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COMMON MARKET

1. The Prime Minister of Australia, Mr. Menzies, and other Australian Ministers have during the last few days had discussions with the British Secretary of State for Commonwealth Relations, Mr. Duncan Sandys.
2. Mr. Sandys explained the various considerations which had led the British Government to re-examine its attitude towards and relationship with the European Economic Community (the "Common Market"), established by the Treaty of Rome.
3. In the course of several meetings, the political and economic implications of such a step were fully discussed.
4. The Australian Government considered that, should Britain join the European Economic Community, it might well be that she will become increasingly involved in not only the economic policies of the Community but also in matters of an international and political kind. Mr. Sandys emphasized that the British Government was convinced that the objective of closer unity in Europe was in no way incompatible with the maintenance and further development of Commonwealth ties, which constitute a valuable unifying influence in a much divided world. Australian Ministers pointed out that they thought the ultimate political implications of the Treaty of Rome are extremely significant and will tend to possess a developing character in the achievement of some kind of European unity. They saw merit in such unity since a continuing division in rival economic groups would be a source of danger and weakness, while a powerful and experienced group of free European nations can do much to preserve the world's peace. However, they emphasized that although avoidance of a divided Western Europe was a desirable objective it should not be accomplished at the cost of division within the Commonwealth or elsewhere in the free world. Australian Ministers expressed their concern at the weakening effect they believed this development would have on the Commonwealth relationship. Mr. Sandys stressed the importance the United Kingdom attaches to maintaining this relationship unimpaired. Indeed, the British Government believed that a closer association of Britain with the continent of Europe might well be an added source of strength not only to Britain but to the Commonwealth as a whole.
5. Full exchanges occurred on the economic advantages and disadvantages which would ensue if Britain were to accede to the Treaty of Rome and the possible effects of this on the trade and industry of Britain and Australia. It was recognised that the issue of Britain's accession to the Treaty of Rome was primarily a matter for Britain and was one which the British Government alone could decide.

But Australian Ministers explained the serious adverse consequences for Australian producers and for the Australian balance of payments which would confront Australia if the United Kingdom were to enter the Common Market on a basis which failed to safeguard Australian trade interests for the future.

6. Mr. Sandys assured the Australian Government that the British Government fully shared its concern to maintain the long-established flow of trade between their two countries. If negotiations took place, the intention would be to secure special arrangements to protect these important trading interests.

7. Mr. Sandys made it clear that he did not ask the Australian Government to express an opinion on the question whether Britain should join the Common Market. The British Government itself had as yet reached no decision on this issue. The immediate question was whether or not to open negotiations with the European Economic Community.

8. As the whole question is of major importance for Britain and for decision by her, Australian Ministers did not feel entitled to object to the opening of negotiations by the British Government should it reach the conclusion that this was desirable. But they made it clear that the absence of objection should in the circumstances not be interpreted as implying approval. They further stressed that, as in any such negotiations, various Australian export industries would be materially involved, Australia should be in a position to negotiate direct on Australia's behalf when details and arrangements affecting items of Australian trade were being discussed.

9. Mr. Sandys said he well understood the position of the Australian Government; and he appreciated its understanding of Britain's problem.

10. It was agreed that these talks, which had been conducted in a most helpful and constructive spirit on both sides, had resulted in a more complete understanding of the important and complex issues involved.

CANBERRA,
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