

SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT.TARIFF NEGOTIATIONS WORKING PARTYReport on Preferential Arrangements Not Effected
By the Method of a Difference in Rates of Duty

The note appearing in Page 12 of the Report of the First Session (Chapter III, Section C, paragraph 1, sub-paragraphs (a) and (c)) dealing with certain preferential arrangements not effected by the normal method of a difference in rates of duty, was considered by the Sub-Committee on Articles 25 and 27 which recommended, subject to the views of the Tariff Negotiations Working Party, that the note should be maintained in the Report of the Second Session and that the attention of the Working Party should be invited to the recommendation contained in that note to the effect that an appropriate provision should be included in a protocol to the General Agreement on Tariffs and Trade.

The Working Party has given careful consideration to the proposal of the Sub-Committee on Articles 25 and 27 and, after taking into account the facts relating to the matter in question, (See Annex A, consisting of a statement of the facts, provided by the United Kingdom Delegation) has come to the conclusion that it would be preferable for an appropriate provision to be incorporated in one of the Articles of Chapter V of the Charter and also in the General Agreement.

The arrangements in question have both a preferential and a quantitative restriction aspect, and it is therefore necessary to take into account Articles 25, 27 and 28 as well as Article 14 of the Charter. Consequently, it is proposed that the following text should be added to Article 28, as sub-paragraph (b) of paragraph 1.

"(c) Restrictions under the preferential arrangements provided for in Annex A of this Charter, subject to the conditions set forth therein."

It is further proposed that the note to Annex A to the Charter (mentioned in Article 14) as now drafted by the Sub-Committee on Articles 14, 15 and 24 should be amended as follows:

"The imposition of a margin of tariff preference to replace a margin of preference in an internal tax existing on 10 April, 1947, or to replace the preferential quantitative arrangements described in the following paragraph shall not be deemed to constitute an increase in a margin of tariff preference.

"The preferential arrangements referred to in paragraph 1(b) of Article 28 are those existing in the United Kingdom on 10th April, 1947, under contractual agreements with the Governments of Canada, Australia and New Zealand, in respect of chilled and frozen beef and veal, frozen mutton and lamb, chilled and frozen pork, and bacon /and hams/. It is the intention, without prejudice to any action taken under sub-paragraph (h) of Part I of Article 37, that these arrangements shall be eliminated or replaced by tariff preferences, and that negotiations to this end shall take place as soon as practicable among the countries substantially concerned or involved."

The Working Party considers that this Report could best be considered by Commission A when dealing with the Report of the Sub-Committee on Articles 26, 28 and 29.

ANNEX A

Note by United Kingdom Delegation.

1. In the Report (a) of the First Session, the Preparatory Committee recommended that certain existing preferential arrangements which were established under international agreement but were not effected by the normal method of a difference in rates of duty and which remained after the current negotiations, should be dealt with by a provision in a Protocol to the Charter or to the General Agreement on Tariffs and Trade to the effect that the Member applying the arrangements shall be entitled to continue them or equivalent measures pending either (i) an international commodity agreement or (ii) some other arrangement between the Members concerned.

2. When the United Kingdom negotiated the Trade Agreements now in force with the Governments of Australia and New Zealand in 1932 and with the Government of Canada in 1937, they undertook to give preferential treatment to imports from the Dominions of certain meat products, not through the normal method of tariff preferences but by providing for the Dominions to have an expanding share of imports under United Kingdom arrangements for the quantitative regulation of imports from foreign sources.

3. In the Agreement (b) with Australia, the United Kingdom Government declared that their policy in relation to meat production was, first, to secure development of home production, and, secondly, to give to the Dominions an expanding share of imports into the United Kingdom. (c) In pursuance of this policy, the United Kingdom Government undertook to regulate imports of foreign frozen mutton and lamb and chilled and frozen

(a) Chapter III, Section C, paragraph 1, sub-paragraphs (a) and (c).

(b) Ottawa Agreement, 1932, Schedule H.

(c) *ibid* Article 6.

beef, while placing no restriction on imports of any meat from Australia.

4. In the Agreement ^(d) with New Zealand, the United Kingdom Government gave a similar undertaking in respect of beef, mutton and lamb, and undertook in respect of bacon and other pig products that their future policy of controlling foreign imports would provide for some extension of Home and Dominion supplies and would give to New Zealand a reasonable share of this expansion.

5. In the Agreement ^(e) with Canada, the United Kingdom Government undertook that their policy of promoting the orderly marketing of bacon and hams and of meat in the United Kingdom would not entail any regulation of imports of bacon and hams from Canada unless the rate at which the trade from Canada progressed towards two-and-one-half million hundredweight per annum should become abnormal; and recognised that special provision might become necessary for increased shipments of beef from Canada, and that reductions might be necessary in shipments of chilled beef from foreign countries.

6. The principle of according an expanding share of the United Kingdom market to Commonwealth imports was duly followed in subsequent international agreements, such as the U.K./Argentine Trade Agreements, 1933 and 1936, which provided for a reduction of imports of chilled beef from Argentina and to this extent increased the measure of preference accorded to imports from Commonwealth countries.

(d) Ottawa Agreement, 1932, Article 4.

(e) Agreement with Canada, 1937, Article 5.