

## EUROPEAN PARLIAMENT

# Working Documents

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## Report

drawn up on behalf of the Committee on Development and Cooperation

on the recommendation from the Commission of the European Communities to the Council (Doc. 109/75) for a regulation on the interim trade arrangements with the overseas countries and territories associated with the European Economic Community

Rapporteur : Mr G. BERSANI



By letter of 23 May 1975 the Council of the European Communities consulted the European Parliament on a recommendation for a Council Regulation on the interim trade arrangements with the overseas countries and territories associated with the European Economic Community.

On 2 June 1975 the President of the European Parliament referred this recommendation to the Committee on Development and Cooperation as the committee responsible and to the Committee on Agriculture, the Committee on External Economic Relations and the Committee on Budgets for their opinions.

On 4 June 1975, the Committee on Development and Cooperation appointed Mr BERSANI rapporteur.

It considered this recommendation at its meeting of 4 June 1975 and unanimously adopted the motion for a resolution and the explanatory statement the same day.

Present: Miss Flesch, chairman; Mr Deschamps, vice-chairman; Mr Bersani, rapporteur; Mr Delmotte (deputizing for Mr Broeks), Mr Jakobsen, Mrs Kellet-Bowman, Mr Lagorce, Mr Ligios, Mr Nolan, Mr Radoux (deputizing for Mr Dondelinger), Mr Schmidt, Mr Walkhoff, Mr Zeller.

The opinion of the Committee on Budgets will be presented orally, the opinions of the Committee on External and Economic Relations and the Committee on Agriculture will be published separately.

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The Committee on Development and Cooperation hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement.

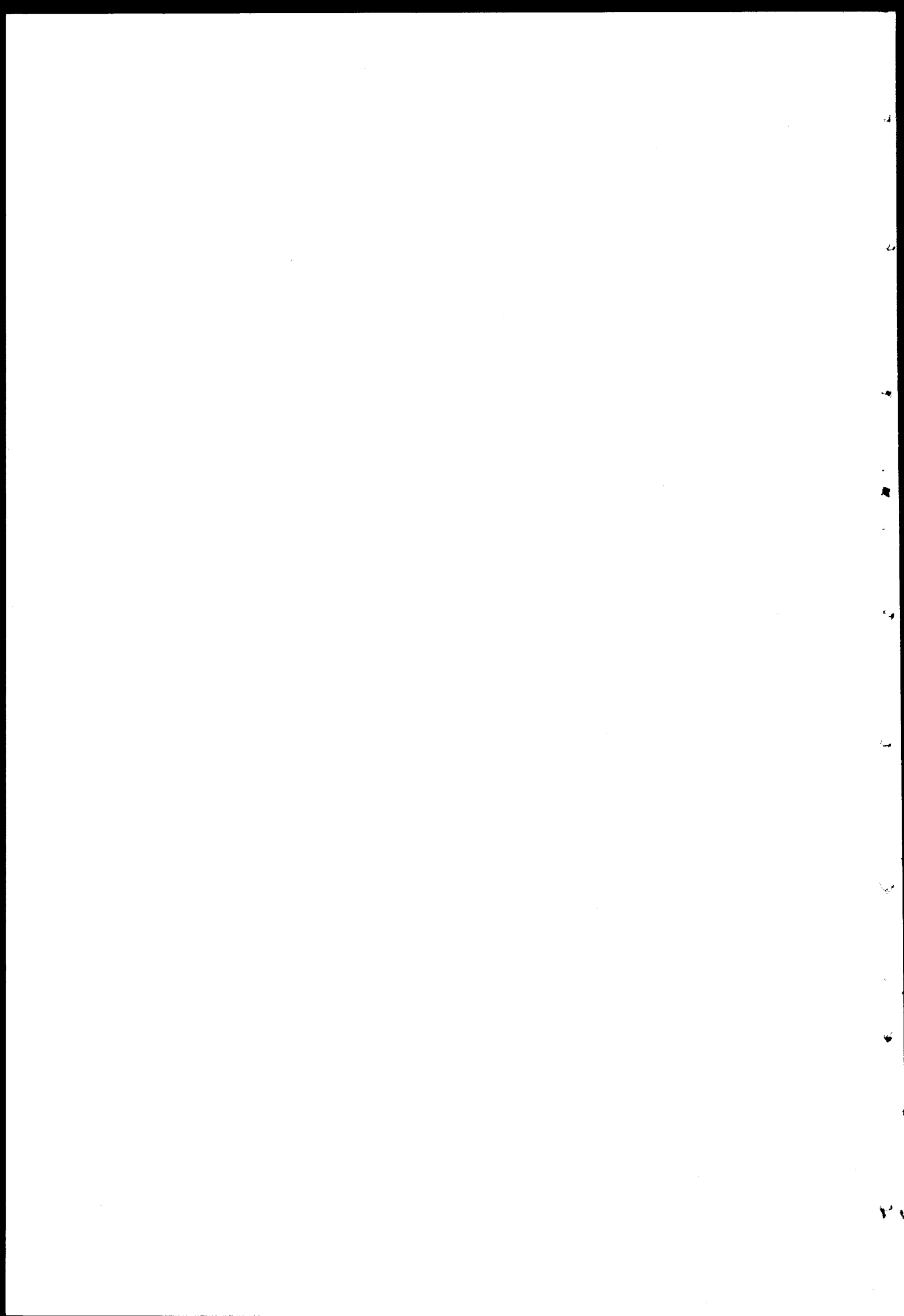
MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the recommendation from the Commission of the European Communities to the Council for a resolution on the interim trade arrangements with the overseas countries and territories associated with the European Economic Community

The European Parliament,

- having regard to the recommendation for a Council regulation<sup>1</sup>,
  - having been consulted by the Council (Doc. 109/75),
  - having regard to the report of its Committee on Development and Cooperation (Doc. 131/75) and the opinion of the Committee on Agriculture, the Committee on Budgets and the Committee on External Economic Relations,
1. Welcomes the fact that the proposed arrangements will allow all products exported from the countries and territories associated with the Community to enter the Community free of customs duties from 1 July 1975 - without prejudice to the special provisions for the agricultural products listed in Annex II of the Treaty of Rome which come under a common organization of the market - that is to say, under the same conditions as products originating in the countries which are signatories of the Lomé Convention;
  2. Considers it desirable that the principle of reciprocity laid down in the provisions of Part Four of the Treaty of Rome in respect of exports from the Community to a country or territory should be applied as flexibly as possible in order to allow the overseas countries and territories to enjoy trade arrangements with the EEC that are as favourable to their development as those allowed for the ACP countries;
  3. Welcomes the fact that the Community proposes for the purpose of promoting regional cooperation in the overseas countries and territories to allow them to grant certain countries or territories more favourable terms than those granted to the Community itself;
  4. Considers that the safety clause in Article 7 of the recommendation should effectively safeguard against the risk of disturbances in a sector of the Community's economy;
  5. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities and the Member States.

<sup>1</sup> OJ No. C123, 3.6.1975 p.3.



EXPLANATORY STATEMENT

1. The recommendation for a regulation is designed to establish interim arrangements for trade with all the overseas countries and territories associated with the Community along the lines of those for products originating in the ACP States which have signed the Lomé Convention. They will come into force from 1 July 1975.

The proposed regulation provides that products originating in the overseas countries and territories should be imported into the Community free of customs duties and charges having equivalent effect, with the stipulation that the agricultural products listed in Annex II of the Treaty which come under a common organization of the market will be subject to special arrangements similar to those applicable to the same products originating in the ACP States.

2. Similarly, products originating in the Community and the other overseas countries and territories will normally be admitted into each country or territory free of customs duties and charges having equivalent effect. This meets the requirement of reciprocity laid down in Part Four of the Treaty of Rome.

However, the authorities of an overseas country or territory may retain or introduce customs duties required to meet its development needs (Article 3(2)). This idea of development needs should be interpreted very liberally and not simply as defined in Article 3(2).

3. It is made clear that the trade arrangements applied by the countries or territories should not give rise to any discrimination between the Member States and the other countries and territories. However, the regulation allows for derogation from this general rule of non-discrimination between the Member States and the countries and territories: in order to further regional cooperation a country or territory may grant certain other countries or territories more favourable treatment than that granted to the Community.

4. Apart from this derogation in the interests of regional cooperation between certain countries or territories, the trade arrangements deriving from Part Four of the Treaty of Rome comply with the principle of non-discrimination between the Member States and all the overseas countries and territories forming a free-trade area. If the Community were to apply this principle rigorously, a discrepancy would arise between the arrangements established by the Lomé Convention for the ACP States and

those applicable to the overseas countries and territories. **The** Lomé Convention - and consequently the interim measures adopted in anticipation of its implementation - does not make provisions for the ACP States to grant one most-favoured-nation treatment, since they do not constitute among themselves a free-trade area. Each ACP State is free to grant the other States whatever import arrangements it wishes, provided that it applies the same arrangements to all the Member States of the Community.

5. This being so, your committee believes it desirable to adopt for the overseas countries and territories trade arrangements as favourable as those provided for the ACP States, to help the overseas countries and territories to pursue the same development aims. This implies that the principle of reciprocity applicable to the overseas countries and territories by reason of Part Four of the Treaty of Rome would not be required by the Community.

6. Finally, it should be pointed out that Article 7 of the Regulation provides a safety clause against the risk of serious disturbances in a sector of the economy of the Community.

7. In conclusion, your committee approves the Commission's recommendation for a regulation, but hopes that the Council can, adopt for the overseas countries and territories all the provisions applicable to the ACP States, including non-reciprocity of the advantages granted by the Community to these countries and territories, by applying the provisions of Part Four of the Treaty of Rome as flexibly as possible.

8. It should be noted that the value of total exports to the EEC from the overseas countries and territories was 313.4 million dollars in 1972.

Annex No. 6 concerning arrangements for import into the Community of rum exported by the overseas countries and territories

9. The annex provides for the import into the Community, free of customs duties, of a certain quantity of rum from the overseas countries and territories, which is to be fixed on the basis of the largest annual quantities imported from the countries and territories into the Community over the last three years, increased by an annual growth rate of 13%.

These proposals, similar to those applicable to the ACP States, are generally less favourable for the overseas countries and territories than present arrangements, which include exemption from duties without any quantitative restrictions.



The quantities of rum from the overseas countries and territories imported by the Community were as follows:

In hectolitres of pure alcohol

	<u>1972</u>	<u>1973</u>	<u>1974</u>
Benelux	-	-	-
Denmark	464	117	-
Germany	30,246	7,380	12,653
France	-	-	-
Ireland	60	100	100
Italy	-	-	-
United Kingdom	-	-	-

10. Although the new arrangement now proposed seems less favourable to the overseas countries and territories, it stipulates that, where application impedes the development of a traditional trade flow between the countries and territories and a Member State, the Community should take appropriate measures to remedy this situation (paragraph 2(b)). Similarly, if the consumption of rum increased significantly in the Member States, the Community would undertake to review the annual percentage increase fixed by the Annex.

11. Your committee considers it desirable that in this sector as in others the arrangements applicable to the overseas countries and territories should be the same as for the ACP States. It calls upon the Community to ensure that the normal and desirable development of traditional trade flows between the Community and the overseas countries and territories are not impeded by the proposed quantitative restrictions and that the provisions for the re-examination of the quotas are applied as speedily and flexibly as possible.

