The fifth extensive tariff negotiating conference held under GATT will open at Geneva on 1 September 1960. The conference is expected to continue until the end of June 1961.

The conference will open with a meeting, open to the public, to be held at 3 p.m. in the Council Chamber, Palais des Nations.

Earlier GATT Tariff Conferences

There have been four main tariff conferences since the end of the war:

(i) at Geneva, from April to October 1947. (During this period the text of the General Agreement was finalized, and it came into force on 1 January 1948);

(ii) at Annecy, France, from April to August 1949;

(iii) at Torquay, England, from September 1950 to April 1951;

(iv) at Geneva, from January to May 1956.

In addition to the above "general rounds", tariff negotiations have been held, from time to time, for particular purposes, such as the accession of individual countries - Japan and Switzerland for example.

The Decision to hold a further Tariff Conference

The proposal to hold a tariff conference was made by the United States at the thirteenth session of the Contracting Parties in October 1958 and it was confirmed by the Trade Ministers when they met during that session.

This decision was an integral part of the GATT programme for the expansion of trade - a programme which has three aspects:

(a) the holding of a further round of tariff negotiations;

(b) agricultural protection and its effects on international trade;

(c) the obstacles to the expansion of trade of the less developed countries.
Two essential considerations have had a bearing on the decision to hold the conference at this particular time:

(i) It is necessary to renegotiate the changes in the rates of duty "bound" in the GATT Schedules, which the Member States of the European Economic Community will have to make, in order to bring their existing customs tariffs into line with the new common tariff of the Community. This aspect of the negotiations is described more fully below, under the First Phase of the negotiations.

(ii) It is desirable to hold a further "general round" of tariff negotiations at this time, as part of the GATT programme for the expansion of trade, especially as there will be an opportunity to negotiate with the European Economic Community on its new common tariff. To take advantage of these developments, the United States has obtained authority, in the Trade Agreements Extension Act of 1958, to take part in multilateral tariff negotiations over a further period of time. This authority, which will expire on 30 June 1962, will enable the United States to participate in the GATT Tariff Conference, an important aspect of which will include negotiations with the EEC.

Conference to be held in Two Phases

A Committee (known as Committee I of the GATT Programme for the Expansion of Trade) was appointed in November 1958 to work out the arrangements for the conference. It met several times during 1959 and the arrangements it proposed were adopted by the Contracting Parties at their Tokyo session in November 1959. They provide for the conference to be held in two phases.

Phase One: from 1 September 1960 to the end of 1960

There will be two distinct types of tariff negotiation during the first phase, the first being by far the more important and extensive.

(a) Renegotiations with Member States of the EEC

The Treaty of Rome (March 25 1957) which created the European Economic Community, aiming at the complete economic union of Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands, provides for the gradual elimination of all tariffs and quotas on trade among the six member countries and for the establishment of a common external tariff for the Community. In other words, the Community will form a customs union.

The six EEC countries are all contracting parties to GATT, which contains explicit rules regarding the formation of customs unions. One of the most important of these rules stipulates that the external customs duties imposed when a customs union is formed must not on the whole be higher than the general incidence of the duties applied by the individual countries prior to
their forming a customs union. In other words, the formation of a customs union is not to be accomplished by generally increasing tariffs and other trade restrictions towards the outside world.

GATT, on the other hand, recognizes that the establishment of a single, common external tariff, to replace the several tariffs of the member countries may, in some instances, involve increases in individual rates of duty which have been negotiated under GATT, in the past, and which are "bound" against increase in the GATT Schedules. Accordingly, provision has been made in GATT Article XXIV, paragraph 6, for orderly procedures whereby such "bound" duties can be renegotiated.

In brief, therefore, the first phase of the tariff conference will be largely concerned with renegotiations with the six Member States of the European Economic Community, due to the fact that while lowering some rates, the Six will have to increase certain other rates of duty which are "bound" in their GATT Schedules, in order to align them with the corresponding duties in the common tariff of the Community.

Two further points may be mentioned. First, the European Economic Community will undertake the negotiations on behalf of the six Member States. Secondly, there are not six, but four national tariffs involved - the common tariff of the three Benelux countries and the Tariffs of France, Federal Republic of Germany and Italy.

(b) Renegotiation of individual Rates of Duty "bound" under GATT

Ever since the original tariff negotiations in 1947 there have been regular periods during which all the rates of duty that are incorporated in GATT have been firmly guaranteed against changes. In 1955, it was agreed that these periods of so-called "firm validity" should run for three years. The current three-year period will end on 1 January 1961. Therefore an opportunity will be given, during the first phase of the conference, for governments to renegotiate individual "bound" rates of duty which they feel obliged to alter owing to changing circumstances since they were first negotiated.

Phase Two: from 2 January 1961 to 30 June 1961

The second phase of the conference will be largely taken up by negotiations among contracting parties for new tariff concessions; it will include negotiations with the European Economic Community for concessions in its new common external customs tariff. This aspect of the conference will, therefore, provide a further "general round" of tariff negotiations on the same lines as those undertaken in 1947, 1949, 1950-51 and 1956.

At the same time - as was the case in the earlier "general rounds" of negotiations - countries which are intending to accede to the General Agreement, and so become contracting parties, will negotiate for the reduction and "binding" of duties contained in their customs tariffs. In accordance with the GATT principle of multilateralism and equality of
treatment, all tariff concessions which have been negotiated in the past are applied as of right to all contracting parties. Likewise, a country which accedes to GATT enjoys automatically, on the day it accedes, the benefit of the thousands of concessions negotiated by the other member countries ever since 1947. As a counterpart the new member is expected to offer a fair and reasonable "entrance fee" in the form of concessions in its own tariff.

So far, Cambodia, Israel, Portugal, Spain and Tunisia have indicated that they intend to negotiate with a view to full accession and it is possible that other countries may be added to this list.

The Techniques of Negotiation

The traditional GATT techniques of negotiation will be used during the 1960-61 tariff conference: that is to say, the countries will negotiate concessions on a product-by-product basis, by "binding" against increase the individual rates of customs duty at reduced or existing levels.

The increasing importance of the problems faced by the primary producing and the less-developed countries - reflected in the place given to these problems in the overall GATT programme for the expansion of international trade - has been the subject of much thought and discussion in the context of the tariff conference. These countries claim that many of their trade difficulties are the consequence of measures other than protective customs duties (such as revenue duties, internal charges, subsidies and quantitative import restrictions) used by major importing countries, which nullify or impair the benefits which they expected to enjoy from tariff concessions negotiated in the past. They stressed this point of view, particularly in the discussions in Committee I which was concerned with arrangements for the tariff conference, and again during the 1959 sessions of the Contracting Parties; some of the countries concerned argued strongly that, to make the forthcoming negotiations meaningful and more equitable for them, these measures should also be negotiable in the course of the tariff conference.

The point has, in fact, been gained by the countries concerned and the rules and procedures approved by the Contracting Parties at their Tokyo session for the tariff conference provide that participating countries may enter into negotiation on a broad category of non-tariff measures. The practical outcome of this, of course, remains to be seen, for there is no obligation on any country to negotiate on any particular product or protectionist measure. Important trading countries, while accepting the principle that non-tariff measures should be negotiable, have already indicated that they would be unable to undertake commitments of this sort.

Note: The report of Committee I, referred to above, as well as the rules and procedures for the tariff conference are contained in Basic Instruments and Selected Documents, 8th Supplement.
Countries participating in the 1960-63 Tariff Conference

Practically all the member countries of GATT are expected to take part in the first phase of the conference.

Regarding the second phase, starting early in 1961, a list of participating countries, including countries which will be negotiating for accession to GATT, will be issued later in the year.

The Tariff Negotiations Committee

As was the case in earlier tariff conferences, the management of the conference will be in the hands of a Tariff Negotiations Committee. This Committee is composed of all the countries, including the EEC, which are taking part in the tariff negotiations; it will hold its first meeting on 2 September 1960.

Accommodation

The tariff negotiations will be undertaken and most of the delegations will be accommodated in a newly-constructed block of offices in the rue de Lausanne, which have been made available for this purpose by the Geneva authorities. There are just over 200 offices.

The Role of GATT in the field of Customs Tariffs

The General Agreement itself spells out the role of GATT in the tariff field, as follows: "The contracting parties recognize that customs duties often constitute serious obstacles to trade; thus negotiations on a reciprocal and mutually advantageous basis, directed to the substantial reduction of the general level of tariffs and other charges on imports and exports and in particular to the reduction of such high tariffs as discourage the importation even of minimum quantities, and conducted with due regard to the objectives of this Agreement and the varying needs of individual contracting parties, are of great importance to the expansion of international trade. The Contracting Parties may therefore sponsor such negotiations from time to time." (Article XXVIII bis)

GATT was, in fact, formulated initially as a tariff agreement and its trade rules were designed to prevent the nullification, by other kinds of restrictive measures, of the tariff concessions incorporated in the Schedules annexed to the Agreement. The tariff stability which has been achieved through the GATT represents an essential basis for the reduction of trade barriers of all kinds. In other words, tariff stability among the GATT members, who account for well over four-fifths of world trade, is an essential prerequisite to the achievement of freer, expanding trade.

Taking into account the results of the four main tariff conferences held since 1947, the tariff schedules annexed to the GATT comprise some 60,000 items on which the individual rates of customs duty have been reduced or "bound" against increase. While the GATT secretariat has not made any estimate of the impact of these concessions, it is generally considered that they cover more than half of the total trade of the world.
LIST OF THE CONTRACTING PARTIES TO GATT

Australia
Australia
Austria
Brazil
Burma
Canada
Ceylon
Chile
Cuba
Czechoslovakia
Denmark
Dominican Republic
Finland
France
Federal Republic of Germany
Ghana
Greece
Haiti
India
Indonesia
Italy
Japan
Luxemburg
Federation of Malaya
Kingdom of the Netherlands
New Zealand
Nicaragua
Norway
Pakistan
Peru
Federation of Rhodesia and Nyasaland
Sweden
Turkey
Union of South Africa
United Kingdom
United States
Uruguay

Note: The following countries have acceded provisionally:

Israel*, Switzerland, Tunisia*

The following countries participate in the work of the GATT under various arrangements: Cambodia*, Portugal*, Spain*, Yugoslavia.

* These countries will be participating in the tariff conference with a view to full accession.