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
- Turkey
- 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 of the rules of procedure.

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 and Procedures 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.

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1 This paper contains the full text of Part I of the Report as approved by the Tariff Negotiations Working Party, and those sections of Part II which have been amended by the Working Party. For the sections of Part II not included here, see document MGT/36/56.
I. General Problems and Issues

A. Problems arising in Connexion with the Presentation of Offers

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. 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. The question of statistical analysis 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 arising out of the Review

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 in particular circumstances
even a duty above 50 per cent might permit substantial imports and others pointing out that for many commodities and in many 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. The suggestion was made that for the purpose of assessing whether rates of duty were high, advantage might be taken of the computations of averages and ceilings within different sectors which were made in connexion with the elaboration of the GATT-plan. Many 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. While the limitation to 15 per cent in the authority of one country was frequently cited in this context, it was also noted that many reductions offered by some countries amounted to less than this percentage. Some representatives expressed the hope that this limitation would in no way impede other delegations from making offers of reduction of more than 15 per cent of high duties on some commodities, e.g. concessions by European countries on typically European commodities. 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. The latter had varied reasons for the limited scope of their negotiations, including for some delegations, in particular those of countries the export trade of which is concentrated on relatively few large items, the difficulties raised by the existence of quantitative restrictions and exchange control measures.

9. Several delegates were of the opinion that the possibilities of extending the scope of the conference by taking into account the opportunities offered by multilateral negotiations should be explored to the greatest possible extent. This question was discussed in more detail in connexion with the review of one of the offers lists, in which some concessions were made contingent upon successful multilateral negotiations. The representative concerned explained that for certain manufactured goods it would be impossible for his delegation to reduce its rates if some parallel action were not taken by other industrial countries with which its producers must compete. It was agreed that it would be appropriate for delegations wishing to explore the possibilities of negotiations on multilateral lines to do so in the first instance with the other delegations concerned, but that it would be open to delegations to seek the aid of the Working Party, or of the Tariff Negotiations Committee, if this should prove necessary. The importance was stressed of proceeding as quickly as possible with the development of any such action in view of the need for adhering as closely as possible to the proposed time-table for the conference.
10. 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.

11. A number of delegations stressed the overall lack of balance between the offers made within the different sectors of industry. The lack of significant offers on agricultural products was of serious concern to them and would, if no important progress was made in this field, result in a further limitation of the extent to which the objectives of the negotiations would be met.

12. A number of reasons of rather general applicability were given for the failure to offer more concessions. The representatives of some smaller negotiating countries, and especially underdeveloped 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 significant concessions on agricultural products. It was pointed out by underdeveloped countries depending on the export of agricultural commodities which are subject to quantitative restrictions that their possibility of obtaining equivalent concessions of real economic value was seriously reduced and the hope was expressed that during the bilateral negotiations the special factors of those underdeveloped countries would be taken into account.

13. 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.

14. A delegation indicated that it was not in a position to make offers on a certain number of products which are already the subject of a bilateral agreement concluded with a country not a party to the General Agreement. 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 be met if any categories of products were automatically excluded.

15. 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. It was also pointed out that the previous bindings 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.
16. 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 even though no request had been received.

17. 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, but a number of delegations pointed out that in their opinion a strict observance of this rule was a prerequisite if the objectives of the negotiations were to be fully met.

18. 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 might expect to receive. In this connexion the Working Party found it difficult to assess whether or not the participating governments had shown a disposition to offer concessions except on the basis of direct concessions received. Several delegations stated that they hoped during subsequent stages of the negotiations to make greater allowance for the indirect benefits they would receive. Certain countries stressed the fact that a large number of their rates which were already bound at a low level inevitably limited their possibilities for further reductions; consequently, if the negotiations should lead to a general lowering of tariffs the bulk of the reductions would have to be exchanged between countries with higher tariffs without insistence on balancing of indirect benefits thereof to low tariff countries.

19. 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.

20. 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.
Doubts were also 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.

The Working Party made no effort to resolve the problems created by offers in three annual stages, but some delegations indicated that they would have to take this into account in the evaluation of such offers.

II. Discussion of Offers Lists by Country

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.
AMENDED SECTIONS OF PART II

UNITED STATES

Page 7 - third line from the bottom of page:

Replace "criticism" by "comments on".

UNITED KINGDOM

Page 8 should be replaced by the following:

The representative of the United Kingdom said that their consolidated offer list constituted their response to all the requests made upon them except those of one country which had tabled requests since the opening of the Conference. 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; where bindings were offered they were mostly in response to requests for bindings. 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 1955 imports had been higher in total by about 15 per cent than their total imports in 1954. 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, and in many directions these expectations had not in fact been fulfilled. In the agricultural and horticultural field, the United Kingdom, like most other countries at this Conference, had not been able to make significant offers, but they submitted that 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 primary benefit of other countries, but in practice the worldwide character of the United Kingdom's trade, the interlocking nature of their offers, the need to keep some uniformity in the structure of the tariff and the tariff treatment of comparable industries, and the particular circumstances of particular industries combined to limit the scope for this. Because the United Kingdom did not have a decimal coinage and it was in general desirable to operate in steps of 2½ per cent or 6d in the pound, they had not been able to apply a rate of 15 per cent uniformly and their offers varied, therefore,
a little on each side of 15 per cent. Outside agricultural and horticultural products the United Kingdom tariff was essentially ad valorem although there were some cases where there were alternative specific duties. None of these ad valorem rates were higher than 50 per cent, and if any of the specific rates had incidence higher than 50 per cent, they were exceedingly rare. It was mainly in the field of the key-industry duties that their higher rates existed; these were 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 needs of the country and the industry concerned at a given time. These rates were not necessarily seriously restrictive of trade; and their list contained quite a number of reductions of 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 agreement 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 quite a number of cases — only 12 1/2 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 many sided negotiations which negotiations involving preferences necessarily entail; 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 assumed that, if there were any, his negotiating partners would have made them the subject of requests and the matter could be examined in bilateral negotiations. The United Kingdom had also not examined the possibility of reductions in respect of items not the subject of requests. As, however, it was the feeling of his delegation that the offers made to them did not match those the United Kingdom was making he saw no present justification for considering whether the range of offers could be extended by including offers on items which had not been the subject of requests.
AUSTRIA

Page 11, last paragraph

Replace "Schedule XXXIII" by:

"Schedule XXXII".

DENMARK

Page 13

Add at the end of the third paragraph:

"and, consequently, the incidences quoted gave a reliable picture of the Danish tariff."

FINLAND

New statement

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 and to whom Finland on her side had made requests. No offers had been made on items which had not been requested nor did the offers list therefore contain items of unexplored interest to the other parties. All requests had been examined very carefully. It had been found difficult to make offers on agricultural products: the problems should be met with understanding by countries who enjoyed milder climates. The principal supplier rule had not been strictly followed. The pattern of Finnish exports to contracting parties was relatively one-sided with forest products predominating. This narrowed the sector in which requests could be made by Finland to other countries. For the same reason the indirect benefits which Finland could obtain from such a conference were 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. The Finnish tariff was partly antiquated, and some of the specific duties are exceptionally low. In some cases the incidence of specific rates on engineering products was actually about 3 or 4 per cent. It would be unrealistic to bind such duties, all the more so as the industry was largely built up in the special circumstances prevailing in Finland since the war and was still under development. This point would be appreciated by countries which had old-established industries which nevertheless enjoy a considerably higher degree of protection.

A further aspect had to be kept in mind: Finland, as a country on the border between East and West, had a substantial volume of trade with countries outside the General Agreement. 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 they were to be regarded as purely fiscal duties; there should be 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

Page 16, third paragraph

Replace in the last line "55 per cent" by "65 per cent".

Page 16, fifth paragraph

Replace in the first line "70 per cent" by "75 per cent".
NORWAY

Page 18

Third paragraph, sixth line

Replace "Their offers to Germany ..." by "Their requests and offers to Germany ..."

Fourth paragraph

Insert at the end of this paragraph:

"This also applied to the other home industries."

Page 19

First paragraph, sixth line

Insert the word "dutiable" between the words "total" and "imports.

ITALY

Page 19

Last paragraph, first sentence

Replace the sentence by the following:

"In preparing their preliminary offers, they had endeavoured to ascertain the principal supplier for at least two years of the period 1952-1954."

Page 20

Second paragraph, second line

Insert between "Italian" and "tariff" the word "legal".

Third paragraph, tenth line

Replace "2.5" by "2.3".

Third paragraph, thirteenth line

Replace "1.2" by "1.1".
First paragraph

Replace the paragraph by the following:

"In the wide discussion that followed, many delegations expressed their interest in the declaration made by the delegate for Italy that an increasing of the Italian concessions might be possible during the bilateral negotiations.

Nevertheless, some delegations expressed dissatisfaction with the original offers of Italy, because of the fact that the Italian list, as presented, might not be considered to be a consolidated offers list, under the meaning of the rules and procedures: the presentation of a preliminary list having placed some delegations in a disadvantageous position in their negotiations with Italy.

A representative also criticized the decision taken by Italy to exclude some items, on the ground that they had been negotiated with a country outside of the General Agreement.

Another point criticized by some delegations was that of the intention of Italy to negotiate on the basis of the legal tariff, in spite of the fact that the rates at present applied by Italy are lower than the legal ones.

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."

CANADA

Replace this section by the following:

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. Canadian businessmen and the Canadian Government were very conscious 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, valuation difficulties and other impediments to trade.
The Canadian representative referred to the fact that when the conference
opened there was a serious threat of impairment to a concession previously
bound to Canada and this had already caused substantial trade losses. However,
this question had now been settled and, therefore, Canada was in a position to
revise its consolidated offers.

A number of representatives had said that they had made offers only in
reply to requests. Canada regretted that it was not in a position to do this,
although a serious effort had been made to meet the wishes of other countries.
Many of the requests to Canada appeared to have been made without adequate
consideration given by other countries to what they were able to offer.
Canadian offers were made, therefore, in relation to the advantages that
Canada could hope to obtain in this negotiation. As to the question of
high tariffs, Canada had no excessively high rates, and certainly none which
would prohibit the importation of minimum quantities.

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.

CZECHOSLOVAKIA

New statement

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 intent to participate in the
conference. The Government of Ceylon had, in the meantime, addressed a
list of requests to them and on the basis of these requests, Czechoslovakia
has decided to enter into negotiations with Ceylon.
DOMINICAN REPUBLIC

Page 25, first paragraph

The last sentence should read:

"As such restrictions were, under the present rules, not 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."

FEDERAL REPUBLIC OF GERMANY

New statement

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 on 417 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 negotiations with Denmark, Norway and Sweden would amount to $95 million import value. Furthermore, Germany had reduced autonomously, since the beginning of 1955, 831 rates of duty, about forty-two 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.

The German delegation pointed out that in 480 cases no offers were made
because the requesting country was not the main supplier.

Only in eighty-nine cases no offer was made for protective reasons and
in thirty-nine of these cases the German duty was less than 10 per cent.

The German representative also stressed the fact that 40 per cent of the
German offers envisaged a reduction of more than 15 per cent. He pointed out further
that his Government was willing to come to an equitable compensation of the
mutual concessions with all contracting parties concerned. His delegation
would do its best in the bilateral negotiations to adjust as far as possible
the German offers to the offers of the other countries with which the Federal
Republic of Germany is negotiating.

Several countries expressed their disappointment with 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 reduced by autonomous measures; these reductions were at present interesting
and useful, but their inclusion in the German schedule would give them a greater
degree of permanence. The Nordic 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 and forestry 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 these 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.

BENELUX

Page 29

Replace the second paragraph by:

"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. About 60 per cent of their tariff had already been bound at relatively low levels. Amongst the many specific reasons why individual requests had not been met, he would mention the following:

(1) In many cases the 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 on the disparity problem."
(ii) In certain cases the industry in question was faced with more unfavourable conditions with respect to the procurement of raw materials than was the case 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 anti-dumping or countervailing duties.

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

Replace the second paragraph by:

"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 still duties which could very well be reduced further. One representative pointed to the relatively large number of "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 about 60 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 of tariff levels, there appeared to be scope for a fairly wide range of offers. The Benelux representative replied that it should be realized that the "ceiling" concessions offered by Benelux related to ceilings which were low compared with effective rates elsewhere."

At the end of the third paragraph add:

"A number of delegations urged that steps be taken promptly to work out the possibility of such multilateral negotiations."