

Note for the Minister.

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Re: Your visit to Denmark

I have the honour to submit Your Excellency some points to be put forward at the discussions which You will have at the Danish Ministry of Agriculture in Copenhagen about 13th January.

In my opinion it is necessary that Your Excellency should emphasize that from Your part agricultural integration should, before all things, be seen as an affair of general political and economic importance and, only in the second place, as a matter relating to agriculture itself. This course should be taken in view of the tendency in Danish agricultural circles to deal with agricultural integration privately (in camera). This also appeared recently from the opposition shown by the Danish against the inclusion by Your Excellency of a representative of the Ministry of Foreign Affairs in the Delegation.

I propose to refer in a special note to the more economic-technical subject of the market and price policy, the meeting for which was virtually called by the Danish. It would appear desirable to raise this last-named subject towards the end of the meeting.

- I According to Dutch views the agricultural integration is first and foremost a part of <sup>the</sup> federalisation of Western Europe.

To explain the above proposition Your Excellency might put forward the following.

- a. In the Luxemburg resolution the six Schuman countries expressed their preparedness to cooperate towards a political Community, a Federation. In the opinion of the Netherlands Government the formation of a political community is part and parcel of an integration on the economic plane. It is a matter of importance that this view was accepted by the six Ministers of Foreign Affairs on 10th September. Now it is hardly conceivable that the geographical area of the West-European Community should not always correspond with the integrated sectors. In other words, if any country should participate in agricultural integration, this implies that it also takes part in the integrations in other sectors, which now comprise the coal and the steel sector, the defense community and the preparation of the political community. Besides, it would not be fair if countries could enjoy the advantages of the integration of one sector in which they happen to be greatly interested,

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without accepting, on the other hand, the integration of other sectors in which other countries may have an interest. The basic idea is that, by the side of the advantages which total integration may bring to the community as a whole, each country can individually offset the disadvantages against the advantages resulting from the integration of the separate sectors. Thus the Netherlands has given up the control of her strong export product coke for which she received no compensation in the coal and steel sector.

Finally, the Schuman countries bear the burden of the European defense community and it would be unfair for other countries to enjoy the advantages of an integration of sectors in which they have interests, without sharing the burden of defense.

- b. In the discussions on the Political Community the need for a Customs Union between the six countries, to be superimposed on the various integrated sectors, has become evident. The underlying principle is here again compensation and, therefore, participation in any sector integration without participation in the Customs Union is also here hardly conceivable.

II The Netherlands considers the participation of Denmark in agricultural integration of great importance.

This might be explained by Your Excellency as follows:

- a. The aim of the Netherlands is integration in its widest possible extent, because the effectiveness of the common market increases progressively with its geographic area.
- b. The participation of Denmark may further integration, because Denmark and the Netherlands are both in the first place interested in a rapid progress of economic integration.
- c. Taking into consideration the traditional close economic relations between Denmark and the United Kingdom; the participation of Denmark will strengthen the tie between England and the Community, which will lessen the danger of a dominating position of France or Germany in this Community.
- d. Denmark is first and foremost an agricultural country. Danish participation will support the Dutch striving for low European prices, and, consequently, lessen the danger of the development of an area with protective tendencies.

III A supra-national authority is, according to Netherlands views an indispensable condition to the agricultural community.

The argumentation might be as follows:

- a. To-day every country follows an active agricultural policy. If agricultural integration, (i.e. the formation of one organic whole), is to fulfil its purpose, - specialisation and increase of productivity - the national agricultural policy of the participating countries

- will have to give way to an organic agricultural policy of the Community.
- b. Experience has shown that, generally speaking, in the OEEC and the GATT most national Governments are not capable of taking desirable decisions independently, when these decisions are opposed to the vested interests in their countries. In view of the protectionistic tendencies of most farmers' organisations in the countries participating in the agricultural Community it is for an effective reduction of the quantitative restrictions and the import duties within the Community, essential that the organ charged with this task, should have sufficient independency of these national groupings of interests; so it will have to be of a supra-national character.
  - c. As the agricultural integration should be considered part of the general integration of Western Europe, the construction of the organs in the sectors will invariably have to be analogous. This is necessary for the indispensable homogeneity.
  - d. Taking into account the influence of the prices of foodstuffs on the cost of living (from 30 to 40 per cent. of the latter is determined by the prices of foodstuffs) and along with it on the whole economic position of a country, it will be clear that in the supra-national agricultural policy a large amount of objectivity must be assured and the High Authority should by all means be prevented from assuming the character of a producers' cartel. This is the more cogent, when account is taken of the tendency of the farmers' organisations in some of the participating countries for high agricultural prices. Also for this reason any further development should be on the lines of the Schuman principle.

IV The discussions with Minister Fanfani and Minister Laurens.

Your Excellency might inform the Danish delegation of the gist of the talks held by You with Your Colleagues of Italy and France. In my opinion, however, any detail should be left out here.

More in particular Your Excellency might deal with the following points:

- a. The recognition of the significance of the Luxemburg resolution.
- b. The holding of a preliminary conference by the six signatories of the Luxemburg resolution.
- c. The acceptance of the supra-national concept.
- d. The desirability of including as many products as possible in the integration.
- e. The desirability of extending integration to as many countries as possible.

V Associationship.

It would appear to me that Your Excellency will have to deal at length with this subject, as it may be expected that if the Danish cannot yet decide upon participation in the integration itself, - partly on account

of the resultant consequences in other spheres - they will certainly pursue the position of an associated member.

In accordance with the document submitted by the Netherlands in Paris to Sub Group III, You might put the following:

- a. With regard to the formal side of associationship, there might be a possibility of a construction on the lines of the Eden Proposals; the establishment of a permanent representation similar to that of England with the High Authority of the Coal and Steel Community and of the setting up common committees for studying common problems.
- b. As regards the material side of associationship, it should be borne in mind that the associationship forms the alternative for full participation. The more the material side of the former is represented as attractive, the more the Danish will be inclined to refrain from the latter. Therefore, the following points should be kept somewhat in the background.
  1. Mutual tariff preference.
  2. Mutual preferential treatment in the field of restrictions.
  3. Long-term contracts.
  4. Regular consultation about exportable surpluses, of shortages to be met in the Community and/or in one of the associated countries.

THE DIRECTOR FOR INTERNATIONAL  
ORGANIZATIONS

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