

SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENT.

REPORT OF THE TARIFF NEGOTIATIONS WORKING
PARTY ON THE TERMINATION OF TARIFF NEGOTIATIONS

When approving the report which has been circulated as Document E/PC/T/S/7 of 27 August 1947, the Working Party reached agreement on certain procedures for investigating further the present status of tariff negotiations with a view to determining whether it would be possible to finish the bilateral negotiations on the scheduled target date, i.e. 10 September next.

For this purpose, the Chairman of the Working Party was entrusted with the task of making an investigation into all bilateral negotiations. It was felt that this procedure would enable Delegations to state frankly the issues which are delaying the proceedings, insofar as they would be talking only to the Chairman in his capacity as such. Consultation with all Delegations took place on Wednesday, Thursday and Friday of this week and the following conclusions can now be set forth on the basis of this examination of the status of each individual negotiation.

1. The general impression is that most of the Delegations are now making a real effort to expedite their tariff negotiations.
2. On the 23 August, 27 negotiations, totalling 7.7% of the trade involved, had finished.
3. Of the remainder, investigation shows that 42 have since finished or will in all probability terminate by the target date of 10 September. These negotiations appear in Annex I to this Report.

4. It appears that most of the remaining 39 negotiations (listed in Annexes II and III) are not going to be completed by the target date and as far as it could be ascertained, they are being held up by one or a number of the following reasons:

(a) Preferential Arrangements (see Annex II)

In a number of cases, Delegations have explained that a policy decision in respect of preferences is required before termination can take place, insofar as concessions on preferences are stated to be the main - and, in some cases, only - important obstacle remaining.

The principal difficulty seems to reside in preferences enjoyed by the United Kingdom in Commonwealth markets. For example, seven Australian negotiations are dependent on the views that the United Kingdom will give regarding action with respect to its margins of preference in the Australian market. Although this is the most striking case, similar considerations apply to the Canadian, New Zealand, South African and Indian negotiations. The countries which appear to be most effected by this situation are Benelux, France and the United States, and, in lesser degree, Czechoslovakia, Norway and Cuba.

Dominating the picture, the United Kingdom - United States negotiation, which can be considered the key bilateral negotiation, is also delayed due to preferences.

(b) Disagreement on the Evaluation of Concessions
(see Annex III)

In these cases, at least one of the two parties in each bilateral negotiation considers that the concessions it is receiving are not commensurate with the concessions it is making.

(c) Amount of Trade Involved in Concessions (see Annex III)

In some negotiations, although it would be possible to reach agreement in a limited number of items on each side, at least one of the parties considers that the concessions it is offered cover an unsatisfactorily limited proportion of its normal trade with the other country.

(d) Delays in Negotiation Procedures (see Annex III)

Finally, in some circumstances, the slow progress of negotiations is attributed to the long procedure followed by the other party, or to delays in obtaining instructions from the government.

5. Action necessary to expedite completion of negotiations

Insofar as the members of the Tariff Negotiations Working Party are concerned, the negotiations listed in Annexes II and III in which they are involved have, in many cases, shown considerable progress since the issue of the last report.

For example, France and the United States have found a basis for negotiation and are actively at work. This will also accelerate the negotiations between France and Benelux. Negotiations between the Southern Dominions and the United States have been resumed and are being actively pressed.

The United Kingdom is making every effort to find a solution to the preferential problems which are involved in so many negotiations.

Cuba and the United States have resumed negotiations after a substantial interval.

All of the members of the Tariff Negotiations Working Party have undertaken to take every possible step to facilitate the resolution of the issues still outstanding in the negotiations to which they are parties.

The Tariff Negotiations Working Party urges all other Delegations to review the status of the negotiations in which they are involved and to make every effort to bring them to a speedy conclusion. If the Tariff Negotiations Working Party can be of any assistance, it is at the disposition of Delegations.

ANNEX I

Negotiations which are expected
to end by September 10, 1947

Australia	-	Brazil
Australia	-	Chile
Australia	-	Cuba
Australia	-	Lebanon/Syria (this negotiation was initiated after the Sixth Report of the Working Party was issued)
Benelux	-	Chile
Benelux	-	China
Benelux	-	Lebanon/Syria
Brazil	-	Canada
Brazil	-	Chile
Brazil	-	Cuba
Brazil	-	Czechoslovakia
Brazil	-	France
Brazil	-	India
Brazil	-	New Zealand
Brazil	-	Norway
Brazil	-	South Africa
Brazil	-	United States
Chile	-	Cuba
Chile	-	India
Chile	-	United Kingdom
Chile	-	United States
China	-	Cuba
China	-	Czechoslovakia

China	-	France
China	-	New Zealand
China	-	United Kingdom
Cuba	-	India
Cuba	-	New Zealand
Czechoslovakia-		France
Czechoslovakia-		India
Czechoslovakia-		New Zealand (U.K. decision on concession on one preferential margin awaited for completion)
Czechoslovakia-		United Kingdom
France	-	India
France	-	Lebanon/Syria
France	-	Norway
France	-	United Kingdom
India	-	Lebanon/Syria
India	-	New Zealand
India	-	United Kingdom
Lebanon/Syria	-	United Kingdom
Lebanon/Syria	-	United States
New Zealand	-	Norway

ANNEX II

Negotiations Delayed Due to Preferential
Arrangements

- Australia - Benelux (termination within two weeks could take place if the preferential issues were solved)
- Australia - Czecho-slovakia (One more meeting should finish this negotiation, provided the U.K. is agreeable to concessions on preferential margins by Australia)
- Australia - France (the question of balancing concessions on either side also appears to be of importance).
- Australia - India (Australia is in a position to make offers on several items of importance to India but has not yet obtained the concurrence of the United Kingdom because preferences are involved. Three-cornered talks may be necessary to solve the issue. An Australian protective interest is also involved)
- Australia - Norway (the question of the possible reduction of U.K. preferences in Australia is holding up negotiations and triangular talks may be necessary)
- Australia - South Africa (South Africa desires elimination of Australian preferences on fish, but New Zealand has not yet expressed agreement. Australia desires elimination of U.K. preferences in South Africa on certain iron and steel items, but U.K. has not yet agreed. One further meeting is all that is necessary, provided agreement on preferences is obtained)
- Australia - United States (negotiations only recently resumed. Preferential arrangements are a major issue. A proper balance as between offers on both sides has to be obtained.)

Benelux - Canada	(the agreement of the U.K. on the reduction of preferences has yet to be obtained. The result of negotiations with principal-supplier countries on certain products and negotiations on Netherlands monopoly duties are also contributing factors)
Benelux - New Zealand	(the approval of the U.K. on the reduction of margins of preference by New Zealand has yet to be obtained)
Benelux - United Kingdom	(the situation as to the reduction of preferences by the United Kingdom and Dominions is still not clear)
Canada - Cuba	(a decision on preferences is required before this negotiation can proceed)
Canada - France	(this is a complicated negotiation and requests on preferential margins have not yet been solved. In addition, in some cases progress depends on negotiations with principal suppliers)
Canada - United States	(negotiation cannot be pressed until the solution of major policy questions involving preferences)
France - New Zealand	(the views of the United Kingdom on concessions on preferential margins are still awaited so that progress may be made)
India - United States	(India awaiting instructions; an important U.K. preference is also involved.)
New Zealand - United States	(negotiations only recently resumed. U.K. clearance on preferences is required before substantial progress can be made.)
United Kingdom - United States	(because of the preferential issue, the balance of offers is not satisfactory to both sides).

ANNEX III

Negotiations Which are Delayed Due to Difficulty in
Attaining a Mutually Acceptable Balance of Concessions.

In these cases, it would appear as if an intensification of effort is in order, so that points at issue may be resolved. In a number of cases, the Tariff Negotiations Working Party feels that an increase in the number of meetings would be helpful.

Australia	-	China
Benelux	-	Brazil (one major issue outstanding)
Benelux	-	Cuba
Benelux	-	Czechoslovakia
Benelux	-	France (progress has been slow because of the complexity and length of the lists of items involved and of the hitherto slow progress of negotiations between the United States and France)
Benelux	-	India
Benelux	-	Norway
Benelux	-	United States
Brazil	-	China (before holding a final meeting it may be necessary to wait for the termination of the U.S. negotiation with China)
Brazil	-	United Kingdom (re-examination of Brazilian items due to the recent tariff readjustment has been necessary)
Canada	-	China
Canada	-	United Kingdom (negotiations only recently initiated)
Chile	-	China
China	-	India
China	-	United States
Cuba	-	Czechoslovakia
Cuba	-	France

Cuba - United Kingdom
Cuha - United States
Czechoslovakia - United States
France - United States
South Africa - United States (negotiations
only recently
resumed)