FIRST REPORT OF THE TARIFF NEGOTIATIONS WORKING PARTY

1. In accordance with its instructions from the Tariff Negotiations Committee the Working Party has examined the consolidated offers lists of:

- United States of America
- United Kingdom
- Austria
- Japan
- Denmark
- Finland
- Sweden
- Norway
- Italy
- Australia
- Canada
- Czechoslovakia
- Dominican Republic
- Federal Republic of Germany
- Peru
- Benelux
- Cuba
- Haiti

The results of this examination are included in this report. In addition, acting under its general mandate to assist in the conduct of negotiations it has considered a draft time schedule for the further progress and conclusion of the conference and a draft protocol of supplementary concessions prepared by the secretariat. The Working Party's final recommendations concerning the time schedule and the protocol will be included in separate reports to the Tariff Negotiations Committee.

2. Most of the meetings of the Working Party, since they involved examination of offers lists, were held in executive session. The representative of the OEEC attended most of the executive sessions upon invitation from the Working Party acting under Rule A.

3. In conducting the examination of offers lists the Working Party in each case heard a statement by the delegation concerned, then invited general statements or questions by other members of the Working Party and observers. Following the general discussion members and observers addressed themselves to the lists in the light of the criteria of Article XXIX of the Agreement and in the light of the rules or procedure for the conference. Section I of this report is devoted to a summary of the more important general problems and issues that emerged, and Section II presents a summary of the discussion concerning each offers list.
I. General Problems and Issues

A. Limitations of the Review

4. One of the problems encountered by the Working Party in the conduct of the review arose out of the wide differences both in the form of the various offers lists and in the nature of the analyses presented by the respective contracting parties. While many lists reproduced all the requests received and indicated the response in each case, a number listed only the items on which offers were made. Although most delegations listed the present rate together with the offer, one delegation also indicated whether the present rate was bound in the existing schedule to the GATT. In one case the offers list omitted the present rates and showed instead the rates in a proposed new tariff that has not yet been presented to the legislature. In other cases comparison with existing rates was rendered difficult because the offered concession affected only one of the elements in a compound rate or in alternative rates. Finally, there were wide disparities between lists from the points of view of the precision of the offers. Some lists contained a very large percentage of items "to be discussed" or otherwise reserved for possible definitive offers during the course of the negotiations.

5. A similar lack of uniformity in the analyses presented by the delegations concerned added to the difficulties of comparison. Some delegations presented rather detailed statistical analyses of the trade coverage of their offers, but not all delegations submitted statistics, and a number of those who did indicated that they considered such statistics of little value in appraising the respective contributions of the various negotiators. The representatives of low tariff countries in particular considered that the disparity in existing tariff levels would render meaningless any appraisal based on volume of trade affected. Even if there had been agreement on the value of trade coverage as a guide in bilateral negotiations, however, the wide disparities between the number of negotiations being conducted by each participant limited the usefulness of trade coverage as a basis of comparison in the multilateral review.

B. Issues of General Importance

6. In spite of the circumstances that impeded a fruitful comparison of the contribution made by the various offers lists, the discussion of each list led to a useful exchange of views concerning the various criteria that had been suggested for the review. In the course of these discussions a number of problems and issues of general import were brought to light.

7. The Working Party considered whether the offers had taken into account the objective of reducing duties that were so high as to discourage even minimum imports. Some delegations stressed that they had few if any duties with an incidence of over 50 per cent but many expressed the view that no
arbitrary line could be drawn, some stressing that even a duty above 50 per cent might permit substantial imports and others pointing out that for some commodities and in some markets a much lower rate of duty might be prohibitive. Most of those delegations that were questioned on the point said that they had made no special effort to find such items in their tariffs but had limited their offers to products on which requests had been made. Nearly all delegations, moreover, indicated that they were not aware of rates in their tariffs that were so high as to discourage even minimum imports.

8. Many problems were brought to light in considering whether the offers would lead to a reduction in the general level of tariffs. In this connexion the limitation to 15 per cent in the authority granted to the Government of the United States was frequently cited. It was also apparent that many other factors had contributed to limiting the scope of the negotiations, including the small number of negotiations being conducted by many participants and that the results in overall reductions of tariff levels would inevitably be modest.

9. Widespread disappointment was expressed with the fact that many lists included offers on a very small percentage of the items on which requests had been made. The delegations of certain of the participants whose lists consisted largely of "no offers" indicated that they would make an effort during the bilateral negotiations to improve their offers.

10. A number of reasons of rather general applicability were given for the failure to offer more concessions. The representatives of some smaller negotiating countries cited various handicaps under which they were forced to operate. As they are seldom the principal suppliers of commodities important to their export trade their prospects for obtaining concessions of value to them were severely limited. When, as was often the case, the principal items in the export of these countries were agricultural, their problem was increased by the reluctance most participants had shown to making any concessions on agricultural products.

11. One delegation indicated that its offers had been limited by the fact that many products on which requests had been made were included in its bilateral agreements. In this connexion as well as in connexion with the exclusion of agricultural products the point was made by some delegations that the objective of the negotiations could not possibly be met if any categories of products were automatically excluded.

12. Most industrial countries conceded that they had been unable to offer concessions on agricultural products. They pointed out the special situation occupied by agricultural producers in their economies and the political, economic and social forces that made it impossible for their governments to withdraw protection from domestic agriculture.
13. Other reasons that were given for meagre responses to requests included claims: that existing specific rates had become antiquated in view of increasing price levels, that a substantial proportion of the tariff of the country concerned was already bound, and the difficulty of finding items of which participants were principal suppliers. In connexion with the last point the representatives of countries in the dollar area expressed the hope that others, in applying the principal supplier rule, would make allowance for the fact that normal trade patterns had been distorted in recent years by quantitative restrictions against dollar goods. It was also pointed out that the previous finding of an item was not in itself a reason for refusing to make an offer; an effort should be made in such cases to grant a further reduction.

14. In view of the modest results that would be achieved even if all offers in the original consolidated lists were sustained, the point was forcibly made by a number of delegations that every effort should be made to redress any imbalance between the bilateral offers of pairs of negotiators by supplementary offers rather than by withdrawals. One delegation also suggested that the overall results of the negotiations could be improved if each participant were to look for additional offers that could be made on items where no request had been received.

15. Early in the examination of offers lists it became apparent to the Working Party that it would be impossible, before the bilateral negotiations had proceeded further, to reach any conclusion as to whether due regard had been paid to the principle that the binding of a low rate of duty should be considered as the equivalent of the reduction of a high rate. Since this involves essentially a question of balance in bilateral negotiations only examination of the course that those negotiations take will permit a judgment on this point. The Working Party also considered whether participants had in their initial offers made an effort to take into account the multilateral character of the negotiations by making due allowance for the indirect benefits they would receive. In this connexion they found no evidence of a disposition on the part of negotiating countries to offer concessions except on the basis of direct concessions received, however, they did not find that insistence on bilateral balancing was being carried so far as to deny all relief to low tariff countries and noted the statements of several delegations that they hoped during subsequent stages of the negotiations to make greater allowance for the indirect benefits they would receive.

16. Examination of offers lists brought to light a number of special problems for which no general solution appeared likely and which will have to be settled, case by case, during the bilateral phase of negotiations.

17. One delegation had based its offers, and submitted data, on the basis of a proposed tariff rather than upon existing rates. Another had based its offers upon statutory rates, many of which were suspended, rather than upon the rates presently in force. In both cases several delegations indicated that
they could not agree as a general rule that reductions from rates not in effect necessarily represent concessions but indicated that they would be prepared during the bilateral negotiations to consider each offer in the light of all the relevant facts.

18. Somewhat similar doubts were raised concerning the offers by some participants to bind certain low rates at above the existing level and some other offers which were difficult to appraise because they involved the conversion of specific rates to ad valorem or involved compound or alternative rates. In these cases, as well, it was left to the negotiators to work out the problem in the bilateral phase.

19. One delegation laid particular stress on the problem created by the United States offers to reduce rates in three annual stages and reserved its right to take this problem into account in evaluating those offers for the purpose of its bilateral negotiations with that country.

20. Finally, the Working Party considered the problem raised by a number of items in the Benelux offers list concessions on which were made contingent upon successful multilateral negotiations. The Benelux representative explained that for certain manufactured goods it would be impossible for Benelux to reduce its rates if some parallel action were not made by other industrial countries with whom its producers must compete. It was agreed that the possibility of accomplishment along these lines should be explored by the Benelux delegation with the delegations concerned or that Benelux should bring some specific proposal before the Working Party or the Tariff Negotiations Committee.

II. Discussion of Offers Lists by Country

21. The following notes on the examination of individual lists is not intended to represent a summary record of the discussion that took place. The purpose is to cover the highlights of the more specific points that were raised. No effort has been made to reproduce either complimentary or critical remarks of a general nature.
DISCUSSION OF OFFERS LISTS BY COUNTRY

UNITED STATES

The representative of the United States indicated that the United States consolidated list contained offers to all countries who had made requests to them: twenty-three countries in all, including Peru to whom offers were still to be made. He called attention to the fact that, statistically, United States imports were reckoned on an f.o.b. basis; the value of United States trade was thus understated when compared with the value of that of other countries who generally used a c.i.f. basis. 1954 data were used in the table distributed; imports were lower than they had been in the three previous years and also lower by about 12 per cent than the estimated figure for 1955. Since all items on the United States list, with one exception, consisted of reductions in duty, the total value of United States offers should be compared with total dutiable imports on the United States rather than with total imports. In this connexion he pointed out that 55 per cent of United States total imports were entered duty-free in recent years. While duty-free imports had increased, the proportion to the total had decreased. This provided statistical evidence of the fact that the reductions in United States duties had permitted a larger increase of dutiable than of free imports.

He then gave an analysis of the United States offers in relation to trade coverage, level of duties and the criteria of Article .XIX. Imports of items on which offers were made in the United States consolidated offers list amounted to almost $1.4 billion, 13 per cent of total United States imports ($10.2 billion) and 30 per cent of total dutiable imports (almost $4.6 billion). 80 per cent of United States dutiable imports were dutiable at rates under 20 per cent; 18.6 per cent at rates between 20 and 50 per cent ad valorem; and 1.4 per cent at rates above 50 per cent ad valorem. Of the $1.4 billion of imports from all countries on which the United States was making offers, almost $1.1 billion, therefore, consisted of items dutiable at less than 20 per cent; almost $300 million dutiable between 20 and 50 per cent ad valorem and over $8 million dutiable over 50 per cent ad valorem. The United States were therefore offering concessions on about 30 per cent of their items dutiable at less than 20 per cent, on 33 per cent of the items dutiable between 20 and 50 per cent ad valorem and on 13 per cent of the items dutiable over 50 per cent ad valorem.

Since the United States was generally offering the full 15 per cent reduction, the general level of the United States tariff would be reduced proportionately. With the exception of three items, the United States was offering reductions down to 50 per cent ad valorem for all the items on the offer list dutiable at more than 50 per cent.
The United States was not offering any bindings of low rates in exchange for reductions of high rates; reductions in such low rates were being made despite the fact that in some cases the rates were very low.

He then gave a description of the thorough procedures which were followed in the preparation of the United States list.

In the discussion that followed several delegations expressed their disappointment at the offers they had received. A large number of the requests made to the United States had been dropped; hopes of concessions over a broad area had induced some countries to make optimistic offers. They felt that the United States administration had adopted an excessively cautious policy and had used their authority to a limited extent. The total outcome of the conference would therefore be necessarily limited. Several delegations pointed out that they had entertained hopes that the United States would take this opportunity to eliminate duties higher than 50 per cent; even if all the offers contained in the list became concessions, a large number of such high duties would still remain in the tariff. There was no elimination of duties. A wider range of offers of 15 per cent reductions had been expected; in some cases the amount of reduction did not even reach 15 per cent. Regret was expressed that the list contained very few agricultural products. Some delegations pointed out that they had not yet been able to decide how they would deal with the staged reduction over three years; several problems were raised by this question, such as the difficulty in evaluating such concessions and the uncertainty arising from the fact that part of the concessions would not enter into force until after the end of the period of assured life of the schedules.

With respect to the disparity in tariff levels it was pointed out by several representatives that a reduction of 15 per cent of a high duty would be no great contribution towards bridging the gap; it was questioned whether a 15 per cent reduction of a high duty could be considered equivalent to the binding of a low duty.

In reply to points raised in the review of his list, the representative of the United States agreed that there were difficulties in a purely statistical evaluation of concessions; he considered, however, that statistical data provided a very useful first approximation. With respect to the criteria which had been followed in selecting items for inclusion in the offers list, he pointed out that each request, indeed each item in the United States tariff, had been carefully scrutinized. In view of the short time which had been available for the preparation of request lists, he thought that perhaps some countries had selected items without giving full consideration to all factors. Each case was examined on its merits. The principal supplier rule had not been applied rigidly. Furthermore items on which there was little or no trade had also been examined for possible offers. With respect to the criticism of United States valuation methods, he pointed out that a Valuation Bill was before the Congress which if adopted would base United States customs valuation on "export value".
The representative of the United Kingdom said that offers had been made to all but one of those countries who had presented request lists. Except where it was difficult to split items offers had not been made on items on which requests had not been received. Nearly all the offers were reductions, or bindings where only bindings had been sought. The United Kingdom did not have the complicated statutory procedures of the United States for selecting items for offers, but they had their own administrative arrangements which enabled them to inform themselves thoroughly of all the relevant factors. In their application of the principal supplier rule they had been liberal and flexible. It should be remembered, in evaluating their offers, that their 1954 imports had been lower in total by about 16 per cent than their total imports in 1955. Apart from the special case of expected offers from the United States which would need to be set aside to provide compensation for the United States action on bicycles, and apart from another special case - whisky - to be discussed bilaterally with the United States, the United Kingdom had aimed at formulating a series of offers designed to be commensurate with the offers they expected to receive. (These expectations had not, in general, been fulfilled.) In the agricultural field, the United Kingdom had not been able to make significant offers: the reasons were well known. Their offers on manufactured products were a significant and balanced contribution to the objectives of the negotiations. The amounts of the reductions offered had been determined in general by the fact that the United Kingdom could not defend making deeper cuts in their tariff for the United States than the United States would be making for them. There had been no decision of principle that bigger cuts could not be made for the benefit of other countries, but in practice such offers were precluded by the world-wide character of the United Kingdom's trade, the interlocking nature of their offers and the need to keep some uniformity in the structure of the tariff and the tariff treatment of comparable industries. Their offers varied, therefore, around 15 per cent. Apart from agricultural and horticultural products the United Kingdom tariff was essentially ad valorem (although some rates are compound). They had no ad valorem rate higher than 50 per cent. If any specific rates were hidden away in their tariff which had an incidence higher than 50 per cent, they were exceedingly rare. It was mainly in key-industry duties that they had high rates: mostly 33 1/3 per cent, although there were some 50 per cent duties. In this field it was not possible to judge a rate by absolute standards, but only in relation to the country and the industry at that time. These rates were not necessarily seriously restrictive of trade; in any case their list contained quite a number of reductions offered on these duties. He pointed out that because of the world-wide character of their trade their negotiations must be on a co-ordinated basis; their offers assumed that satisfactory arrangements would be reached with all the countries with whom they were negotiating. He expressed the hope that in those cases where their offers had not yet been matched agreements would in due course be reached at higher levels rather than at lower ones.
In the examination of the United Kingdom list statements were made regretting that many requests had been left without positive response; that the list was found lacking in the agricultural sector which particularly affected countries whose principal exports fell in this field; that the United Kingdom had not attempted to offer, generally, a greater measure of reduction than about 15 per cent and - in several cases - only 12½ per cent; that there were very few cases of offers of reduction of preferences and there were no negotiations with other Commonwealth countries. With respect to high duties which discouraged imports, one representative felt that it would be difficult to weigh the United Kingdom contribution because the pattern of trade had been distorted over the past years by quantitative restrictions.

The representative of the United Kingdom, in reply to some of the points made, indicated that a large number of agricultural products enjoyed free entry into the United Kingdom or a very low rate of duty; many duties were specific and had lost much of their value. For a variety of reasons the present conference did not provide much scope for the negotiations of preferential duties; in any case a reduction in the most-favoured-nation duty usually resulted in an automatic reduction of the margin of preference. They had not searched for duties in their tariff which might be considered so high as to discourage any imports; he was sure that, if there were any, his negotiating partners would be aware of them and the matter could be examined in bilateral negotiations. However, it was the feeling of his delegation that offers made to them did not match those the United Kingdom was making and until better offers were forthcoming he saw no purpose in offering further concessions.

AUSTRIA

The representative of Austria said that the present conference took place at a time in which Austria had to deal with a series of extremely difficult economic problems. They had to meet the very heavy economic charges laid down in the Peace Treaty; financial aid had to be provided for the territories which, owing to the occupation, had not participated in the general development of the country; industries which had up to now been under the jurisdiction of the Russian army of occupation had to be reconverted and adapted to the Austrian economy. Lastly they had a very unfavourable balance of trade and payments which was particularly difficult to cope with in view of the 92 per cent liberalization which prevented any limitation of imports. A further difficulty arose from the fact that Austria was negotiating on the basis of a draft tariff which had not yet been approved. The draft was now before a ministerial committee; two-thirds of the items had been agreed upon and it was hoped that the draft would become law before long. The thorough calculations that had been made showed that the draft did not raise the present level of the tariff. He gave figures relating to the foodstuffs and textile sectors. Austria, therefore, was a very special case. He did not, however, wish to imply that they had not made an adequate effort in presenting their offers to this conference. The Austrian offers were all the more valuable in view of the particularly adverse circumstances.
He indicated the criteria which had been followed in preparing the Austrian offers. His Government had endeavoured to establish a certain balance between their requests and their offers. Excluding requests on the European Coal and Steel Community, Austria had presented 233 requests and made 133 offers. The other participants in the conference had made to Austria 554 requests and forty-four offers. Without attaching too much importance to these figures and even taking into consideration the fact that Austria is seldom the principal supplier, it was clear that much was asked of Austria while little was offered.

In preparing their offers list they had applied the principal supplier rule with elasticity. As far as possible account had been taken of the requests received; in some exceptional cases where this was not possible Austria had made offers on its own initiative. With respect to the Coal and Steel Community, offers had been made up to now for special steels. If the High Authority received powers from the Member States to negotiate also on ordinary steels Austria would make supplementary offers.

Passing to a statistical analysis of the Austrian list, he said it contained sixty-four offers of reductions and thirty-nine bindings. On the sixty-four offers mentioned above the reduction amounted to more than 15 per cent. Two-thirds of the offers actually involved a reduction on the old tariff rate.

The statistics they had presented did not include ordinary steels. If negotiations took place on these products the figures would be proportionately increased and would show the increase of indirect benefits to be gained by Sweden. He quoted figures to show that the Austrian offers covered about 3 per cent of their dutiable imports.

The draft tariff did not contain any rates which were so high as to discourage the importation of even minimum quantities. With respect to the position of the low-tariff countries, he agreed with previous speakers that the negotiations had not yet advanced far enough for judgment to be passed. Austria had also offered bindings on low rates and reductions of high duties and in their requests they had also asked for the binding of low duties from their negotiating partners and were prepared to take due account of such bindings. It was his view that the Austrian contribution was comparable to that made by other countries, and in view of their special situation, their effort was all the more to be appreciated.

In the course of the discussion several delegates referred to the difficulties - already experienced at previous tariff conferences - which arose from negotiations on the basis of a draft tariff. Negotiations were
further complicated by the fact that the draft contained mainly ad valorem rates whereas the present tariff had mainly specific duties; in view of this one representative said he was not always certain that the offers in Austria's list, which were based on the draft, were lower than the rates at present in force.

In reply to some of the points raised the representative of Austria reiterated his view that the draft tariff did not involve an increase in the incidence of the tariff at present in force; his delegation would be prepared to examine each case in the bilateral negotiations. He also said the draft tariff would not affect the value of the concessions already contained in Schedule XXXIII. He could not say when the new tariff would enter into force. When approval was obtained a new Schedule XXXIII would be submitted to the contracting parties in accordance with the procedure laid down for such cases.
JAPAN

The representative of Japan said that the level of Japanese tariffs had been sharply reduced unilaterally in 1951. Except for the duty on tobacco, they had no rate higher than 50 per cent ad valorem. The incidence of duties in the Japanese tariff was the following: free entry for raw materials; 5 - 10 per cent duty on semi-manufactures, 15 - 20 per cent duty on manufactures and 30 - 50 per cent on luxury goods. He thought the level of these duties could not be considered high.

Japan had made offers only to the United States and Sweden; they might yet negotiate with Ceylon. Japan had negotiated with the United States in 1955. Since these were the first large-scale negotiations with that country, nearly all the items of major interest had been covered. Furthermore, the United States Administration had no authority to give further reductions on those duties which had been lowered by 15 per cent or more during the preceding negotiations. The aim of their negotiations with the United States was to better the results they had already obtained. He gave an analysis of their offers to the United States.

The scope of Japan's negotiations with Sweden was more limited owing to the smaller volume of trade between the two countries. Although the value of offers in terms of trade coverage was approximately balanced, the representative of Japan thought that their own offers were more substantial, even taking into account Sweden's position as a low tariff country.

He wished to point out that while the United States, which was negotiating with twenty-three countries, could offer substantial indirect benefits, Japan, negotiating with only one or two others, could not. Their negotiations at this conference were restricted despite Japan's wish to enter into negotiations with other contracting parties. Japan therefore could not be asked to pay for indirect benefits with direct concessions: the balance should be sought by weighing direct concessions.

In making offers, his Government had to take into account the need to develop industries which had not fully recovered from the effects of war, or whose technical development had been neglected during the last ten years, and the necessity for diversifying domestic industry in order to maintain the living standards of a growing population. In addition his Government was in the process of freeing imports from quantitative restrictions, and had to be particularly careful not to jeopardize their trade liberalization by these negotiations. In the light of the unfavourable balance of trade with the United States all these considerations weighed heavily in their negotiations with that country. He considered their offers list to be an adequate basis for bilateral negotiations; he hoped to be able to improve their offers, but considered it would be possible to reach a satisfactory conclusion on the basis of their present offers list.
The representative of the United States expressed his regret that Japan's possibilities of negotiation were curtailed by the invocation of Article XXXV by fourteen countries. He said that the Japanese offers to the United States would need to be substantially improved if they were to match the United States offers. With respect to the problem raised by Japan in relation to indirect benefits, he did not agree with the Japanese representative; problems always arose in this connexion and it was always understood that benefits had to be paid for either directly or indirectly.

The representative of Sweden pointed out that if his Government's offers were modest this was due to the limited number of requests received from Japan and to the fact that the previous negotiations in 1955 had exhausted the possibilities of a wider range of concessions.

DENMARK

The representative of Denmark introduced his offers list by outlining the considerations on the basis of which it had been drawn up: the actual possibilities for making concessions, what could reasonably be expected by Denmark in return, and the scope of the requests made to Denmark.

One half of Denmark's total imports were duty-free. 55 per cent of total imports were not bound under GATT. Of these, three-fifths were subject to duty, and it was in that sector that concessions had been sought. They had made offers, or agreed to consider concessions on 45 per cent of the requests addressed to them, valued at about 200 million Kr, on the basis of 1954 import figures.

The total customs revenue represented 2.6 per cent of the value of total imports; the incidence of the rates on dutiable imports amounted to 5.2 per cent. Denmark had practically no excessive rates.

Denmark had received request lists from only nine participants, containing seventy-four requests for bindings and fifty-nine for reductions. They had offered bindings on twenty-eight items, reductions on twenty-six and promised to consider a further sixteen — thus having made a positive response to seventy out of a total of 133 requests. The Danish representative stated that he had no authority to make commitments in the textile sector before the legislation necessary to convert the out-dated specific rates into ad valorem rates had been passed by their Parliament.

He emphasized the importance attached by his delegation to rule 11(c) of the Rules of Procedures. The binding of a low tariff could be a greater sacrifice than a modest reduction on a high duty, and his delegation would base their evaluation of offers exchanged on this principle. The binding of a low
duty was a highly valuable stabilizing factor, particularly at a time when the 
tendency was to increase tariff protection. Rule 11(c) indicated clearly that 
negotiations should not be based on purely statistical criteria, but that 
account should be taken of the position of low tariff countries and that high 
tariff countries should not cling to their advantage in this field over low 
tariff countries.

The representative of the United States said that Denmark provided a good 
example of a low tariff country. He expressed the view that the results 
achieved in negotiations with Denmark would in this case more than in any other 
depend on the application of the principle that the binding of a low duty should 
be considered equivalent to the reduction of a high duty.

The representative of the United Kingdom while agreeing that the Danish 
tariff was generally low said that he was aware of rates which British traders 
considered as lying outside that category. In this connexion he referred to 
the important cases where Denmark reserved the right to convert to an 
ad valorem rate in place of the specific duty. These ad valorem rates were not 
conspicuously lower than the rates applied by other countries. Although he 
did not feel that the Danish offers matched his own he was confident that a 
satisfactory balance would be found in bilateral negotiations.

FINLAND

The representative of Finland pointed out, with respect to the statistics 
circulated, that in the cases in which a bound ad valorem rate was offered in 
place of an unbound specific duty such an offer had been grouped statistically 
with the bindings, even if in some cases the new ad valorem rate had in actual 
fact a lower incidence. Offers had been made to all countries who had made 
requests. No offers had been made on items which had not been requested; 
this was not the case with countries who had made offers to Finland. All 
requests had been examined very carefully. It had been found difficult to make 
offers on agricultural products; their position should be understood particu­
larly by countries who enjoyed milder climates. The principal supplier rule 
had not been strictly followed. The pattern of Finnish trade with contracting 
parties was relatively one-sided, since forestry products predominated in 
Finland's exports. This narrowed the sector in which requests could be made 
by them to other countries. The indirect benefits which Finland could 
obtain from such a conference were also very limited. On the other hand, a 
concession given by Finland, for instance in the engineering industry, was 
usually advantageous to a large number of potential suppliers. The narrow 
sector of their interests also narrowed the scope of Finnish offers, since no 
participating government was expected to grant concessions unilaterally without 
receiving adequate concessions in return.
He gave an analysis of the number of requests and offers made and received. He also wished to explain why his offers list appeared to show more bindings than actual reductions of duties. Though Finland could not claim to be a member of the low-tariff group proper, her tariff was generally speaking moderate and in parts very low. The general incidence of duties on imported goods in 1954 was 12.5 per cent. This, together with the very extensive concessions made at Annecy and Torquay, explained why it was difficult to grant further reductions of duties. Moreover, in many cases requests had been presented against the products of key industries, principally the engineering industry. In this sector the tariff was antiquated, and some of the duties are exceptionally low. In some cases the incidence of specific rates was actually about 3 or 4 per cent. It would be unrealistic to reduce such duties, all the more so as the industry was built up in special circumstances since the war and was still under development. This point would be appreciated by countries which had old-established industries enjoying a considerably higher degree of protection.

A further aspect had to be kept in mind: Finland had a substantial volume of trade with countries outside the General Agreement. He referred to the position of Austria, another country on the border between East and West. His country was making great efforts to liberalize her import trade and, having a generally moderate tariff, they did not wish to jeopardize the gradual abolition of quantitative restrictions.

In the light of the criteria of Article XXIX, he considered that the Finnish offers list contributed towards the objectives of the conference; only four or five ad valorem duties were higher than 50 per cent and were to be regarded as purely fiscal duties; there were no high tariffs which discouraged the importation of even minimum quantities. He hoped that in the course of bilateral negotiations their negotiating partners would improve their offers so as to achieve a balance over the widest possible range and avoid obliging them to strike a balance by withdrawing concessions which they had offered.

SWEDEN

The representative of Sweden reviewed his country's position with respect to the possibility of tariff concessions by a country starting from a low tariff. They had made substantial concessions at previous tariff conferences and found that the possibilities of further concessions were exhausted and their bargaining power lost. For this reason, among others, the Swedish Government had hesitated before deciding to take part in the present conference. Although they would have preferred an automatic plan for reductions, they had decided in favour of participation in the belief that any effort, however small, to reduce the general level of tariffs, should be supported.
Moreover, the negotiating rules of this conference represented a certain improvement over those of previous conferences. He expressed the hope that wider possibilities would be given to a multilateral approach in the way of triangular or multilateral negotiations with respect to at least some commodities. It would not be possible to consider the outcome of the conference as successful if the special position of the low-tariff countries were not taken into account. In particular he hoped to see more substantial results than had been indicated by the offers of reductions of high duties on typically European commodities.

Total Swedish imports had increased between 1954 and 1955 by 12 per cent; imports from the dollar area, as a result of liberalization in that field had increased by 40 per cent. This was an important factor in evaluating Swedish bindings of low duties and offers of reductions in duties.

50 per cent of the 1954 imports related to products the duties of which had been bound under the General Agreement at a generally very low level. For some sectors, i.e., textiles the proportion was about 55 per cent.

The average incidence of the Swedish tariff was about 5 per cent if based on total imports; if based on dutiable imports, about 8 per cent. Only Denmark could better these figures.

About 70 per cent of the rates in the Swedish tariff were specific. Ad valorem rates ranged between 10 per cent and 15 per cent with two exceptions (one of 20 per cent and another of 25 per cent). Specific duties with an incidence of 25 per cent were very rare, mainly on alcoholic beverages, some agricultural products of minor importance and some textiles, mainly silk. Four specific duties had in 1954 an incidence of over 50 per cent. They covered a very small range of imports and would probably disappear in the new tariff.

Sweden made requests to sixteen countries and received requests from only nine. The greater part of requests addressed to them fell generally in the agricultural and textile sectors. Although both these sectors presented special difficulties, Sweden had made offers. Two-thirds of their textile items were already bound. In dealing with the statistical presentation of his indirect offers he wished to point out that the figures should be increased by the reductions and bindings made in the bilateral negotiations with Germany in 1955. The total value of these indirect concessions amounted to $19.7 million.

In conclusion he hoped that account would be taken of the special position of his country and of rule 11(c) of the rules of procedures. In connexion with this rule he pointed out that the use of statistics of trade coverage, although not without value for bilateral discussions, should never be taken as the sole measure of the significance of offers. In comparing offers received with their own offers they did not feel that they should make any improvement in their own but they would do their utmost in any case to reach satisfactory agreements, particularly where they saw possibilities of reducing tariff disparities.
In the course of the review of the Swedish list appreciation was expressed for the willingness of the Swedish Government to consider concessions on agricultural products. Statements were made however, that the Swedish offers did not match those made to Sweden by some countries, even if due account was taken of the disparity in tariff levels. It was also pointed out that Swedish offers to bind specific rates with the right to convert to an \textit{ad valorem} rate were extremely difficult to evaluate. It was not always clear in a number of cases whether these offers were not in fact increases in duties.

With respect, however, to the claim which had been made that Sweden's negotiations with Germany were a matter of the past and that no compensation was due to Sweden for the indirect benefits deriving from these negotiations, the Swedish representative recalled the established precedent under which acceding countries were always made to pay for indirect benefits they would receive from concessions granted at previous tariff negotiations.
NORWAY

The Norwegian representative drew attention to the fact that his country was dependent, to a greater extent than most, upon the exchange of goods and services with the rest of the world. In proportion to gross national production Norway had a higher volume of trade than any other country, and lack of balance in foreign payments was a basic problem. Their policy, aimed at reducing the deficits in their balance of trade and payments to manageable proportions, had led them to concentrate investment in exporting industries, shipping and hydro-electric power production, to the detriment of production for the domestic market which was thus more vulnerable to foreign competition. Furthermore the specific duties which constituted the main part of their tariff had not been raised in proportion to rising prices and therefore offered lower protection to home industries.

The Norwegian offers list should be considered against this background and recognized as representing a considerable effort. Norway's participation in the conference was based on Article XXIX and paragraph 11 (c) of the rules of procedures.

Owing to concessions already granted during previous negotiations the possibility of finding reductions was extremely limited. They had made eighty-seven requests and received nineteen offers in return (or 22 per cent). On the other hand one hundred and fifteen requests had been addressed to Norway, and Norway had responded with forty-one offers (or 36 per cent). Their offers to Germany were not included, as the German request list was received very late and was still under consideration, but it was not expected that this would greatly change the overall picture. In addition, Norway had presented and received a number of offers not based on requests. Although in making up their offers list they had applied the principle supplier rule they had not adhered to it rigidly and had replied to all request lists addressed to them and offered concessions to all countries which had asked for concessions.

Referring to the scope of their negotiations, the Norwegian representative indicated that their offers related mainly to manufactured goods, while their own requests concentrated on raw materials and semi-manufactures. While they had also made offers of concessions in the agricultural field, they had been able to make hardly any offers in the textile sector. That industry was working at reduced capacity and was faced with difficulties since it produced solely for the domestic market and its development had been retarded in favour of exporting industries.

The Norwegian delegation did not attach great importance to trade coverage statistics and thought that the quality of offers must be the decisive factor in any evaluation.
Turning to the general level of the Norwegian tariff, the Norwegian representative thought that it was generally admitted to be very moderate. The general incidence in 1953 on total customs revenue and import values was 5 per cent. The corresponding figure for 1939 was 12.2 per cent, which clearly illustrated the reduction in their tariff protection. The present average incidence on total imports was 10 per cent. There were a very few specific duties with an incidence of more than 25 per cent - mostly within the agricultural sector. The great majority of their ad valorem duties was below 20 per cent, and they had no excessive duties or such as to prohibit the importation of minimum quantities.

The Norwegian representative expressed disappointment at the lack of balance between the offers presented and received but expressed the hope that there would be an improvement during the bilateral negotiations. He emphasized the necessity to take account of the special position of the low tariff countries and underlined their opinion that the outcome of the negotiations could only be described as successful if some real reduction in tariff disparities had been achieved.

In the examination of the Norwegian consolidated offers list, the point was made that it compared favourably with the other lists which had been presented.

ITALY

The Italian representative said that their list was not definitive; he gave assurances that the offers would be improved upon and that further concessions could be offered in bilateral negotiations. Before supplementary offers could be presented it had been necessary to examine in greater detail the requests they had received.

In preparing their preliminary offers, they had endeavoured to ascertain the principal supplier for at least the years 1952-1954. Requests of countries who did not appear to be principal suppliers had been dropped. The Italian Government had not in general considered making offers on products which had been bound outside the General Agreement. He referred to the 1950 agreement with Switzerland which had resulted in important items being bound at very reasonable levels. Further, account had been taken of the fact that certain countries with which Italy intended to negotiate were not in a position to make offers on agricultural products which are of the greatest importance for Italy. It was further considered necessary not to make offers on products which in general were of interest to certain contracting parties who for special reasons were not yet in a position to undertake equivalent commitments with respect to reductions of duties.
Italy's goodwill was however discouraged by the fact that certain participants had once more indicated their intention to negotiate with Italy on rates at present applied and not on the legal tariff.

From the legal point of view there was no question that the Italian customs duties were those contained in the Italian tariff, which had been approved by Parliament, and modified only by international tariff commitments. The applied rates which were in provisional application were only temporary, and resulted from a temporary delegation of powers by Parliament, which would expire next July. He referred to the strong pressure exerted by Italian producers against the provisional rates. The Italian Government had resisted this pressure in order to give proof of its desire for international cooperation in this field, on the understanding, however, that a similar liberal policy would be followed by other countries. If these temporary rates were considered an acquired right by third countries, the whole Italian tariff policy might have to be reviewed. He realized the difficulty that other countries found in evaluating concessions offered by Italy. However, the legal tariff of Italy had been the basis of all previous tariff negotiations.

Among the different measures of autonomous tariff reduction taken by the Italian Government since 1950, there was the 10 per cent reduction of all duties. This reduction was made in order to facilitate a readjustment of the, at the time, very strong creditor position of Italy in the European Payments Union. As was well known, this position had now been reversed, and Italy was a large debtor in the Union. The reasons, therefore, for the reduction no longer existed: that was why they could not commit themselves to bind the 10 per cent reduction of duties. He examined the level of the Italian tariff by a comparison of the incidence of the duties as applied with the incidence of the legal rates. In 1954 total imports amounted to $2.5 billion. Deducting from this figure products which were not dutiable and products subject to fiscal duties, there remained total imports of products subject to duty of $1.2 billion. Further special laws granted customs exemption to imports for economic development, ship-building, and temporary admission: the total of these imports in 1954 was $200 million. $1.4 billion or 60 per cent of total imports therefore enjoyed free entry or were subject to moderate fiscal duties. This left a total of dutiable imports in 1954 of $900 million. Customs revenue from these products was about $150 million, giving an incidence of 16 per cent which was to be considered moderate for a country with an economic structure such as that of Italy.

The same calculations for the legal tariff gave a proportion of 22 per cent, which indicated that in fact the average weighted level of the Italian tariff had been reduced autonomously by more than 25 per cent. He hoped that these considerations might clarify the Italian position and result in a more realistic evaluation of their requests and offers. He concluded and repeated the assurance that his Government would do its utmost to provide satisfaction to the demands of countries negotiating with it.
In the discussion that followed sharp dissatisfaction was expressed with the original offers of Italy. The decision to exclude some items on the grounds that they had been negotiated with a country outside the General Agreement was criticized. The question was raised whether the Italian list as presented constituted a consolidated offers list under the meaning of the rules and procedures; the presentation of a preliminary list had placed some delegations in a disadvantageous position in their bilateral negotiations with Italy. On the question of the Legal tariff the intention was expressed of examining in bilateral negotiations each offer on its merits, taking into account all relevant factors.

AUSTRALIA

The representative of Australia said that his country had participated in the Geneva, Annecy and Torquay tariff conferences and that even at the last two they had found, in the case of a number of countries, no basis for mutually advantageous negotiations. The structure of their export trade made it difficult to secure advantages from successive tariff negotiations. 40 per cent of Australian exports in 1955 consisted of greasy wool for which free entry had been obtained wherever possible. In their view, wool, as a basic raw material, should normally be duty free in the importer's interest. This last remark applied to other important Australian raw materials. On the other hand they were strongly interested in the export of a wide field of foodstuffs, but were not substantial enough suppliers of the majority of the countries at this conference to press for concessions.

In the case of some important agricultural products, particularly grains, exports were frustrated by restrictions in the form of quantitative restrictions, state trading and subsidies which had not proved susceptible of successful negotiation under the Agreement. The long-term solution lay, of course, in a diversification of Australian production and exports. Manufactures already consisted of 5 per cent of the Australian export trade but they went mainly to countries not participating in the present conference.

With respect to their offers list he said that certain contracting parties had notified his Government that they would not be able to negotiate on certain important items. Some Australian offers were made in the hope that they would encourage offers from other participants. Australia was, however, disappointed at the offers received from the United States and from Germany.

The structure of their trade imposed limits both on the direct and indirect benefits they could receive from tariff negotiations. On the other hand the scope of the concessions made by Australia tended to be very wide. In fact the total trade on the items which they were offering was nearly three
times as great as the imports of these products from the countries to which the offers were being made. An examination of the offers of other countries showed very little in the way of indirect benefits which could be gained by Australia.

He referred to the controversy on low and high tariffs and supported the view that the absolute height of the tariff was not as important as its restrictive effect. Australia, a young and growing country with immigration and development programmes, had protective needs, measured by the height of the tariff, which were greater than those of other countries. Imports were nonetheless very high.

48 per cent of Australian imports were admitted free of duty and 29 per cent at rates not exceeding 12½ per cent. More than three-quarters, therefore, of Australia's imports were dutiable at 12½ per cent or less. Duties exceeding 50 per cent accounted for 6 per cent of imports (mainly refined petroleum and spirituous liquors). Products in this category were subject to an excise duty when produced domestically and the import duty included a component to offset excise. He referred to the care with which the measure of protection of efficient industries was calculated. A tariff tribunal ensured the fullest and competent investigation.

**CANADA**

The representative of Canada said that Canada was the most open market in the world and in lowering tariffs they were reducing the only obstacle to trade. Moreover, valuation procedures based on value in the country of export resulted in a very low tariff incidence. Describing the basis on which the offers list had been conceived the Canadian representative said they had only felt justified in offering concessions for which they would receive equivalent concessions. Canadian businessmen and the Canadian Government were aware of the fact that Canada had made substantial tariff reductions in past negotiations and that it had proved difficult for their goods to enter a number of markets because of quantitative restrictions or valuation difficulties. The Canadian Government had therefore to look very closely at concessions offered to Canada. A problem arising from a decision on customs classification of an item bound to them by the United States had now been solved and this would permit his Government to revise their offers to the United States.

A number of representatives had said that they had made offers only in reply to requests. Canada was not in a position to do this. Requests to Canada appeared to have been made without adequate information as to the commodities on which concessions could be made. Canadian offers were therefore based on what they could afford to give rather than in reply to requests. Canada had no high tariffs, and certainly none which would prohibit the importation of minimum quantities. He felt that the Canadian offers to bind
low tariffs, in view of the greater security and stability this entailed, together with the reductions offered, made their offers list a valuable contribution.

The representative of the United States said that he had been disappointed with the Canadian offers both in regard to their scope and the depth of the reductions. He was therefore pleased to hear that Canada would revise its offers. His delegation found some difficulty in assessing the value of concessions, such as those offered by Canada, to bind rates on a product so long as it was not produced in Canada; the significance of these concessions was difficult to estimate because of the uncertainty which they entailed.

TURKEY

The representative of Turkey said that a large portion of their customs tariffs had been bound at Torquay and that their possibilities of granting further concessions had been practically exhausted. There had been no important change since 1951 in the pattern of their foreign trade. That was the reason why their participation in the present conference was so limited. The few products which his country exported had been the subject of negotiations at Torquay and no other products had entered the field to an extent that would justify requesting concessions. The greater part of their investment was devoted to the production of consumer goods for the home market. Although his Government did not expect very substantial advantages from the conference, it wished to bring its contribution. Their list of offers was simple and covered a limited number of products. Offers were addressed only to the United States. For reasons of revenue and protection it had not been possible to meet all the requests made by the United States. It should be remembered that customs revenue represented a substantial portion of their total revenue.

The incidence of the rates in their tariffs could not be considered high and was certainly not an obstacle to the development of trade.

Pharmaceutical and organic-chemical products, precious metals, X-ray apparatus, models and apparatus for purposes of demonstration or teaching and not destined for industrial usage enjoyed free entry. Industrial machines, scientific apparatus, engineering products, transport material, were dutiable at low duties such as 5 per cent. Customs revenue in 1953 amounted to $71 million; total imports to $528 million. The general incidence of customs duties was therefore 7.5 per cent. The figure for 1954 was 6.5 per cent. He also called attention to the fact that the offers in his list covered a large portion of the trade with the United States and that the indirect benefits to other countries would not be negligible.
CZECHOSLOVAKIA

The representative of Czechoslovakia recalled that the leader of his delegation had stated before the CONTRACTING PARTIES that his Government had no requests to make and did not therefore intend to participate in the conference. If, however, any contracting party should address requests to them they would take them into consideration. The Government of Ceylon had in fact addressed a list of requests to them and he therefore proposed to enter into negotiations with Ceylon.

DOMINICAN REPUBLIC

The representative of the Dominican Republic called attention to the special position of his country and to the reluctance with which they had acceded to the General Agreement. They were very firm believers in the basic principles of the Agreement, the upholding of which was a necessity for the economic well-being of the Dominican Republic. 60 per cent of their national income was derived from foreign trade. However, several factors gave them reason to doubt whether the Dominican Republic, a small under-developed country, could derive the same benefits from the General Agreement as the highly industrialized countries.

He referred in the first place to the essentially fiscal function of tariffs: customs receipts accounted for more than 50 per cent of his country's revenue. The rules requiring a narrow balancing of concessions therefore imposed considerable hardship inasmuch as tariff reductions meant proportionate reductions in national revenue, and, therefore, in the funds needed not only to meet ordinary expenditure but also to finance development programmes.

Secondly, there was a structural disequilibrium in the trade between under-developed and industrial countries which was not sufficiently taken into consideration in the rules for tariff negotiations. In the absence of special rules it was hardly possible for the Dominican Republic, with very few export commodities, to obtain the same benefits from tariff negotiations as would an industrialized country with a highly diversified pattern of exports. The principal supplier rule was also a grave handicap to small countries in that their statistical position did not allow them to press for concessions on their products.

Thirdly, his country's bargaining power was further impaired by the limited scope of negotiations under the Agreement. Some of the basic export commodities of under-developed countries were subject to severe restrictions in the import market. Quantitative restrictions were imposed on sugar, a product which accounted for 60 per cent of Dominican foreign exchange
receipts. These restrictions were imposed by countries which furnished the bulk of Dominican import needs and manufactured products. As such restrictions were the subject of negotiation, it appeared extremely difficult if not impossible for his country to gain in tariff conferences concessions of any real economic value.

The results of the negotiations at Annecy and Torquay had increased his Government's serious doubts that under-developed countries could gain advantages in tariff conferences unless full consideration were given to the special factors involved.

The Dominican Republic had no wish, however, to stand aside. They wished to make whatever contribution was possible, but it should be clear that the problem of equivalent concessions for under-developed countries should not be shelved at the end of this conference. They expected that industrialized countries would actively co-operate with the CONTRACTING PARTIES in quest of a satisfactory solution to the problem.

With relation to the Dominican list of offers, he indicated that they were offering free entry for capital goods, which in their view was evidence of their desire to co-operate with industrialized countries for the expansion of world trade. These offers were made in the expectation that the Dominican Republic would be able to obtain a lowering of tariff barriers to the trade of their few export commodities.

**FEDERAL REPUBLIC OF GERMANY**

The representative of the Federal Republic of Germany, illustrating the structure of the German tariff, said that in the years 1952-1955, 60 per cent of imports were entered duty free, 10 per cent subject to revenue duties, and 30 per cent subject to protective duties. In principle they could not negotiate on revenue duties. The general incidence of German duties for the same period was the following:

- 9 per cent average incidence of duties on total imports
- 50 per cent average incidence of revenue duties
- 13 per cent incidence of duties on all other dutiable goods
- 22.5 per cent general incidence on all dutiable imports (including revenue and protective duties)

The average incidence of duties on dutiable agricultural goods, excluding revenue duties, amounted to 13.8 per cent. The average incidence of duties on dutiable industrial goods, excluding revenue duties, was 11.6 per cent. The level of German import duties could therefore on the average be considered moderate.
He wished to stress the importance of the reductions in 414 rates of duty, on agricultural as well as industrial products, negotiated outside the General Agreement with Switzerland, Spain and Portugal. Very important were also the bilateral negotiations which Germany conducted in 1955 with Denmark, Norway, Sweden and Japan: of the seventy-four rates reduced, twenty-two related to agricultural products. The indirect benefits of the above negotiations amounted to $95 million import value. Furthermore Germany had reduced autonomously, since 1955, 831 rates of duty, about half of which were agricultural duties.

After giving an analysis of the German offers list, he called attention to the importance of the German market to foreign producers: the increasing purchasing power of the German public made their market a field for severe competition. As a consequence, imports had tended to grow faster than exports. Nevertheless, Germany was pursuing its policy of liberalization and had reached the figure of 90 per cent with respect to the OEEC area - 65 per cent with respect to the dollar area. Further efforts were being made in this direction.

In determining its position towards requests addressed to it, the Federal German Government had been concerned with the maintenance of stable conditions on the domestic market. Agricultural products and foodstuffs generally gave rise to serious problems. Following arrangements made over the last few years, imports of agricultural products had steadily increased and were likely to continue doing so. All the above factors accounted for their inability to offer tariff reductions on several important agricultural products.

With respect to industrial products his Government had been unable to respond to a considerable number of requests. Here also there were cases where it was not possible to make offers. The industries concerned still had difficulties resulting from the economic reconstruction; in some cases products were involved with respect to which the domestic industry was in a very unfavourable competitive position.

Several countries expressed their sharp disappointment in the offers made by the Federal Republic of Germany. Too many items instead of presenting concrete offers were marked "for further discussion". There was considerable lack of balance between the different sectors. Offers on agricultural products and foodstuffs were unsatisfactory, particularly as Germany had not only high tariffs in this sector but also quantitative restrictions and state-trading; the offers that had been made were not, generally, on items of major importance. It was also regretted that the German offers did not include items which had been bound to countries not contracting parties to the General Agreement; these bindings were at present interesting and useful, but their inclusion in the German schedule would give them a greater degree of permanence. The Scandinavian countries in particular recalled the very high hopes they had had of negotiations at this
conference on a wide range of products and, in particular, on agricultural products. It was further pointed out in some cases that the German offers did not match the offers made to them and the hope was expressed that it would not be necessary to withdraw offers made to Germany, but rather that Germany would present further offers.

The German support of the GATT Plan before the present conference took place had led some countries to believe that Germany was prepared to reduce duties evenly through the different sectors. Recognition was expressed by some that the German offers list was a preliminary one and confidence was expressed in the outcome of bilateral negotiations.

The representative of the Federal Republic of Germany, replying to criticism of his offers by Scandinavian representatives, recalled once more the Agreements of 1955 which made further concessions more difficult. The trade position with these countries was satisfactory but the fundamental difficulty in negotiations was that Germany exported to Scandinavia a wide range of products whereas those countries had a much narrower range of exports. Within this narrow range, however, Scandinavian products were highly competitive and confronted German industry, which was producing in more unfavourable circumstances, with serious problems. With respect to agricultural products he considered that German duties were moderate. He also quoted statistical data of German imports of numerous important agricultural goods which showed a very marked increase over recent years. His Government had supported the adoption of the GATT Plan and would have gone forward with its implementation if it had been agreed to by all contracting parties; they could not, however, be held to apply it in whole or in part when other participants were not doing so.

PERU

The representative of Peru said that in the course of negotiations under Article XXVIII which took place last year, they had withdrawn or modified concessions relating to products which competed with national production as their country's development progressed. The concessions given in compensation covered an even wider volume of trade.

Peru's participation would be limited to negotiations with the United States, the source of 54 per cent of their imports. In bilateral discussions with that country they had been able to improve on their offers and were hoping to reach a satisfactory agreement.

He thought that the Peruvian tariff was moderate - the general level being about 5 per cent ad valorem - except for duties on products which were also manufactured in Peru, where the rates were being modified to give
greater protection. They had certain additional rates, amounting to about 13 per cent ad valorem, which applied to practically all imports. The run of basic duties plus additional duties might result in a fairly high incidence in the case of certain products such as machinery, foodstuffs, raw materials etc., but he had to point out that the taxation of imports and exports was his Government's principal source of revenue.

Peru had bound 477 tariff items under the General Agreement, representing over 50 per cent of the value of their imports.

**BENELUX**

The representative of the Benelux countries referred to a remark which had at times been made to the effect that, if they had a low tariff, this was in their own interest. He could agree with it; but the hard fact remained that a low tariff left little room for bargaining with high tariff countries. The decision to have a low tariff had been taken a long time ago in the hope of reductions in the level of high tariffs. This hope had not, however, materialized. The disparity between tariffs created unfair competitive conditions. As a consequence, the spectacular industrialization of the Benelux countries had resulted in an increased upward pressure on the tariff by home producers. It was true that the Benelux tariff contained a certain number of relatively high duties and that high tariffs sometimes contained some relatively low duties. It could not, however, be denied that the general level of the tariff was low. The structure of the Benelux tariff was simple:

| Raw materials | Free |
| Semi-finished goods | 5 per cent - 12 per cent |
| Finished goods | 12 per cent - 24 per cent |

There were also a number of duties at 30 per cent. Tobacco had a duty of 35 per cent and a reduction in this rate was being offered. There were duties of 20 per cent to 24 per cent in the textile, rubber, leather and ceramic sectors. Similar duties were applied in these products by the major trading partners. A reduction of these duties was certainly desirable, but could only be achieved through multilateral procedures resulting in a similar reduction in the same sectors by their neighbours. Exceptionally low duties were also to be found in the Benelux tariff: for instance, duties of 4 per cent in the chemical sector. The average incidence of the Benelux tariff was between 4 and 5 per cent ad valorem. Methods of valuation were simple and constituted in themselves no impediment to trade.
As late as the Tenth Session, the Benelux countries still showed some reluctance to participate in the present conference. Without the GATT Plan they feared that the orthodox system could not solve the problem of disparity in tariff levels. They felt, however, that their absence would further limit the scope of the negotiations, and decided to participate. This represented a real effort.

The Benelux offers list only met part of the requests made to them, but in this respect it was not out of line with other lists which had been presented. There were many reasons why they could not do more. 56 per cent of their tariff had already been bound at relatively low levels. Amongst the many specific reasons why individual offers had not been met, he would mention:

(i) In many cases in which the same rate for which a reduction was requested was substantially higher on the same product in neighbouring countries and in the country making the request. This was a reflection of the disparity problem.

(ii) In certain cases where their industry was faced with more unfavourable conditions with respect to the procurement of raw materials than in other countries.

(iii) In other cases the request dealt with products which involved special risks resulting from dumping or subsidization. The Benelux countries had no adequate system for imposing antidumping or countervailing duties.

(iv) In some cases requests had not been adequately specified.

In an analysis of requests and offers, he said that the Benelux countries had made in all 922 requests. With respect to practically all of these there was a problem of disparity, the foreign duty which they wished to have reduced being higher than the Benelux duty for the same product. Of the 778 requests which it had been possible to analyse, only twenty-eight related to duties which were lower than those in the Benelux tariff; in 96 per cent of the cases the Benelux duty was lower.

Some 313 requests were addressed to the Benelux tariff. On 104 of these, offers had been made. 86 per cent of these offers represented concessions although the Benelux duty is lower than the corresponding duty in the main Benelux markets; in nearly one-half of these cases the duty is even lower than the duty in the country which requested the concession. No offers were made on 219 requests. Even in those more sensitive cases, the relationship was practically the same. This was a clear indication of the disparity problem and a good illustration of the position of a low tariff country.
With respect to the cases in which the Benelux rate of duty was higher than in the country requesting the concession, the request related to duties ranging from 20 to 24 per cent ad valorem. In practically all these cases the corresponding duties in the other industrial countries were approximately at the same level. As he had stated, progress in reducing tariffs in these fields seemed possible only through the application of multilateral procedures, resulting in a similar and simultaneous reduction in all the countries concerned.

In the course of the discussion some disappointment was expressed with the offers made by Benelux. Some delegates felt that the Benelux offers did not match the offers made to them, and pointed out that, while the generally low level of the Benelux tariff was not disputed, there were duties which could very well be reduced further. One representative pointed to the proportionately numerous "ceiling" bindings or reductions of "ceiling" bindings which appeared in the Benelux offers; it was difficult to assign any real value to concessions of that nature. It was further pointed out that if the Benelux countries had bound 56 per cent of their tariff in previous negotiations, others had bound up to 80 or 90 per cent of their tariffs. Even taking account of disparities in tariff levels, there appeared to be scope for a fairly wide range of offers.

Clarification was asked on the views of the Benelux Governments with respect to the multilateral negotiations which they had mentioned, and the representative of Benelux indicated that if no multilateral formula were found for the reduction of duties which had so been singled out, the Benelux countries would not be able to make offers on the products in question.

CUBA

The representative of Cuba said that his country had passed from the state of relative economic abundance, due to high post-war sugar exports, to a phase which impelled them to seek other lines of production. The fall in the exports of sugar had had a marked effect on income, living standards and on the Cuban balance of payments. The trend in the Cuban economy was therefore towards diversification. Agricultural products were the basic exports but these encountered considerable obstacles in the markets which they wished to penetrate. In the 1947 Tariff Negotiations 55 per cent of their tariff had been bound. These bindings were of specific duties which had been calculated on the pre-war price level. The progressive fall in the value of money had much reduced the significance of such duties. He trusted that account would be taken of the special position of Cuba.
Cuban requests to the United States involved a small number of items covering exports to the United States of about $22 million. On the basis of these requests, Cuba had made offers to the United States relating to imports from that country valued at about $22 million. The United States offers had a larger trade coverage. Some of their concessions had not been requested and in their evaluation account would have to be taken of the real effect they would have in fostering trade. He doubted whether they could be of real advantage.

The Cuban offers, though limited, for the reasons stated, should be of real advantage. They related mostly to capital goods, among others radio and television transmitting apparatus, industrial and agricultural machinery, chemical products.

In view of the large volume of concessions granted in 1947, the effort which was being made at this conference represented a real contribution to international co-operation.

HAITI

The representative of Haiti said that their list contained only ten products. After the Annecy and Torquay conferences, where Haiti had conducted fruitful negotiations, their possibilities of negotiation were practically exhausted. Production not having increased very strongly in the meantime, they had nothing further to ask. The principal supplier rule made matters difficult for a small country with limited production and a limited number of export products. It was only with a country which took such a large portion as 50 per cent of their exports, namely the United States, that they could enter into negotiations.

70 per cent of Haiti's revenue was derived from customs duties. Care had to be taken to avoid endangering their financial position at a time when immense development plans were under way. The development of the country was making heavy demands on their resources. For long Haiti had been content with selling its agricultural products and purchasing all manufactures required. But population had continued to increase and, in the interest of social progress, employment had to be provided for the increasing numbers. New enterprises had to be encouraged. The level of duties on the majority of manufactured products should be maintained in order to provide an incentive for the transformation on the spot of the products which could economically be produced. Even small concessions on these different products might risk the destruction of any chances of acquiring a domestic industry.

It had been difficult to select products which could be offered in compensation for the concessions they wished to receive. Requests had been addressed to Haiti on manufactured and agricultural products. The majority of the latter had not been accepted because they impinged on domestic plans for the development of the production of the same products. This had actually occurred in the case of some manufactured products for the same reason. Offers had therefore been made on seven manufactured products and three agricultural products.
Total imports into Haiti of the products on which offers had been made amounted to about gourdes 6.6 million, of which the United States accounted for 5.9 million. Total imports of Haiti were about gourdes 196 million. The offers selected were such as to promote an effective increase of imports.