

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## EUROPEAN ECONOMIC COMMUNITY

### Statement by the Representative of the Community on the Implementation of the Rome Treaty

I should like, if possible, to try this year to break away somewhat from a kind of routine which curiously enough seems to govern discussions on the item now before us - "European Economic Community". Judging by past experience, what happens is rather as if, instead of the exchange of views based on factual data which the Community aims at, the demonstration of co-operation which it deliberately makes in furnishing information evokes in return only the voicing of anxieties and apprehensions which are not based on facts and figures or which, if so founded are generally related to only one product from one particular supplying country in disregard of the overall trade picture.

I prefer not to ask myself why it is that the nature of these public statements often differs from that of our many bilateral contacts, when mutual problems are tackled in a practical manner and in an encouraging and constructive spirit of comprehension. I trust no one could regard it as a risk to confess publicly that the Community's trade statistics have constantly shown a trend which is clearly in favour of third countries and that all geographical areas of the world are sharing in this trade expansion. The figures which I supplied last year, on the basis of the most recent data available, calling for a considerable effort of statistical research in order to provide you with information, are still up to date as an indication of the general orientation of our import trend. I do not, therefore, intend to dwell at any great length on this aspect today and shall merely recall that in 1963 the Community accounted for one fifth of total world imports, not including intra-Community trade. Not only have the Community's imports of industrial products more than doubled from 1958 to 1963, with an increase of 124 per cent and been further expanding (with an increase of \$820 million for the first half of 1964 as compared with the first half of 1963) but, in addition, since 1958 agricultural imports have risen by nearly \$3,000 million, including an increase of \$500 million in 1963 and \$700 million in the first half of 1964 as compared with the first six months of 1963. The

Community's trade deficit for 1964 amounts to \$2,668 million. As compared in particular with the surplus of \$1,000 million in 1959 this amount is still considerable and calls for some caution on the part of the Community, but nevertheless it indicates a 12 per cent recovery in relation to 1963. This recovery is principally due to the rally in Italy's exports and the Community interprets it as affording evidence of the effectiveness of the co-ordinated anti-inflationary measures which the member States devised jointly with a view to restoring the Community's internal and external equilibrium, regardless of the fact that for some of the member States those measures were particularly severe.

We appreciate the worries of our partners and surely the best proof that we try to take them into account lies in the fact that so far events have practically never borne out the concern which they have expressed year after year; surely their best guarantee lies in the strengthening and continuing economic expansion of the Community. That is why the Community considers that it must safeguard the conditions necessary for its continued strengthening, those conditions being precisely economic equilibrium and prosperity.

#### Progress in achievement of the common market

First I must recall once again that the Community as an economic entity is in the process of formation. Each step forward is the renewed expression of the political resolve of the six member States to succeed in the task which they have undertaken. To date, the results of this integration endeavour are extremely encouraging as is clear in particular from the economic data; one should however be cautioned against any tendency to attempt to assess the Community's strength and capabilities at this juncture as if integration had been completed.

#### Institution of the customs union

In January 1965 a new stage was reached in intra-Community tariff dismantlement. A 10 per cent reduction in the level of duties as between member States brought those duties down to 30 per cent of their 1957 level as regards industrial products, 45 per cent as regards non-liberalized agricultural products, and 50 per cent for a small number of liberalized agricultural products.

Since the last session, no additional general measure towards aligning national tariffs with the common external tariff has been introduced. In this respect the situation is that resulting from the second alignment on 1 July 1963 as regards industrial products, and the first alignment on 1 January 1962 as regards agricultural products with certain exceptions - in particular, meat of bovine animals and certain dairy products, for which the alignment process has been speeded up. In addition, with respect to unmanufactured tobacco and tobacco refuse, on 31 December 1964 the member States made a further 15 per cent reduction in the difference between the rate actually applied on 1 January 1957 and the rate in the common customs tariff; in addition, on 1 July 1964 they introduced on the internal level a customs duty equal to 40 per cent of the base duty.

By a decision of 8 May 1964, the Council determined the duties on petroleum products in List G, thus filling a last remaining gap with respect to common tariff duties. This decision has been notified to the CONTRACTING PARTIES; in addition, the EEC entered into renegotiations with a view to compensatory adjustments in respect of former bindings by individual member States where such adjustment had not been reached during the 1960/61 Tariff Conference.

On 1 June 1964, the member States forthwith aligned their duties with the common customs tariff and removed duties as between themselves in respect of the products (coffee, pineapple, pepper, etc.) listed in the Annex to the Convention of Association between the EEC and the Associated African and Malagasy States, in accordance with Article 2 of the Convention. It should also be mentioned that pursuant to trade agreements which the EEC has concluded with Iran and Israel, alignment with the common customs tariff or accelerated approximation were effected as from either 1 July 1964 or 1 January 1965 for a number of products - including grapefruit, caviar, raisins, dried apricots and dicalcium phosphate - where the national duties were higher than the common customs duties.

On 1 January 1965 a fairly large number of amendments were made in the common customs tariff in connexion with the implementation of three recommendations by the Customs Co-operation Council dated 6 June 1960, 8 December 1960 and 5 June 1961. In order not to affect the level of duty on products, account was taken of the interests of third countries and of the Community's obligations, in particular within the framework of GATT.

Another decision by the Council, dated 12 December 1964, introduced a few amendments to the common customs tariff, mainly on economic and technical grounds. Inter alia, these amendments have introduced a simplified system of customs levy on copper and aluminium powders and have extended to certain aluminium waste duty-free treatment already provided for in respect of scrap.

The Community is pursuing its patient and persevering efforts towards achievement of the economic union. Regular progress is being made towards common policies, and as a chain reaction the need for co-ordination and co-operation is extending to more and more fields. The co-ordination of short-term economic policies is already far advanced; preparations are being made for adoption of a first medium-term policy programme; the Six have strengthened co-ordination of their monetary policies; the approximation of legislation is a task which if not spectacular is nevertheless advancing steadily and as regards social policy, transport policy, energy policy, competition policy and in particular commercial policy we may be behind schedule in some respects, but we are convinced that these are or will be carried along in the general movement.

It is, however, in a particularly sensitive sector, that of common agriculture, that the most decisive progress in regard to common policy has been recorded. The common agricultural policy now covers nearly 90 per cent of the Community's agricultural production. 1964 witnessed the introduction of the regulations on rice, bovine meat and dairy products which Committee II has just subjected to an examination which for attention to minute detail has, I believe, no precedent, in the past history of the Committee's work. The Community co-operated to the utmost in this examination and will keep its partners informed of new agricultural policy measures which come under the procedures agreed upon by the CONTRACTING PARTIES.

Lastly, and I shall merely emphasize the importance of the event -at its meeting on 15 December 1964 the Council reached agreement on the common level of cereal prices and on that occasion, perhaps more than on any other so far, the Community was able to demonstrate its sense of responsibility both towards itself and towards the world in general. For the first time, a group of States are bringing their agricultural policy under a common price system and thus creating unity in the largest single agricultural market in world trade.

The CONTRACTING PARTIES have been informed of the entry into force of the Yaounde Convention and the Convention of Association with the Overseas Countries and Territories. These matters have been referred for study to a Working Party and there is, therefore, no need for me to enlarge upon this specifically trade aspect of our activities. I shall merely mention here that in our opinion the smooth functioning of the mechanisms provided for in these agreements is proof of the successful choice of the EEC as regards development policy in general.

As regards the elimination of customs duties on products of interest to developing countries, to which many members of this assembly apparently attach particular importance in the policy of development aid, I can report several unilateral reductions erga omnes which took effect in 1964 and affect a total of \$1,100 million of imports from developing countries.

- Duty reductions under the trade agreement between the EEC and Iran affect \$77 million worth of imports from all sources in 1963;
- Duty reductions on products of particular export interest to India affect total imports of \$124 million;
- Duty reductions applied on 1 January 1964 jointly with the United Kingdom on tea and tropical woods cover \$166 million of imports;
- Lastly, duty reductions which have become effective under the Yaounde Convention affect a total import figure which in 1963 amounted to \$738 million, of which \$198 million from associated countries and \$540 million from other overseas countries.

Mr. Chairman, those are the essential features and broad outlines of the basic elements and the facts regarding the evolution of our Community in the past year.