III. Summary of Views and Conclusions of the Six

1. The 20 per cent duty which will be applicable to bananas entering the European Economic Community does not entail any increase in the present customs protection, since it exactly corresponds to the arithmetical average of the existing duties.

2. The association of the overseas countries and territories with the European Economic Community can only have very limited effects in regard to bananas, mainly because of the large duty-free import quota granted to the Federal Republic of Germany, which will be 100 per cent during the first stage of implementation of the Treaty, and will still be 75 per cent at the end of the transitional period. It is furthermore provided that in the event of the countries and territories being unable to supply the whole of the quantities demanded, the Member States concerned would agree to a corresponding increase in the German tariff quota.

3. In any case, it is unlikely that A.O.T. production, which consists mainly of the Cavendish variety, would meet the requirements of German consumers, who have a marked preference for the Gros Michel type.

Moreover, prospects for increased production in the A.O.T's seem rather limited. Production in Guinea is at present falling considerably, following an outbreak of cercosporiosis or sigatoka disease, and production costs both in French Guinea and in Italian Somaliland seem to be less and less competitive even if account is taken of the customs protection granted in the metropolitan territories.

Generally speaking, banana production fluctuates widely from one year to the next, and is directly affected by cryptogamic diseases and poor weather conditions. Experience has shown that any forecasts regarding increased banana production are always very hypothetical in nature.

4. On the other hand, the consumption of bananas in the European territories of the Six could increase considerably. It is still far below the level of consumption in the United States, and recent trends in the French market seem to indicate that any static periods which may occur can usually be followed by a further sharp rise in consumption.
The implementation of the Treaty of Rome will bring about a relaxation of the Italian State Monopoly system and also of the French quota restrictions, and so can be expected to result in a marked reduction in prices in both countries; this could not but further stimulate consumption, which has already increased considerably in the last few years.

5. It seems indeed that, far from becoming mere residual suppliers, third countries will have steadily expanding outlets in the several European countries of the Six, since A.O.T. production alone will certainly be inadequate to meet their requirements. Moreover, increased production in the A.O.T's seem rather problematic, since it does not seem likely that quantitative restrictions could be applied pursuant to the agricultural provisions of the Treaty. In fact, third countries will inevitably benefit from the widening gap between a supply which it would be difficult to expand and a demand which will, more or less directly, have been stimulated by the establishment of the European Economic Community.