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Working Documents

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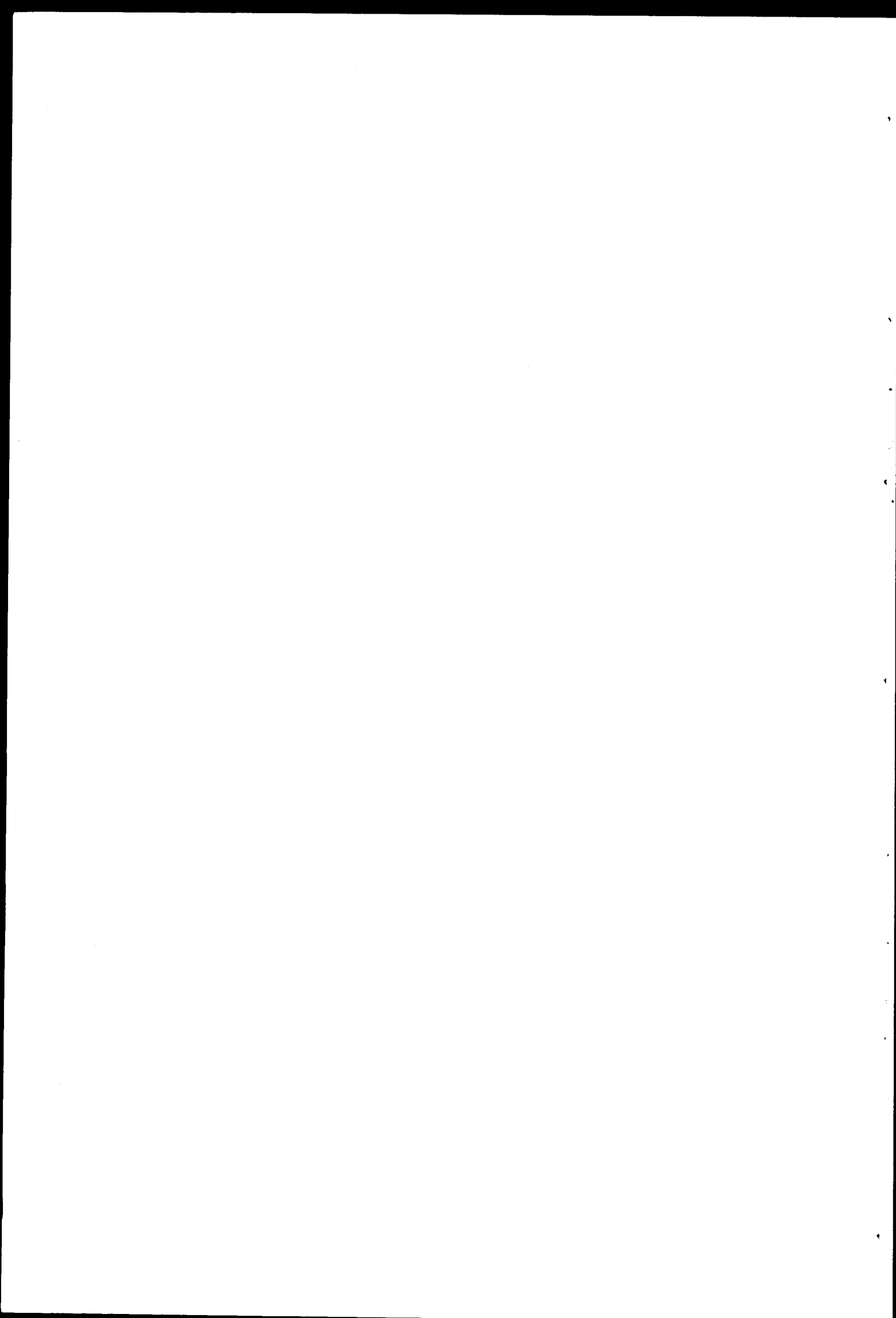
17 June 1975

DOCUMENT 106/75/ANNEX

OPINIONS

OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS
AND THE COMMITTEE ON DEVELOPMENT AND COOPERATION

on the Community's position in the GATT negotiations



OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

Draftsman: Mr CARPENTIER

On 20 March 1975 the Committee on Economic and Monetary Affairs appointed Mr Carpentier draftsman.

It considered the draft opinion at its meeting of 5 June 1975 and adopted it unanimously.

Present: Mr Notenboom, acting chairman; Mr Carpentier, draftsman; Mr Albertsen, Mr Artzinger, Mr Cousté, Mr Flämig (deputizing for Mr Van der Hek), Mr Hansen (deputizing for Mr Leenhardt), Mr Krall (deputizing for Mr Achenbach), Mr Lange, Mr Suck.

OPINION OF THE COMMITTEE ON DEVELOPMENT AND COOPERATION

Draftsman: Lord REAY

On 14 May 1975 the Committee on Development and Cooperation appointed Lord REAY draftsman.

It considered the draft opinion at its meeting of 4 June 1975 and adopted it unanimously.

Present: Mlle Flesch, Chairman; Mr Deschamps, Vice-chairman; Mr Bersani, Mr Delmotte, Mr Jakobsen, Mrs Kellett-Bowman, Mr Lagorce, Mr Ligios, Mr Brøndlund Nielsen, Mr Nolan, Mr Schuijt, and Mr Walkhoff.

The Committee on Development and Cooperation wishes to make the following comments:

- The negotiations

Your committee observes that, generally speaking, the General Agreement on Tariffs and Trade is particularly well suited for regulating relations between the industrialized nations, proceeding on the assumption that members have approximately the same economic strength. Since the developing countries are obviously in a poor competitive position, especially as regards industrial products, the application of most-favoured-nation clause will frequently create problems for those countries. The developing countries have therefore repeatedly stated that their trade problems could be discussed more effectively by organizations of which they were all members, such as UNCTAD. This having been said, it should, however, be noted that a large number of developing countries are members or provisional members of GATT at the present time and that the EEC and the USA have declared themselves more than once resolved to take particular account of the interests of the developing countries. (See Chapter V(1) of Supplement 2/73 to the Bulletin of the European Communities). The industrialized countries have already made an exception to the cardinal principle of GATT by introducing a generalized preference scheme in favour of the developing countries. Even more important, finally it has been decided that non-members of GATT can also participate in the negotiations.

- The tariffs

The Community has pronounced itself in favour of considerable reductions in customs tariffs and of harmonization of the tariffs imposed by the major industrial nations. The principle of the higher the tariff, the greater the reduction in customs duty should apply. As Mr Fitzgerald stated before the parliamentary committee responsible on 19 February, a reduction of between 25 and 50% would thus be achieved.

Your committee notes in this connection:

- The European Community has already decided to continue the generalized preferences scheme beyond 1980 and, where necessary, to improve it.
- More processed agricultural products need to be included in the scheme: 40% of the developing countries' exports consist of basic agricultural products and foodstuffs. It is precisely the countries with the lowest per capita income that export predominantly agricultural products.
- The Commission notes in its Communication to the Council (see Chapter II(4) of the abovementioned document) that total abolition of all customs tariffs will not be attainable. It therefore proposes merely

lowering tariffs to a certain level. Your committee would, however, draw attention to the fact that it has been estimated that customs tariffs of 5% or less cost more to administer than they bring in in revenue.

- Non-tariff barriers

Your committee has repeatedly advocated - and has been supported in this by the European Parliament¹ - gradual abolition of consumption tax on tropical agricultural products.

Studies have shown that total liberalization would lead to an increase in consumption of above 15%. Your committee feels that, in view of this figure and given the fact that it is principally the poorest developing countries that would benefit from the abolition of consumption taxes, a serious effort should be made to achieve greater liberalization. At the same time it is aware that, according to the Statistical Office of the European Communities (See taxation statistics 1968-1973), the Member States still derive a considerable part of their revenue from taxes of this nature and from excise duties.²

Your committee also hopes that the Community will give particular attention to plant health regulations which are still in force and are often an obstacle to exports from developing countries to the Community.

- Agricultural products

The Common Agricultural Policy has without doubt been of great benefit to the countries of the Community, and by building up their strength has enabled them to help the developing countries. Care must be taken that opportunity for conflict be minimized in the talks now taking place.

¹ See paragraph 6 of the resolution in the report by Mr Vredeling of development cooperation, OJ No. C 82, 26.7.1972

² Namely, Denmark, 14.3%, Ireland 27.1%, Britain 16.2%, Luxembourg 7.6%, Belgium 7.7%, Netherlands 6.8%, Italy 13.7%, France 7.4%, Germany 9.2%. Excise duties and consumption taxes on tropical products account of course for only a small part of these figures. Some examples (figures for 1973)

Germany - Duty on coffee 1,231 million DM; Duty on tea 37 million DM;
Duty on tobacco 8,872 million DM.

Great Britain - Duty on tobacco 1,037 million £

Italy - Duty on cocoa 9,347 million Lira; Duty on bananas 39,516 million Lira.

Your committee proposes that the Commission should in particular attempt during the negotiations to draw up international agreements on agricultural products. Such agreements should make provision for the regulation of production, sale of products and the financing of the stocks. It could also try to convince the other industrialized nations of the value of the stabilization system to be introduced by the Community under the Lomé Convention. Consideration should be given to the extent to which general agreements can be reached on the use of these products as food aid. Your committee is of the opinion that, also in view of the importance of the maintenance and security of the supplies, especially of primary commodities and sources of energy, during the negotiations international agreements on non-agricultural products have also to be discussed.

Your committee feels that the policy submitted to the Council by the Commission adopted by the former are flexible enough to permit the negotiations to produce positive results.

