NOTE ON MEETINGS OF 29 MARCH AND 8-9 MAY 1972

1. At the first meeting of the Working Party, on 29 March, it was agreed that the two major issues to be dealt with by the Working Party would be the examination of the Treaty \(^1\) of Accession in relation to Article XXIV, and the preparation of the necessary re-negotiations pursuant to Article XXIV:6. Members of the Working Party welcomed the enlargement of the European Communities which they considered to be an event of fundamental importance for world trade. While recognizing that the Treaty raised complex issues, and that the time for its examination was relatively short, they considered that the Working Party should so arrange its work as to avoid interfering with the process of ratification of the Treaty. The hope was expressed by a number of delegations that the examination of the Treaty would be completed before its entry into force on 1 January 1973. It was also considered desirable to proceed as quickly as possible with the technical preparations for the Article XXIV:6 re-negotiations.

2. At its second meeting on 8-9 May, the Working Party discussed the question of organizing its future work. It discussed, in particular, the documentation to be provided by the European Communities for the purpose of the examination under Article XXIV, as well as of the re-negotiations under paragraph 6 of that Article. In this connexion it had the benefit of a paper circulated by a number of delegations containing their consolidated views regarding the information to be requested from the enlarged Communities.

3. The spokesman for the enlarged Communities pointed out that the data requested in the paper was of very great magnitude and that the parties to the Treaty would have difficulty in supplying all of the documentation suggested. He offered to make the following data\(^2\) available:

   (1) The five customs tariffs (most-favoured-nation rates). For specific and compound rates, ad valorem equivalents should also be indicated.

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\(^1\) The text of the documents concerning the Accession was circulated to all contracting parties with document L/3677/Add.2.

\(^2\) The spokesman for the enlarged Communities reserved his position as to whether the data was relevant in connexion with the Article XXIV examination or the Article XXIV:6 re-negotiations, or both, as well as to the usage of the data. He recalled that no clear distinction had been made in the document referred to in paragraph 2 above between information for the purposes of paragraphs 5(a) and 6 of Article XXIV.
(2) The bindings in each of the five tariffs should be indicated.

(3) Where there are initial negotiating rights, the countries with which the bindings were originally negotiated should be indicated.

(4) Concordance between the tariff lines in the tariff of each of the four acceding countries and in the Common External Tariff of the EEC.

(5) Quantitative restrictions, including discriminatory quantitative restrictions and measures of similar effects applied by the acceding countries in cases where the accession would lead to modifications.

(6) State trading applied by the four acceding countries, in cases where the accession would lead to modifications.

(7) Production subsidies in the four acceding countries, in cases where the accession would lead to modifications.

(8) Indication of the existence of variable levies, support, threshold and gate prices, and minimum import prices.

(9) Imports most favoured nation in 1971; value at tariff line level, global data indicating most-favoured-nation countries of origin.

In addition, the Communities were ready to furnish any other information that might be necessary and to the extent that such information was relevant and available.

4. The following paragraphs 5-10 reflect the discussion on the foregoing offer of documentation.

Items (1) - (4) and (9)

5. Members of the Working Party expressed the view that the information offered under items (1)-(4) and 9 differed little in substance from the proposals made by a number of delegations (see paragraph 2 above) and from what had been supplied in the course of the examination of the Rome Treaty. Some delegations considered it important that details should be supplied not only of the most-favoured-nation tariffs but of preferential tariffs also, as in their opinion preferential rates should be taken into account in establishing the general incidence of duties pursuant to paragraph 5(a) of Article XXIV. Moreover, it was pointed out that for some countries the preferential rates including those operated pursuant to the Generalized Preference Scheme, were the most important ones. It was further pointed out that bound preferential rates, as consolidated in Part II of the Schedule, would be included in the Article XXIV:6 negotiations. Reference was made to paragraph 9 of Article XXIV, which envisaged negotiations for elimination or adjustment of preferences where a free-trade area or customs union was formed. The spokesman for the enlarged Communities expressed the view that in the framework
of the General Agreement preferences were merely tolerated and were never intended
to be perpetuated in a manner contrary to the spirit of Article I, and he was thus
doubtful as to the need for supplying information on preferences. Some delegations
did not share this view - pointing out that preferences were recognized as consti-
tuting an integral part of the General Agreement pursuant to paragraph 2 of
Article I.

6. Some representatives suggested that the information to be supplied by the
Communities should cover both the presently-applied rates of duty and the legal
rates.

7. As regards the base year of 1971 proposed by the Communities, some delega-
tions stated that a more representative picture could be obtained from two or
three years' statistics which would help to counter distortions which would
inevitably arise in any one year's figures. The spokesman for the Communities
indicated that his delegation was prepared to supply figures for 1970 as well as
for 1971.

Items (5), (6) and (7)

8. Some delegations expressed the view that the data to be supplied pursuant to
items (5), (6) and (7) (quantitative restrictions, State trading, production
subsidies) should relate to measures applied not only in the acceding countries
but in the existing Communities as well. The spokesman for the enlarged
Communities stated that the Communities at present did not operate any such
measures, apart from subsidies in the sphere of agriculture which could be dealt
with in the context of information relating to agriculture under item (8).

Item (8)

9. All speakers other than the spokesman for the enlarged Communities stated
that the major difference between their views as to documentation to be provided
and those of the Communities related to the data proposed to be supplied for
agricultural products. They considered that the information offered would not
permit a useful examination under Article XXIV:5(a) of the implementation of
the common agricultural policy by the acceding countries. They appealed to the EEC
to consider supplying information of a more detailed character, in order to
permit a judgement by the CONTRACTING PARTIES.

10. Some delegations enquired whether the EEC might be in a position to supply
the data for agriculture in advance of the remaining information, pointing out
that the adjustment to the common agricultural policy by the acceding countries
would commence on 1 February 1973. The spokesman for the enlarged Communities
stated that his delegation approached the exercise in an overall manner and was
not prepared to distinguish between sectors.
Question-and-Answer Procedure

11. A number of delegations stated that it would facilitate progress if the traditional question-and-answer procedure were adopted for the examination of the Treaty under Article XXIV. The questions and answers would serve to complement the other information to be supplied by the Communities. It was suggested by one delegation that the assembly of questions should already be begun, and that they be circulated among contracting parties. The question of a final date for submission of questions and for reply thereto by the Communities was discussed, and it was agreed to revert to this matter at the next meeting. In the meantime, delegations were requested to begin the task of preparing questions and to submit them to the secretariat.

Secretariat Assistance for Developing Countries

12. In response to a question, the secretariat indicated that secretariat assistance would, as usual, be made available to any developing country in connexion with the examination and negotiations under Article XXIV.

Conclusion

13. Several delegations, while expressing satisfaction at the data proposed to be supplied by the Communities, expressed the view that it was less than adequate for the examination of the Treaty under Article XXIV:5 and 7. They appealed to the Communities to reconsider the offer, especially in so far as agriculture was concerned, in the light of the comments made at the meeting. The spokesman for the enlarged Communities said that he had not been convinced of the necessity and pertinence of all the information requested. He pointed out that the documentation proposed by the Communities was of greater magnitude than that supplied in any previous case, including the examination of the Treaty of Rome itself. Some other delegations considered that there was no real precedent to guide the Working Party especially since at the time of examination of the Treaty of Rome, the common agricultural policy had not been established.

14. It was agreed that, while some progress had been made in the meeting, the matter should now be referred to capitals for reconsideration in the light of the discussion. Every effort should be made and all possibilities explored with a view to reaching an agreement regarding procedure and documentation at the next meeting.

15. The next meeting will commence on 30 May at 10 a.m.