CONSULTATION UNDER ARTICLE XXII
Consultation with the European Economic Community on Bananas

Draft Agreed Minute

1. The consultation on bananas under Article XXII of the General Agreement with the European Economic Community, which was held at the request of the Government of the United Kingdom and which opened in Geneva on 14 November 1958, was resumed in Geneva on 20 and February 1959.

2. The European Economic Community was represented by delegates from Member States and from the Community Institutions. Other contracting parties participating in the consultations were the United Kingdom, Brazil, the Dominican Republic and the United States of America. The Chair was taken at the opening meeting by a delegate of the United Kingdom and at the later meetings by a representative of the European Economic Community.

3. The consultation was carried out in the light of previous discussion within the framework of the General Agreement on the association of the overseas territories of the Six, and of discussion at the previous consultation under Article XXII.

4. At the opening of the consultations a representative of the Six made a statement on the question of participation of the United States in the consultations on coffee, cocoa and bananas. He recalled that in September 1958, the Government of the United States had declared that its substantial trade interest in the three products in question was based on its position as an importer. The Community had examined the request of the United States Government for participation in the consultations and had reached the conclusion that it must maintain its refusal to recognize formally the right of an importing country to participate in the consultations. Nevertheless,
the Member States and the Commission of the Economic Community, had agreed that the representative of the United States might intervene in the course of the consultations, provided such interventions contributed to the establishment of facts concerning cases of concrete damage due to the application of the provisions of the Treaty of Rome. At the request of the representative of the Six, his statement is reproduced in full as Annex A to this document.

5. In reply to this statement, the representative of the United States stated that the immediate objective of his country would be met by participation in the consultations on the basis determined by the Community. Nevertheless, the United States would continue to maintain that they had full rights as consumers to participate in the consultations.

Records of previous consultations

6. A representative of participating countries other than the Six stated that the case already proposed by them was well known to all and it was not, therefore, proposed that all the ground which had been covered in earlier discussions should be gone over again. Nevertheless, countries other than the Six still hold to their case as already presented and, in fact, now feel even more strongly about it. As regards the case already presented, the representatives of the participating countries other than the Six said that they had expected that the earlier consultations would have resulted in an immediate offer of practical solutions from the Six; the other participating countries had not, therefore, expected that they would have to prepare records of the earlier discussions. The records of the Six had arrived a long time after the consultations had taken place, and had contained no mention in them of the French reply to the United Kingdom memorandum which had been presented in 1958 and which was briefly mentioned in the records. The representative of participating countries other than the Six requested that the records of the present consultations should incorporate the records of the previous consultations and that the statement by the United Kingdom at those previous consultations, and the French reply to this
statement, should be regarded as part of the records of those earlier consultations. A representative of the Six stated that there had been some misunderstanding about the preparation of records since the Six had thought that each country would prepare records and exchange them; however, the Six had no objection to the proposal of the representative of the participating countries other than the Six.

7. The record of the earlier consultations prepared by the Six, together with the memorandum presented by the United Kingdom and the French reply to that memorandum, are attached as Annex B, B1 and B2 to this document.

Common External Tariff

(a) Implementation of the Common Tariff

8. The representative of the Six outlined the tariff position on bananas before 1 January 1959 as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>Legal Tariff</th>
<th>Applied Tariff</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>20 per cent</td>
<td>20 per cent</td>
</tr>
<tr>
<td>Germany</td>
<td>5 per cent</td>
<td>(duty not applied)</td>
</tr>
<tr>
<td>Italy</td>
<td>40 per cent</td>
<td>36 per cent</td>
</tr>
<tr>
<td>Benelux</td>
<td>15 per cent</td>
<td></td>
</tr>
</tbody>
</table>

9. In reply to questions about the present level of duties on bananas in the Member countries, the representative of the Six stated that the Decision of 3 March 1958 about decreases in duties for GATT, the OEEC and other most-favoured-nation countries, had not been effective in the case of bananas since these were liberalized in all countries of the Six. The representative of the Six then outlined the tariff position from 1 January 1959 as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>Duty for Associated Territories</th>
<th>Duty for Third Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>18 per cent</td>
<td>20 per cent</td>
</tr>
<tr>
<td>Benelux</td>
<td>13.5 &quot; &quot;</td>
<td>15 &quot; &quot;</td>
</tr>
<tr>
<td>Italy</td>
<td>32.4 &quot; &quot;</td>
<td>36 &quot; &quot;</td>
</tr>
<tr>
<td>Germany</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(b) The Common Tariff and the Italian Monopoly

10. The representative of participating countries other than the Six pointed out that the reduction of duty in the Italian tariff had not been applied on a non-discriminatory basis; this implied an infringement of the Decision of 3 December 1958 in that the banana trade in Italy was subject to the restrictions of a monopoly and the rate of 32.4 per cent now being applied to associated overseas territories was in any case well above the level of the common external tariff. The representative of participating countries other than the Six recalled that the question of the operations of the banana monopoly in Italy had been raised in the earlier discussions; there were indications in the Treaty of Rome that the monopoly would be changed; but at the earlier discussions the representatives of the Six had been unable to indicate how the monopoly would operate under the provisions of the Treaty. In reply, a representative of the Six stated that the Decision of 3 December 1958 had not applied to the Italian tariff on bananas since trade in Italy in this commodity was in private hands and was not subject to restriction; nevertheless, due note had been taken of the statement by the representative of the participating countries other than the Six and this statement would be drawn to the attention of the Italian Government for its consideration. No precise information could yet be given about the operation of the Italian monopoly under the provisions of the Treaty of Rome since the question was still being examined governmentally, but it was hoped that information on this point could be given in the near future to the participating countries.

11. The representative of the participating countries other than the Six drew attention to L/805/Add.4, paragraph 5, which recorded the statement of the representative of Italy that the main purpose of the monopoly was to ensure that Italian responsibilities for the Trusteehip of Somalia were carried out by providing an assured outlet in Italy for Somalia's banana crop, and asked whether Somalia would continue to enjoy the preferences provided under the Treaty of Rome when she gained independence. In reply,
the representative of the Six stated that the Declaration of Intention in the Treaty of Rome made provision for Somalia to become an associated member if she wished to on attaining independence after 1960; it was too early to say whether Somalia would become an associated member or whether she would continue to enjoy the same benefits as she enjoyed in her former status as a trusteeship territory.

Developments in European consumption and AOT's production and exports

12. The representatives of the Six stated in reply to questions about 1958 statistics on consumption, production, export, etc., that they were unable as yet to make such statistics available; however, the statistics provided by the Six at the previous consultations still retained their value. These statistics had shown that in France, where it had been thought that 280,000 tons would be the ceiling figure for consumption, this ceiling had already been exceeded since consumption in 1956/57 had been 340,000 tons and in 1957/58 had been 390,000 tons. This development of increase in consumption had been demonstrated in the other countries of the Six; in Germany, consumption had risen from 118,000 tons to 296,000 tons from 1953 to 1956, in 1957 the figure had been 340,000 tons and in 1958 was 422,000 tons. In Benelux and Italy, despite a high level of consumer prices, consumption had also increased. Netherlands imports of bananas had increased from 40,700 tons in 1956, to 46,600 tons in 1957, and to 51,700 tons in 1958. Belgium's imports of bananas had increased from 52,600 tons in 1956 to 57,100 tons in 1957 and the estimated import figure for 1958 was 60,000 tons approximately. Italy's imports were 47,200 tons in 1956 and 43,500 in 1957; no figures could be given for 1958.

13. In reply to questions from the representative of participating countries other than the Six, the Six said that they expected that 1958 figures of exports from the associated overseas territories would have been collected by the beginning of March. Meanwhile, they expected that the 1958 figures of total exports would be slightly higher than those for 1957, when exports had been 199,000 tons compared with 170,000 tons in 1953. Despite the increase, however, the rhythm of production was still inferior to the
rhythm of consumption, and in addition, to stagnation of production in some territories there had been a decrease of production in other territories. For example, exports from Guinea which had been the main banana exporter, had declined in the last two years as shown in the following:

1953       72,000 tons
1954       87,000 tons
1955       96,000 tons
1956       88,000 tons
1957       76,000 tons

14. The representative of participating countries other than the Six stressed that there had nevertheless been a rapid increase of production in French Départements d'Outre-Mer and this production would benefit from the preferences provided in the Treaty of Rome in the same way as the associated overseas territories.

Potential Damage to Non-Six Countries

(a) Provision and Use of Statistics

15. The representative of participating countries other than the Six urged the countries of the Six to give some thought to the question of speedy provision of up-to-date statistics for the purposes of the consultations if the Six intended to continue to insist that they would accept only statistical evidence of damage to other countries. Other participating countries had to wait for months and, in some cases, years for published statistics and by the time these came to hand damage would have been long established. They recognized that there was a general problem in the collection of statistics which faced all countries; even if these problems could be overcome and up-to-date figures speedily provided damage would still have been done and, although it might not show in statistics for some time to come, was in fact even now being done because of the psychological effects of the provisions of the Treaty of Rome on producers and importers.
The representatives of participating countries other than the Six stated that, while pressing for the speedy provision of up-to-date statistics, they must continue to maintain their view that it was unreasonable to insist on statistical evidence of damage. The representatives of the Six undertook to supply statistics relating to 1958 immediately these became available. Nevertheless, they maintained their view that it was not for the countries of the Six to prove damage; it was up to countries other than the Six to do this and to provide the statistics by which this damage could be demonstrated.

(b) Diversion of Trade

16. The representative of the United States outlined the interest of his Government in the consultations. The United States imported over 50 per cent of the bananas entering international trade; these imports were of longer stems whereas European demand was mainly for shorter stems. Any reduction in the proportion of imports at present taken by countries of the Six from Latin America would increase the number of smaller size bananas for which there would be no ready market. If these were put on the United States market (where they are at present not in significant demand) prices would decline; if these sizes and quantities were not marketed at all the United States consumer would have to pay more for the large bananas which he does purchase.