TARIFF REDUCTION

Statement by United States Delegation
on 9 February 1959

During the Ministerial discussions at the Thirteenth Session, Mr. Dillon, Under Secretary of State for Economic Affairs of the United States, proposed that arrangements be adopted at the Session looking toward a new general round of tariff negotiations. It was agreed that consideration should be given to arrangements for such negotiations, and the action of the CONTRACTING PARTIES in establishing Committee I is a practical step toward implementation of the proposal. Committee I was instructed by the CONTRACTING PARTIES to "examine the possibility of arranging a further general round of multilateral tariff negotiations within the framework of the General Agreement and to make suggestions to the CONTRACTING PARTIES on the scope of such negotiations, the rules and conditions for holding them, their timing and venue."

As stated by the United States delegation at the Thirteenth Session (L/885) new tariff negotiations, successfully completed, will contribute notably to the fulfilment of the basic objectives of the GATT, to improved use of world resources, increased real incomes, and better living standards. The historic fact of the creation of the European Economic Community makes this doubly true, and is a compelling additional reason for scheduling another major tariff conference under the sponsorship of the CONTRACTING PARTIES to the GATT.

The United States Government considers it very important that the new round of tariff negotiations begin in mid-1960. If such an opening date is adopted, negotiations could be substantially completed and most of the results placed into effect by 1 January 1962, when the first adjustments are to be made in the transition from national external tariffs of the six member countries toward the new common tariff of the Community. Given the unprecedented complexities which are certain to characterize the new round of tariff negotiations, some troublesome matters may arise which cannot be fully resolved by the beginning of 1962. The recommended opening date would permit the United States, whose legislative authority to participate in reciprocal tariff reductions expires in mid-1962, to participate in the search for solutions to such problems.

It is the view of the United States that the proposed negotiations should be as broad in scope as possible in order to assure maximum advantage to all. With regard to consultations and negotiations with the EEC, it is our view that in light of the time pressures we face, it would be best that these be combined. There would be encompassed negotiations under Article XXIV:6 regarding bound rates of duty in the common tariff, and negotiations for an exchange of new reciprocal tariff concessions between the EEC and contracting parties not in the EEC.
Since there is no previous experience on which to draw with regard to consultations and negotiations under Article XXIV of the GATT, the question as to how and to what extent these operations should be combined with each other, and with negotiations for a new exchange of tariff concessions, will require careful consideration by this Committee. Among other matters, we shall want to reach a better understanding concerning paragraph 5(a) of Article XXIV, which establishes the GATT standard concerning the level of a common tariff. It appears to us entirely possible that successful completion of the negotiations which we are now planning will produce a common tariff which will be generally acceptable as conforming to that standard.

Clearly, what is most important for all concerned is that a successful outcome should be achieved in which all parties are satisfied that their interests are well served. If such a result is to be attained, the chief emphasis of the conference must be on the practical measures which will serve to expand advantageous world trade through the reduction of tariff barriers.

The proposed conference would also encompass additional types of negotiations; first, negotiations among other contracting parties which desire an exchange of new reciprocal tariff concessions; second, negotiations for an exchange of new reciprocal tariff concessions between present contracting parties and countries desiring to accede to the GATT under Article XXXIII; and third, negotiations for modification of schedules as occasioned by the triennial opportunity at the end of 1960 for modification of schedules under Article XXVIII.

As to the site, the United States urges that the conference be held in Geneva, in view of the many advantages offered by this city. If however, in view of the probably extraordinary length and size of the conference, it is found that adequate facilities may not be available at Geneva, particularly during certain times of the year when other sizeable conferences may require the use of these facilities, the United States would be willing to consider an alternative location. In exploring the possibility of finding a suitable site elsewhere, careful consideration would have to be given to such factors as continuous availability of housing and office space, cost of transportation, local living costs, communications facilities, and the general convenience and comfort of delegations and the secretariat.

Most of the negotiations we will engage in are of types well known in the GATT experience, and the negotiations could, therefore, in general proceed along traditional lines. The United States recommends acceptance of the rules and procedures of the 1956 multilateral tariff conference as the basis for conduct of negotiations in the new round wherever applicable. The United States delegation will be happy to work with other delegations in formulating, for consideration by the CONTRACTING PARTIES, such additional rules and modifications as appear to be necessary and desirable for the forthcoming tariff negotiations conference.