

Interview with José da Silva Lopes: trade relations between Portugal and its overseas territories (Lisbon, 23 October 2007)

Source: Interview de José da Silva Lopes / JOSÉ DA SILVA LOPES, Miriam Mateus, prise de vue : François Fabert.- Lisbonne: CVCE [Prod.], 23.10.2007. CVCE, Sanem. - VIDEO (00:04:26, Couleur, Son original).

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Last updated: 05/07/2016

[Miriam Mateus] You were talking about the Overseas Territories and the Portuguese colonies. To what extent were commercial relations between Portugal itself and the Overseas Territories affected by Portugal's involvement in EFTA and, later, in the European Communities?

[José da Silva Lopes] Well, the effect was more symbolic than real. Like all colonial powers, we had a system of preferences with the colonies, like the British and the French had. In fact, all the colonial powers had a system of economic preferences. But if we wanted to join EFTA, we had to join GATT, which was a general agreement on tariffs and trade that existed at the time and that has now been superseded by the World Trade Organisation. And one of the rules of GATT was the most-favoured-nation clause. Each GATT member country had to treat the other countries without discrimination.

There were two exceptions to this most-favoured-nation clause, however: countries that formed a free-trade area or a customs union, which was the case of EFTA and the EEC, could establish more favourable treatment amongst themselves than they did for countries that weren't members, so that was one exception; and the other was that countries that had colonial empires could maintain the preferences that existed in those empires, but they couldn't increase them, they had to freeze them as it were.

When Portugal joined EFTA, it wasn't a member of GATT. For GATT to recognise EFTA as a free-trade area, however, and, therefore, as an exception to the most-favoured-nation clause, all member countries had to be members of GATT. And Portugal had to join GATT. Since we had to join GATT, however, we had to abide by its rules, one of which was to accept the consolidation of tariff preferences, of customs preferences in favour of what were known then as the overseas provinces, i.e. the colonies. And that ran counter to the policy of the <ita>Estado Novo</ita> [Salazar-Caetano dictatorship]. We couldn't accept such consolidation, so the only solution was to create a free-trade area with the colonies as well.

The other exception to the most-favoured-nation rule was to set up a free-trade area or a customs union with the colonies. The customs union was unthinkable, so we set up a free-trade area that was known at the time as the Portuguese Single Market. This was basically a free-trade area with the colonies. This free-trade area was set up because of EFTA. If it hadn't been for EFTA & afterwards, Portuguese political propaganda obviously tried to present it in another light, to portray it as a national integration initiative, so it was called the Portuguese Common Market. But it wasn't, it was basically a means to ensure that EFTA was accepted in GATT &

[Miriam Mateus] As if it were a condition, so to speak?

[José da Silva Lopes] Exactly & so that EFTA was accepted in GATT and so that we belonged to EFTA. And I, in fact, & practically took care of the technical aspect of the arrangements for relations with the colonies because I'd worked in EFTA, and, later, I worked on the arrangements with the colonies. I virtually copied the EFTA Treaty. Well no, I didn't copy it, I adapted it, that's more or less what happened. So, contrary to what political propaganda tried to suggest at the time, the Portuguese Single Market wasn't an initiative to make the country more unified at all, it was a consequence of EFTA.