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ON TRADE AND EMPLOYMENT

The Importance of the
Tariff Negotiations at Geneva

Since the beginning of April when negotiations began, nearly 700 meetings have been held in Geneva amongst 19 countries for the purpose of negotiating tariff reductions. A total of 107 sets of bilateral negotiations (or discussions between pairs of countries) have been started, and, of these, 27 have been completed, and a further 15 are nearing completion.

What is the significance of these negotiations, why are they taking place in Geneva, and in what way are the results expected to benefit the countries concerned and the world as a whole ?

The countries concerned are those which were entrusted by the United Nations Economic and Social Council with the task of drafting a Charter for an International Trade Organization together with Syria (which belongs to a Customs Union with one of these countries). The draft Charter was completed in August and will be the basic document for consideration at the World Conference on Trade and Employment to open in Havana on November 21st. These 19 territories share amongst them some 70 per cent of the world's trade. It has been truthfully stated that these negotiations represent by far the greatest international concerted effort to reduce trade barriers that the world has ever seen.

(P.t.o.)

Not least in importance is the fact that these negotiations have been proceeding simultaneously with the hammering out of the 30,000 word ITO Charter. The countries concerned in drafting each one of its 100 Articles were in no sense merely engaged on an exercise in academic ingenuity. They have been bargaining, behind closed doors, for over four months, item by item, to reduce barriers to trade between each other and so to provide not only for their own benefit, but as an example to the whole trading world, a practical indication of the way in which the principles of the ITO Charter can and must be put into practice if the straitjacket of preferences, quotas and all such forms of restrictions is to be cast off.

As Mr. J.J. Dedman, Australian Minister of Post-War Reconstruction, said in a broadcast from Geneva on 21 August, "The Charter cannot stand by itself. The Charter and the proposed multilateral trade agreement (to which the tariff concessions will be appended) are integral parts of the general plan to expand trade. The success or failure of the whole plan now depends on a similar degree of understanding being reached in the trade negotiations."

During recent months while world disequilibrium, particularly in currency matters, has been increasing, the task of negotiating tariff concessions has not proved easy. But progress, if slow, has been made. Mr. Clair Wilcox, leader of the U.S. delegation, explained some of the difficulties in Plenary Session of the Preparatory Committee on 23 August. "Negotiations on tariffs, even when confined to a single pair of countries, are difficult enough. But here in Geneva, together with the completion of the Charter, we have carried forward a hundred such

negotiations in the same place and at the same time. It appeared to many of us, before we began, that the mere physical obstacles to such an undertaking might be insuperable. But these obstacles have been surmounted. The machinery of negotiations has been constructed and oiled and set in motion. The wheels are turning. Our disappointment is that they have not turned as rapidly as we had hoped."

Progress has been and is being made in the series of bilateral discussions amongst the 19 nations at Geneva, in their task of negotiating a multilateral agreement. But it would be short sighted not to recognize that serious difficulties have yet to be overcome and that too much in the way of achievement is not to be expected. Nor would it be fair to pre-judge the results.

What is significant is that, with world trading and monetary conditions about as unpropitious as could be imagined, a start has been made on a substantial scale and covering a high proportion of the trading nations of the world, to reduce barriers to trade and so to stimulate the free flow of goods between countries which is one of the fundamental objectives of ITO.
