

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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ACCESSIONS TO THE EUROPEAN COMMUNITIES

Questions and Replies

In documents GATT/La/922 and 934, the contracting parties were invited to communicate to the secretariat any questions which they might wish to put concerning the accessions to the European Communities. As a result of this request, a number of questions were received and transmitted to the parties to the Treaty of accession. These questions and the replies by the parties are reproduced hereunder.

I. General questions

1. In view of, inter alia, the provisions for adjustments for tariffs and price levels contained in the Treaty, would the parties to the Treaty confirm that it is to be regarded, for the purposes of the examination under Article XXIV, as an interim agreement leading to the formation of a customs union?

Reply

The Treaty of Accession, by which Denmark, Ireland and the United Kingdom become members of the European Communities, defines in the Act attached to the Treaty the conditions of accession of the new members and the adjustments to the Treaties establishing the Communities which their accession entails.

Since accession means, in particular, extending a customs union to include new members, provisions to that effect are contained in the Act concerning the Conditions of Accession. The Treaty as such, therefore, establishes a customs union and contains necessary and adequate provisions to that effect. It cannot, either by its legal nature or by its effects, be considered "an interim agreement" within the meaning of Article XXIV(5)(c) of the General Agreement, but as a definitive agreement laying down transitional measures.

2. Do the parties to the Treaty consider that the arrangements set out therein will lead to the formation of a customs union where the duties and other regulations of commerce in respect of trade with contracting parties not parties to the union shall not on the whole be higher or more restrictive than general incidence of the duties and regulations of commerce applicable prior to the formation of the union?

Reply

The parties to the Treaty consider that the enlargement of the customs union is taking place in conformity with Article XXIV(5)(a).

3. If the answer to the preceding question is in the affirmative would the parties to the Treaty supply the basic information which led them to that conclusion?

Reply

The parties to the Treaty are in the process of supplying the basic information which they consider it necessary to furnish in pursuance of Article XXIV(5)(a).

4. How does the Community assess the effect of the enlargement on the trade of member States of the Community as well as of non-member States?

Reply

The Community notes that experience since the implementation of the Treaty of Rome confirms, as the authors of Article XXIV recognize, the beneficial effects of a closer integration of economies, especially on the development and expansion of trade, not only between the participant countries but also between them and third countries. The Community is of the opinion that its enlargement must result in reinforcing the direction and strength of the tendency towards a general expansion of trade. This conviction derives from the dynamics inherent in economic integration, whose effects will be seen both internally and externally.

5. In the view of the parties to the Treaty of Accession, what are the changes expected to occur in the trading position of developing countries on their respective markets, between 1973 and 1978, due to the progressive adaptation by the four acceding States of the Common External Tariff and of the Common Agricultural Policy? What are the mechanisms that have been envisaged during the transition period for the examination of any possible deterioration of the trading position of developing countries on the market of an Enlarged Community resulting from the implementation of increased tariffs on the markets of the Four as and when these are introduced?

Reply

The parties to the Treaty do not foresee any decline in the trade position of developing countries in their market. They consider such an outcome to be in contradiction with the principles and objectives motivating their economic integration. In addition, it is clearly understood that any contracting party can, if it considers necessary, have recourse to various methods under GATT to assert its rights or to defend its interests.

6. Do the parties consider that the trade of some third contracting parties will be damaged as a result of the accession of new member States? If not would the parties to the Treaty outline how they come to that conclusion with respect to those contracting parties having preferential arrangements with one of the new member States? How do the parties reconcile adverse effects on such contracting parties with the second sentence of paragraph 4 of article XXIV which states that "the purpose of a customs union ... should be to facilitate trade between the constituent territories and not to raise barriers to the trade of other contracting parties with such territories"?

Reply

Article XXIV(4) defines what the purpose of a customs union should be. It lays down a principle. In order to ensure and to define in concrete terms respect for this principle, criteria and conditions are laid down in paragraphs 5 to 9 of the same Article. The establishment of a customs union must, in consequence, satisfy these criteria and conditions. It is therefore in the light of such criteria and conditions that the customs union must be examined. If these provisions are complied with, particularly as far as the general incidence of duties and of other regulations of commerce is concerned, and if the parties to the customs union have fulfilled the obligations arising from Article XXVIII, as defined in Article XXIV(6) for the fixing of compensation with regard to the rights held by third contracting parties, then the customs union is considered consistent with the principle laid down in paragraph 4.

7. The examination of the provisions of the Treaty on Accession and related documents is to be conducted on the assumption that all the provisions of the Treaty and related documents as they stand now are to be fully implemented. There are, however, certain provisions which remain to be formulated in the process of future negotiations. Furthermore, it is quite possible that, depending upon circumstances, the implementation of these provisions may have to be modified in future (for example, notwithstanding article 113 of the Treaty of Rome, the common external trade policy is yet to be completed).

In view of the above, besides the notification procedure under paragraph 7(c) of Article XXIV of GATT, would it not be appropriate to conduct a general re-examination of the implementation of these provisions in due course?

Reply

The Community will continue to follow the information policy vis-à-vis the CONTRACTING PARTIES which it has followed in the past.

As regards the decisions which the Community may take in the implementation and elaboration of common policies, they should not, any more than similar decisions by any contracting party, be subject to a special examination under the terms of Article XXIV, but to the relevant provisions of the General Agreement and to the mutual rights and obligations in respect to those provisions.

8. If the Working Party concludes that, inconsistently with paragraph 5(a) of Article XXIV, either the duties to be imposed by the enlarged Community are higher than the general incidence of duties prior to enlargement or other regulations of commerce more restrictive, would the parties be prepared to reduce the level of the CET and/or make other regulations of commerce less restrictive in conformity with Article XXIV:5(a)?

Reply

The parties to the Treaty fully recognize the validity of the provisions of Article XXIV:5(a) and have no intention whatsoever of disregarding them. It will be for the CONTRACTING PARTIES to draw their conclusions from the examination for which provision is made.

II. Tariffs

(a) Elimination of duties inside the Community

9. Article 31 provides that the basic duty to be applied both in removing internal duties and in aligning with the common external tariff of the European Communities or the unified tariff of the ECSC is to be the duty "actually applied on 1 January 1972". When will each party of the enlarged Community submit its list of those duties actually applied which deviate from the legal (concessional or statutory) rates shown in the officially published tariff?

Reply

The parties to the Treaty have specified in the Working Group for studying problems of accession why the documentation which they intend to furnish will be drawn up, as far as tariffs are concerned, on the basis of the legal duties in their respective official customs tariffs. They consider that this basis is relevant and significant with regard to the provisions of Article XXIV. The provisions defined in Article 31 of the Act concerning the Conditions of Accession, for the abolition of internal duties and approximation to the CCT, are provisions of an internal nature whose object is to establish the practical details whereby the parties will ensure the fulfilment of their obligations within the meaning of the Accession Treaty, for the attainment of the customs union.

10. Article 32 provides for the elimination by stages of duties on imports between the Community as originally constituted and the new member States and between the new member States themselves. Paragraph 3 permits a deferral of three months for the first reductions on certain products subject to contractual margins

of preference between the United Kingdom and certain other Commonwealth preference countries. Paragraph 4 permits the opening of tariff quotas on iron and steel products in certain circumstances.

- (a) Does the Community foresee the possibility of some accommodation to Commonwealth suppliers beyond the deferral of tariff reductions referred to in Article 32(3)?
- (b) If tariff quotas, mentioned in Article 32(4), are adopted for certain iron and steel products, will they be applied to imports from third countries on a global basis?

Reply

(a) Apart from the possibility allowed the United Kingdom of deferring by three months application of the first tariff reduction for certain products meeting the conditions of Article 32(3), the Treaty does not provide for the grant to the Commonwealth suppliers concerned of special facilities in the enlarged Community market for such products, in connexion with the carrying out by the United Kingdom of the time-table drawn up for the abolition of customs duties between the parties to the Community.

(b) Any opening of the tariff quotas provided for in Article 32(4) would be carried out in conformity with practice followed in the matter by the member States within the framework of the ECSC Treaty. These tariff quotas would be non-discriminatory.

11. Describe in concrete terms the "necessary measures for the maintenance" of the Community preference to be taken as provided for in the latter part of Article 33 in the event of amendment or suspension of the Common Customs Tariff duties or the application of Article 41 by the new member States?

Reply

If the situation provided for in Article 33(2) should arise, it is for the Council to decide, on a proposal from the Commission, on the measures to be taken in order to maintain Community preference. Such measures will have to be defined in terms of specific cases: no prior definition can be given of them, and there is nothing to dictate what form they may take in any specific case. Nevertheless, to give a concrete example, it can be supposed that internal speeding-up of tariff dismantling might furnish a solution calculated to ensure maintenance of Community preference.

12. Article 34 permits any new member State to suspend in whole or in part the levying of duties on products imported from other member States.

- (a) What procedure is contemplated for informing third countries of what is in effect advance implementation of internal tariff cuts?
- (b) Are there any current plans for advance implementation of internal tariff cuts on products other than those already mentioned in the Act of Protocols?

Reply

(a) The Community will continue to follow the information policy vis-à-vis the Contracting Parties which it has followed in the past.

(b) At the moment there is no plan for advance reductions in duties, having regard to the time-table established for the elimination of duties between the members of the customs union.

13. Can the parties furnish details regarding the charges having equivalent effect to customs duties on imports, referred to in Articles 35 and 36, i.e. with an indication of the commodities involved as well as the current levels of the charges (a) in the Community as originally constituted and (b) in the new members?

Reply

Article 36 of the Act concerning the Conditions of Accession, and Article 13 of the Treaty of Rome, define an obligation of a general nature, that is, the abolition of charges with an equivalent effect to customs duties on imports between member States. The charges referred to in these provisions include any pecuniary burden imposed, for any reason whatsoever, on goods owing to the fact that they cross the border of the importing State, when that burden is not, properly speaking, a customs duty or an internal tax imposed, in the same way, inside that State on similar or comparable domestic products. It follows that the scope of the concept of "charge with equivalent effect to a customs duty" extends to charges of widely differing kinds. Moreover, it can mean charges imposed on all imported goods or on certain specific goods. Given the heterogeneous nature of the charges coming within the provisions of Article 36 of the Act concerning the Conditions of Accession and Article 13 of the Treaty of Rome, mentioned above, there would be no point in trying to define, for guidance, the products affected by such charges or to give a representative rate for the charges.

It is to be noted that the charges with equivalent effect to customs duties on imports which existed in the Community as originally constituted were abolished between member States before 1 July 1968, the date of completion of the customs union.

14. Is the abolition of the charges under Articles 35 and 36 also applicable to non-member States? If not, what "plan and schedule" is to be applied to have these charges harmonized among ten member States?

Reply

The provisions of Articles 35 and 36 govern only the relations of the parties to the customs union among themselves. These purely internal Community obligations do not apply outside the Community.

The question of a process of harmonization of the charges with equivalent effect to customs duties has its place in the logic of the establishment of the customs union.

15. Article 38 provides for the adjustment of customs duties of a fiscal nature. The fiscal element of any such duties may be replaced by an internal tax and any element not replaced by an internal tax is to be treated as a protective duty subject to elimination in intra-Community trade and alignment with the Common External Tariff for external trade. Exceptions may be granted by the Commission; for example, the Commission may authorize the United Kingdom to retain such duties on tobacco for an additional period.

- (a) What are the general guidelines governing the implementation of this article?
- (b) When will the CONTRACTING PARTIES receive from each of the acceding countries a list of customs duties of a fiscal nature or duties having a fiscal element?
- (c) When will information be available on how each acceding country intends to handle each of these duties; that is, whether it will be replaced in its entirety by an internal tax or, if not, what portion will be retained as a protective duty?

Reply

(a) The provisions of Article 38 of the Act concerning the Conditions of Accession, like Article 17 of the Treaty of Rome, lay down the principle that customs duties of a fiscal nature are subject to the same rules regarding abolition and approximation as customs duties in general. However, like the original member States, the new member States retain the right to replace these duties by an internal tax in conformity with Article 95 of the Treaty of Rome. Under this Article, such a tax must not contain any element of protection, either direct or indirect.

The Commission evaluates each case to determine whether this principle has been respected. It can also, in certain instances, grant a member State additional time in which to take such replacement action, if it has been able to determine that such an extension is justified by special difficulties, which are also

evaluated case by case. Accordingly, where such an exception is made, it does not result from the application of guiding principles but from a realistic appraisal of an actual specific situation.

(b) and (c) This can be done as soon as feasible after 1 March 1973, the date envisaged in Article 38 by which the appropriate modalities have to be agreed with the Commission.

(b) Introduction of the Common External Tariff in acceding countries

16. At what pace will the national customs tariffs of the United Kingdom, Denmark, Norway and Ireland be harmonized with the common tariff of EEC?

Reply

The time-table for the alignment of the acceding States' customs tariffs with the CCT is precisely laid down in Articles 39 and 59 of the Act concerning the Conditions of Accession. Articles 41 and 59 provide for the possibility of a more rapid alignment.

17. Should it become necessary to amend rates of duty in the Common External Tariff of the EEC in order to comply with Article XXIV:5(a), on what basis will the amendments be effected? To be more specific, will the rates of duty in the Common External Tariff of the EEC and in the tariffs of the acceding countries be averaged without weighting as in the case of the creation of the Common External Tariff of the EEC, or will the tariffs be weighted according to trade in a representative period or will some other method be used and, if so, can details be furnished?

Reply

Article XXIV(5)(a) calls explicitly for a full appraisal of the incidence of the customs duties imposed at the institution of a customs union. The terms "on the whole" and "general incidence" show clearly that such an appraisal cannot be split up case by case, either by individual products or by individual countries.

The parties to the Treaty will make known in the course of the discussions in the GATT Working Party on enlargement their views on the method on the basis of which such a full appraisal should be effected. They note in this connexion that Article XXIV contains no provisions imposing precise methods of calculation.

18. Article 39 provides for the alignment by stages of acceding countries' tariff rates with the Common Customs Tariff (CCT) and ECSC unified tariff. Paragraph 1 provides for (a) the full implementation of the CCT or ECSC rate on 1 January 1974 if the tariff rate of the acceding country does not differ by more than 15 per cent in either direction from the CCT or ECSC rate, and (b) implementation by stages

in other cases. Paragraph 5 states that the Commission shall determine, if necessary, the provisions whereby the new member States will alter their customs duties with a view to facilitating the progressive introduction of the CXT.

- (a) What are the products, by acceding country, subject to full alignment with the CXT or ECSC tariff on 1 January 1974 under the provisions of paragraph 1 (a)?
- (b) What are the conditions under which the Commission might make a determination under paragraph 5 in view of the definitive Schedule for external tariff alignment contained in paragraph 1? Are any specific products under consideration at the present time? If so, which?
- (c) Since tariff rates for coal are not unified, will the acceding countries maintain existing tariff treatment for imports from third countries? If not, what will be the rates?

Reply:

- (a) The tariff headings referred to in Article 39 of the Act will be adopted during 1973.
- (b) The provisions referred to in Article 39(5) are practical and purely technical customs arrangements intended to facilitate the gradual introduction of the CCT by the new member States.
- (c) The customs duties which the United Kingdom applies to coal are not bound under GATT. Any changes in the duties at present applied will have to be determined in the light of all relevant factors.

Denmark and Ireland apply a zero duty on coal.

19. Would the parties confirm our understanding that the provisions of Article 39(1) regarding the alignment of Britain's tariff to the Common Customs Tariff against non-community countries mean that the same rhythm of alignment will apply in parallel for most favoured nation and individual non-most-favoured-nation columns of basic duties?

Reply

The interpretation is correct.

20. Article 41 permits new member States to align their tariffs with the CXT and the ECSC unified tariff more rapidly than is provided for in the general schedule in Article 39.

(a) What measures are contemplated to ensure that the freedom allowed new member States to align their duties with the CXT more rapidly than provided in Article 39 will be undertaken in a balanced manner so that increases in duties will be offset by comparable decreases?

(b) What procedures will be followed for notification to third countries?

Reply

(a) No measures are envisaged. The enlarged Community does not consider that such option as may be exercised under Article 41 will harm the interests of the other contracting parties.

(b) The Community will continue to follow the information policy vis-à-vis the Contracting Parties which it has followed in the past.

21. In cases where national tariff rates of new member States or CXT rates are given in specific form (or incorporates a specific element), will an ad valorem equivalent be calculated for moves toward the CXT? If so, what base period will be used for computation?

Reply

In cases where alignment of the candidate States' tariffs with the CXT is to be made from or to specific duties, the parties to the Treaty have not considered it worth-while to calculate ad valorem equivalents in order to proceed with this operation in application of the time-table laid down in Article 32(1). The formula adopted in such cases is as follows:

(1) When a specific duty is to be aligned on an ad valorem duty, the rate of alignment provided for at each stage of the time-table is applied in parallel, and has:

(a) the effect of reducing the amount of the specific duty destined to disappear;

(b) the corresponding effect of raising the ad valorem duty, held to be 0 per cent to start with.

(2) When an ad valorem duty is to be aligned on a specific duty the same formula is applied in reverse:

(a) the ad valorem duty is progressively lowered towards 0 per cent;

(b) a specific duty is progressively applied, starting from 0.

22. Protocol Nos. 8 (phosphorous), 11 (plywood), 12 (woodpulp), 13 (newsprint), 14 (lead), and 15 (zinc) provide, among other things, for duty-free tariff quotas for a limited period of time. Are all of these tariff quotas available to all third country suppliers on a first-come first-served basis?

Reply

The tariff quotas concerned are non-discriminatory quotas. Their administration is also non-discriminatory.

23. Protocol No. 13 (newsprint) also provides that the Community's 625,000 metric ton nil duty tariff quota, bound under the GATT, will be reduced. Based on experience of the past two or three years, how much of a change can be anticipated in the newsprint tariff quota?

Reply

A statistical survey is in progress to determine the scale of the changes to be made in the Community nil-duty tariff quota of 625,000 metric tons for newsprint, bound in Community list XL. These changes will be made in conformity with the provisions of footnote (a) to list XL relating to this quota, namely:

- (a) "In order to avoid difficulties in the application of the procedure provided for in Article XXVIII, it is laid down that in the case where the customs territory of a third country becomes an integral part of the customs territory of the EEC this quota will be reduced in proportion to such third country's share in the imports allowed under the quota in question, such share being determined on the basis of the last three years for which annual statistics are available."

24. Protocol No. 15 (unwrought zinc) also provides that the Community's nil-duty tariff quota shall be progressively reduced until abolished 31 December 1977. How large is the annual nil-duty tariff quota for unwrought zinc expected to be in 1973 and 1974? What percentage reductions in this quota are envisaged for 1975 and 1976? How will the quota be administered?

Reply

The size of the 1972 tariff quota for unwrought zinc is 24,000 tons. The size of the quotas for 1973 which will also apply for 1974 is in the course of being established. It does not seem possible to make forecasts, either as to the size of the quota or as to the method of administration.

25. What kind of compensation for third countries do the EEC and the acceding countries intend to grant under Article XXIV, paragraph 6, of the General Agreement?

26. The actual customs duties on a number of goods (zinc plates, rolling mill products, vacuum flasks, pipes and tubes, tractors, chemicals and others) imported into Denmark are lower than those of the Common External Tariff of the EEC. What measures do the EEC and Denmark intend to take in the light of Article XXIV, paragraph 6, of the General Agreement?

27. The actual customs duties on a number of goods (bearings, aluminium, zinc, tractors, tools and machine tools and others) imported into Ireland are lower than those of the Common External Tariff of the EEC. What measures do the EEC and Ireland intend to take in the light of Article XXIV, paragraph 6, of the General Agreement?

28. The actual customs duties on a number of goods (rolling mill products, coal electrodes, textiles, sporting articles, vacuum flasks, musical instruments and others) imported into Norway are lower than those of the Common External Tariff of the EEC. What measures do the EEC and Norway intend to take in the light of Article XXIV, paragraph 6 of the General Agreement?

29. The actual customs duties on a number of goods (electrolytic zinc, zinc plates, aluminium, electric accumulators, tractors, leather footwear and others) imported into the United Kingdom are lower than those of the Common External Tariff of the EEC. What measures do the EEC and the United Kingdom intend to take in the light of Article XXIV, paragraph 6 of the General Agreement?

Reply to question Nos. 25, 26, 27, 28 and 29

The parties to the Treaty will comply with the obligations which would result for the enlarged Community from the application of Article XXIV(6). The provisions of Article XXIV(6) concern the position of duties bound under Article II.

(c) Tariff preferences

30. In the absence of any reference in the Act of Accession to British preferential treatment of imports from developed Commonwealth countries it is assumed that the preferences on customs duties are to be phased out in accordance with provisions of Article 39.

(a) If this assumption is correct, to which Commonwealth countries does the phase-out apply?

- (b) For items subject only to variable levies, will United Kingdom imports (except for sugar) from the developed Commonwealth countries from the beginning of the adjustment transition (date of application of the CAP on those products) be subject to the same charges as those to be applied to imports from other third countries?

Reply

This assumption is correct.

- (a) The progressive abolition of Commonwealth preferences refers to all the developed countries in the Commonwealth preference area.

(b) The answer is yes. Nevertheless, in Protocol No. 16 on markets and trade in agricultural products, the necessary provisions are expressly laid down for the enlarged Community, if such problems do arise, to examine the specific cases in the light of all the factors relevant to the situation at the time, just as it has done hitherto in similar cases; and during the period of application of the transitional measures laid down in Part Four, Titles II and III of the Act concerning the Conditions of Accession it will, in so far as is necessary, have to take measures likely to solve these problems, in accordance with the principles of the common agricultural policy and within the framework of its mechanisms.

31. In accordance with the Joint Declaration of Intent on the development of trade relations with Ceylon, India, Malaysia, Pakistan and Singapore, the EEC is prepared to examine with these countries trade problems with a view to seeking appropriate solutions. Is the assumption correct that existing preferences extended by the United Kingdom to these countries will be phased out in accord with the general schedule for alignment with the CAP? If so, are any exceptions expected to be made? If any are made, will they be reported to the GATT contracting parties?

Reply

This assumption is correct.

No exceptions are provided for.

The appropriate solutions to be sought in the field of trade relations with the developing independent Commonwealth countries in Asia will accord with the text of the Joint Declaration of Intent on the development of trade relations with Ceylon, India, Malaysia, Pakistan and Singapore, by which the Community declared its readiness, from the date of accession, to examine with these countries such problems as may arise in the field of trade with a view to seeking appropriate solutions, taking into account the effect of the generalized tariff preference scheme and the situation of the other developing countries in the same geographical area.

32. Would the parties to the Treaty agree that, in coming to a judgment as to whether the arrangements set out in the Treaty will mean that the requirements of paragraph 5(a) of article XXIV will be fulfilled, it is necessary to pay regard to the duties and other regulations of commerce applicable to each and every contracting party not party to the Treaty, i.e. including the duties and other regulations of commerce applicable to countries listed in annex A to the GATT as being those referred to in paragraph 2 of Article I of the GATT?

33. If the trade of contracting parties referred to in the previous question (those with preferential arrangements permitted by GATT) were to be excluded from the assessment does this mean that the conditions and procedures of paragraph 9 of Article XXIV are to be followed?

Reply to question Nos. 32 and 33

The parties to the Treaty cannot interpret Article XXIV(5)(a) in a way incompatible with the actual terms of those provisions, which refer to the general incidence of customs duties and other regulations of commerce. Neither can they isolate certain contracting parties in evaluating the total incidence of the common import system.

34. Would the parties to the Treaty outline the steps they intend to take in fulfilling the requirements of paragraph 9 of Article XXIV?

Reply

The parties to the Treaty are of the opinion that Article XXIV(9) does not create any obligation for them to enter into negotiations in respect of the preferences in question.

35. Taking into consideration that the EEC has granted to a number of developing countries generalized tariff preferences and that, on the other hand, the acceding countries have individually accorded or promised to accord such preferences, what steps does the EEC intend to take in this respect?

Reply

The new member States will apply the EEC system of generalized preferences from 1 January 1974, in accordance with Protocol 23, taking into account the special provisions made for Ireland in that Protocol.

III. Quantitative restrictions

36. What are the existing quantitative restrictions which each member State of the Community and each new member State applies to imports from third countries?

Reply

The desired information appears in the table prepared in the GATT Joint Working Party on Quantitative Restrictions and other Notifications given under GATT in connexion with quantitative restrictions.

37. With regard to all items presently under quantitative restrictions, including discriminatory quantitative restrictions, give the annual import value of each of these items, as well as the percentage of these items in the total import of the ten member States for the years 1969, 1970 and 1971.

38. What portion of the imports of each member and new member States is now subject to quota? What portion of imports now under quota will be liberalized vis-à-vis other members? For all GATT contracting parties?

Reply to question Nos. 37 and 38

The statistical part of the answer to these questions is to be found in Annex I.

The coming into force of the Treaty entails the abolition of quantitative restrictions between the parties to the customs union (Article 42 and Protocol No. 6). The common commercial policy implies the abolition of some of the quantitative restrictions applied by the candidate States.

39. Does the EEC intend to grant a free access to its market for the goods which are fully liberalized when imported into the United Kingdom, Denmark, Norway or Ireland, but which at present are not liberalized when imported to the actual member countries of the Communities?

Reply

This question will be answered in the context of the development and progress of the formulation of the common policy of the enlarged European Economic Communities on quantitative restrictions on imports.

40. (a) Are the common import regulations and the common list of trade liberalization now in force in the Community to be applied to the new member States as from the date of their accession to the Community?
- (b) If the answer to the above question is in the affirmative, are quantitative restrictions which the new member States are at present applying to those commodities included in the list of the common liberalization of the original member States to be abolished instantaneously?
- (c) If the answer to the above question is negative, then in accordance with what "plan and schedule" will the alignment with the common list of liberalization be carried out?

Reply

The common import regulations and the common liberalization lists in force in the Community will apply to the new member States on their accession or shortly after. This means that quantitative restrictions at present applied by member States to products included in the common liberalization lists will be abolished either by 1 January 1973 at the latest or, in the case of the United Kingdom not later than 1 April 1973 (annex X, Section II: Commercial Policy, paragraphs 3 and 4) except for any derogations expressly provided for in the Accession Treaty (Annex VII - Section VI: Commercial Policy, paragraphs 3 and 4), or in so far as the regulations for applying the common liberalization lists allow for exceptions. The derogations mentioned in annexes VII and X to the Treaty are only of a transitional nature and each is authorized for a definite period only.

41. Bilateral agreements concluded by Poland with the acceding countries provide for the elimination of quantitative restrictions against Polish exports of textiles. Will the accession of these countries to the EEC influence the implementation of these provisions?

Reply

Unilateral liberalization by the acceding States is not affected by the provisions of Regulation (EEC) No. 109/70 (Official Journal No. L 19/1 of 26 January 1970).

42. Describe in concrete terms the "measures having equivalent effect to such restrictions" as provided for in the latter part of Article 42 of the Act, and specify those commodities to which these measures are applied.

Reply

The last sentence of Article 42 of the Treaty of Accession, like articles 30 et seq. of the Treaty of Rome, defines an obligation of a general nature, that is, the abolition of measures with an equivalent effect to quantitative restrictions between member States.

Measures with equivalent effect are taken to mean laws, regulations and administrative rules not referred to specifically in other provisions of the Treaty. At this stage, it is not possible to specify products to which such measures apply.

43. When the restrictions and "measures having equivalent effect" are abolished, will they be abolished for imports from all GATT contracting parties?

Reply

The provisions of article 42 govern only the relations of the parties to the customs union among themselves. These purely internal Community obligations do not apply outside.

44. In accordance with Protocol No. 7, Ireland is authorized to retain until 1 January 1985 its special system regarding imports of motor vehicles which provides in part that importers-assemblers of makes of vehicles manufactured in the Community may import built-up-vehicles without restriction from other member States. Article 3 provides for a global quota for imports of Community vehicles other than those covered by the special system. In view of the provisions of Article 3 of Protocol No. 7, how does Ireland intend to treat imports of motor vehicles from third countries? Do these provisions contain any obligation by Ireland to import the subject vehicles from other Community member States to the full amount of the quota for each year from 1973 through 1984?

Reply

Ireland is authorized to retain until 1 January 1985 the system at present applicable to the assembly and import of motor vehicles. Protocol No. 7 defines the conditions according to which Community preference will be assured under this scheme. For the import of vehicles other than those covered by the scheme, Community preference is assured by a global quota which Ireland will open to the other member States on accession. The amount of this global quota and the details of its annual increase define in concrete terms Ireland's obligations in the matter of Community preference for such products. To this end, the Protocol provides for a mechanism to ensure the fullest utilization of the quota.

IV. Agriculture

45. What modifications are foreseen to the rules on common organization of markets?

Reply

Article 2 of the Acts concerning Accession lays down that the provisions of the original Treaties and the Acts adopted by the institutions of the Communities are binding on the new member States from the time of accession, and are applicable in these States under the conditions provided for in the Treaties and in the Acts in question.

It follows from this that, on their accession, the new member States shall adopt the Community's agricultural regulations.

In some cases provision is made for mechanisms for adaptation, examples of which are furnished in subsequent replies.

46. What proportion of trade on agricultural products is believed to be affected as a result of the application by the acceding countries of the principle of the "Community Preferences"?

Reply

The Community preference regarding agriculture is an intrinsic part of the integration of economies, which is an objective of the common market; the preference has general application in keeping with this objective.

47. What proportion of trade between the acceding countries and the rest of the world, will be affected by the application of the Common Organization of Markets?

Reply

It is very difficult to estimate the proportion of trade between the acceding countries and the rest of the world which will be covered by the common organization of the markets.

48. With regard to each of those agricultural commodities which are covered by the regulations for common market organization in the present Community, give the following figures for the years 1969, 1970 and 1971.

- (a) The import value for each commodity, the total import value of these commodities, and their percentage in total imports.
- (b) The total value collected for each commodity in the forms of customs duties, levies (including variable elements), compensatory taxes and any other charges having equivalent effect to customs duties.

Reply

(a) For the years taken as reference period within the GATT/Accession Group, the contracting parties will find the value of imports into the present EEC of products subject to common market organizations in the documentation furnished to the Contracting Parties for the examination of the Treaty of Accession. The percentages for the imports of agricultural products in relation to total Community imports may be calculated on the basis of the preceding data.

(b) For the reply to this part of Question No. 48, the Community refers to the discussion which was held on the documentation which the Community is ready to furnish for the examination of the Treaty of Accession.

49. In the context of paragraph 5(a) of Article XXIV do the parties consider the variable levy applied to imports from third contracting parties of some agricultural products to be a "duty" or "other regulation of commerce"?

Reply

The variable levy is a measure sui generis which is comparable neither to a customs duty nor to other regulations of commerce. Its function was explained by the Community to the GATT Agriculture Committee.

50. For the following measures, information is requested as to the effects of the enlargement on the present Community as well as on each of the four acceding States. (with regard to those measures for which a common trade regulation of the present Community is to be adopted by the four States after their accession, it is requested to give concrete explanation as to how the provisions of the existing trade regulations in these States will be changed, so that a change in the incidence can be judged objectively.) If the enlargement will not immediately affect the measures, give the "plan and schedule" of the harmonization of these measures in the ten member States.

(a) Levies

(b) Compensatory taxes

Reply

Same reply as to question No. 45.

51. Agricultural products, when imported into the United Kingdom, Denmark, Norway and Ireland, are (apart from some exceptions) not subject to variable levies but after the accession of these countries to the EEC, imports of these products will be covered by the common agricultural policy, which would entail a substantial increase in import charges. In this context, what measures do the EEC, the United Kingdom, Denmark, Norway and Ireland intend to take in the light of Article XXIV, paragraph 6 of the General Agreement.

Reply

The variability of the levy precludes a comparison between the previous duties and the new import system, since the amount of the levy depends both on the price applicable in the Community and on the world market price.

The question refers to procedures under GATT Article XXIV(6); the Community will not fail to honour its commitments vis-à-vis this Agreement.

52. Article 51 provides that before the first move towards price alignment with the Community, the new member States will fix prices for certain agricultural and fisheries products. Paragraph 2 provides that producers are allowed to "obtain returns equivalent to those obtained under the previous national systems", and paragraph 3 provides that in Norway and the United Kingdom the price fixed should result in market prices comparable with those in effect during a representative period preceding the implementation of Community rules.

- (a) What are the specific products to which Article 51 will apply and what prices will be set initially in each new member State for each of these products?
- (b) What were the prices in effect for each of these products in 1969, 1970 and 1971?

Reply

(a) By virtue of Part IV, Title II, Chapters 2 and 3 of the Act concerning the Conditions of Accession and the Adjustments to the Treaties, Article 51 applies to the following products:

I. In the cereals sector, the products for which derived intervention prices are fixed. The most important were fixed by Regulation (EEC) No. 1724/72 (Official Journal No. L 182 of 10 August 1972, p. 1); they apply to common wheat, barley and, for Denmark, rye.

II. In the sugar sector, white sugar subject to a derived intervention price, crude sugar subject to an intervention price and sugarbeet subject to a minimum price.

III. In the milk and dairy products sector, butter and powdered skim milk are subject to an intervention price.

IV. In the beef and veal sector, adult cattle and calves subject to guide prices.

V. In the fisheries sector, the products for which a guide price is fixed, namely:

- the following fresh or refrigerated products:

- 1. Herrings
- 2. Sardines: (a) from the Atlantic
(b) from the Mediterranean
- 3. Red fish
- 4. Codfish
- 5. Black pollacks
- 6. Haddock

7. Whiting
8. Mackerel
9. Anchovies
10. Plaice or dab
11. Shrimps of the "Crangen" variety sp.p.

- The following frozen products:

1. Sardines
2. Sea-bream of the *Dentex dentex* and *Pagellus* species
3. Squid (*Loligo*, sp.p., *Ommastraphes sagittatus*, *Todarodes sagittatus*, *Illex coindetti*)
4. Cuttle-fish of the *Sepia officinalis* species (*Rossia macrosoma*, *Sepiola rondeleti*)
5. Octopus

At present, it is not possible to indicate what will be the initial prices adopted for each of the new member States, with the exception of the cereals sector (Regulation (EEC) No. 1724/72 mentioned above). For the other products, studies are in progress to determine the prices in question.

(b) The reply to this part of the question (Annex II) will be furnished as soon as possible; a period for which prices are quoted does not necessarily correspond to the "representative" period referred to in Article 51 (3).

53. The United Kingdom is to adjust its import régime to the Common Agricultural Policy in six phases beginning 1 February 1973 and ending 31 December 1977. What will be the initial intervention, threshold and target prices in the United Kingdom market for wheats, feed grains, flour, Cheddar cheese?

Will there be one or more than one location in the United Kingdom established for the purpose of calculating levies on agricultural imports from third countries? What are those locations?

Reply

Part of the reply to this question is furnished in the reply to Question No. 52 (a).

Moreover, it should be pointed out that there is no target price for cereals or for milk and dairy products, and that there is no intervention price for Cheddar.

Neither are special threshold prices for the new member States provided for.

For a given product the common agricultural policy fixes a single threshold price applicable throughout the Community at all the points of entry.

In the cereals sector, for the United Kingdom intervention prices are provided for only in the case of common wheat and barley. Their initial level on 1 February 1973 is as follows:

Common wheat

Cambridge	:	62.59 u.a./t (the lowest price)
West Coast	:	66.86 u.a./t
East Coast and South	:	65.70 u.a./t
Tilbury	:	66.19 u.a./t

Barley

Cambridge	:	52.55 u.a./t (the lowest price)
West Coast	:	57.62 u.a./t
East Coast and South	:	55.55 u.a./t

The initial threshold prices are those fixed for cereals by Council Regulation (EEC) No. 1405/72 of 27 June 1972 (Official Journal No. L 150 of 4 July 1972, p. 3) and for flour, groats and meal by Commission Regulation (EEC) No. 1525/72 of 17 July 1972 (Official Journal No. L 162 of 18 July 1972, p. 16), increased by the monthly increments applicable for the month of February 1973 as fixed by Council Regulation (EEC) No. 1407/72 of 27 June 1972 (Official Journal No. L 150 of 4 July 1972, p. 7).

54. What is the "representative period" referred to in Article 51(3) by which the United Kingdom will set her agricultural price levels prior to movement towards CAP prices?

Reply

It is not possible to give a reply to this question at present, since the price-fixing procedure is not yet completed for the various sectors.

55. Is it possible to define, with examples, what is meant by a "minimal" difference in price levels mentioned in Article 53?

56. Article 53 provides that if the difference between the product price in a new member State and the common price level in the Community is "minimal" the Council may decide that the new member State is to apply the common price to the product concerned. Can the Community indicate now the products and the new member States to which the provisions of Article 53 will apply? If not, when will this information be made available?

Reply to question Nos. 55 and 56

The relevant Community authorities will if need be evaluate the difference between the price level considered in the context of Article 57 of the Treaty of Accession. As an example, the case of rye for Denmark can be instanced: since

the difference between the fixed price for this new member State and the common price was 1.5 UA/t, the Council has decided to apply the common intervention price to Denmark from 1 February 1973.

57. Can it be understood that the new member States will not have to carry out gradual price alignment for certain commodities such as tobacco, rice, wine and olive oil for which no specific programme of price alignment is provided for, although a common price is fixed for these commodities in the original member States?

If so, since compensatory amounts are not fixed for tobacco, wine and olive oil, there is likely to be some difference in price level of these commodities between the original member States and the new member States. How would this difference be adjusted?

Reply

In the case of rice, progressive alignment of prices between the new member States and the Community as originally constituted will result from a reduction in compensatory amounts in accordance with the rules laid down in Articles 52 and 80 of the Act of Accession.

For the other products mentioned, the common prices will be applied from 1 February 1973 in the new member States, without transitional measures or compensatory amounts. The harmonization of prices, in this case, will result from the creation of a single market.

58. What are the modifications envisaged to the Common Market's regulations for calculating the prices of imported beef, veal and live bovine animals?

Reply

In the context of the Act of Accession, the reply to this question is furnished in Annex I (II) (B) (j) (beef and veal) of the Act, which modifies the text of Article 10 of Council Regulation (EEC) No. 805/680.

59. It is provided for in paragraph 1 of Article 54 of the Act that the United Kingdom may maintain her national system of guaranteed prices during the process of alignment of the domestic price level to that of the Community. Is this guaranteed price to be the one fixed in 1972, or is a new guaranteed price to be fixed each year even after accession?

60. Article 54 authorizes the continuation, under certain conditions of production subsidies in the United Kingdom. What are the products on which the United Kingdom is authorized to continue deficiency payments, and what is the time-table for their elimination?

Reply to question Nos. 59 and 60

The provisions of Article 54 are intended to allow the United Kingdom, in accordance with a procedure to be laid down by the Council, to maintain production subsidies for products in respect of which there will still be a

difference between the prices obtained under the national system and the market prices which will result from applying the machinery of the common agricultural policy and the provisions of Part 3, Title II of the Act concerning the Conditions of Accession and the Adjustments to the Treaties.

The list of products requested in question No. 60 has not been drawn up; only the criterion for fixing prices mentioned above is laid down.

61. Article 55 of the Treaty of Accession provides for compensatory levies or payments on agricultural trade between the Community and new member States in order to equalize differences in price levels during the transitional period. This procedure would, in effect, appear to provide the Community preference for EEC agricultural exports to the United Kingdom market from the beginning of the transitional period. How will these compensatory payments to Community exports be calculated, for example on feed barley exports to the United Kingdom after 1 February 1973? How would access for Community barley to the United Kingdom market compare with access conditions for barley from third country suppliers (both Commonwealth preferential and most favoured nation) in 1973? A tabulation or chart showing various compensatory payments, import levies and tariffs for EEC, Commonwealth and most-favoured-nation suppliers in 1973 would be helpful. For the purposes of calculating a levy, a national lowest offer price for barley could be used roughly equivalent to current market conditions.

Reply

1. The compensatory amount for barley is equal to the difference between the price fixed for the port of King's Lynn and the common price valid for that port (see Article 55(2) of the Act of Accession).

The price fixed for King's Lynn was arrived at on the basis of the minimum import price valid in the United Kingdom, such price being reduced by the amount of the difference between the Community threshold price and the intervention price in a surplus region of the Community as originally constituted.

The common price valid for King's Lynn results from the application of the Community rules on the derivation of intervention prices.

2. From 1 February 1973, each delivery of cereals to the market of the acceding States from the Community as originally constituted will no longer come under the system of export refunds but under that of compensatory amounts. This means that from 1 February 1973 deliveries of cereals from the Community to the United Kingdom and the other acceding States will benefit from the compensatory amount to bring the prices of Community products down to a level comparable with that of the prices fixed in the acceding countries.

On the other hand, all imports of cereals to the United Kingdom from third countries are subject to the system of Community levies. However, these levies are reduced by the compensatory amount in accordance with Article 55(1)(b) of the Act of Accession.

Example

1. Community levy on barley on 25 July 1972 ^{1/}	52.88 u.a./t
2. Compensatory amount for barley in the United Kingdom	42.33 u.a./t
3. 1 minus 2 = charge on import to the United Kingdom	10.55 u.a./t

^{1/}It should be noted that it is not possible at present to indicate what the levy will be in February 1973, since it will depend on a c.i.f. price as yet unknown.

3. Compensatory amounts in the United Kingdom

Common wheat:	44.31
Durum wheat :	65.40
Barley :	42.33
Rye :	52.91
Oats :	36.19
Maize :	36.91
Millet :	37.34
Sorghum :	37.34

62. Article 55 provides that differences in price levels will be compensated by amounts levied by the importing State or granted by the exporting State. Will the parties to the Act of Accession give concrete examples showing how these provisions would be implemented and what degree of Community preference is provided for when (1) the Community fixes target and intervention prices and (2) when the Community does not?

Reply

A specific example of the application of the provisions of Article 55 is to be found in Regulation (EEC) No. 1724/72, already referred to.

63. Article 55, paragraph 5, provides that when the duty on a product is bound, the binding shall be taken into account. Does the Community intend to take the binding into account by maintaining the protection at the bound level?

Reply

The Community will apply Article 55(5) in conformity with the relevant provisions of the General Agreement.

64. Article 56 provides that if world prices are higher than the price used in calculating the import charge under the CAP (or if the refund on exports to third countries is less than the compensatory amount) "appropriate measures may be taken with a view to ensuring the proper functioning of the common organization of the market". What are the "appropriate measures" referred to?

Reply

At present, it is not possible to judge in advance the nature of the "appropriate measures" covered by Article 56.

65. Article 59 applies to products subject to customs duty upon importation into the Community as originally constituted. It provides for the elimination of duties by stages in intra-Community trade and for alignment by stages of duties of the new member States with the CXT. Where customs duties of the new member States differ by 15 per cent or less from the CXT, the alignment is to be made in one step. New member States may abolish customs duties or align them with the CXT at a more rapid rate than provided for in the general provisions governing the transition period.

- (a) To which products will each acceding country apply the full CXT upon initial alignment?
- (b) What measures are contemplated to ensure that more rapid elimination of or alignment of duties is undertaken in a balanced manner so that increases in duties will be offset by comparable decreases?

Reply

(a) The tariff headings referred to in Article 59 of the Act will be laid down in the course of 1973.

(b) No measure is contemplated. The enlarged Community does not think that recourse to the option provided for in Article 59(4) will harm the interests of the other contracting parties.

66. Article 60, paragraph 1, provides that where a common organization exists, the system of customs duties and charges and quantitative restrictions applicable in the Community of Six will apply, subject to Articles 55 and 59, in the new

member States from 1 February 1973. What products, by BTN heading, are covered by such quantitative restrictions and other measures of the Community that are to be applied by the new member States beginning 1 February 1973?

Reply

The forms of common market organization currently in force, which include provisions setting up a single import system in respect of third countries, prescribe the abolition of all quantitative restrictions or measures with equivalent effect.

67. Article 60, paragraph 2, provides for products that are not covered by the CAP on the date of accession, that new member States are authorized for a period to retain quantitative restrictions and other measures if they form part of the national market organizations (of the acceding countries) on the date of accession. What are the products, by tariff line for each acceding country, that will remain subject to quantitative restrictions and other measures after accession?

Reply

The reply to this question is to be supplied as soon as possible.

68. Article 61 provides for assessing a component of the import charge to "ensure protection of the processing industry". What products, by tariff line, are to be subject to a separate protective element for processors? And what are the amounts of the protective element to be applied for each such product?

Reply

The products for which the common organization of the markets in cereals, rice and products processed from fruit and vegetables provides for a fixed component in the import charge to protect the processing industry are the following:

1. Products processed from cereals and rice

The list of products processed from cereals and rice which will be subject to the payment of a separate component for protection of the processing industry is given below. The products are listed by tariff lines and for each of them the protective component (fixed component) at present applied by the Community as originally constituted, and which will also be applied at the end of the transition period by the new member States, is specified.

At the beginning of this period, for imports into the new member States, the amount of that component will be determined by separating out, from the total protection applied on 1 January 1972, the component or components designed to ensure the protection of the processing industry.

The work of determining this component is at present in progress.

Such component or components, which will be levied on imports from other member States, will replace, as regards the charge on imports from third countries, the Community protective component.

Since the provisions of Article 59 apply to the components referred to above, the measures provided for in paragraph 4 of that Article, in particular, may be applied.

Tariff heading	Description of goods	Basic product	Fixed component UA/100 kg
1	2	3	5
11.01	Cereals flours:		
	A. wheat or meslin flour	Wheat	1.875
	B. rye flour	Rye	1.875
	C. barley flour	Barley	0.50
	D. oat flour	Oats	0.50
	E. maize flour:		
	I. of a fat content not exceeding 1.5% by weight	Maize	0.50
	II. Other	Maize	0.25
	F. rice flour	Broken rice	0.25
	G. buckwheat flour	Buckwheat	0.50
	H. millet flour (x)	Millet	0.25
	IJ. canary seed flour	Canary seed	0.25
	K. grain sorghum flour (a)	Sorghum	0.25
	L. other	Canary seed	0.25
11.02	Cereal groats and cereal meal, hulled, pearled, kibbled, rolled grains (including flakes), except husked, glazed, polished or broken rice; germ of cereals, including flours (1):		

Tariff heading	Description of goods	Basic product	Fixed component UA/100 kg
1	2	3	5
11.02 (cont'd)	II. other cereals: (a) wheat (b) barley (c) maize (d) sorghum (e) other: 1. Flaked rice grains 2. Other F. Pellets: I. wheat II. rye III. barley IV. oats V. maize VI. rice VII. buckwheat VIII. millet IX. sorghum X. other G. Germ of cereals, whole, rolled, flaked or ground: 1. wheat 2. other	Soft wheat Barley Maize Sorghum Broken rice Canary grass Soft wheat Rye Barley Oats Maize Broken rice Buckwheat Millet Sorghum Canary grass Soft wheat Maize	0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.50 0.25 0.50 0.25 0.25 0.25 0.25 0.50 0.50 (a)
11.06	Flour and meal of sago and of manioc, arrowroot, salep and other roots and tubers falling within heading No. 07.06: A. denatured B. other	Barley Maize	0.25 1.70
11.07	Malt, roasted or not A. unroasted I. obtained from wheat (a) in the form of flour (b) other	Soft wheat Soft wheat	0.90 0.90

Tariff heading	Description of goods	Basic product	Fixed component UA/100 kg
1	2	3	5
11.07 (cont'd)	A. II. Other: (a) in the form of flour (b) other B. Roasted	Barley Barley Barley	0.90 0.90 0.90
11.08	Starches; inulin: A. Starches: I. maize starch II. rice starch III. wheat starch IV. potato starch V. other	Maize Broken rice Soft wheat Maize Maize	1.70 2.55 1.70 1.70 1.70
11.09	Wheat gluten, dried: A. dried B. other	Soft wheat Soft wheat	15.00 15.00
17.02	Other sugars; sugar syrups; artificial honey (whether or not mixed with natural honey); caramel: B. Glucose and glucose syrup II. Other: (a) Glucose in the form of white crystalline powder, whether or not agglomer- ated (b) not specified	Maize Maize	8.00 5.50
17.05	Flavoured or coloured sugars, syrups and molasses, but not including fruit juices containing added sugar in any proportion: B. Glucose and glucose syrup: I. Glucose in the form of white crystalline powder, whether or not agglomer- ated II. Other	Maize Maize	8.00 5.50

Tariff heading	Description of goods	Basic product	Fixed component UA/100 kg
1	2	3	5
23.02	<p>Bran, sharps and other residues derived from the sifting, milling or working of cereals or of leguminous vegetables:</p> <p>A. Of cereals:</p> <p>I. of maize or rice:</p> <p>(a) with a starch content not exceeding 35% by weight</p> <p>(b) other:</p> <p>1. with a starch content exceeding 35% but not exceeding 45% by weight, and having undergone a denaturing process</p> <p>2. not specified</p> <p>II. of other cereals:</p> <p>(a) of which the starch content does not exceed 28% by weight, and of which the percentage which passes through a sieve with an aperture of 0.2 mm does not exceed 10% by weight or of which the sieve product has an ash content, calculated on the dry product, of 1.5% or more by weight</p> <p>(b) other</p>	<p>Soft wheat) Barley) Maize)</p>	<p>0</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p>

Tariff heading	Description of goods	Basic product	Fixed component UA/100 kg
1	2	3	5
23.03	<p>Beet pulp, bagasse and other waste of sugar manufacture; brewing and distilling dregs and waste; residues of starch manufacture and similar residues:</p> <p>A. Residues from the manufacture of starch from maize (excluding concentrated steeping liquors) of a protein content, calculated on the dry product</p> <p>I. exceeding 40% by weight</p>	Maize	15.00
23.07	<p>Sweetened forage; other preparations of a kind used in animal feeding:</p> <p>B. Other, containing starch, glucose or glucose syrup falling within sub-headings 17.02 B and 17.05 B, or milk products (falling within headings or subheadings 04.01, 04.02, 04.03, 04.04, 17.02 A or 17.05 A):</p> <p>I. containing starch or glucose or glucose syrup:</p> <p>(a) containing no starch or containing 10% or less by weight of starch:</p> <p>1. containing no milk products or containing less than 10% by weight of such products</p>		0.90

Tariff heading	Description of goods	Basic product	Fixed component UA/100 kg
1	2	3	5
	<ul style="list-style-type: none"> 2. containing 10% or more but less than 50% by weight of milk products 3. 4. 		0.90
	<ul style="list-style-type: none"> (b) containing more than 10% but not more than 30% by weight of starch: <ul style="list-style-type: none"> 1. containing no milk products or containing less than 10% by weight of such products 2. containing 10% or more but less than 50% by weight of milk products 		0.90
	<ul style="list-style-type: none"> (c) containing more than 30% by weight of starch: <ul style="list-style-type: none"> 1. containing no milk products or containing less than 10% by weight of such products 2. containing 10% or more but less than 50% by weight of milk products 3. 		0.90
	<ul style="list-style-type: none"> II. 		0.90

2. Fruit and vegetable-based processed products

Under Article 61, the term "component destined to ensure protection of the processing industry in this sector" is to be understood as meaning the CCT customs duty applied to processed products with a fruit and vegetables basis which are covered by Regulation (EEC) No. 865/68 of 28 June 1968, namely:

Tariff heading	Description of goods
ex 07.02	Vegetables (whether or not cooked), preserved by freezing, excluding olives
ex 07.03	Vegetables provisionally preserved in brine, in sulphur water or in other preservative solutions, but not specially prepared for immediate consumption, excluding olives.
ex 07.04	Dried, dehydrated or evaporated vegetables, whole, cut, sliced, broken or in powder, but not further prepared, excluding olives
08.10	Fruit (whether or not cooked), preserved by freezing, not containing added sugar
08.11	Fruit provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that stage for immediate consumption
08.12	Fruit, dried, other than that falling within heading Nos. 08.01, 08.02, 08.03, 08.04 or 08.05
08.13	Peel of melons and citrus fruits, fresh, frozen, dried or provisionally preserved in brine, in sulphur water or in other preservative solutions
ex 13.03 B	Pectin
20.01	Vegetables and fruit, prepared or preserved by vinegar or acetic acid, with or without sugar, whether or not containing salt, spices or mustard
20.02	Vegetables prepared or preserved otherwise than by vinegar or acetic acid
20.03	Fruit preserved by freezing, containing added sugar
20.04	Fruit, fruit-peel and parts of plants, preserved by sugar (drained, glacé or crystallized)
20.05	Jams, fruit jellies, marmalade, fruit purée and fruit pastes, being cooked preparations, whether or not containing added sugar

Tariff heading	Description of goods
20.06	Fruit otherwise prepared or preserved, whether or not containing added sugar or spirit
ex 20.07	Fruit juices (excluding grape must) and vegetable juices, whether or not containing added sugar, but unfermented and not containing spirit
ex 20.07	Grape juices (including grape must), with an added sugar content exceeding 30 per cent by weight, not containing spirit

69. If the implementation of the transitional arrangements contained in Part IV, Title II, should (in accordance with the provisions of Article 63) necessitate additional transitional measures which might result in a standstill or suspension of any particular transitional arrangement, it is assumed that such additional transitional measures will, mutatis mutandis, be applied to trade with third countries. Could the parties confirm this?

Reply

In accordance with Article 63, additional transitional measures may be taken, each case being examined separately. Some of them may be applied to trade with third countries.

70. Article 65 specifies the fruit and vegetable products for which compensatory amounts are to be fixed, namely those for which a new member State applied quantitative restrictions in 1971, a common basic price is fixed, and the producer price in the new member State appreciably exceeds the basic price previously applicable in the Community.

- (a) What products were subject to quantitative restrictions in 1971?
- (b) What is the list of products for which the producer price in the acceding countries "appreciably exceeds" the basic price in the Community? If the list is not now available, when can the contracting

parties expect to receive it, together with the corresponding compensating amounts applicable to each product listed?

Reply

(a) The information in answer to this question is to be found in the list of information that the enlarged Community has undertaken to supply to the GATT Working Party. In certain conditions compensatory amounts may be laid down for the following products:

Denmark: potatoes, pears, cauliflowers, tomatoes
Ireland: potatoes, tomatoes
United Kingdom: potatoes, pears

(b) The list is not yet available. It will be drawn up as part of the implementation of the provisions of Title II of the Act of Accession, in accordance with Article 62.

As the information is necessary for commercial transactions, it will be published as and when available.

71. Article 66 provides that the compensatory amount shall not be applied in trade between two new member States if the difference between respective producer prices is insignificant after adjusting for the incidence of customs duties. What products fall within this definition?

Reply

Work on the implementation of the provisions of the Accession Treaty is not yet sufficiently advanced for us to answer this question at this stage.

72. Article 74 provides for the fixing of compensatory amounts for cereals for which no derived intervention prices are fixed in the acceding countries.

- (a) What are the cereals in question?
- (b) Which competitive cereals (for which derived intervention prices are to be fixed) are to be used for deriving the compensatory amounts for these cereals?
- (c) What is the criterion for determining the degree of competition between such cereals?
- (d) What is meant by an appreciable difference between threshold prices and market prices in the acceding country, a difference which permits the latter relationship to be taken into consideration in fixing the compensatory amount?

- (e) How is the relationship between market prices for the cereals in question to be taken into consideration in setting the compensatory amounts?

Reply

- (a) The following cereals are concerned:

- for the United Kingdom: durum wheat, rye, oats, maize, millet, sorghum
- for Denmark: durum wheat, oats
- for Ireland: durum wheat, rye, oats, maize, millet, sorghum

- (b) The reference cereal is wheat (other than durum), as far as durum wheat is concerned, and barley, for the other cereals.

(c) The compensatory amounts for cereals other than those subject to a fixed price have been calculated according to the acceding country on the basis of either the relationship between the market price levels or on that existing between the threshold prices in the Community as originally constituted.

(d) An "appreciable difference" between the threshold prices and the market prices is deemed to be one arising from a scale of price relationships different from those existing in the Community as originally constituted.

A typical example of this is the price of maize in the United Kingdom, which is higher than that of barley. The opposite obtains in the present Community.

(e) The factors which have determined price formation on the market (for example, the minimum import price in the United Kingdom) have been taken into consideration.

73. Articles 75, 77 and 79 provide that the compensatory amounts for pig carcasses, eggs, slaughtered poultry and chicks are to be calculated on the basis of the compensatory amounts applicable to the quantity of feed grains required for production of one unit of product in the Community. The compensatory amounts for products derived from the basic products above are to be calculated by use of the coefficient used in determining the levy for such products.

- (a) Why are the quantities of feed grains required to produce one unit of output in the Community used instead of quantities of feed grains required to produce one unit of output in the acceding countries?

- (b) Will the Community feed conversion ratio and the coefficients used in calculating the levy be modified to reflect the relative efficiencies of the acceding countries? If so, what will these ratios and coefficients be?

Reply

The details of methods for deriving compensatory amounts for pigmeat, eggs and poultry meat will be dealt with by the Institutions of the Community.

74. Article 80 provides for the fixing of compensatory amounts for rice on the basis of the difference between the threshold prices and the market prices in the acceding countries during a reference period.

- (a) What is the reference period that is to be used in determining the market prices for round-grain husked rice, long-grained husked rice, and broken rice in the new member States?
- (b) What were the market prices in each new member State during that reference period?

75. Article 86 provides for the fixing of the compensatory amounts for pilot products in the dairy regulation other than butter and skim milk powder.

- (a) What is the representative period that is to be used to determine the representative market price levels in the new member States and in the Community?
- (b) What were the representative market price levels for these products during that period?

Reply to questions nos. 74 and 75

(a) This question is currently being studied. The Community will decide on the reference period when it lays down the implementing regulations for Articles 80 and 86.

(b) It will be possible to supply information on this matter as soon as the Council has resolved the issue under (a).

76. Article 91 provides for the fixing of compensatory amounts for calves and bovine animals. What are the specific "appropriate measures" which are to be adopted by the new member States in order to maintain preferences and avoid deflections in trade?

Reply

The purpose of the "appropriate measures" referred to in Article 91 (2) will be to avoid any deflections of trade when the levy is partially applied on the products in question. A decision on the method for affecting this will be made in due course.

77. Article 93 authorizes Ireland to retain the present measures relating to the export of beef and veal in correlation with the system of production subsidies on slaughter cattle applied in the United Kingdom.

- (a) What are the measures which Ireland presently applies on the exports of beef and veal?
- (b) What is the time schedule for the phasing-out of United Kingdom subsidies?

Reply

(a) Exports of beef and veal to the United Kingdom receive support payments when deficiency payments are made under the United Kingdom's Fatstock Guarantee Scheme.

(b) The relevant reply is to be found in Article 54 of the Act of Accession.

78. Article 96 outlines the procedure for setting producer aids for seed producers.

- (a) What will the subsidies be for seed production in each new member State?
- (b) What schedule of alignment is to be followed?

Reply

(a) This question is currently being studied.

(b) Article 96 of the Act of Accession mentions gradual alignment without fixing a timetable for the process. The competent authorities will have to decide on this point.

79. Articles 104 and 105 relate to the rules and provisions for veterinary health measures in intra-Community trade in bovine animals, swine and fresh meats. What national rules on the imports of these products are the new member States being authorized to retain until 31 December 1977?

Reply

As regards animals of the bovine and porcine species (Directive No. 64/432/EEC) the United Kingdom and Ireland are authorized to retain until 31 December 1977, while respecting the general rules of the EEC Treaty, their rules and regulations on imports of animals for breeding, production and slaughter; the same authorization is also valid for Denmark, but this country must apply the provisions of the aforementioned Directive in respect of imports of cattle for slaughter.

However, Article 104(1) specifies that "Adjustments will be sought, within the framework of these national rules and regulations, to ensure the progressive development of trade; to this end, these rules will be examined by the Standing Veterinary Committee".

As regards fresh meat (Directive No. 64/433/EEC) Ireland, and the United Kingdom for Northern Ireland, are authorized to retain until 31 December 1977, while respecting the general rules of the EEC Treaty, their national rules concerning safeguards against foot and mouth disease on importation of fresh meat.

80. What is the legal status of the footnote to Protocol 16?

Reply

The footnote is part of Protocol No. 16 which must be considered as a whole.

81. What are the problems referred to in paragraph 3 of Protocol 16 "which should be avoided concerning fluidity of trade, particularly in the cereals sector (wheat and rice)"?

Reply

The problems referred to in paragraph 3 are those which might arise from the new geographical enlargement of the Community with regard to the free movement of the products mentioned.

82. What is the significance of paragraph 4 of Protocol 16?

Reply

The institutions of the enlarged Community will decide in the light of all the relevant circumstances at the time, what might constitute a problem in the sense of paragraph 5, seeing that in the terms of paragraph 4, changes in the pattern of international trade are a natural result of the enlargement of the Community.

83. With whom in the enlarged Community will rest the final decision in respect of procedures set out in paragraph 5 of Protocol 16?

Reply

It will be for the various competent institutions of the Community to take, in due course, the measures which might be needed in the various cases; this might necessitate taking Protocol No. 16(5) into consideration.

84. What are the "similar cases" referred to in paragraph 5 of Protocol 16?

Reply

Similar cases referred to in Protocol No.16(5) relate to a number of situations which have caused the institutions of the Community to take derogatory measures during the transitional period of implementation of the common agricultural policy.

85. Would the parties elaborate on what will be regarded as a "problem" in terms of paragraph 5 of Protocol 16?

Reply

Same answer as for question No 82.

86. What are the various means of action, referred to in paragraph 6 of Protocol 16, which the institutions of the Community will have available to overcome difficulties which may arise on the Community markets from the application of the transitional mechanisms?

87. In considering the question of barriers to trade before and after the enlargement of the Communities, would it be correct to assume from the provisions of Protocol No.16 that there could be certain specific cases where the enlarged Communities will take measures in the form of reduction of trade barriers to meet trade problems arising in certain third countries?

Reply to Questions Nos.86 and 87

The means of action referred to in Paragraph 6 of Protocol No.16 are all those resulting from the provisions of the EEC Treaty, of the Acts adopted in application thereof and of the provisions of the Act concerning the terms of accession and adaptations to the Treaties, while respecting the Community's international commitments and the rules of the common agricultural policy.

88. Would any such action be taken only on a temporary basis during the transitional period?

Reply

This question is answered in the affirmative.

89. If so, in what circumstances would the Communities consider putting such action on a permanent basis?

Reply

In compliance with Paragraph 5 of Protocol No.16, the measures in question are applicable only during the period of application of the transitional measures.

90. Protocol 18 of the Treaty of Accession provides certain assurances to New Zealand with respect to the volume of butter and cheese imports into the United Kingdom from that country. What mechanisms, if any, will be introduced to assist the United Kingdom in meeting these obligations? Will New Zealand be given the benefit of preferential levies or will some other device be employed?

Reply

Machinery for importing New Zealand butter and cheese into the United Kingdom, taking account of the Community's commitment, is already laid down in Protocol No 18 of the Accession Treaty within the framework of the quantities referred to in Article 1(2) and, in particular, the fixing of special levies on the basis of a c.i.f. price to be observed in accordance with the provisions of Article 2(2).

91. Protocol No. 19 provides that the Council shall decide the necessary measures to facilitate the use of Community cereals in the manufacture of spirituous beverages obtained from cereals (whiskey in particular) exported to third countries. Is there any information on types of measures that are envisaged to facilitate such use of Community cereals? Will any such measures take the form of a direct or indirect subsidy?

Reply

No decision has yet been taken concerning the application of Protocol No. 19.

92. It is planned that during the transitional period, contributions by the new member States to the budget of the Community will gradually be increased. In this regard, will the full amount be paid by FEAGA to the new member States in case of market intervention or export refundment.

Reply

The reply is in the affirmative. The new Member States will receive from the EAGGF the full amount of their expenditure in the event of market intervention or of export refunds.

V. Relations with Associated States and certain third countries

93. Article 108 provides that, from the date of accession, the new member States are to apply the Community's agreements with Greece, Turkey, Tunisia, Morocco, Israel, Spain and Malta and any Mediterranean country with which the Community concludes an agreement before 1 January 1973. It provides for the negotiation of protocols with the contracting third countries and notes that the transitional measures and adjustments are not yet settled.

- (a) What transitional measures and adjustments are foreseen?
- (b) What is the time frame contemplated for the signing of the Protocols?
- (c) At what stage will they be submitted for GATT consideration?
- (d) In the case of Turkey which of the two agreements with the Community is to be the basis of association?

Reply

(a) The transitional measures and adjustment are the measures which will be necessary to ensure the progressive assumption by the candidate States of the Community's contractual obligations under the agreements concerned. The protocols to be drawn up in this connexion are dependent on negotiations between the Community and each of the co-contracting third countries. These negotiations are in progress or are being prepared. The appropriate measures will be defined for each agreement.

(b) The date for the coming into force of the protocols referred to is necessarily the date of the coming into force of accession, that is, 1 January, 1973.

(c) The protocols negotiated will be notified to GATT, in accordance with practice followed in the matter, after signature.

(d) In the case of the association with Turkey, the contractual obligations to be assumed by the candidate States are those deriving from the Ankara Agreement and the Additional Protocol. The provisions of these two agreements are inseparable. Article 21 of the Ankara Agreement and Article 56 of the additional Protocol define the principles which must direct the formulation of transitional and adaptational measures made necessary by the accession of new States to the Community.

94. Explain the present situation of the negotiations with the other third countries in the Mediterranean region provided for in paragraph 3 of Article 108.

Reply

Negotiations are in progress. The agreements resulting from them will be notified to GATT in due course.

95. Do the parties agree that adjustments to the agreements referred to in Article 108, paragraph 3, which will be the subject of protocols in accordance with Article 108, paragraph 1, could have a bearing on their consistency or

otherwise with the General Agreement? Would they agree that the agreements in question should be re-examined by the CONTRACTING PARTIES?

Reply

The protocols relating to the transitional and adaptational measures for the agreements concerned will be notified to the Contracting Parties in conformity with Article XXIV. The Community will participate, according to the usual procedures, in the examination of these protocols within the framework of GATT.

96. Articles 109-115 and Protocol No.22 provide the broad framework for establishing the enlarged Community's relations with the Associated African and Malagasy States and with certain developing Commonwealth countries. Relations are to be regularized by 31 January 1975, although Article 115(3) permits extension of the transition date. Negotiations with the Commonwealth countries are to be initiated in 1973 on the basis of three alternative proposals for association or special trade agreements. New arrangements are also to be negotiated with the African countries.

- (a) Has the Community had any reactions from the developing Commonwealth countries concerning the types of arrangements, if any, that each would be interested in negotiating? If so, what is the reaction?
- (b) Does the Community intend to seek reverse preferences? If so, with which countries? And for what reasons?
- (c) What measures are contemplated to ensure that the proposed arrangements are compatible with GATT?
- (d) If Botswana, Lesotho and Swaziland decide to seek an association arrangement with the Community, can Section I, paragraph 3 of Protocol No.22 be interpreted to mean that the Community expects to obtain duty-free access, which is the tariff treatment presently accorded the Republic of South Africa?

Reply

(a) The Community has not yet learnt the reactions of the countries concerned. It is for those countries, when they consider it advisable, to make known their choice with regard to the three options offered by the enlarged Community. This choice will determine the nature of the agreement to be negotiated with those countries, and its status with regard to the provisions of the General Agreement.

(b) The Community leaves to the countries concerned the choice of the formula according to which they would like to define their relations with it.

(c) The measures at present envisaged are either the establishment of a free-trade area within the meaning of Article XXIV, or a non-discriminatory trade agreement.

(d) In the case of these three countries appropriate solutions will have to be found for certain specific problems, so that their participation in a customs union on the one hand and in a free-trade area on the other, if this formula is adopted, does not entail the risk of trade deflection. The solutions to be sought (in particular to the problem of origin) can have no effect on the compatibility of the free-trade area with the provisions of GATT.

97. It is provided for in Article 108 of the Act that association agreement with Mediterranean States shall apply to the new member States as from 1 January 1973, while Article 109 provides that the arrangement resulting from the Yaoundé Convention signed on 29 July 1969 and the Arusha Agreement signed on 24 September 1969 shall not apply in relations between the new member States and the States associated with the Community under the above acts. Explain the reason for such differentiation of treatment.

Reply

The countries associated with the Community by the Yaoundé Convention and the Arusha Agreement are directly concerned by the options offered by the enlarged Community to the independent Commonwealth countries listed in Annex VI of the Treaty.

In the circumstances, the parties to the Treaty considered that a transitional situation of status quo was the one best suited to serve as a basis for entering on 1 August 1973 (18 months before the expiry date of the two agreements) into the prescribed negotiations for drawing up new agreements between the enlarged Community and all countries concerned which might ask to participate in it.

98. Is there any information available on the expected scope and contents of the new Convention for the Associated African and Malagasy States (AAMS) that is to follow the Convention signed on 29 July 1969? Is it expected to provide for a full customs union, complete free-trade area, or selected preferential arrangements? When is the renegotiation with the AAMS expected to occur?

Reply

The Community for its part is ready to pursue its policy of association, with regard to the AAMS as well as to the independent developing countries of the Commonwealth which will be parties to the same association.

On the basis of the Association Convention at present in force, free trade within the meaning of Article XXIV is practised between the original Community and the AAMS. This Convention, concluded for a period of five years, expires on 31 January 1975. Article 62 of the Convention provides that, eighteen months before its expiry, the parties to the Convention should examine the provisions which could be made for a further period.

99. According to Articles 109 to 115 and Protocol 22, the status of the relations between the new member States and the EAMA countries, the three Arusha countries and the independent Commonwealth countries referred to in Annex VI is permitted to differ from those of the relations between the present Community and these groups of countries. Is this considered to be consistent with the provisions of paragraph 5(c) and 8(a)(ii) of Article XXIV of GATT?

Reply

The provisions of Articles 109 to 115 are transitional provisions whose validity ceases on 31 January 1975, expiry date of the Yaoundé Convention and the Arusha Agreement. The object of these provisions is to safeguard in its entirety during this period a situation on the basis of which the countries concerned are required to define their relations with the enlarged Community via negotiations. These status quo provisions are not incompatible with paragraph 8(a) (ii) in that this paragraph lays down that the customs duties and other regulations of commerce must be substantially the same.

100. Will the parties notify to the CONTRACTING PARTIES decisions taken by the Council pursuant to Article 110(b), and decisions of the Commission pursuant to Article 112, paragraph 3?

Reply

The provisions of Article 110(b) have the object of ensuring, if this proves necessary, respect for the general principle of status quo governing all the provisions of Title III, Chapter 2 of the Treaty, in the implementation of certain special aspects of Community rules.

The Community will inform the CONTRACTING PARTIES of any measures which might be taken under Article 110(b), as well as any derogations within the meaning of Article 112(3).

101. When will the information referred to in paragraphs 1 and 2 of Article 113 (arrangements currently applied to imports from the developing Commonwealth countries) be transmitted to the GATT?

Reply

Where the information referred to in Article 113 is relevant to examination of the Treaty under Article XXIV, its communication is already provided for in the list of information which the enlarged Communities intend to furnish to the Working Group charged with examining the Accession Treaty.

102. Does Article 115(1) contemplate that after 31 January 1975 the new member States will apply fully the arrangements with the Associated African and Malagasy States?

Reply

The members of the enlarged Community will apply in full the provisions of the new Convention which will have been negotiated between the enlarged Community and the associated countries, when that new Convention comes into force.

103. Article 117 provides for the association of the Non-European territories maintaining special relations with Norway or the United Kingdom and of the Anglo-French Condominium of the New Hebrides not earlier than 1 February 1975, and subject to a decision of the Council. The new member States have discretion whether they wish to accede to the agreement on trade with overseas countries and territories in products within the province of the ECSC. When will the Community submit to the GATT for consideration the projected association of non-European territories?

Reply

The Council's decision on the association of the non-European territories referred to in Article 117(1) will be notified to GATT when it has been made.

104. Rhodesia is not listed as either a dependent British area in Article 24 or as an independent developing country of the British Commonwealth in Annex VI. Does this mean that Rhodesia is not being offered association or some other preferential trading arrangement?

Reply

The provisions in Articles 24 and 109 of the Treaty can only apply to the countries and territories expressly named, either in Article 24 or in Annex VI.

105. For each of the four new member States, give the import and export statistics for their trade with those States which have association agreements with the present Community, together with the percentage of such trade in the total trade of each of these member States for the years 1969, 1970 and 1971 with breakdowns for industrial products and agricultural products.

Reply

The statistical data relating to this question are given in Annex IV.

VI. Other questions

106. For the following measures, information is requested as to the effects of the enlargement of the present Community as well as on each of the four acceding States. (With regard to those measures for which a common trade regulation of the present Community is to be adopted by the four States after their accession, it is requested to give concrete explanation as to how the provisions of the existing trade regulations in these States will be changed, so that a change in the incidence can be judged objectively.) If the enlargement will not immediately affect the measures, give the "plan and schedule" of the harmonization of these measures in the ten member States.

- (a) Subsidies on export and import (including restitutions)
- (b) Anti-dumping measures.
- (c) State trading
- (d) Rules of origin
- (e) Technical regulations for safety and sanitary purposes
- (f) Countervailing duties

Reply

(a) The Community gives a reminder that refunds cannot be equated with export subsidies.

The provisions for export refunds contained in the various common agricultural policy regulations will be applicable in the new Member States with effect from 1 February 1973.

During the period of alignment for agricultural prices, (i.e. by 1 January 1978 at the latest), the differences in price levels will be offset in trade between the new member States and third countries by increasing or lowering export refunds (compensatory amounts) as the case may be.

(b) Regulation 459/68 on protection against dumping, premiums or subsidies applied by third countries will apply to the acceding States, save that a provision identical with Article 26 of the Regulation (this Article is no longer operative for the Community as originally constituted) will apply in respect of Ireland and the United Kingdom up to and including 30 June 1977. This provision lays down that in cases other than where the interests of Community production are concerned or where the product is an agricultural product subject to common organization of the market in agriculture, these two countries may independently take measures to protect national production.

(c) Article 44 of the Act concerning the Conditions of Accession is intended to define the reciprocal obligations of the original member States and the new member States in view of the progressive adjustment of State monopolies of a commercial character within the meaning of Article 37(1) of the EEC Treaty. This process of adjustment must be completed by 31 December 1977.

Detailed information on the measures in question will be furnished to the Working Party on Accession to the European Communities in accordance with the enlarged Community's commitments in this Working Party.

(d) Council Regulation EEC No 802/68 of 27 June 1968 on the common definition of the concept of origin of goods will be applicable to the acceding States when their accession becomes effective.

(e) The technical health and safety regulations at present in force in the Community will be applicable in the acceding States from 1 January 1973 subject, in certain cases, to such transition periods as have been deemed necessary and specified in each case. As for food products, the regulations at present in force in the Community will be applicable, in general, in the new member States from 1 July 1974. Some exceptions involving five-year transition periods are explicitly laid down in Annex VII, Chapter IX of the Act of Accession.

(f) Same reply as for question No 106 (b).

107. With regard to those regulations of commerce which are yet to be completed, such as regulations on licensing and emergency tariff measures, what "plan and schedule" is envisaged for the formation of common regulations to be adopted by the enlarged Community?

Reply

The import systems at present in force in the Community Regulations (EEC) No.109/70 (Official Journal No.L 19 of 26 January 1970) and (EEC) No.1025/70 (Official Journal No.L 124 of 8 June 1970) - will be applicable in the new member States when the EEC is enlarged, apart from a few exceptions concerning a very limited number of products for which transition periods of 2 to 6 years have been arranged (Annex 7, Chapter VI). The enlarged Community will continue to extend these systems within the framework of the common commercial policy.

108. Article 2 provides that from the date of accession, the provisions of the original treaties and the acts adopted by the institutions of the Communities shall be binding on the new member States. When will the new member States notify the GATT of changes in border tax adjustments which will take place as a result of adoption by them of Community decisions relating to fiscal harmonization?

Reply

The new member States will notify GATT, at the proper time, within the framework of the notification provisions agreed by the Contracting Parties, of the measures they will be required to take in order to adapt their national legislation to the Community provisions.

109. How will the import charges on goods imported from third countries be affected by the adoption of the value-added tax system by the four acceding countries?

Reply

In the GATT Working Party, which examined tax adjustments and their effect on trade, the Community set out its position on the VAT system. It draws attention to the fact that a large majority of members of the Group recognised that the VAT system conforms to the GATT provisions on tax adjustments. In addition, it may be pointed out that, of the three acceding States, Denmark already applies the VAT system.

110. It appears that existing border adjustment measures of the Community introduced after the international currency realignment of December 1971 will continue to be taken after the accession of new member States. In that case, in what manner will the new member States be treated?

Reply

If this question refers to the system of countervailing charges, it is pointed out that the Community explained the working and defined the position of this system in the GATT Council meeting held on 26 July. The Community also stated that these charges are also applicable to intra-Community trade, and that it will seek to abolish remaining countervailing charges as soon as circumstances permit.

If problems similar to those existing at present should arise, the new member States will be treated in the same way as the original States in a comparable situation.

111. The Declarations on the economic and industrial development of Ireland include a request of the Community to support the Irish Government's programmes aimed at eliminating economic and social imbalances and a statement that the Commission will study Ireland's system of tax exemptions among other things. Will the Commission's review of Ireland's tax measures be undertaken with a view toward ensuring conformity of this measure with generally accepted practices under GATT Article XVI?

Reply

Examination of Ireland's fiscal measures will be undertaken in the light of the Treaty of Rome and the relevant legal instruments adopted to implement the latter. In applying these measures, Ireland will respect the obligations it assumes under the General Agreement.

112. In what period upon the accession will the acceding countries continue to enter into bilateral agreements with third countries, the socialist ones included?

Reply

In this field also, the legal provisions at present in force in the Community will be applicable to the four applicant States from 1 January 1973. In accordance with these provisions, until 31 December 1972 the Council may, exceptionally on a proposal by the Commission and after obligatory prior consultation, authorize bilateral negotiations between a Member State and certain third countries when Community negotiations under Article 113 of the Treaty of Rome prove to be not yet possible.

113. Since Ireland is to apply the same tariff and other regulations of commerce as other member States of the Community to trade with non-member States, there will no longer be any reason for invocation of Article XXXV of the GATT against Japan, and it is therefore considered that this invocation should be withdrawn. What is the view-point of the Community on this matter?

Reply

Pending standardization of commercial policy towards Japan, the Accession Treaty does not prevent Ireland from continuing to invoke Article XXXV of the General Agreement in respect of Japan.

Annexes I, II and III concerning questions No. 37/38, 52(b) and 67 will be circulated as soon as possible.

ANNEX IV

(Relating to Question No. 105)

UNITED KINGDOM IMPORTS - 1970

(£ thousand)

Country	Total from each country	SITC Sections 0 and 1	SITC Sections 2 to 9	Percentage of total from all countries
				(9,036,757)
Mauritania	8,574	4	8,570	00.10
Mali	318	-	318	00.00
Upper Volta	13	-	13	00.00
Niger	107	22	85	00.00
Chad	143	-	143	00.00
Senegal	2,105	40	2,065	00.02
Togo	463	24	439	00.01
Dahomey	536	1	535	00.01
Cameroon	2,081	395	1,686	00.02
Central African Republic	444	-	444	00.00
Gabon	1,152	-	1,152	00.01
Congo (Brazzaville)	1,772	142	1,630	00.02
Republic of Zaire	18,882	1,112	17,770	00.21
Rwanda	974	608	366	00.01
Burundi	2,081	169	1,912	00.02
Somali Republic	72	14	58	00.00
Malagasy Republic (Madagascar)	1,338	768	570	00.01
French Territory of Afars and Issas	29	8	21	00.00
Comoro Islands	1	1	-	00.00
St Pierre and Miquelon	0	-	0	00.00
Netherlands Antilles: Aruba and Curacao	13,114	68	13,046	00.15
Ivory Coast	9,637	2,371	7,266	00.11
Surinam	718	535	183	00.01
*French Possessions in the Pacific	8	7	1	00.00
Malta	5,759	213	5,546	00.06
Greece	19,592	8,584	11,008	00.22
Turkey	15,614	5,084	10,566	00.17
Tunisia	2,487	116	2,371	00.03
Kenya	26,990	20,236	6,754	00.30
Uganda	17,541	16,511	1,030	00.19

*New Caledonia, etc.

Country	Total from each country	SITC Sections 0 and 1	SITC Sections 2 to 9	Percentage of total from all countries
Tanzania	23,958	10,751	13,207	00.27
Reunion	57	17	40	00.00
French West Indian Islands (Martinique and Guadeloupe)	54	50	4	00.00
French Guiana	25	5	20	00.00
Morocco	16,241	5,974	10,266	00.18

UNITED KINGDOM EXPORTS - 1970

(£ thousand)				
Country	Total to each country	SITC Sections 0 and 1	SITC Sections 2 to 9	Percentage of total to all countries
				(8,061,092)
Mauritania	1,234	19	1,215	00.02
Mali	284	25	260	00.00
Upper Volta	51	17	34	00.00
Niger	350	137	213	00.00
Chad	244	50	195	00.00
Senegal	1,503	291	1,213	00.02
Togo	3,365	1,784	1,580	00.04
Dahomey	1,263	440	823	00.02
Cameroon	3,727	447	3,281	00.05
Central African Republic	281	59	221	00.00
Gabon	960	201	758	00.01
Congo (Brazzaville)	2,368	188	2,179	00.03
Republic of Zaire	12,016	552	11,463	00.15
Rwanda	261	65	197	00.00
Burundi	266	52	213	00.00
Somali Republic	1,224	621	604	00.02
Malagasy Republic (Madagascar)	923	254	669	00.01
French Territory of Afars and Issas	1,353	984	369	00.02
Comoro Islands	76	13	62	00.00
St. Pierre and Miquelon	84	46	38	00.00
Netherlands Antilles:				
Aruba and Curacao	8,233	2,033	6,199	00.10
Ivory Coast	3,122	548	2,574	00.04
Surinam	3,135	819	2,316	00.04
*French Possessions in the Pacific	2,583	455	2,127	00.03
Malta	25,683	4,139	21,544	00.32
Greece	57,266	2,929	54,337	00.71
Turkey	35,880	286	35,594	00.45
Tunisia	4,306	1,516	2,789	00.05
Kenya	52,708	1,530	51,177	00.66
Uganda	9,908	296	9,612	00.12
Tanzania	19,540	677	18,862	00.24

* New Caledonia, etc.

Country	Total to each country	SITC Sections 0 and 1	SITC Sections 2 to 9	Percentage of total to all countries
Reunion	539	292	246	00.01
French West Indian Islands (Martinique and Guadeloupe)	1,257	341	917	00.02
French Guiana	2,549	194	2,355	00.03
Morocco	12,595	845	11,750	00.16

Tables for Denmark and Ireland
will be forwarded later.
