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Since the Federal Republic of Germany became a member of the General Agreement on Tariffs and Trade it has learnt to appreciate to an ever-increasing extent the value of collaboration in this international community. I should like to add my congratulations to the CONTRACTING PARTIES on the tenth anniversary of the signature of the General Agreement.

My Government, therefore, welcomes the opportunity to discuss during this session a number of problems the solution of which is of crucial importance for the further expansion of international trade as well as for co-operation between the interested nations. The Annual Report of GATT - International Trade in 1956 - conveys an interesting and comprehensive survey of the situation and trends in international trade. I feel we should all pay warm tribute to the secretariat for the very valuable and thorough work they have accomplished. We should devote all our attention to the trends of international trade, and this, always with a view to forestalling harmful trends and doing our utmost to encourage developments of common interest.

It is also with particular interest that we have taken note of the report submitted by the President of ICCICA (Interim Co-ordination Committee for International Commodity Arrangements). We all are conscious of the great importance of primary commodities for international trade and particularly for the economy of those countries which are in the process of development. We all know that the frequent and often heavy price fluctuations give rise to serious problems in connection with both the development of purchasing power and the balance-of-payments situation in quite a number of countries. My Government welcomes the fact that GATT has decided to deal also with these problems.

With respect to further progress in the expansion of trade by international co-operation I should like to point out that the Government of the Federal Republic is resolved to continue its policy in this field. We consider GATT as a highly appropriate organization for this purpose. It is our intention

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to continue this co-operation. Accordingly, we would welcome it if as many Contracting Parties as possible, in particular, also the United States of America, would ratify the Protocol of the Organization for Economic Co-operation in Foreign Trade as agreed upon on the revision of GATT.

I am aware that the Contracting Parties expect the Federal Republic to make a declaration on measures of liberalization. Since you all know that the new Federal Cabinet is being formed only during the next few days, such a declaration cannot be made - according to the communication you already have received - until mid-November. May I, however, assure you that the Federal Republic fully realizes its obligations resulting from its creditor position.

Now I should like to outline my Government's attitude regarding the European Economic Community.

As you know, the establishment of the European Coal and Steel Community in 1952 was already a first step on the way to a politically and economically united Europe. The European Economic Community now coming into existence represents a further decisive step on that road. Based on political aims, it marks the resolute approach for the achievement of a comprehensive Common Market and for the initiation of a common economic policy.

Accordingly, the political and economic objectives of this Community go far beyond the scope of those questions which are settled by GATT.

Consequently, the European Economic Community is much more than a mere Customs Union. It is a union of the constituent nations on the basis of common political considerations and aims. Even in the economic field the Community goes far beyond the scope of a Customs Union as envisaged by GATT. For the Treaty contains inter alia provisions regarding the free movement of persons, services and capital. It, furthermore, lays down rules governing competition and provides co-ordinating rules concerning transport; in addition to this, it establishes rules regarding trade and payment policies, as well as rules concerning the policy relating to economic trends. As regards social policy, the Community's aim is to bring about a close co-operation between the Member States, and this co-operation will be encouraged by the creation of a European Social Fund. The provisions of the Treaty establishing the European Economic Community afford all the necessary guarantees for the realization of these aims. Thus considerable progress will be made in the consolidation and in further expansion of both economic activity and foreign trade of European countries with the rest of the world. This is at the same time in the interest of all the countries trading with European nations.

Questions concerning commercial policy treated in the provisions of GATT thus constitute only one, and not even the major, part of the Treaty establishing the European Economic Community. But as far as these questions of commercial policy are concerned, the Economic Community does not conflict with the principles laid down in GATT. In accordance with these principles, the Community intends to serve the purpose of expanding international trade.
The Community will certainly achieve this aim. An expansion of international trade resulting from the creation of a new great economic area as embodied in the European Economic Community can reasonably be expected.

Moreover, the expansion of world trade is one of the main objectives of the community. This objective is laid down in the Treaty as a binding principle for the Member States. This fact has, I feel, received far too little attention in the past. I think it is the first time in economic history that a vast economic area commits itself to a liberal economic policy vis-à-vis the rest of the world. The Treaty provides for this in an unequivocal manner. To illustrate this, you will permit me to quote some passages of the Treaty. The Preamble, for instance, expresses the intention of the Six "to contribute by means of a common commercial policy to the progressive abolition of restrictions on international trade". Also, in Article 18 "Member States declare their willingness to contribute to the development of international commerce and the reduction of barriers to trade by entering into reciprocal and mutually advantageous arrangements directed to the reduction of customs duties below the general level which they could claim as a result of the establishment of a Customs Union between themselves".

Article 110 of the Treaty declares the aim of the commercial policy of the Community to be the following:

"By establishing a Customs Union between themselves the Member States intend to contribute, in conformity with the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international exchanges and the lowering of customs barriers."

In addition to this, the Six Governments assure that also third countries will benefit from the favourable effect produced by the abolition of customs duties within the Community. Article 110, paragraph 2, therefore, stipulates: "The Common commercial policy shall take into account the favourable incidence which the abolition of customs duties as between Member States may have on the increase of the competitive strength of the enterprises in those States."

It goes without saying that the rights and obligations resulting from previous bilateral or multilateral agreements with third countries will not be affected by our Treaty. This means that the Community inter alia will maintain its rights and fulfill its obligations resulting from the General Agreement on Tariffs and Trade. Moreover, any European state is free to accede and any non-European State may associate itself with the Community, provided they approve of its objectives. All this implies that the Six Governments are willing to continue their friendly collaboration on a multilateral basis. As far as the Federal Republic of Germany is concerned, I think there is no need for me to stress particularly its keen interest in trade with all countries of the world. The Federal Republic depends to a large extent on exports. But we are well aware that we are unable to export goods unless we import goods in return. May I, therefore, assure the Contracting Parties of GATT that the Federal Republic will always have a co-operative attitude with respect to trade
relations with third countries. The immense increase in German imports during recent years which occurred in spite of some still existing restrictions, might be sufficient proof of our efforts to meet interests of third countries with respect to their exports into Germany. I should like to recall that German imports have risen by 74 per cent since 1953, whereas world imports have gone up by only 28 per cent during the same period.

These are the facts, and now, Mr. Chairman, how do they comply with the obligations of GATT?

The attention of the Contracting Parties of GATT has been repeatedly - either in documents or in discussions - directed to the common view of the Six Governments that the Treaty, as far as any questions are concerned that fall within the scope of GATT, is fully consistent with its provisions. This applies in particular to the stipulations regarding the establishment of a Customs Union.

First of all, I wish to point out that the provisions of the Treaty establishing the Community contain a permanent agreement on the progressive realization of a Customs Union within a specified period. The Treaty has been concluded for an unlimited period and there is no procedure provided for its abrogation by Member States.

As far as I can see, two major objections have been raised against the Rome Treaty. One of these is the Common Customs Tariff, which is causing some concern among the Contracting Parties of GATT. I should like to comment on these apprehensions as follows:

The Six Governments are firmly convinced that the Common Customs Tariff will be in full conformity with the provisions of Article XXIV. The Community is, however, prepared to examine this Tariff jointly with the Contracting Parties of GATT, as soon as it has been definitely established. The comments which the Contracting Parties of GATT may make on the Tariff will be closely examined.

It might be of interest to the Contracting Parties to take note of the result of some calculations we have made in Brussels. According to calculations based on 60 per cent of the imports effected by the Six Governments from third countries, the application of the Common Tariff of the European Economic Community, submitted to the Contracting Parties as the Specimen Tariff, would lead to a decrease in the customs revenue of about $30 to 60 million.

The second major objection is the arrangement concerning the association of overseas countries and territories, which represents also a permanent agreement. For specific reasons, which have been set forth before the Contracting Parties, it has been envisaged to begin with a transitional stage in the form of a free-trade area in lieu of a Customs Union.
The position of the Six Member States is that the association of the overseas territories cannot be separated from the establishment of the Common Market in Europe.

The special form provided by the Rome Treaties for the association of the overseas territories is a result of the desire of the Six Member States to comply with the provisions of the United Nations Charter and to further the prosperity of these overseas territories in accordance with those provisions, as explicitly stated in the Preamble to the Treaty establishing the European Economic Community. Thus the main purpose of association is to bring advantages to these countries and territories.

The Treaty, therefore, provides for common efforts with regard to financing, complementary to the programmes the individual Member States have already embarked on. Close study of the provisions of the Treaty will reveal that all the fears that the financial assistance, as envisaged, might hamper their free political development, are groundless. In addition to this, I wish to mention that the Federal Republic will continue to furnish also to all other countries that are in the process of development any possible assistance with regard to the financing of their development programmes.

The same consideration justifies the provision of the Treaty according to which the overseas territories maintain certain customs duties and charges - that is to say, to a negligible extent only - within the free-trade area, in order not to impair their economic development. This too corresponds to the necessity itself of furthering the prosperity of the overseas territories. This provision has been included in the Treaty exclusively for the purpose of taking care of the special interests of the overseas territories and inevitably results from the overruling principle which has been laid down in the United Nations Charter and applies also to GATT. According to this principle, the promotion of the well-being of the overseas territories is the paramount and foremost aim to be achieved.

In conclusion, I feel that most of the fears expressed by the Contracting Parties with regard to the Rome Treaties concern perhaps the transition period. For during this time, which is a period of adjustment and adaptation for all the interested parties - the Six Governments and all the remaining members - difficulties are more likely to arise. I am, however, firmly convinced that the liberal spirit in which the European Economic Community was conceived and the individual interests of the Six Countries are a sufficient guarantee that every effort possible will be made to lessen and to eventually remove these difficulties with mutual consent of the interested parties.