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COMMON MARKET • EURATOM • COAL & STEEL COMMUNITY

Background Information

June 2, 1961

ADDITIONAL 10 PER CENT CUT IN INTERNAL TARIFF

RECOMMENDED BY COMMON MARKET EXPERTS

WASHINGTON, D.C., June 2 -- The European Economic Community's Monetary Committee and Business Cycle Policy Committee have both reported favorably on a proposed 10 per cent cut in tariffs within the Common Market, to become effective December 31, 1961. The cut, recommended by the EEC Commission, is in addition to a similar 10 per cent reduction already scheduled for December 31, 1961.

If approved by the Council of Ministers, it will bring the total reduction in internal tariffs to 50 per cent by the end of 1961 -- four years ahead of the schedule outlined in the Treaty of Rome which established the Common Market in 1958.

Both of the Community's financial committees based their decisions in favor of the cut on the expanding economy of the Common Market. The Monetary Committee met on May 23 and 24, the Business Cycle Policy Committee on May 26.

On May 29 during the current GATT negotiations in Geneva the EEC proposed a 20 per cent across-the-board cut in its common external tariff, subject to reciprocity. Accelerated reductions in internal and external tariffs are in line with the EEC Council of Ministers' decision of May 12, 1960, to accelerate the transition period of the Common Market.

Both proposals are possible because of the healthy state of the economy of the Common Market countries. The gross national product of the six-nation Community (Belgium, France, the German Federal Republic, Italy, Luxembourg, the Netherlands) rose 5 per cent in 1959, an additional 7 per cent in 1960, and is expected to rise at least 5 per cent in 1961. Industrial production increased by 12 per cent in 1960 and is expected to climb 6 or 7 per cent in 1961.

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