GENERAL AGREEMENT ON TARIFFS AND TRADE
Fourth Round of Tariff Negotiations

Statement made by Mr. André Philip
Member of the French Economic Council
at the Public Session on 19 January 1956

As this new round of negotiations opens I cannot help looking backwards and conjuring up the memory of our previous sessions. This sudden leap backwards of the mind over bygone years is a source of joy that is not quite unmixed. The pleasure of visualizing one's younger self is qualified by the sadness of noting that one has in fact grown quite a bit older. I can't help recalling all the friendly faces which enlivened our meetings of yesteryear and which have already vanished into the past. I cannot help feeling either that circumstances have changed and that it is difficult today to experience the same juvenile enthusiasm as on the occasion of our very first meetings.

As you know, we feel that the Contracting Parties have now, after a certain number of previous negotiations, in fact exhausted almost completely the possibilities of exchanging balanced mutual concessions. The previous negotiations have already taken up a large part of the capital of concessions which were at the disposal of the various delegations. Furthermore, the relative liberalization of international trade which has taken place since the creation of GATT has restored to customs duties the greater importance and the protective value that they had had before. Disparities between our various countries have been aggravated to some extent, or at least have not been attenuated. The Contracting Parties are a conjugation of underdeveloped countries and advanced countries, countries with low and countries with high tariffs.

One can state here that only industrialized countries with high tariffs still have a certain margin for negotiations. But if the forthcoming negotiations are to take place under the rules and procedure of previous negotiations, these countries would not be able to grant concessions unless they received counterparts which other countries are not in a position to offer. It is true that in our rules and procedure we have reaffirmed the principle that the binding of a low rate of duty is to be considered as equivalent to a positive concession. But I don't think that the strict implementation of this principle will be sufficient to obviate the structural disequilibrium which affects these negotiations.
The study of the present situation led the French Government to propose to the Contracting Parties new methods for the reduction of tariff barriers (customs barriers). These proposals were considered and studied and the Contracting Parties showed their interest for the proposal. We had hoped that this would lead to positive results but this has not been the case until now, and we were very disappointed when it appeared that in fact the Contracting Parties were refusing to accept any plan for an automatic reduction of tariffs within the framework of the negotiations opening today. We think that this refusal of an automatic system deprives our negotiations of a great part of their chance of success. This, as you know, is one of the main reasons why we decided to participate only in a very limited way in these negotiations. That does not mean, of course, that we are hostile to the negotiations which will be initiated here between various contracting parties. On the contrary we hope that they will yield satisfactory results and we hope that whatever the results of this round of negotiations, the Contracting Parties will study further the means to carry out in the near future a worldwide plan for an automatic reduction of tariffs.

As my delegation has already pointed out in the course of the Tenth Session of the Contracting Parties, our position during the present negotiations is also based on other considerations, other circumstances, which are due to the particularly difficult situation in which France finds itself now. The customs union between France and Tunisia has been implemented recently. The new joint tariff has been in force since 1st January 1956. France has therefore had to reduce duties on certain items. This represents, in fact, concessions granted to contracting parties without any counterpart. The institution of a customs union between France and Tunisia is only a first step towards a reorganization of the general economic structure of the French union. It may be that in the years to come a great number of other territories will join this customs union and on the occasion of each such change in the relationships between the metropolitan territory and its overseas territories, the French Government will have to reduce a number of tariff items. It is quite normal in such circumstances that we should reserve all our possibilities for tariff reductions rather than impair them by granting concessions prematurely.

I hope that the Contracting Parties will appreciate the importance of the legitimate reasons which prompted us, much to our regret, to abstain in principle from participating in those negotiations except with the United States and also with Austria, within the framework of general negotiations with the high authority of the E.C.S.C.

During the Tenth Session a number of delegations stated that France's abstention might impair the already limited prospects for the forthcoming negotiations. I should say, in this respect, that my Government has only reached its decision after giving full consideration to the consequences that it might have not only on the position of other contracting parties vis à vis France, but also on the mutual relationships of the contracting parties.
It did not appear to the French Government that their abstention was likely to endanger the results of the negotiations, provided some contracting parties do not use this as a pretext to limit their own lists of offers or requests.

The decision which my Government has taken as a matter of principle suffers, however, an important exception in that we shall negotiate with the United States. We came to the conclusion that the hard and fast principles that we have decided to adopt were to yield before higher exigencies. For a number of years European governments have continuously requested the liberalization of the commercial and tariff policy of the United States. The Government of the United States, after showing great patience and perseverance, has now obtained from Congress the authority to reduce the American customs tariff in a certainly modest, but no doubt appreciable, proportion, and subject of course to reciprocal treatment. The interest of a normal trade expansion between the United States and Europe requires that the Contracting Parties should respond to the offer which has been addressed to them by the United States. Over and above the immediate interest of the negotiations about to open between the American delegation and every other delegation concerned, there is the hope that the concessions granted by the United States Government will only be a first step towards the establishment of balanced relationships between the old and the new world. Every effort should be made in order that this hope should not be frustrated.

Our principles also admit of another exception as regards our negotiations with Austria. In fact we came to the conclusion that the geographical situation and the specific interests of Austria justified the implementation within the framework of the GATT of the rules which appear in the Convention relating to the transitional provisions adopted by the Member States of the European Coal and Steel Community. These negotiations would not be so much in the nature of traditional negotiations but rather an application of a principle of solidarity, both between the six Member States of the Community themselves and between those same Member States on the one hand and Austria on the other.