

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## ROME TREATY

### Statement by the Representative of the European Economic Community

The reason why the Community thought it desirable this year as in previous years to take the initiative in requesting that the question of the Rome Treaty should be placed on the agenda was primarily in order to bring formally to the notice of the CONTRACTING PARTIES the fact that on 1 January of this year the Common Market completed its transitional period of existence and entered the definitive stage.

This means that on the expiry of the minimum period of twelve years which had been laid down for this purpose the requirements set forth in the Treaty had been met to a sufficient degree to enable the EEC achievements to be considered as providing an adequate basis on which the Community as a separate entity could henceforth undertake to define and confirm its own reality.

The problem is no longer for GATT to follow the successive stages in the establishment of our Customs Union, on which we have regularly supplied full information to the CONTRACTING PARTIES. This Customs Union is now complete in accordance with the criteria laid down in Article XXIV.

The strengthening or perhaps even the maintenance of the degree of liberalization which has already been achieved will from now onwards be in the forefront of the tasks which require continuing efforts from the Community.

While, for the purposes of GATT a Customs Union is achieved where duties and other restrictive regulations of commerce are eliminated with respect to substantially all the trade between the countries concerned and a common customs tariff is introduced, in fact for the purposes of the Rome Treaty and of the objectives pursued by the Community, this is only the stage from which the Community should start attaining its own identity and should endeavour to turn the Customs Union into an instrument of economic integration. Thus it is that its operating requirements lead, step by step, to ever closer harmonization in the fields of taxation, systems of assistance, quality standards, remuneration for services and health regulations.

The same situation, the same problems and similar requirements obtain as regards the implementation of the common customs tariff. In the absence of common customs legislation the common tariff might have been applied in different ways by each of the member States. Common legislation was adopted in the most important fields in 1969 so as to ensure uniform application of the common customs tariff. Thus, the administration of the Customs Union by the Community was a new occurrence in 1969, and every effort is being made to ensure that the common customs tariff has the same implications throughout the Community.

A number of tariff committees have been set up to carry out this technical administrative task, including in particular the Committee on Nomenclature.

The tariff applicable as from 1 January 1970 as a result of the third successive stage of tariff reductions resulting from the Kennedy Round has been finalized. The relevant regulation was adopted by the Council on 8 December 1969.

On the same date the Council also drew up the list of products, duties on which are to be suspended in 1970. This includes 113 products or groups of products, similar duty suspension having already been granted on 114 of these in 1969.

Moreover, on 1 July 1969 the Council extended the suspension of duties for a number of products of export interest to developing countries, including in particular tea and various spices.

The end of the transitional period also marks the full achievement of one of the most important objectives of the Rome Treaty, namely the elimination of quantitative restrictions as between member States. The few residual quotas which still exist in respect of agricultural products will be gradually eliminated as the common organization of the Market is achieved for the sectors concerned.

Procedures have been initiated with a view to opening community tariff quotas to reflect commitments previously undertaken by the Community or to meet the needs of certain Community industries. On this occasion, the harmonization of the administration of such quotas and the approximation of national legislations are being actively pursued.

In 1969, the regulation relating to valuation which came into force on 27 June 1968 gave rise to a number of implementing measures aimed at reducing the outstanding differences between the practices followed by the member States as regards valuation for customs purposes, so as to ensure that the incidence of common tariff duties should be strictly identical, no matter where customs clearance took place within the Community.

Guidelines were also issued with a view to securing greater uniformity between customs legislations; such guidelines relate to the provisions governing bonded warehouses, free zones, temporary imports for active further processing, the rules concerning the origin of goods and transit within the Community.

As regards the common agricultural policy, the year 1969 was a particularly busy one. Apart from routine administration of the instruments of such policy which, it may be recalled, now covers 86 per cent of the agricultural output of the Community, the activities of the Community were mainly directed to the future development of the common agricultural policy - a subject on which the Commission prepared a memorandum concerning the difficulties experienced as a result of changes in the parity of two currencies and the financing of the common agricultural policy after the end of the transitional period.

From now on the competent organs of the Community are seized with the fundamental problem of the emphasis to be given to agriculture in the economic development of the Community, of the type of agriculture which should be promoted in order to meet the economic requirements and the social aspirations of our time and the action which should be taken to ensure prosperity for agricultural holdings and an adequate income for farmers.

Considerable efforts were made during 1969 to dispose of certain agricultural surpluses either through specific action in the domestic market (e.g. concessional sales of dairy products or slaughtering of cows) or through food assistance measures.

Changes in the parity of two currencies in the Community during 1969 made it necessary to take certain special steps in the agricultural markets to remedy, as a matter of common interest, the undesirable consequences which such changes might have had.

In both cases the Council decided not to alter the value of the unit of account. At the same time, the Council took the necessary steps to ensure that the aims which those monetary actions were intended to achieve could be attained in the best possible conditions. Thus, France was authorized, after the devaluation of the franc, to reduce by not more than 11.11 per cent the intervention and purchase prices expressed in the unit of account until the end of the 1969-1970 season and to take compensatory measures at the frontier. In the case of Germany, after the revaluation of the German mark, the downward adjustment of prices of agricultural products was in consonance with the stabilization of internal price levels. The Council decided that the loss of income suffered by German farmers as a result of such adjustment should be met in part by the Community.

As regards the common policies which, under the Treaty, shall be the instruments giving concrete effect to the economic union, the result of reaching the final stage will be to emphasize the need for and the importance of all such policies taken as a whole.

In this context three basic regulations were adopted in December 1968 with a view to ensuring the necessary degree of co-ordination between the commercial policies of the member States in order that the requirements for the implementation of a common foreign trade policy could be met at the beginning of the final stage, on 1 January 1970.

These regulations deal with the establishment of a common list of products to be liberalized, the administration of quantitative quotas for imports into the Community and the establishment of special procedures for importing certain products from certain third parties.

As regards trade, various short-term economic factors generated a particularly substantial rise in the volume of trade between the member countries in 1969. The rate of increase was 26 per cent in volume as against 17.5 per cent in 1968, and an increase of 30 per cent in value. These are the highest rates of increase ever recorded since the Rome Treaty came into force. Thus, in the face of short-term strains and stresses experienced in 1969, trade within the Community proved to be an internal equilibrating factor within each member country and promoted the spread of the boom to the Community as a whole.

However, the strong demand for imports within the countries of the Community during the whole year was also a determining factor in the economic boom throughout the world as a result of its positive effects not only on trade between the industrialized countries but also on world trade as a whole. Thus, the rate of increase in Community imports from third countries between 1968 and 1969 was 18 per cent, approximately twice the average yearly level for the ten preceding years. On the other hand, exports from the Community managed, notwithstanding very heavy pressure on internal demand, to show a substantial increase by about 11 per cent in value as compared with 1968.

In terms of the trade balance (c.i.f.-f.o.b.), however, the net result for 1969 as a whole was a \$250 million deficit as against a favourable balance of \$1,748 million in 1968.

Mr. Chairman, as I reach the close of this general review of the situation, the activities and the problems of the Community, I have no doubt that the delegates present who are accustomed to hear the periodic statements which I have had the honour and pleasure to submit to this forum over the past twelve years will not have failed to note that today and from now onwards the only matter that will be before this body will, by the very nature of things, be the administration of our customs union. Such administration could not, in itself, come under the provisions of the General Agreement which govern and regulate the achievement of a customs union. The Community cannot see why the customs union which it has now come to constitute within the framework of GATT should be under different obligations as regards the administration of its policies from those imposed upon the CONTRACTING PARTIES. The Community is naturally prepared to assume such obligations as a customs union and as an economic union in accordance with the letter and the spirit of the General Agreement in the same way as all other contracting parties.