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STATEMENT BY THE UNITED STATES REPRESENTATIVE  
IN WORKING PARTY II

With Respect to Article XXVIII and Proposals for  
Tariff Reduction

15 December 1954

Mr. Chairman,

My delegation has been considerably concerned about some aspects of the work of this Working Party and its sub-groups. It seems to us that the primary emphasis in the minds of many of the delegates who have spoken has been to find ways of making major upward revisions of the tariff structure which we have so laboriously built and of making possible future increases, with or without adequate compensation. We have, of course, a complete sympathy with and understanding of the need for a certain degree of flexibility in this tariff structure, particularly where the rates in the schedules to the Agreement cover such a wide area of trade for so many countries. However, undue flexibility can lead to undesirable instability.

Our concern is with intangibles; with an attitude which we sense has grown up in these discussions, of looking, to our mind, too much in the wrong direction.

It is by no means too late to change this. Perhaps it has risen simply from too great preoccupation with details and procedures. It is, in part at least, with this in mind, as well as because of our conviction as to the desirability of the proposal, that my delegation has continued to urge indefinite extension of the life of the tariff schedules with procedures for negotiation wherever necessary for flexibility. It is our feeling that this would provide a simple and clear-cut solution to our problem. It would allow anyone wishing to increase a bound tariff rate to negotiate such rate at any time. He could do it when the need arose without awaiting the lapse of any arbitrary time period. He would negotiate with the people really interested. The whole negotiation would be conducted in the atmosphere and with the purpose and objective of maintaining at least the level of liberalization of trade previously reached in the negotiations in which the rate involved was bound.

In dealing with this problem our objective is simple - to maintain the gains laboriously won in the three general tariff negotiations which have been held in connection with the GATT and to provide a fair method of making absolutely necessary changes in the pattern of these gains without taking away from their general achievements.

So much for maintaining the gains of the past and for dealing with problems which may arise out of what has been done in the past. Let me turn now to the future. I think we can all agree that one of the major activities with which this Organization is concerned is negotiating for tariff reductions. Various proposals have been made that the new agreement should contain commitments by contracting parties with respect to such negotiations and definitions of the results that might be expected to evolve from them. My delegation does not think that these proposals are realistic. Such commitments mean either too much or too little. It may well be asked, to what and how often would they apply? What, for example, would be the position under such a commitment of contracting parties not now wishing to negotiate with Japan.

By and large, countries will negotiate when they feel that it is in their mutual interests to do so. If they do it under compulsion, the negotiations will be perfunctory and fruitless, with a consequent risk of misunderstanding and resentment.

Therefore, the important thing from the point of view of progress in furthering tariff reduction is the attitude of mind of the countries who approach the problem.

What then are our respective intentions, hopes and desires? A number of contracting parties, whose participation in any future activity would be essential and whose intentions are of particular interest to those among our number who have comparatively low tariffs and therefore a genuine problem in any future tariff negotiations, have indicated that they could not disclose their attitudes, or even some of their intentions, until they knew what the United States was going to do.

I am not going to make any commitments to you. Obviously, I cannot, in view of the constitutional position of which you are all aware. I can, however, tell you what the intentions and hopes of my Government are. In fact, I thought this had been made abundantly clear before, and that it would hardly seem necessary to report it here.

First, a glance at the record. The United States has not been the one to hold back in tariff negotiations. It was the United States which conceived the idea of and issued the invitations for the first multilateral negotiation in history which took place here in Geneva in 1947. Having completed these negotiations, which involved approximately 80 per cent of its import trade, the United States returned to further multilateral negotiations in 1949 and 1950. The United States Administration have sought and obtained from the Congress

from time to time the necessary authority to conduct such negotiations. Every time this authority has been obtained it has been used. The latest example is the recent extension of the Trade Agreements Act under which the United States, with far less company from among the contracting parties than it had hoped for, will be negotiating with Japan next February for her accession to the General Agreement.

The President has repeatedly stated publicly that he intends to press for additional authority to negotiate tariffs under a renewal of the Trade Agreements Act at the next session of Congress. He has confirmed this intention in a special message to the CONTRACTING PARTIES. The new Chairman of the Ways and Means Committee of the House of Representatives in which any such legislation must originate, has given public assurance that his committee will give early consideration to such proposals as the President may make in this field.

There is obviously no point in the administration seeking such authority if it has no intention of using it. Just how or when such authority will be used I cannot say. Nor do I think it is necessary for our purpose here that I should. If the legislation enacted should be along the lines of the Kean Bill which embodied the Randall recommendations, for example, some of the authority conferred will have to be utilized promptly, or it will be lost.

I think I can say without hesitation it is the intention of the United States Government to continue, in an orderly, careful and selective manner, the steady process of negotiations for tariff reductions which it has conducted so consistently since the war and even before, provided other countries feel that they wish to do likewise, and provided that there will be reasonable assurance that the benefits of the tariff concession received by the United States in such negotiations in exchange for those it gives will not be frustrated as they have been in the past by wide-spread use of quantitative restrictions.

I said I could give no commitments. I could only state an attitude of mind, which is what matters in this particular case. If, in addition, it is deemed useful to write into the Agreement an explicit recognition of the fact that reduction of tariffs on a mutually advantageous basis can contribute to expansion of trade, we would have no objections. If it would be helpful to have explicit recognition in the Agreement of the principle which contracting parties have long followed in practice that the binding of a low tariff may be equivalent in value to the reduction of a high tariff, we would have no objection. If it is felt useful to establish machinery for further study and consideration of particular methods of tariff negotiation designed to help solve the admittedly real problem of disparity between countries with very low tariffs and others, we would gladly join in the work.

Well, Mr. Chairman, I have explained our concern with certain attitudes which seem to be developing in our consideration of the tariff problem. In response to direct questions by certain delegates, and because of statements by others influence upon their own plans of ignorance of our intentions with respect to future negotiations, sought to clarify those intentions. Perhaps other delegates may now care to do the same.