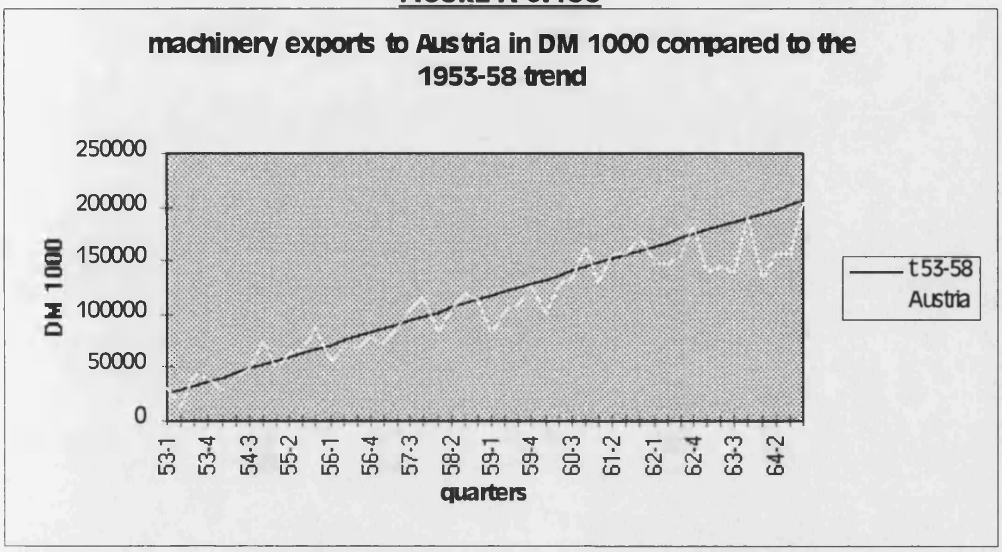

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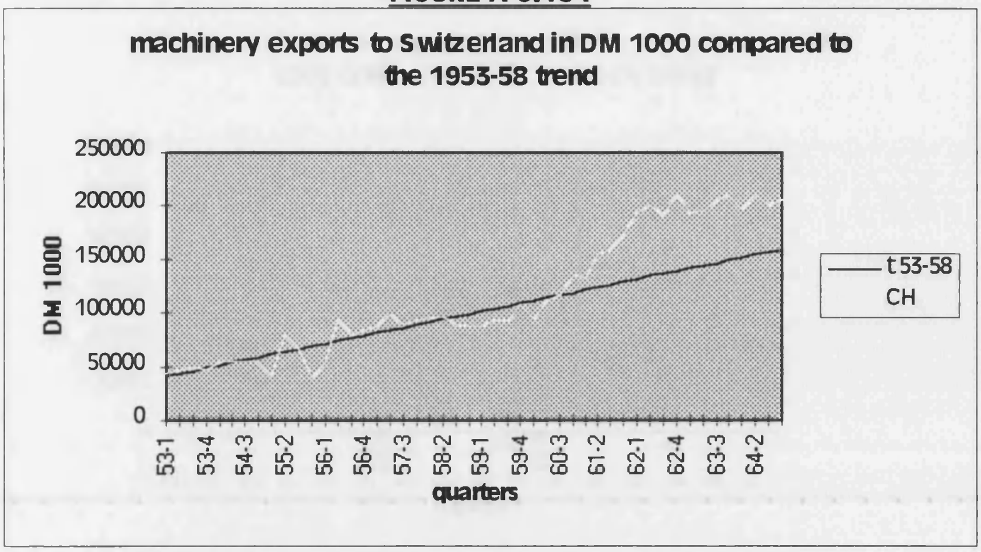

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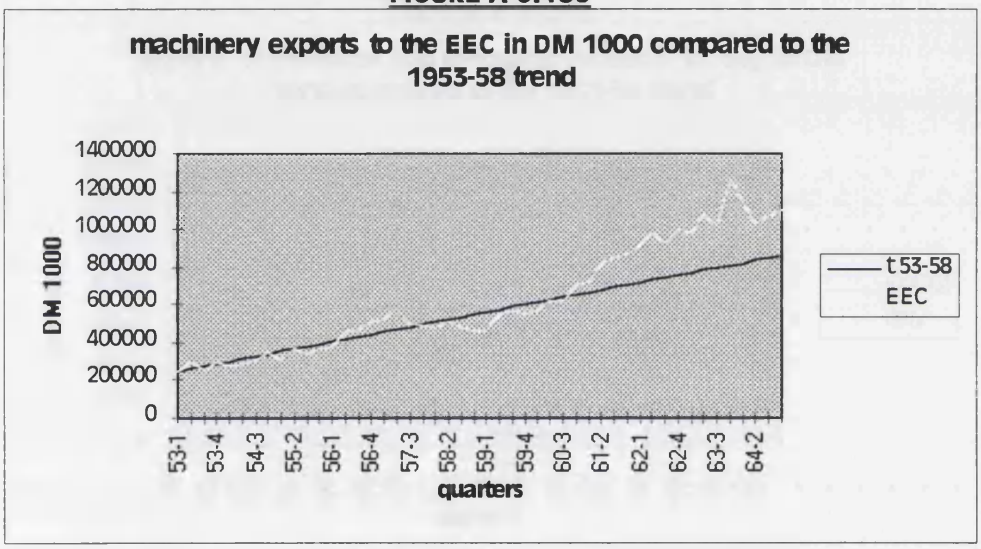

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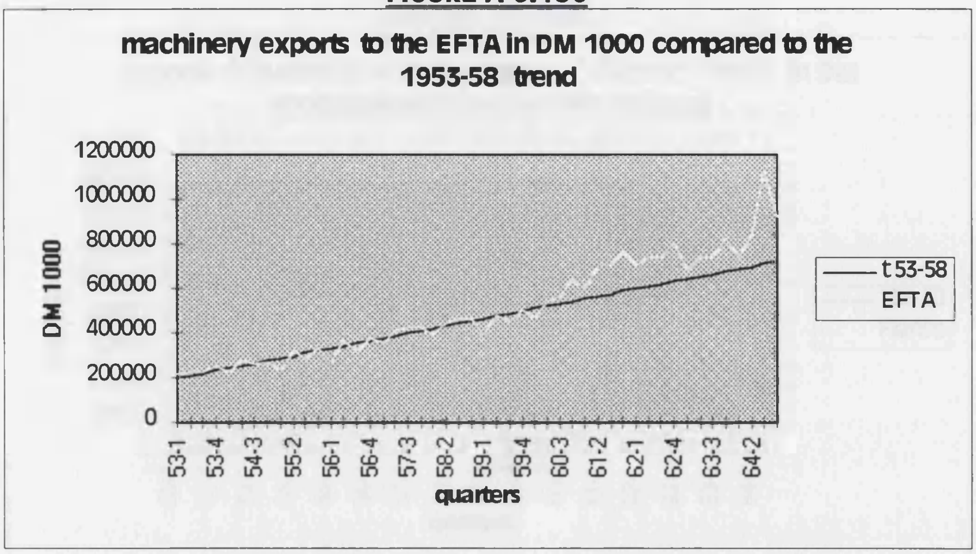

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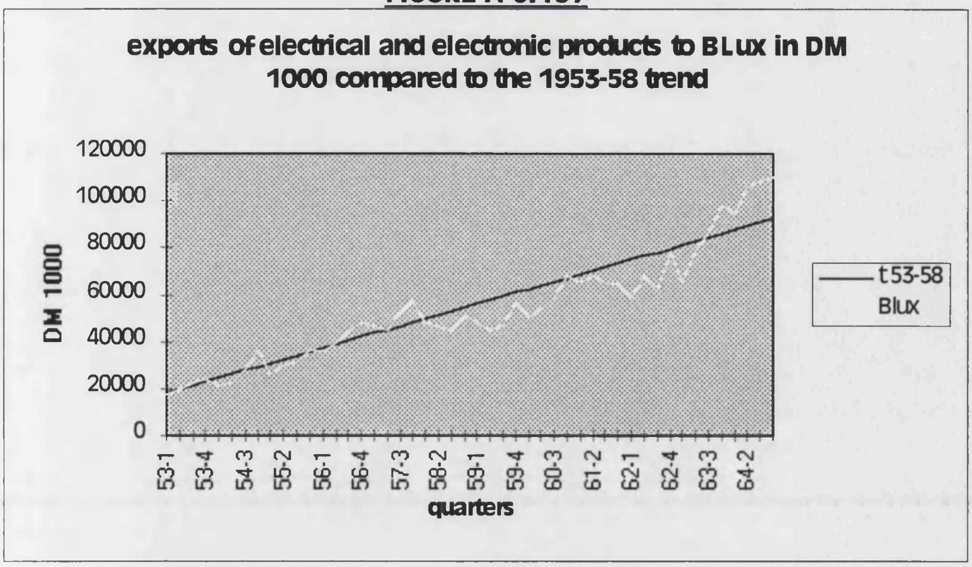

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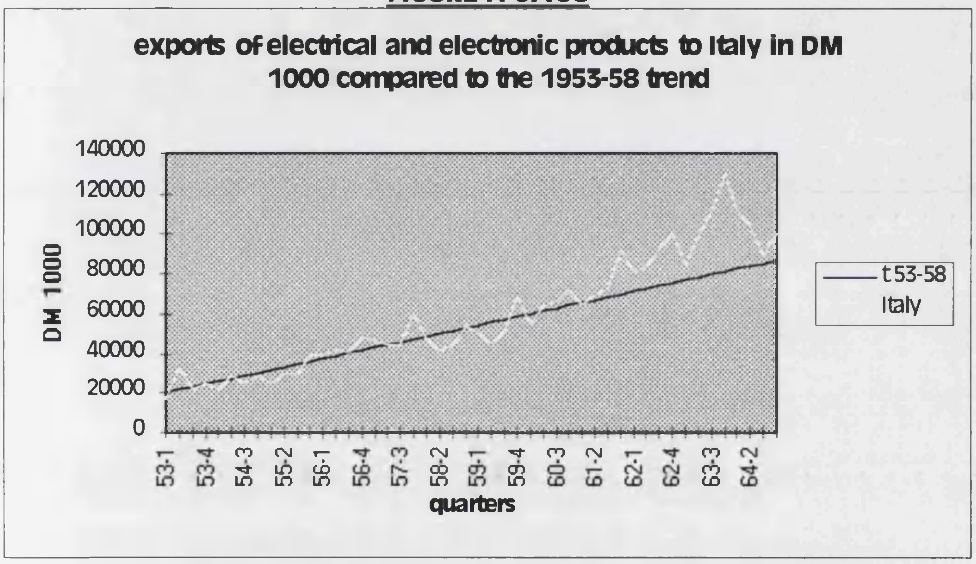

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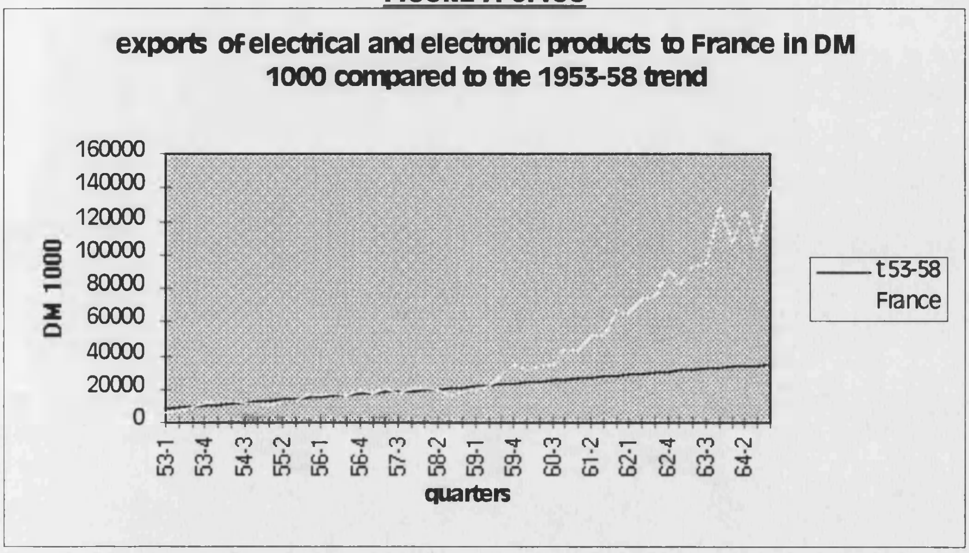

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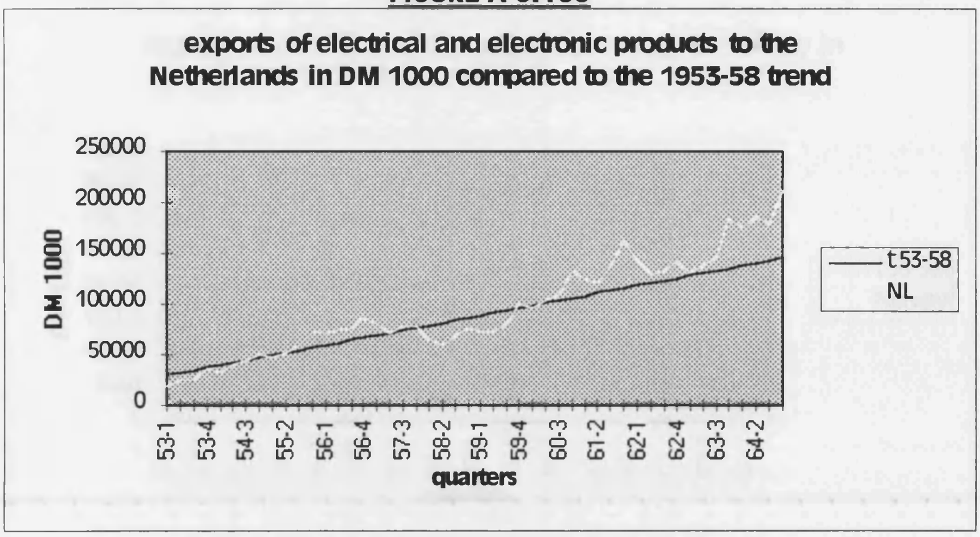

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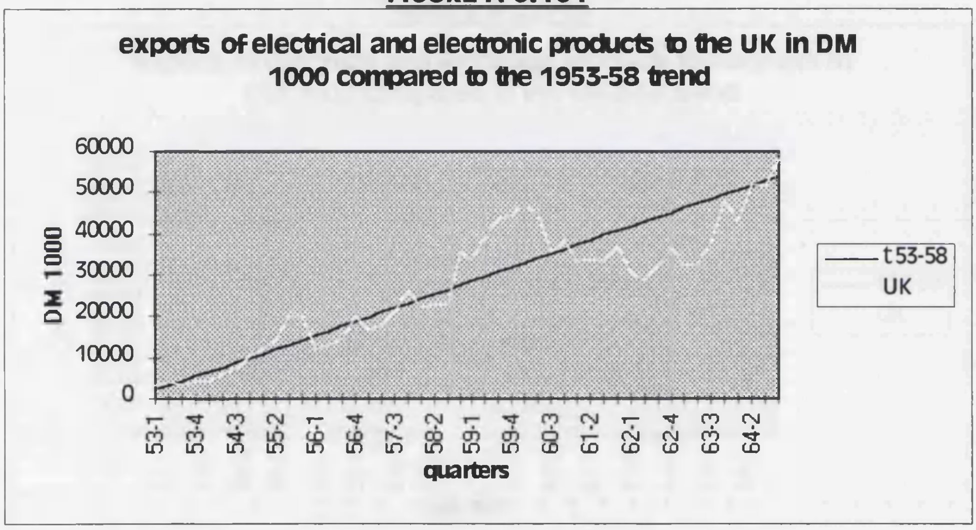

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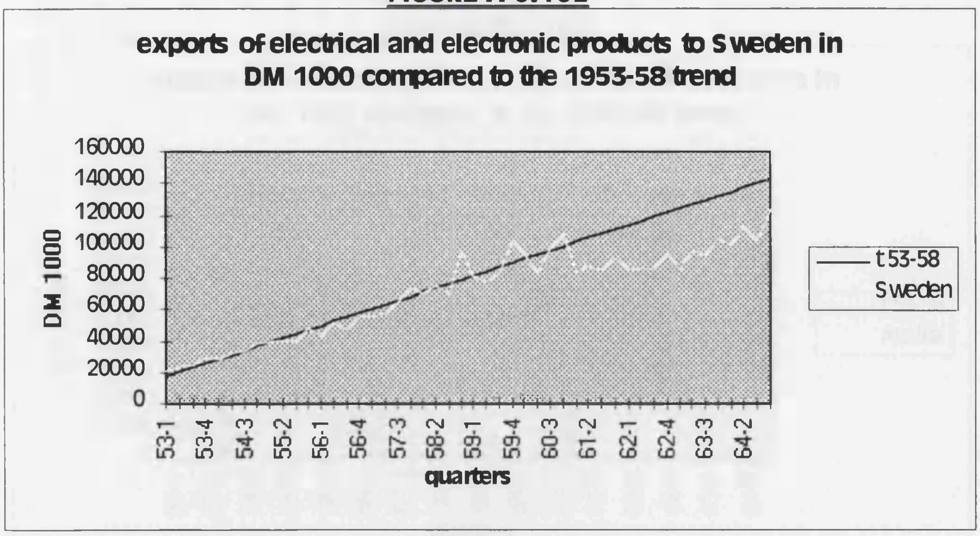

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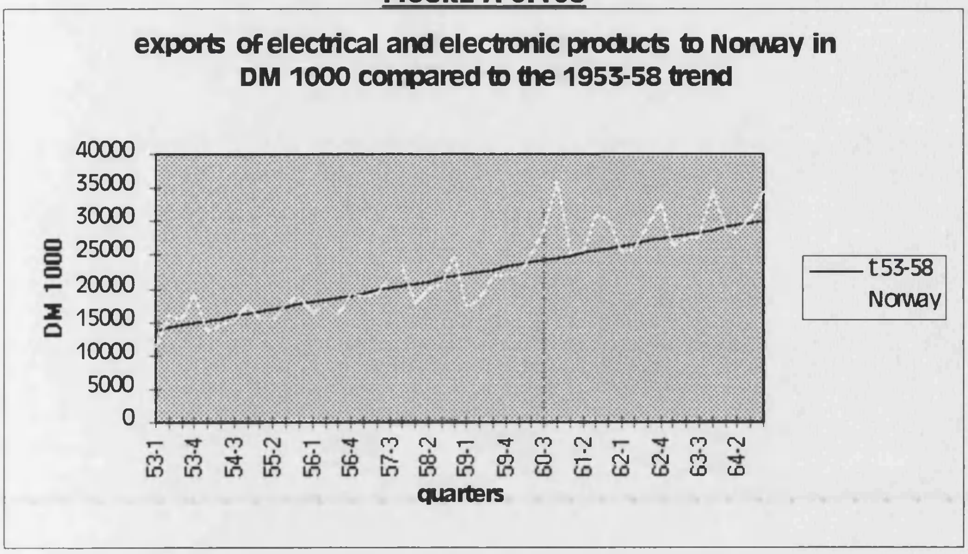

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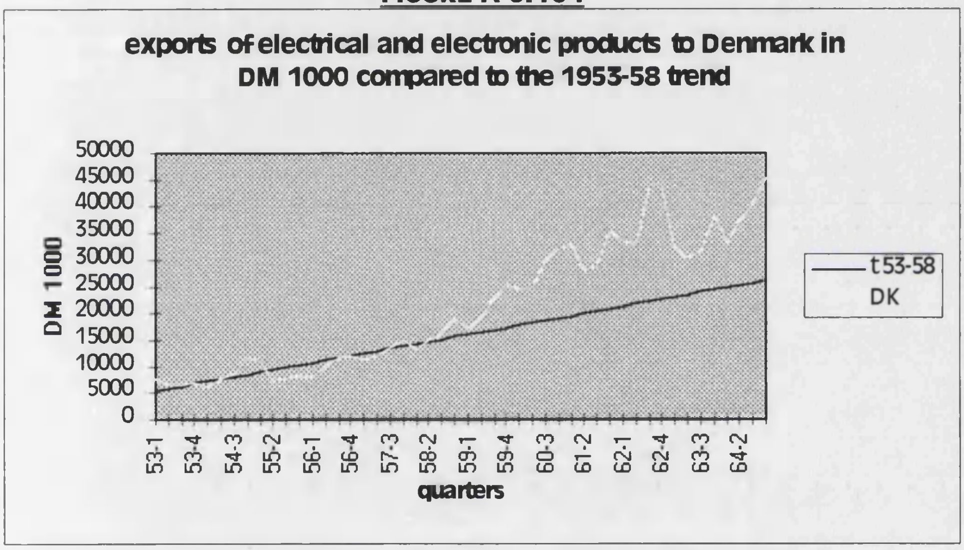

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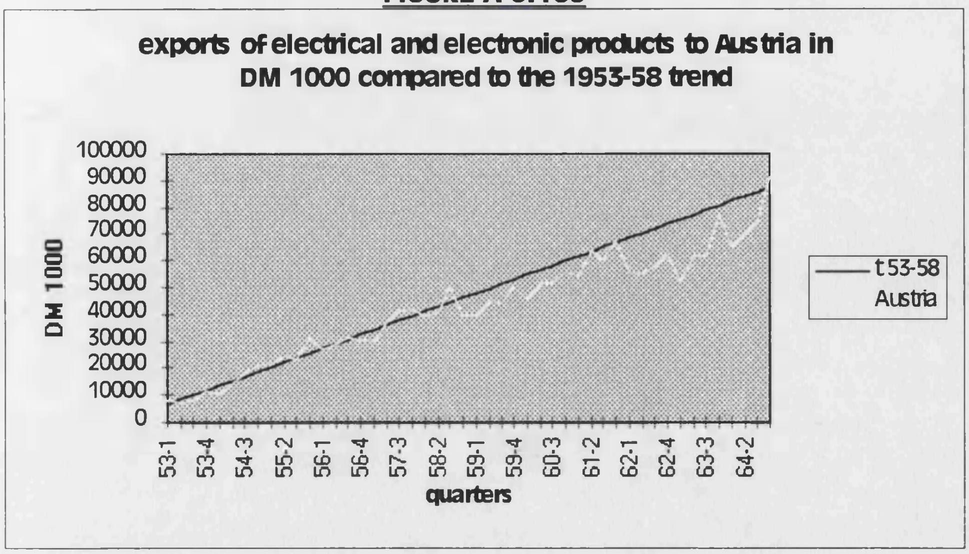

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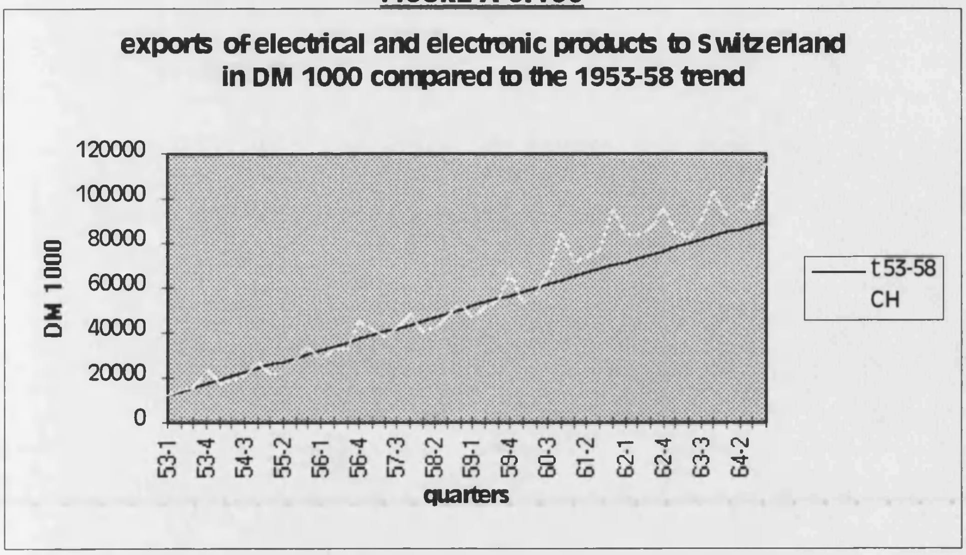

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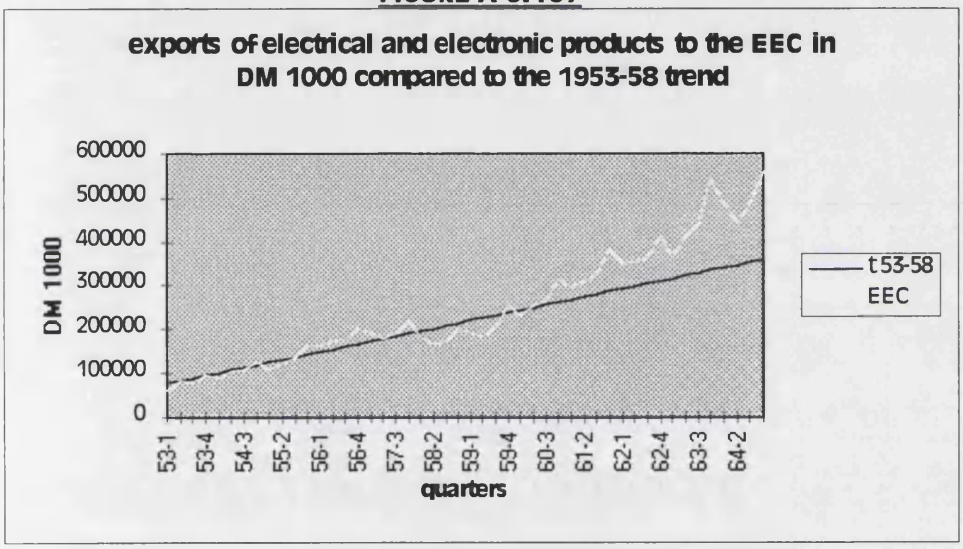

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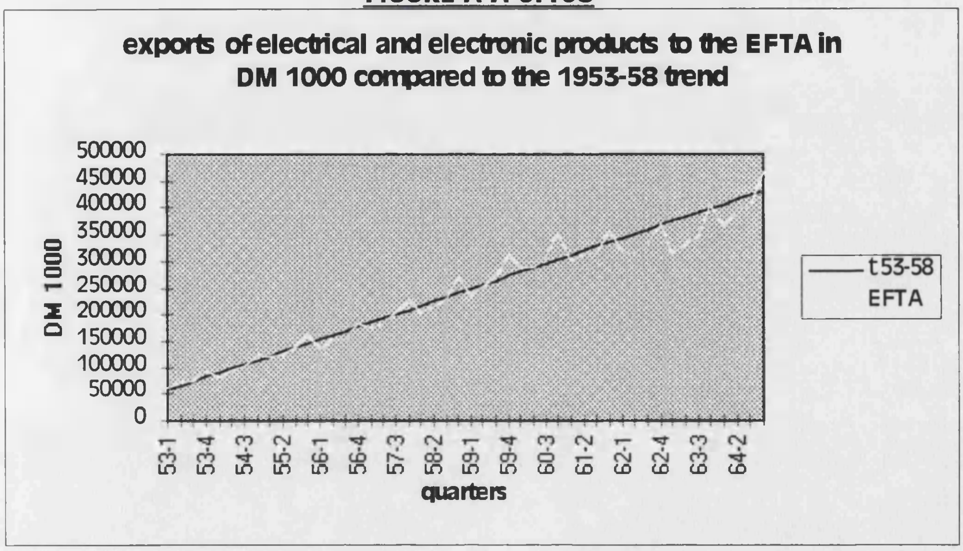

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