

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

RESTRICTED

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CONTRACTING PARTIES
Nineteenth Session

PARTIES CONTRACTANTES
Dix-neuvième session

SUMMARY RECORD OF THE THIRD MEETING

Corrigendum

Page 32

The representative of Peru should read "Mr. DE LA FUENTE LOCKER" and not "Mr. BUSALLEU".

COMPTE RENDU DE LA TROISIEME SEANCE

Corrigendum

Page 32

Pour le représentant du Pérou, lire "M. DE LA FUENTE LOCKER" et non "M. BUSALLEU".

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
Nineteenth Session

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SUMMARY RECORD OF THE FOURTH MEETING

Held at the Palais des Nations, Geneva,
on Friday 17 November at 2.30 p.m.

Chairman: Mr. BARBOSA DA SILVA (Brazil)

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1. Information furnished by the European Economic Community

The CHAIRMAN informed the CONTRACTING PARTIES that this item had been placed on the agenda at the request of the European Economic Community.

Mr. HIJZEN (Commission of the EEC) made a statement outlining recent developments and activities of the Community. The full text of Mr. Hijzen's statement has been distributed in document L/1626.

Mr. CARNEIRO (Brazil) said that his delegation wished to clarify the position of Brazil vis-à-vis the EEC within the context of the General Agreement. He recalled that after the Treaty of Rome was signed, a working group was set up by the CONTRACTING PARTIES to analyse the compatibility of the Treaty with the General Agreement. In the terms of reference given to this working party, special importance was given to the clauses of the Treaty of Rome which referred to tariffs, quantitative restrictions, trade in primary agricultural products, and the association of overseas territories with the EEC. The working group subsequently, presented several reports and these reports indicated the incompatibility of the Rome Treaty with the General Agreement. As no positive concerted action had been taken so far regarding the problems caused by the creation of the EEC, the Brazilian Government thought it would be more fruitful to enter into bilateral discussions with the member countries of the EEC. Brazil had hoped that countries would be able to take their problems to the EEC where difficulties would be solved without the involvement of legal complications.

Mr. Carneiro said that his Government entered into negotiations with the member countries of the EEC under the provisions of Article XXIV:6. After six months of discussions, the negotiating teams had reached a hard-core of impassable problems on coffee, cocoa, cocoa-butter and Brazil nuts; these products represented approximately 80 per cent of the value of Brazil's exports to the Community. The rates of duty proposed by the EEC with regard to these products were 15 per cent for coffee, 9 per cent for cocoa, 5 per cent for

cocoa-butter and 22 per cent for Brazil nuts. Brazil made counter-proposals which were rejected by the delegation of the EEC. The Brazilian negotiation team addressed a note to the Commission of the EEC stating its reservations on coffee, cocoa, cocoa-butter and Brazil nuts. The Commission refused to entertain the reservations made by Brazil and negotiations had to be terminated. The Brazilian Government was now of the opinion that the only alternative was recourse to Article XXVIII:3 and to consider action in this connexion under Article III of the Brazilian Tariff Law whereby provision was made for reducing concessions unilaterally, when concessions negotiated by Brazil had been impaired.

The Brazilian delegate, referring to the Dillon round of tariff negotiations, recalled that the EEC had promised to give sympathetic consideration to the need of countries in the process of economic development. He said that in spite of the failure of the negotiations between the EEC and Brazil, and the dissatisfaction expressed by various contracting parties regarding the treatment afforded them by the Community in negotiations under Article XXIV:6, the common external tariff was to be made effective. In GATT document T.N.60/13 the member countries of the EEC informed the secretariat that as a result of the termination of the negotiations under Article XXIV:6, concessions contained in the lists of individual members had been withdrawn. Concluding, Mr. Carneiro said that it would be necessary for his Government to review the position in the light of the disappointing results of the XXIV:6 negotiations. His delegation would have more to say on this subject when the item on the examination of the common tariff under Article XXIV:5(a) was discussed.

Mr. KLEIN (Federal Republic of Germany) speaking on behalf of the EEC questioned the statement made by the Brazilian representative regarding the incompatibility of the Rome Treaty with the General Agreement and requested the Executive Secretary to indicate the GATT document where this was stated.

The EXECUTIVE SECRETARY said that he was unable to indicate any document of the CONTRACTING PARTIES recording a conclusion that the Rome Treaty was incompatible with the GATT although various points of view had been stated and examined at the various meetings of the CONTRACTING PARTIES or subsidiary bodies. At the thirteenth session, the CONTRACTING PARTIES approved a report of the Committee that had been set up to consider these matters. The report contained, inter alia certain recommendations. The Committee expressed the view that it would be more fruitful if attention could be directed to more specific and practical problems leaving aside, for the time being, questions of law and debates about the compatibility of the Rome Treaty with Article XXIV of the General Agreement. The Committee also noted that the normal procedures of the General Agreement and the techniques and traditions of the CONTRACTING PARTIES in applying them were well adapted to the handling of such problems and suggested that in the first instance the procedures of Article XXIII would be the most appropriate for this purpose.

The Executive Secretary added that it was also decided that because of the nature of the Rome Treaty, there was a number of important matters on which there was not at that time sufficient information to enable the CONTRACTING PARTIES to complete the examination of the Rome Treaty. The CONTRACTING PARTIES had added however that a postponement would not prejudice the rights of contracting parties under Article XXIV. The Executive Secretary stated that, as he saw it, the matter had not been carried beyond this point.

Mr. VALLADAO (Brazil) said that he could not recall having seen in the records of GATT plenary meetings, committees or working parties, where any country, other than those who were members of the EEC, had agreed that the Treaty of Rome was compatible with the GATT. The Executive Secretary's statement showed that the legal position of the Rome Treaty could not be solved and the problem had been postponed. He went on to say that Mr. Carneiro's statement was clear-cut and concerned facts which could not be denied. However despite their critical views on this matter, his delegation were still prepared to examine the Treaty of Rome and to examine the possibilities for action by the CONTRACTING PARTIES in an honest and realistic manner.

Mr. SAVINI (Italy) stated that in the light of the facts and the explanations given by the Executive Secretary, his delegation considered that the statement by the representative of Brazil to the effect that the incompatibility of the Rome Treaty with the GATT had been demonstrated by the Working Party, was unfounded and misleading.

Mr. TENNEKON (Ceylon) referring to the Treaty of Rome, said that his delegation had previously raised the legal problem and had concluded that a more pragmatic approach would be more fruitful. He said he was thankful to the EEC for placing the information contained in document I/1628 before the meeting. He drew attention to the high level of economic development that had been experienced by the EEC countries. He recalled that the Community had given the assurance that the rate of development would be so great that despite the existence of the Common External Tariff, the demand for tropical products would continue to increase. So far the demand for tropical products from the less-developed countries had not been favourably affected and the level of commodity prices had fallen to such an extent that the producing countries had found themselves in balance-of-payments difficulties.

Mr. FARINDE (Nigeria) said that he was happy to hear from the EEC that their gross national product would continue to increase annually by about 5 per cent. His delegation was also pleased to note that the member countries of the EEC viewed with dismay the falling prices of primary commodities and would support world moves to remedy this situation. He wished to make it clear that his delegation had never opposed customs unions or free-trade areas provided they were established under and consistent with the rules of GATT. The statement of the EEC mentioned that imports of raw materials from less-developed countries had shown an increase and that trade with those countries had shown an upward trend. The EEC had claimed that this development was in compliance with Article XXIV:4 but his delegation wished to point out that the EEC had not indicated the share of the increase in imports of raw materials which originated in less-developed countries that were not associated with the Community. Any increase in the share for countries not associated with the EEC could not at this stage remove the fears of those countries since the common external tariff and the agricultural policy of the Community had not yet been fully determined. The Nigerian delegation wished to refer to this subject again later in the session.

Mr. LATIMER (Canada) congratulated the Community on its economic achievements and the progress made in the implementation of the provisions of the Treaty relating to the removal of internal tariffs and quantitative barriers to internal trade; this gave all the more reason why the member States should make equal progress in removing quantitative restrictions against third countries. His delegation was particularly interested in the report regarding progress in formulating the common agricultural policy of the Community which was a matter of major importance to many contracting parties. He asked if details regarding the basic principles which had been agreed could be made available to the CONTRACTING PARTIES together with information on proposals for particular products. In addition, he expressed an interest in reports regarding proposals for the association of the overseas territories with the Community and asked if these could be made available for consideration by the CONTRACTING PARTIES.

Mr. SVEC (Czechoslovakia) noted that the representative of the Commission had inferred that the economic expansion of countries of the Community had been achieved as a result of the establishment of the Common Market. His delegation believed that the situation was not that clear. He referred to the secretariat study, contained in International Trade 1960, where it was stated that the vigorous economic growth, for which internal demand was more responsible than exports, greatly facilitated the integration development. He stated that it remained to be seen to what extent the creation of the Common Market would contribute to expanded production within the Community when the initial internal forces of expansion lose their momentum. Secretariat figures showed that the EEC countries achieved a remarkable increase in trade. At the same time however this increase was distributed very unevenly. In 1960, for example, almost 90 per cent of the increased imports came from the industrialized areas of the West and a major part of this in turn came from EEC countries. In the view of his delegation, the apprehensions expressed by third countries in the past regarding the adverse effects that the creation of the Common Market would have on their trade were justified. The results of the tariff negotiations with the EEC contributed little to removing these apprehensions; the EEC countries had not shown much interest in seeking mutually acceptable solutions which would enable a preservation of trade at least in traditional items which were now threatened by changes in tariffs.

The growing tendency for other countries to associate themselves with regional preferential arrangements presented both a threat and a definite challenge to the CONTRACTING PARTIES and to the rules and the principles of the General Agreement; the tendency appeared to be to regard preferential regional arrangements and discrimination as the rule rather than as the exception. Mr. Svec stated that preferential arrangements of any kind under GATT had to be considered as an exception to the rule as was the situation at the time the General Agreement was drafted. He expressed concern that the CONTRACTING PARTIES might soon find themselves in the position where equal treatment would be an exception to the rule of preferences and discrimination.

Mr. GAUHAR (Pakistan) congratulated the representative of the EEC for his excellent statement; his delegation wished to study the details, and therefore seconded the suggestion made by the representative of Nigeria that it should be possible to revert later in the session to some of the points made in that statement. He noted that the representative of the EEC had stated that whereas the amounts of raw materials imported from less-developed countries had risen, the average value had fallen and that changes in the

prices of basic products on the world market had deprived less-developed countries of some of the profits that the larger volume of sales might have given them. His delegation was grateful that the Commission considered this to be a deplorable state of affairs which should be remedied by concerted international action. His delegation hoped that the Commission would play a leading part in finding a solution to the problem. He recalled that it had long been a concern of the less-developed countries that the extension of regionalism would have a depressing effect on prices; this concern had been confirmed by the statement of the representative of the EEC to the CONTRACTING PARTIES at this session.

Mr. FLEMING (Australia) recalled that at the seventeenth session his delegation had strongly supported the suggestion made by the United States that the proposals for a Common Agricultural Policy of the EEC should be discussed in the GATT before they became established policy. It was the understanding of his delegation that the Commission, subject to the Council of Ministers' concurrence, had accepted that such an examination would be made when the proposals were reasonably firm. Thus far however there had been no submission of detailed information to the CONTRACTING PARTIES for this purpose. It was recognized that the formulation of a Common Agricultural Policy involved the co-ordination of six agricultural systems and therefore required time. However, draft proposals which had already been released to the press might have been provided for the information of the CONTRACTING PARTIES. For countries like Australia which relied heavily on agricultural products for their export income, the Common Agricultural Policy of the EEC was of major importance; world trade in agricultural products would be profoundly affected by the arrangements eventually adopted. The interests of all contracting parties would be served by an examination in GATT of the Common Agricultural Policy before that policy was decided in its final form.

Mr. LERENA (Argentina) expressed the concern of his Government that restrictions in the agricultural field persisted despite the strengthening of the balance-of-payments positions of the countries of the European Economic Community. Such regional groupings caused particular concern for countries like Argentina because of the problems created for agriculture on which Argentina relied heavily for its economic wellbeing and progress. More than 40 per cent of Argentina's national income came from agriculture and 95 per cent of its exports consisted of agricultural and livestock products. He expressed concern at the seriousness of the present world situation for the trade of developing countries. Countries must obtain fair reciprocal advantages internationally. The advantages to be gained by the adoption of non-discriminatory trade practices depended upon the adoption of corresponding practices by other countries, otherwise countries with liberal trading policies would be forced to adjust their policies. His Government hoped that the situation of Argentina would be understood by the member States of the EEC and that efforts would be made to find a formula which through trade would bring about better economic conditions.

Mr. MATHUR (India) stated that he was impressed by the expansion of industrial activity and by the economic growth in the member States of the European Economic Community. An expansion of trade had not only taken place within the member States but with third countries as well. He regretted however that an expansion of imports of raw materials from the less-developed countries was not equal to the expansion recorded for some other products. He regretted that the policies so far implemented by the Community had not helped to facilitate imports from less-developed countries like India and hoped that the member States of the Community would give their attention to this matter.

Mr. LACARTE (Uruguay) welcomed the fact that the volume of raw materials acquired from the developing countries was showing a favourable increasing trend. His Government believed that the question of prices of raw materials should be examined and that appropriate measures should be taken in order to suppress the causes for price fluctuations and to ensure that these prices remained at a reasonable level so that the developing countries might greatly benefit by the increased imports of these raw materials by the EEC.

Mr. Lacarte supported the request by previous speakers that detailed information respecting the commercial and agricultural policies of the Community should be submitted by the Commission to the CONTRACTING PARTIES prior to its release to the press.

Mr. Lacarte noted the reference by the representative of the Community to Article XXIV:4 of the General Agreement, and the statement that since trade with third countries was substantially increasing, the Rome Treaty had not violated in any manner paragraph 4 of Article XXIV. Imports into the Community from developing countries had increased but exports to these countries from the EEC had increased as well; both export and import figures were contained in the EEC calculations. He stressed that increased exports from the EEC to primary producing countries had to be compensated by increased imports from these countries. When this balance no longer existed the result was serious balance-of-payments problems for the developing countries.

Article XXIV:5(a) of the General Agreement required that customs duties and other regulations of commerce imposed at the institution of any customs union in respect of trade with contracting parties not parties to such union should not on the whole be higher or more restrictive than the general incidence of the duties and regulations of commerce applicable prior to the formation of such union. The Uruguayan representative stated that the CONTRACTING PARTIES had only examined in a general way the question of the application of these provisions in relation to the policy followed by the Community. The report presented by the representative of the Commission of the EEC had covered some of the points pertinent to this question. His delegation would propose that a working party be established to look into the matter in detail and report to the CONTRACTING PARTIES. Participation in such a working party should include those contracting parties such as Uruguay which had a direct interest in the rules and regulations applicable to the trade of the Community. A better knowledge of developments within the Community would be of value to all contracting parties.

Mr. EVANS (United States) said that there were many points in the statement of the Commission of the EEC that were gratifying. His Government continued however to be concerned over indications which had been noted since the seventeenth session, that in the agricultural sector, the EEC was moving in the direction of protectionism and artificially-fostered self-sufficiency. This had been noticed especially during the negotiations conducted last spring under Article XXIV:6; the concerns which his delegation expressed at that time had not since been dispelled. His Government had recognized in the past and continued to recognize the importance of the development of an integrated agricultural structure to the progress of the participating countries toward effective economic integration. It was with particular concern that his Government viewed the prospect that the policy chosen by the EEC would unduly restrict import competition. In the view of his delegation a common policy

could be formulated which would benefit the EEC countries while at the same time respecting the principle of reasonable access to other suppliers. It was to be hoped that in taking final decisions on their agricultural policy, the member governments of the Community would be guided particularly by the principles set forth in Article XXIV:4 of the General Agreement, and that in the process of facilitating trade among themselves, they would not erect unjustifiable barriers against the trade of other contracting parties. Another aspect of developments within the Community which continued to be a source of concern to his Government was the continued maintenance by certain member States of quantitative restrictions towards third countries while these were eliminated towards member countries. Any restrictions which were neither sanctioned by the General Agreement nor by specific waivers were unjustified. Since certain quantitative restrictions were being eliminated within the Community by the end of the year, his Government hoped that those restrictions which were not justified in the GATT and were imposed against imports from third countries would also be quickly eliminated. His Government welcomed the prospect of the possible participation of the United Kingdom and Denmark in the Community, and recognized that an enlargement of the Community would require some adjustment of the trade patterns of third countries. It was believed that it was incumbent upon the Community as a powerful and expanding force in world trade to follow liberal non-discriminatory policies which would respect the legitimate trade interests of outside countries and which would contribute to the expansion of trade of other countries with the enlarged Community; his Government looked to the EEC to be in the forefront of the movement towards freer world trade.

Mr. RISTIC (Yugoslavia) stated that his Government was very concerned by the policies being followed by the EEC since his country had substantial trade with the Community, the importance of which went beyond the value of imports and exports; agricultural exports accounted for an important part of that trade. There was already a considerable deficit in the balance of trade between Yugoslavia and the EEC member States; a high tariff and a restrictive agricultural policy would give rise to serious difficulties for Yugoslavia. He referred to a statement made by the Executive Secretary in the Tariff Negotiations Committee to the effect that it was very important that negotiations should result in a general reduction in tariffs: this hope had not been realized with respect to the tariff of the Community. A particularly serious situation had been created for countries such as Yugoslavia by the action of highly industrialized countries to foster protection through high tariffs; internal preferential arrangements were such that competition from third countries was virtually excluded. In particular, the association of certain developing countries with the Community prejudiced the position of other less-developed countries. The outlook was indeed pessimistic unless a more constructive approach to the problem could be achieved in the GATT; it was to be hoped that the ministerial meeting would open new avenues.

Mr. ODIRI (Chile) said that if the development of the Common Market and the increase in its activity were judged by the report which had just been presented, there would be no doubt that the results achieved were very impressive indeed. The Common Market would become, if it were not already, a foremost economic power in the world, and this in itself imposed serious obligations upon it. In Article XXIV:4, the CONTRACTING PARTIES recognized 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. There was some concern as to whether the EEC had taken

due account of this provision, but the report had shown that the member countries of the EEC were indeed taking this into account. However, there were countries or regions which, because they were waiting for replies to various questions and for solutions to certain problems, were placed in a difficult position. Certain difficulties remained in the field of agricultural policy, and here it would be necessary to distinguish conditions connected with agricultural imports from tropical zones and those from temperate zones. If practical solutions were to be found, examination of specific agricultural products would have to be undertaken. There were, he said, other problems to be faced, especially on trade in raw materials. The statement which had been presented stated that imports into the Common Market of commodities and raw materials from the developing countries had greatly increased. He would be interested to know what proportion of increased imports came from associated countries of the EEC and from other less-developed countries.

Mr. Oldini said that he would appreciate more detailed information on the application of quantitative import restrictions by the EEC. He supported the proposal of the delegate for Uruguay that a committee should be established. Mr. Oldini recalled that the Chairman, in his remarks at the opening of the present session, had indicated that such bodies as the EEC, the EFTA and other regional groupings would give rise to certain problems both for countries participating in the groupings and for others. The GATT should examine these problems and work towards solutions.

Mr. THOMEN (Dominican Republic)¹ wished to record the deep anxiety of his Government concerning certain obstacles to the trade of products of the Dominican Republic, particularly tropical products which had their traditional markets in Europe. The Dominican Republic had been very greatly disturbed by developments emerging from the implementations of the Rome Treaty regarding the association of overseas countries and territories with the EEC. Although GATT had not as yet taken any final stand on the legal compatibility of the Rome Treaty with GATT, it was nonetheless true that no contracting parties outside the EEC, had spoken in favour of such compatibility. From a practical point of view, the CONTRACTING PARTIES decided to postpone discussions of the legal side of the problem on the assumption that the harmful effects expected for some contracting parties, in particular with reference to tropical exports, would be reduced when the claims of those contracting parties were taken into account in due time. Nevertheless, the EEC had not yet entertained these claims and did not seem disposed to satisfy them as might be seen from the consultations held under Article XXII of the General Agreement. The Dominican representative stated that in common with statements made by other delegations, in particular the delegation of Brazil, he felt that the harmful effects to the trade of his country would be considerable since the tariff protection provided for by the external common tariff for certain products, including sugar and coffee, was at such a level that it resulted in drastic discrimination against the Dominican Republic's exports to countries of the EEC; certain overseas countries had unimpeded entry for their goods into the EEC whereas other countries were affected by high tariffs. It must also be borne in mind that the EEC would be growing with the admission in the near future of other European countries. The United Kingdom, in particular, had been a traditionally open market for products

¹This statement by Mr. Thomen was actually delivered on 21 November.

of the Dominican Republic. The conditions of admission might perhaps include the extension of the preferences enjoyed in the EEC in its present form to countries and territories of the Commonwealth. Mr. Thomsen added that the Dominican Republic welcomed those countries which had recently attained their independence and added that his Government was not opposed to the privileges which had been given to some of these countries because of their association with the EEC. Nevertheless he would like to see his country and other countries in similar circumstances able to enjoy these same privileges. GATT in the past had frequently shown an ingenuousness in tackling problems of international trade, and he hoped that the same ingenuousness could come into play once more in this matter which was so fundamental for the economic life of many nations. He felt certain that GATT once more would watch over the interests of all and not only a few contracting parties.

Mr. HIJZEN (Commission of the EEC) thanked all delegates who had expressed their appreciation for the clarifications which had been presented in the report of the EEC. He said that the EEC would be willing to discuss all the matters which had been raised, but that he would not be able to reply immediately to all these points. However, in reply to the remarks of the representative of Ceylon, he said that figures quoted in the report showed that the effect of the EEC on trade patterns had been uppermost in their minds, and referred to the statement in the report on the effect of falling prices on the export earnings of less-developed countries. It was important, he said, to find solutions to the problems of countries exporting raw materials. In reply to the statement of the representative of Czechoslovakia Mr. Hijzen stated that he was not sure that there was any close relationship between industrial production and trade. The figures contained in the report were open to various interpretations. On the increased imports by the EEC of raw materials, he said that there were figures available to show the share of associated overseas territories and of third countries, but that he did not have all the figures available. For some primary products, although there could be different interpretations of the figures, the associated overseas territories did not seem to be especially favoured. Turning to the question of quantitative restrictions on imports, Mr. Hijzen pointed out that the common trade policy of the EEC had not yet been completed. He drew the attention of the CONTRACTING PARTIES to the enormous efforts made by individual EEC member countries to liberalize their imports in the past few years.

Mr. Hijzen referred to the question of agriculture; a number of contracting parties had indicated that they would like information on procedural matters. Several preliminary decisions and resolutions on the formation of a common policy in the EEC had been reported in his statement. In the future his delegation would give information on any important development on agricultural policy in their statements to the CONTRACTING PARTIES as they had in the past. This was, however, he reminded the meeting, an internal question; could it be asked that completely internal discussions should be presented to an international body, even a body with the standing of GATT. He stated that the Community would be fully prepared to discuss these internal projects in GATT on the condition that all contracting parties would accept the same commitment. Turning to matters of substance rather than procedure, and

referring to the statement of the representative of the United States, Mr. Hijzen said that it was rather early in the development of the EEC to speak of increased protectionism and of artificially fostered self-sufficiency since a common agricultural policy had not yet been determined. He repeated an earlier statement in which the EEC had acknowledged that, in constructing a common agricultural policy, it wanted to take into account the problems of third countries and the importance of trade in these countries but it was beyond the possibility of the Commission to make any special commitments at this point.

The CHAIRMAN said that many contracting parties had expressed their appreciation of the orderly and optimistic report of the EEC, but there was some regret that the document had not been available earlier for study. Anxieties expressed had been taken up by the representative of the EEC. The importance for GATT of this movement towards integration should not be minimized. The economic progress of the EEC had been encouraging, and it was gratifying to note the interest on the part of the Community in the problems of contracting parties. He hoped that in future precise information would enable the CONTRACTING PARTIES to follow more closely events in one of the largest economic entities in the world; developments should be examined with reference to their conformity with GATT. The Chairman said that the proposal of the representative of Uruguay that a working party should be established had been supported by the representative for Chile; if the representative of Uruguay wished to proceed with this proposal it would be helpful if he put his suggestions in writing.

2. Association of Overseas Territories with the European Economic Community

The CHAIRMAN said that the question of the Association of Overseas Territories with the EEC had been discussed at length at the eighteenth session. It had then been understood that the representatives of the member States of the EEC would report to their Governments and that the representative of the Commission would make a similar report, so that the member governments and the competent authorities of the EEC would be able to consider their future policy with regard to the Association of Overseas Territories with full knowledge of the concern and anxieties of other contracting parties. This question had been discussed again by the Council at its meeting in September, and it had then been decided that the item should be placed on the agenda for the present session.

Mr. FERINDE (Nigeria) said that contracting parties would recall that this item had been requested by his delegation. During a meeting of the Tariff Negotiations Committee a statement had been made by the representative for the EEC that his delegation would examine this problem during the Dillon negotiations, and it had therefore been anticipated that there would be no need for a full debate. As, however, at the last meeting of the Council it had seemed that few results had been achieved by the Dillon round, it appeared that a new discussion of the problem might be profitable. The situation had changed little since the last Council meeting, and no progress was likely until after the discussions were held between the EEC and the associated Overseas Territories in December. He would like to repeat the statement which his delegation had made at the eighteenth session when they expressed concern that the main issue - whether the association of the Overseas Territories with the EEC constituted a free trade area - might be dimmed by the lapse of time. He would welcome the views of other delegations.

Mr. ARKLE (Ghana) said that the Ghanaian position was well documented in the GATT. His delegation had always maintained that preferential treatment which had been accorded by some members of the EEC should not now be extended by the other metropolitan members of the EEC. In principle he felt that there should be free entry for tropical products to all European countries and to North America. It was said that with the entry of other countries into the EEC the position should be changed. His Government, however, did not intend to negotiate its way into this agreement. His Government would, however, be obliged to examine its policy with a view to safeguarding its own economic position.

Mr. VALLADAO (Brazil) said that he would like to express the same regrets as those voiced by the delegate for Nigeria. At their last meeting the CONTRACTING PARTIES had hoped that the Dillon round of negotiations would bring solutions not found by some countries during the negotiations under Article XXIV:6. As his delegation had pointed out earlier, those negotiations had been very disappointing. When hope remained it had been possible to adopt a pragmatic view. They must now, however, return to a legal view of the problem. At its establishment, this customs union had not been thoroughly examined from this point of view by the GATT, and no very satisfactory decision had been reached. Although not approved by the CONTRACTING PARTIES

this customs union was still in existence. Preferential tariffs had been or were being extended. The EEC representative's remarks on the acceleration of the programme for tropical products were not encouraging. His delegation believed that as long as the position of contracting parties was prejudiced, a solution would not be found bilaterally, and it would be necessary to turn to Article XXIV:5(b). The problems involved should be studied thoroughly and a decision reached. His delegation would support the establishment of a working party to continue the study which had been interrupted for the past four years.

Mr. EVJES (United States) recalled that in discussions during the eighteenth session, the representative of the EEC had said that the Community was aware of the problems of the under-developed countries, and that the EEC would collaborate in the search for solutions to these problems. This willingness led his delegation to hope that the EEC would be able to deal with the problems of third country producers of tropical products in a manner which would enable all less-developed countries to enjoy the benefits of expanded international trade. Even though these problems had not been solved to the satisfaction of all contracting parties through tariff negotiations, he believed that other promising avenues were open. The problem of trade in products which were produced by the Associated Overseas Territories was a part of the larger problem of expanding export opportunities for all less-developed countries which was to be discussed at the ministerial meeting. He also felt that a solution to some of the problems of trade in tropical products could be dealt with effectively on a commodity-by-commodity basis. His Government had made suggestions to importing countries, that special consideration be given to a multilateral approach to orderly marketing arrangements and related aspects of trade in certain tropical products. The sharing of preferences between critical groupings he believed, would not be an acceptable solution; his delegation supported a broader approach to the problem which would offer greater prospects for lasting and equitable solutions.

Mr. NIJZEN (Commission of the EEC) took note of the statements which had been made. He recalled that it was the CONTRACTING PARTIES and not the Community which had ended the examination of the Rome Treaty. If the CONTRACTING PARTIES wished to pursue this matter his delegation had no objection, but consideration must be given to the fact that the Community was already a reality.

Turning to the question of the Associated Overseas Territories, he said that sixteen associated countries had already become independent and could express their own wishes on the terms and conditions of their association with the EEC. Discussions on the form of this association were now being undertaken, and it would be difficult for him to give clarifications on a matter which was now being renewed and revised. The EEC wished, in considering this problem, to take into account the interests of third countries. He felt that fears that damage might be caused in the future were somewhat exaggerated; figures had been given in his report on the actual situation.

Mr. Nijzer recalled that the representative for the United States had said that the EEC should look for a solution to the problems of the underdeveloped countries; the Community were ready to do this. The problem of prices had already been referred to in his statement. The study of this question must, however, not keep the Community from continuing the work already undertaken, which would play a part in strengthening the position of the developing countries.

Mr. VILLALBO (Brazil) expressed some scepticism of the encouraging picture presented by the statement of the EEC which pointed to advantages for both the Associated Overseas Territories and for third countries without, however, giving any guarantees to these countries in the second category. The legal aspects of this problem should again be examined. He expressed the hope that the EEC would take into account in framing its policy, the difficulty which preferential arrangements would cause for third countries.

Mr. GUEYE (observer for Senegal), speaking on behalf of the Cameroun, Congo (Brazzaville), Congo (Leopoldville), Danomey, Ivory Coast, Gabon, Mauritania, Upper Volta, Central African Republic and Chad, pointed out that the association of these States with the European Economic Community had been freely undertaken, and that this association was playing a major rôle in the fight against poverty in Africa. Trade figures demonstrated that the association had not injured the interests of non-members. The full text of the statement of the observer for Senegal is being circulated (L/1645).

Mr. FERRE (Nigeria) said that his Government had always welcomed any help given by the more advanced countries to African nations, provided that it was not to the detriment of Nigeria. Nigeria was a member of an international organization with certain rights and obligations, and he reminded other members that they had similar rights and obligations. He said that his Government might not yet be able to prove statistically that damage had been caused, but nevertheless feared that damage would be caused. These problems should be discussed within the CMTT.

Mr. TSHILUBA-KIBISHI (Congo: Leopoldville) said that he would like to associate himself with the statement of the observer for Senegal. His Government had been grateful for the studies made of the problems under discussion, especially those studies on the stabilization at an acceptable level of markets for tropical products. No satisfactory overall solution however had yet been found. In view of the fact that other preferential markets already existed, his country felt that it could not refuse the offer of association with the EEC. The Congo had originally won its markets in Western Europe by competitive pricing, and these markets must be preserved. Without the association with the EEC, countries already enjoying preferences would possibly take over the Congo's traditional markets.

The CHAIRMAN referred to the earlier proposal of the representative of Brazil, who had asked for a working party on certain of the problems under discussion. This proposal, he said, should be presented in a formal way to the secretariat for consideration by the CONTRACTING PARTIES.

Mr. VALLADAO (Brazil) said that this proposal had been put forward to obtain the reactions of the CONTRACTING PARTIES. As it had attracted no support, he would withdraw the suggestion.

The CHAIRMAN, in answer to a point of order raised by the Nigerian delegation, said that, if requested, the present item would be placed on the agenda of a future session.