

GENERAL AGREEMENT ON TARIFFS AND TRADE

Thirteenth Session of the Contracting Parties

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This is the first time that the European Economic Community has had the opportunity of taking part in the work of a Plenary Session of the Contracting Parties. At the outset of our co-operation I would like to greet you on behalf of our Commission. Last year at this time the Rome Treaty had been signed but had not yet entered into force; its institutions, its assembly, and its commission were not yet functioning. In May, at the time of the intersessional meeting, our administrative machinery had not been fully established. We have now passed those stages. I am here on behalf of the Commission within which I have been entrusted with external relations. This means that while I am here among you for the first time it is probably not the last time. As you know, our Community includes, in addition to the Commission, a Council of Ministers representing not only the interests of the Community, but also, and more especially, the interests of the Member States, which do not lose their political personality by being members of the Community. As you are also aware, the Treaty provides for a transition period of twelve years and during this period the trade policy only becomes truly and completely a Community policy at the end of eight years, i.e. at the end of the second stage. At the present stage, the commercial policy is already a common policy of approximation and confrontation. Nevertheless, our Commission is already empowered to participate in GATT meetings and to speak on behalf of the Community. It is, in fact, to be noted that the Treaty itself, in Article 229, refers to GATT and entrusts the Commission with the organization of relations between the Community and the Contracting Parties. Being provided with the fundamental elements for our activity, having appointed officials who are here present we are, therefore, ready to discuss and to increase contacts and, what is more, ready to listen. This last point is important because we have the feeling that it is necessary and useful in the field of international relations to listen to one's partners with all the attention that their problems and their opinions deserve. We come here today in a spirit of co-operation and goodwill.

I wish to pay tribute to the work accomplished by the Contracting Parties since 1947 and by GATT, this great international institution which, despite the very modest means at its disposal, has already achieved substantial results in the field of trade liberalization and international trade.

I now wish to deal with the object of the deliberations of the Thirteenth Session. In my opinion, the fundamental problem which presents itself is not that which arose in connexion with the Rome Treaty, but rather the problem posed by the contents of the remarkable report on Trends in International Trade. I think I can say, without fear of contradiction, that all the problems which arise out of this report, all the

facts which it gives, and the evolution which it traces since 1928, deal with the period prior to the negotiation and the entry into force of the Treaty. Of course, the report is of interest to the Community, as it is to other countries, from the point of view of its future responsibilities.

In this respect, all countries of major industrial importance, including the six Members of the Community, are confronted with the observations, the findings, and, to a certain extent, the recommendations of the experts. As was to be foreseen, and as we were able to note yesterday, these recommendations give rise to discussions and certain reservations.

I would like to consider for a while the general findings of the report, that is to say, the developments which it traces and the facts which it brings out. I would like to observe, first of all, that the first problem which presents itself is to derive the elements of a policy from the findings of the experts. I then note that this policy which the experts ask us to establish, is a world-wide policy. I therefore conclude that it can only be an agreed policy for I cannot imagine that the objectives which have been proposed could be reached simply by individual efforts, and if each country did not have the sentiment that its trade partners were working in the same direction. The problem is, therefore, a vast and highly complex one and I agree with the Secretary of State for Commerce of the United States, Mr. Douglas Dillon, that we must examine thoroughly the experts' report and suggestions and see what common conclusions we can reach. I may say that our Commission, which first read this document only a week ago, will study it carefully and that we are prepared to join in the collective efforts which will result from such a study.

I now come to the question of the Rome Treaty and I would first of all like to thank those who yesterday and today talked of it in such friendly terms. Frankly, judging from what was said and printed about it last year, I was expecting a much cooler reception. Last year, as I read with astonishment the comments and criticisms which were expressed about the "European preferential area", I said to myself that it was a great pity that GATT should not have been in existence in 1932, for we might have heard criticisms and fears regarding such and such a system of preferences. In the spring of this year I took part, as a member of the Commission, in the meetings of the Maudling Inter-governmental Committee in Paris. At that time, in reading the minutes of the Inter-sessional Committee, it occurred to me that the Community did not after all have such serious shortcomings since, in Paris where I was, there was a desire to become associated with it. I see that since then things have evolved in a satisfactory manner. We have adopted a realistic attitude regarding the Rome Treaty; we now propose to examine concrete problems, and I think that from this point of view the Commission has something to say, and perhaps something to hear to which it should reply.

I have the feeling that, for this Assembly, the Rome Treaty has two main aspects. The Treaty affords certain advantages and gives rise to certain fears. Let us first consider briefly the first aspect of the Treaty. I was a little surprised at the description given by the experts. I do not believe that this description tallies with the facts; in any

case it certainly does not reflect our intentions. In this respect, I would like to make a slight reservation, in particular about the passage in the report where the experts, in paragraphs 171 and 172, stress the extreme importance of the rapid development of industrial countries and the maintenance of a high level of employment and activity for the whole of the world economy. While at the same time they attach a number of reservations to these findings in the paragraphs which deal with the Community. Finally, let us not quibble on details and let us note that every effort which tends to promote in a dynamic manner the expansion of certain countries is, in itself, beneficial to the world as a whole. I do not think that it is necessary for me to demonstrate this here. Let me stress another positive aspect of the Rome Treaty, which was emphasized by the Chairman of the Contracting Parties yesterday when he said that the Rome Treaty appeared to be an energetic move towards liberalization of trade. The Treaty had just been negotiated and was still awaiting ratification when already it gave rise to efforts towards the establishment of a free trade area, and today in other parts of the world similar plans are being studied. I think we should welcome such developments which are directed towards the same objectives as the efforts undertaken ten years ago by the Contracting Parties themselves.

The second aspect of the Treaty is the fears to which it has given rise. Yesterday and today those fears have been expressed freely and frankly, and I would like to say that we are not shocked in any way by the comments that we have heard in this regard. It is most useful to hear them; we must listen to them and, as far as possible, allay them. Yesterday, after the debate, I asked myself what would be the best way of meeting such fears which, in reality, are based on future and uncertain events, and not on facts having already occurred. In their review of the economic situation and the economic developments of the last thirty years, the experts analyse facts and show us what are their good and their bad implications. On the other hand, the effects of the Rome Treaty are to be felt in the future. I therefore asked myself how these fears should be allayed. Rather than make statements of principle or of sympathy and understanding, I came to the conclusion that it would be more convincing to quote specific and concrete facts.

The first fact lies in the text of the Treaty itself which, from the beginning, was drafted with a view to the economic expansion which it was designed to promote. The Community was never intended to be a closed organization, or an autarchic entity. It is, indeed, open to other European States which might wish to become members. Moreover, in the final act of the Treaty, the signatory States expressly declared their willingness to pursue a policy of co-operation with all their partners in international organizations. In this regard the Commission itself made some extremely clear statements from the outset, that is to say, in the speech in which the President of the Economic Community, Professor Hallstein, defined its programme before the European Assembly in Strasbourg on 20 March last.

The second fact is that the Commission agreed forthwith to the holding of negotiations towards the establishment of a free trade area. This may appear to be self-evident; in my opinion such is not the case. It would have been more convenient for the newly created Community which now has to set up its institutions not to have from the outset to extend and adapt them to other larger communities. However, we considered that a reticent attitude

on our part would be inconceivable and as early as February 1958 we adopted a positive attitude in this regard. Our position remains unchanged.

The third fact is that in July last, when it appeared that the Treaty instituting a Free Trade Area would not be concluded or at least not ratified before 1 January 1959, we proposed to our partners in the OEEC to set up a provisional system under which a lowering of tariffs as provided for in the Rome Treaty could be effected, the first reduction to be extended to all countries parties to the General Agreement. I realize that the proposed area does not meet with the sympathy of all the members of this assembly, and that it gives rise for certain States to problems similar to those which arose on account of the Rome Treaty. We have thought this over and have come to the conclusion that the provisional system should be extended to all the contracting parties. This proposal did not find much sympathy, not because it concerned the GATT members, but because the provisional system seemed to be much controverted within the OEEC where our European partners seemed to be very reluctant to accept a provisional system, being convinced of the necessity of concentrating their efforts on the negotiation of a final Treaty. I would wish to stress the attitude of our Commission in order that you may realize how we approach the question of our external relations. Our intentions obviously go beyond the setting up of an autarchic system.

The fourth fact lies in the definition of an agricultural policy initiated during the Conference in Stresa and directed towards a policy of co-operation. Mr. Mansholt, who is in charge of agricultural problems within the Commission, will speak of this in detail in a few moments.

The fifth fact, which is of direct interest to this Session, relates to the consultations to be undertaken between the Community and a number of States. Last May it was decided that rather than pursuing theoretical discussions on questions of a legal nature, it would be preferable to study concrete cases in those fields where the preoccupations of certain contracting parties were based on factual elements. I myself feel somewhat concerned that the consultations have not yet started and I have come to the conclusion that the time has come to take action. You know that, in coming to the understanding agreed to in May, the six governments attached some importance to the need for such consultations to deal with concrete facts in order to avoid reopening a debate on questions of doctrine. We wish the discussions to be focussed on concrete difficulties which might exist in a given sector. This is not, as far as we are concerned, a sine qua non, but rather an agenda question. We are of the opinion that it would be desirable, from the very beginning of the consultations, to agree on an agenda dealing with concrete and specific problems in order that our discussions should not depart from the nature which was intended from the outset.

That is why I hope that during the Thirteenth Session I shall be able to initiate such contacts and discussions.

Finally - and this is the sixth fact which I wish to mention - I have been authorized by the Commission to express the Commission's sympathy for the proposals put forward yesterday by the Under-Secretary for Commerce of the United States when he told us that his Government was prepared to enter

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into conversations with its trade partners with a view to lowering certain tariffs and other obstacles to trade. We are ready to take part in such conversations. Moreover, we realize that this will require on our part the prompt establishment of a common tariff for the Community. I would like to point out on this occasion that the Treaty provides that the common external tariff must be established by the end of the first stage, that is, after a period of four years. In view of these new needs, we will do our utmost to speed up the elaboration of our tariff. Moreover, I wish to associate myself, on behalf of the Commission, with what Sir David Eccles said yesterday, that any efforts or plans at liberalization for which the United States would take the lead, would meet with a spirit of utmost co-operation from the European nations.

We have come here conscious of our responsibilities. We are conscious, first of all, of our responsibilities towards 160 million Europeans who, through their respective governments and Parliaments, supported the establishment of the Community and who are expecting a living co-operation which will go beyond the political antagonisms which divided our countries in the past. It is indeed noteworthy that nations which have joined together within the Community to undertake the task of co-operation and expansion should be those which were locked in violent struggle during the last two fratricidal wars.

Next we have responsibilities, of no less importance, towards our European partners with which we have done ten years of excellent work in OEEC. The establishment of the Community is not, and cannot be, in any way a signal for deviating from our common path. On the contrary, we do intend to pursue our co-operative undertaking with our OEEC partners.

Lastly, our responsibilities extend to all the nations of the world. We fully realize that our Community, because of the importance of the States which have joined together, and because of its economic impact, is now confronted with responsibilities and obligations of a world-wide nature. It is our belief that GATT provides a forum where we can meet and understand our trade partners. I hope that we shall be able to forge within GATT closer and closer relations and I am convinced that if we speak with the frankness and spirit of co-operation which are the hallmark of this institution, we shall make considerable progress towards the attainment of our objectives.

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