

EUROPEAN COMMUNITY INFORMATION SERVICE

220 Southern Building, Washington 5, D.C.
telephone National 8-5070

COMMON MARKET • EURATOM • COAL & STEEL COMMUNITY

March 3, 1960

FOR IMMEDIATE RELEASE

NEWS BACKGROUND

ON THE PROPOSED ACCELERATION OF THE COMMON MARKET TRANSITION PERIOD

- 0 -

Note: It was officially reported in Brussels today that the Commission of the European Economic Community has proposed speeding up the transition period for the Common Market. Following is a background note on the proposal which has been submitted to the Community's Council of Ministers.

Belgium's Foreign Minister, Pierre Wigny, in the summer of 1959, urged that the 12 to 15 year period for the gradual transition to a full European common market be accelerated. His proposal resulted in the Council of Ministers inviting the Economic Commission (executive branch of the EEC) to submit its recommendations for a transition period speed-up.

In September of last year, the Economic Commission's President, Walter Hallstein, informed the European Parliament in Strasbourg that the Commission considered the proposed acceleration as both feasible and desirable, based upon the Community's experience in its first 20 months of operation. He cited among the economic and political reasons, two major factors:

- The healthy state of Europe's economy favored a more rapid dismantling of tariffs and quotas and also a more rapid reduction of the member states' separate external tariffs toward the single external tariff of the Community.
- The increased harmonization of the member states' economic and trade policies (convertibility, monetary reform, quota increases, etc.) contributed to a partial acceleration of the transition period. These steps and others were, moreover, encouraged by the attitude of industrial and commercial circles in the Community.

Finally, the idea of accelerating the transition period was in line with the Community's desire to adopt a liberal policy in its external trade. Thus, the sooner economic integration was achieved, the more rapidly and the more surely would the six Community countries be able to apply an outward-looking trade policy.

The Commission's recommendations to the Council of Ministers concern both the speedier establishment of the customs union and the more rapid development of common policies. One of the Commission's aims is to insure the realisation, not only of a customs union, but of economic integration in the full sense of the term.

- 0 -

Regarding the Customs Union, the Commission's recommendations cover the following points:

March 3, 1960

- Industrial quotas between the Member States would be abolished before December 31, 1961. This could in principle be extended, on conditions of reciprocity, to non-member countries. During the year 1960, member states would draw up with the Commission a program for the elimination of discrimination with regard to supplies and market outlets, resulting from the existence of national monopolies of a commercial character. An increase of intra-community trade in agricultural products would be speeded up in connection with the gradual establishment of the common agricultural policy.
- In the area of tariff disarmament within the Community, the total tariff cuts achieved by the end of 1961 (end of Stage 1) would be 50% instead of 25-30%: that is, the two internal tariff cuts due on July 1, 1960 and December 31, 1961, would each be of 20% instead of 10%.
- In order to avoid deflection of trade, the common external tariff would begin to be applied partially on July 1, 1960 instead of December 31, 1961. This would first be done by reducing the common tariff by 20%, this provisional reduction to apply until the results of the forthcoming tariff negotiations in the GATT are made known. A certain measure of immediate reciprocity might be asked of those industrialized countries which are members of the GATT, with a special exception made for the United States owing to the time factor involved in the legislative approval required for tariff reductions. The United States could make its contribution to such reciprocity in the course of the negotiations to be held in the GATT.

During the discussions on immediate reciprocity, it would be possible to study the question of extending to members of the GATT and to those benefiting from the most-favored-nation clause the internal tariff reductions which the Community's member states will make vis-a-vis each other on July 1, 1960, provided, however, that this extension did not bring duties below the level adopted for the common external tariff.

- 0 -

In regard to the Common Policies of the Community, the Commission proposes to the member states that they agree to speed up their activities in all the fields provided for by the Treaty in order that its aims may be achieved before the end of the transition period.

Moreover, while the Commission recognizes that in many fields these activities are already running ahead of the timetable that seemed initially possible, it nevertheless proposes certain particular measures:

- On Social Policy, The Commission proposes joint study of vocational and technical training, it also suggests that member states should now set in motion the necessary procedure to insure, as far as possible before the end of 1960, the application of the principle of equal pay for men and women.
- On Trade Policy, the Commission proposes systematic coordination between itself and the member states in trade negotiations with non-member countries. It also suggests a more rapid unification of liberalization measures, product by product, vis-a-vis non-member countries. Finally, it believes that in cases of agreed importance where considerable deflection of trade is to be feared, the first joint negotiations should begin in the sense defined in Article 113 of the Rome Treaty. (Article 113, relating to a

March 3, 1960

common commercial policy, states that the Commission may be authorized by the Council to open necessary negotiations for the conclusion of commercial agreements with third countries.) Similarly, the measures laid down in regard to aid for exports to non-member countries should be adapted to the new rate at which the Treaty is to be applied.

- On the Common Agricultural Policy, the Commission already has, in its proposals on this subject, provided for the application of a common policy before the end of the transition period. It takes this opportunity to recall the link between industrial and agricultural integration, and the need to supplement the speeding up of the customs union, which is above all of interest to industry, by a rapid application of the common agricultural policy.
- Finally, other proposals aim at achieving greater uniformity in statistics (owing to the need for readily available comparable data) and at abolishing the barriers to trade resulting from discrepancies in the regulations applied by different member states on such subjects as health, hygiene, industrial safety standards, etc.

The Commission believes that the adoption of the above measures will make it possible at the end of the fourth year of application of the Treaty (the end of 1961), to shorten, in accordance with Article 8 of the Treaty, the second and third four-year stages. When the time comes, it intends to make proposals to this end.

#