The common tariff on whole corn pepper is to be 29 per cent and on other 32 per cent; the item is included in Annex II of the Treaty of Rome.

2. In 1955 United Kingdom Overseas Territories supplied £1.9 million out of a total of £3.1 millions in the markets of the Six and Overseas Territories of the Six were responsible for £0.3 million's worth of imports. It is understood that the latter amount moved mainly to France and the major proportion of this came from Madagascar and French Togoland. The pattern in 1956 was similar and the Federal Republic of Germany took a high proportion of her pepper (about 80 per cent) from British Overseas Territories.

3. The United Kingdom overseas territory with the greatest interest in the export of pepper is Sarawak where it represented 10.5 per cent by value (£5.1 million) of total domestic exports in 1954. Of this trade £131,000 (350 tons) moved direct to the Six. The values were: Netherlands £14,000; Germany £43,000; France £63,000 and Italy £11,000. This direct trade is not truly representative of Sarawak's interest in the Six's metropolitan markets because of her trading association with Malaya and Singapore who in 1954 out of a total import of 18,000 tons of pepper obtained 12,400 tons from Sarawak. In that year Malaya exported some 17,500 tons to all destinations of which Germany accounted for 1,640 tons and France for 1,570 tons. Thus Sarawak's direct and indirect interest in the markets of the Six amounted to over £1 million in 1954.

4. Madagascar, the largest producer among the Six's Overseas Territories exported some 500 tons in 1954 and her exports have risen steadily from 200 tons in 1949. Under the Treaty of Rome arrangements she will be accorded a preference of 29 per cent to 32 per cent which will clearly represent a considerable stimulus to production at the expense of the interests of third countries in the markets in e.g. Germany and the Netherlands. Further, the inclusion of this commodity in Annex II of the Treaty means that the provisions of the Treaty relating to managed markets, etc., might be applied to it. This could create new non-tariff preferences for the Associated Overseas Territories and thus increase the damage likely to be done to the trade of third countries.