

## Report by the Committee on Commercial Affairs submitted to the ECSC Special Council of Ministers (29 November 1952)

**Caption:** At the end of its first meeting, held in Luxembourg on 29 November 1952, the Commercial Affairs Committee forwards to the ECSC Special Council of Ministers a report on the negotiations with GATT. With these negotiations, the ECSC Member States aim to secure the exemptions from the General Agreement on Tariffs and Trade required for the establishment of a Common Market.

**Source:** Commission des questions de politique commerciale. Deuxième session du Conseil (Luxembourg les 1 et 2 décembre 1952) - Rapport au Conseil de Ministres, CM/CQPC/(52) 4. Luxembourg: Conseil de la Communauté européenne du charbon et de l'acier - Secrétariat, 29.11.1952. 5 p.  
Archives centrales du Conseil de l'Union européenne, B-1048 Bruxelles/Brussel, rue de la Loi/Wetstraat, 175.

**Copyright:** (c) Translation CVCE.EU by UNI.LU

All rights of reproduction, of public communication, of adaptation, of distribution or of dissemination via Internet, internal network or any other means are strictly reserved in all countries.  
Consult the legal notice and the terms and conditions of use regarding this site.

**URL:**

[http://www.cvce.eu/obj/report\\_by\\_the\\_committee\\_on\\_commercial\\_affairs\\_submitted\\_to\\_the\\_ecsc\\_special\\_council\\_of\\_ministers\\_29\\_november\\_1952-en-6ef831be-b8bf-4826-9a08-d2735d5cdefd.html](http://www.cvce.eu/obj/report_by_the_committee_on_commercial_affairs_submitted_to_the_ecsc_special_council_of_ministers_29_november_1952-en-6ef831be-b8bf-4826-9a08-d2735d5cdefd.html)



**Last updated:** 05/07/2016

## Second meeting of the Council (Luxembourg, 1 and 2 December 1952)

### Committee on Commercial Policy Questions Report to the Council of Ministers

At its first meeting the Council of Ministers decided 'to form a committee of experts from the six Member States to study matters arising in relation to paragraphs 14 and 20 of the Convention on the Transitional Provisions'.

That Committee met for the first time on 29 November 1952. After electing the Belgian delegate Mr Suetens as its chairman, it set to work studying the most pressing matters, namely those arising under paragraph 20 of the Convention.

The derogations necessary for setting up the common market had already been obtained from GATT on 10 November. They are binding on all countries (other than the Member States) that are members of that institution. A special report on this subject has been delivered to the Council today. However, it seems that there is still a difficulty in relation to Czechoslovakia. That country, which is part of GATT, voted against granting derogations to the six Member States. It might apply the clauses of the bilateral treaties it has concluded with the Member States to the decision taken by GATT. Two countries need not fear such difficulties: Germany, which does not have a treaty with Czechoslovakia, and the Netherlands, which made a point of agreeing with Czechoslovakia that the effects of bilateral agreements would be suspended for the duration of GATT.

The necessary derogations still have to be obtained from other countries in order to set up a common market. Those countries may be classified in various categories. The Committee has conducted an initial exchange of views on this subject. It has the honour to present to the Council the results of its deliberations.

#### 1. Switzerland

Switzerland must be treated as a separate case because an initial exchange of official views has already taken place between Mr Suetens, who is responsible for coordinating the action of the six Member States in their negotiations with GATT, and Mr Hotz, Director of the Economic Section in the Department of National Economy in Berne.

It is apparent from that exchange of views that Switzerland would agree to grant the necessary derogations, firstly, if it could obtain certain general guarantees equal to those granted to other GATT member countries and, secondly, if the derogation it granted as of now was only provisional and could be reviewed in the light of the results of subsequent negotiations with the Community.

Some delegates believed that the granting to Switzerland of the advantages conferred on the Contracting Parties to the General Agreement should be contingent on Switzerland giving an undertaking to act as if it were party to the General Agreement itself.

All the delegates opposed the Swiss demand to link its final decision on the derogation from the most-favoured-nation clause to the results of the future negotiations with the Community.

Germany is in a specific situation because, in its Treaty of 20.12.1951 with Switzerland, it had already obtained the necessary derogations from the most-favoured nation clause for the Treaty establishing the ECSC. This, together with the fact that Germany is the Member State which has the most extensive economic relations with Switzerland, leads the German delegation to believe that there would be a common interest in each country conducting its own negotiations.

The question arises of how the actual negotiations with Switzerland will be conducted with a view to obtaining the derogations.

Will the six countries act separately or will they appoint a joint negotiator, at least for matters of principle affecting all six countries?

The Committee requests the opinion of the Council of Ministers on this subject. The Council will probably consider that Mr Suetens should be instructed to inform Mr Hotz.

## **2. Countries behind the Iron Curtain**

It is clear from the example of Czechoslovakia, a GATT member, that the countries behind the Iron Curtain will adopt a fiercely hostile attitude to the Treaty establishing a Community. They will certainly not do anything to make it easier to set up a common market. It would therefore seem that no negotiations with those countries are conceivable. However, we must not fail to recognise the legal ties that we have with them, in particular those stemming from the most-favoured-nation clause. Just one country is free from any ties: Germany.

It should be noted that the termination clauses included in the various agreements provide for periods of notice which go well beyond the envisaged date for the establishment of the common market, 10 February 1953. The Committee has examined this problem and considers that in any event notification should be sent by each Member State concerned to the countries in question to request from them the necessary derogations for the setting-up of a common market. If no positive response, or no response at all, is received by 10 February 1953 the common market will still be established. But this could have political repercussions. The USSR and the satellite countries could, for example, summon us to appear before the International Court of Justice in The Hague. Whatever happens, it seems inevitable that we will be forced to terminate the existing agreements. Paragraph 20 of the Convention is very clear in this regard. However, the Committee draws the Council's attention to very serious political and economic repercussions that may follow from the termination of agreements containing the most-favoured-nation clause.

## **3. Non-member countries of GATT, which could be hoped to show a favourable attitude but to which we are bound by Treaties**

The following countries come under this group: Spain and Portugal in Europe, and Argentina and Mexico in America. It seems that for these countries, which can be hoped to show a favourable attitude and which do not appear to have any strong interests, it will be sufficient for the representatives of the Member States concerned to adopt a simple concerted diplomatic approach.

## **4. New agreements**

In the new agreements to be concluded, provision should be made to exempt the concessions made in treaties like the Treaty establishing the ECSC from the most-favoured-nation clause.

Germany and Italy have already included a wording along these lines in some of their agreements. It would seem useful for the Member States to adopt a resolution on this subject and to agree on a common wording for the derogation from most-favoured-nation treatment.

## **OEEC**

This organisation has introduced a Code of Liberalisation of Trade which lays down certain rules, including the principle of non-discrimination between the participating countries. However, Article 8 of the Code provides for an exception for countries linked by a particular monetary or customs regime, which is clearly the case with the group of ECSC Member States. Since the notification to be given on this subject will resolve certain matters of interpretation, negotiations must be conducted at the OEEC with the Steering Committee for Trade.

The High Authority

(1) wishes a joint representative of the Governments of the ECSC Member States to be appointed by the Council with a view to conducting those negotiations;

(2) points out that it has decided to instruct an observer to represent it at the OEEC for the negotiations in question;

(3) wishes the spokesperson appointed by the Council of Ministers to study, together with the High Authority and representatives of the six Governments, the measures to be taken and the form to be given to the notification.

The Committee declares that it agrees with these proposals, requests the opinion of the Council, and considers that the Committee on commercial policy questions is the body best placed to liaise between the High Authority and the representatives of the six Member States.