

GENERAL AGREEMENT ON TARIFFS AND TRADE

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THE ROME TREATY

Consultations under Article XXII

(Statement by the Commission of the European Economic Community)

At the meeting of the CONTRACTING PARTIES on 29 May 1959, during the fourteenth session, the representative of the Commission of the European Economic Community made the following statement with reference to the consultations under Article XXII of GATT on cocoa, coffee, bananas, tobacco and tea:

"The CONTRACTING PARTIES decided last year to leave aside for the time being the legal issues involved in the Rome Treaty and to rely on normal Article XXII procedures to seek practical solutions to the problems which arise out of the application of the Treaty, both for the Six and for third countries.

"The Community concurred in this decision with the conviction that the consultation procedure would make it possible, as a result of free and frank discussions on the basis of a very full documentation, to hear the complaints of third countries, to determine the extent to which the fears expressed were justified and thereby to reach a better mutual understanding of all the problems involved.

"Since then, two series of consultations on cocoa, coffee, bananas, tobacco and tea were held in Geneva in November 1958 and February 1959. The second consultation on sugar which was to take place during this session has not been held. During the consultations, many problems which were not always directly related to the provisions of the Rome Treaty have been examined. It may be said that the consultations have taken place in the spirit of co-operation and goodwill which the Community was expecting. The Community itself has consistently endeavoured to meet the requests for information of various kinds which it had received.

"Many consulting countries have expressed their disappointment at the result of the consultations being held. One could not consider that this disappointment is to be attributed to the procedure that the CONTRACTING PARTIES had decided to adopt. The results are in fact assessed differently, depending on the individual approach to the consultations.

"Some hold the view that the Rome Treaty, will of necessity, bring about diversions of trade which are likely to alter traditional trade channels substantially. Therefore, they are of opinion that the consultations should necessarily lead to concrete measures by the Six.

"On the other hand, the Member States of the Community are of the opinion that the Common Market as a whole will have trade-creating effects and that this will necessarily be of advantage to third countries. Indeed, in their own view, the establishment of the Common Market fully conforms to the provisions of Article XXIV and the objectives of the Member States are clearly defined in Article 110 of the Treaty which provides that:

'By establishing a customs union between themselves the Member States intend to contribute, in conformity with the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international exchanges and the lowering of customs barriers.'

"The Six could hardly recognize in advance consequences which would be contrary to their own belief that the Rome Treaty will bring about a general expansion of trade with third countries, unless evidence of concrete damage could be furnished.

"At the present stage of the consultations, neither side has been able to demonstrate specifically and irrefutably the merits of its own contention. The future alone will indicate who is right. The most reasonable and the most logical attitude therefore consists in awaiting the normal development of the Common Market, considering that from the practical point of view the existence of specific damage has not been demonstrated.

"However, it does not seem that the consultations have fully allayed the fears entertained by third countries as to the possible effects of the Rome Treaty on the future development of their foreign trade.

"In recent months the Community has given very full consideration to the problem of consultations. The Community is aware that no action taken under the Rome Treaty as regards the products covered by the consultations has yet resulted in actual damage being caused to the trade of other contracting parties.

"Consequently the Community does not believe that it is either possible or necessary to envisage any specific action in the immediate future.

"Furthermore, it should be stressed that even though the European Economic Community - a new set up which fully conforms to Article XXIV of the General Agreement - might bring about occasional diversions of certain traditional trade channels, this fact alone does not justify

any obligation for the Community to afford redress. However, the Community has noted that the concern voiced by third countries - although in its own opinion this is without foundation - has not been allayed during the consultations. Therefore, the Community, being fully aware of the magnitude of its responsibilities in the development of world trade relations, was anxious to furnish evidence from the policy point of view of its goodwill and understanding towards the fears expressed by third countries, in particular by the less-developed countries for which it has particular sympathy.

"In this spirit, the Community does not refuse to admit that the application of the Rome Treaty may, in certain cases, cause actual damage to the trade of third countries. (The Community wishes to state its readiness to envisage - should such an eventuality occur - in liaison with the countries concerned, practical measures which the situation might warrant.) The Community is of the opinion that it is not necessary to define in advance or in a final way the meaning to be attached to cases of concrete damage. The definition of possible cases of concrete damage and the objective criteria to be met will automatically emerge from the discussions which the Community would have with any third countries concerned.

"The Community holds the view that the consultations which have already been initiated have made it possible to appraise more accurately and more fully the problems which have been raised. The Community, for its part, would be prepared to resume consultations on those products which have already been considered and, still with the desire to reach better mutual understanding, to accept the opening of consultations on additional products."