RESULTS OF ANNECY TARIFF NEGOTIATIONS
PUBLISHED TODAY

The results of the Annecy tariff negotiations have today been published in Geneva. At the same time, the Annecy Protocol of Terms of Accession to GATT is opened for signature at Lake Success.

The negotiations conducted at Annecy, France, between 23 contracting parties and 11 acceding governments from 11 April to 27 August 1949 resulted in the conclusion of 147 negotiations between pairs of countries. These 147 negotiations were completed in approximately 120 working days.

The list of completed negotiations is given in Annecy Release 72 which follows.

The terms of the Protocol of Accession, the arrangements for bringing the tariff reductions into effect, and a description of the Schedules are given in Annecy Release 73 which follows.

Background

When the Charter for the International Trade Organization was being worked out, the members of the Preparatory Committee, appointed by the Economic and Social Council, anxious to give concrete evidence of the seriousness of purpose in drafting the Trade Charter, proceeded with negotiations for tariff reductions among themselves without waiting for the ITO to come into existence. These negotiations among a large proportion of the great trading nations of the world were held at Geneva in 1947. They resulted in 123 trade agreements. The reductions and bindings in customs duties, negotiated at Geneva, became an integral part of the General Agreement on Tariffs and Trade, and are now being applied by all the 23 countries which took part.

The 23 Contracting Parties to the Agreement are:

Australia, Belgium, Brazil, Burma, Canada, Ceylon, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon, Luxemburg, Netherlands, New Zealand, Norway, Pakistan, South Africa, Southern Rhodesia, Syria, United Kingdom and United States.
The Second Round of Tariff Negotiations

It was always intended that other countries should be given an opportunity to join the General Agreement and so benefit by the most favoured nation treatment which it affords and the tariff benefits it embodies, while at the same time offering to negotiate reciprocal reductions in their own tariff barriers. In 1948, therefore, the Contracting Parties planned a second round of tariff negotiations. Eleven governments agreed to take part in these negotiations: Colombia, Denmark, Dominican Republic, Finland, Greece, Haiti, Italy, Liberia, Nicaragua, Sweden and Uruguay. These are the so-called acceding countries, which wish to "accede to" or join the Agreement.

The above eleven countries concluded negotiations at Annecy, so far as their mutual trade allowed, with the original 23 contracting parties and among themselves, with the exception of Colombia. Colombia withdrew its application to accede to GATT at this time owing to the impossibility of concluding in time its negotiations with the United States and Benelux. It has been made clear that negotiations completed by Colombia with other contracting parties and with acceding countries will remain in abeyance, on the understanding that Colombia may wish to renew its application to accede at a future date.

Where negotiations between pairs of countries were not completed, or not entered into, the reason was in most cases the impossibility of finding products entering into their trade which could form the basis of mutually advantageous tariff negotiations.

It is important to make it clear, in view of misleading statements which have appeared, that at Annecy no further negotiations were undertaken to reduce tariffs among the original GATT members (as, for instance, between the United States and the United Kingdom). One important negotiation, left unfinished at Geneva in 1947, was however, completed at Annecy, namely that between the United Kingdom and Norway. Similarly, the negotiations between Czechoslovakia and Norway was completed.

The Significance of the Annecy negotiations

The 23 countries which negotiated tariff reductions and bindings at Geneva in 1947 and which are today contracting parties to GATT enjoy - together with their dependent territories - nearly three-quarters of the world's trade in merchandise. According to the latest available figures their total imports in 1948 amounted to about 34 billion dollars out of a world total of 51 billions.

It was not to be expected, therefore, that the Annecy negotiations would result in bringing within the orbit of the Agreement, a new vast segment of world trade. Nevertheless, the acceding countries, taken as a whole, account for an additional 7 per cent, in terms of the world's exports and somewhat more in terms of imports, based on available 1948 figures.
The significance of the Annecy negotiations is even more remarkable if they are evaluated in relation to the current world trade trend in the direction of greater trade restrictions. 147 separate negotiations to reduce and bind tariff rates were completed in the face of this general trend in the opposite direction.

The intended accession of Italy - one of Europe's most important trading nations - is a significant extension of the scope of the General Agreement. Of special interest also in the fact that - with the accession of Denmark and Sweden - the whole Scandinavian group would be represented in the Agreement. The accession of Finland will complete the representation of the North European States.

In terms of volume of trade, the following table shows the 1948 imports and exports, in millions of dollars, of some of the acceding countries. These are U.S. Department of Commerce statistics:

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>1,068.7</td>
<td>1,498.7</td>
</tr>
<tr>
<td>Sweden</td>
<td>1,106.0</td>
<td>1,374.0</td>
</tr>
<tr>
<td>Denmark</td>
<td>519.0</td>
<td>712.4</td>
</tr>
<tr>
<td>Finland</td>
<td>418.1</td>
<td>491.6</td>
</tr>
<tr>
<td>Greece</td>
<td>90.0</td>
<td>439.2</td>
</tr>
<tr>
<td>Uruguay</td>
<td>171.0</td>
<td>200.4</td>
</tr>
</tbody>
</table>

It is for the respective governments of the countries which took part in the Annecy negotiations to analyse and publish, if they so desire, the estimated effect on their trade of the tariff reductions and bindings incorporated in the Annecy schedules. Approximately, 5,000 items are listed in the schedules; but, as explained later (see Release 73 - Schedules) this cannot be regarded as more than a very general indication of the scope and importance of the negotiations.

The significance of the completed negotiations lies in the fact that, on provisional acceptance of the General Agreement, a further group of important trading countries will undertake a wide range of commercial obligations which imply a reversal of the current trend towards increasing trade restrictions, as soon as conditions permit. The Agreement maintains most-favoured-nation treatment among its members. It provides the means for further tariff reductions. The Agreement assures that contracting parties will not impose or maintain quotas or other quantitative restrictions except for balance-of-payments reasons, and then not without consultation, or after obtaining approval for economic development projects. The wider significance of the Agreement can be summarized in the following points.

(For more detailed information about the operation of the General Agreement see "The Attack on Trade Barriers" published for the Contracting Parties by ICITO in September 1949.)
Six Points about the General Agreement.

(a) It has provided the only bedrock on which to build towards removing trade barriers, pending the creation of ITO.

(b) The consultation procedures of the General Agreement have obliged countries to take into account the trading interests of other countries before taking measures designed to deal with their own difficulties.

(c) It has brought together, in a persistent atmosphere of goodwill and determination to succeed, a very large group of countries, previously related in their trade policies mainly by individual arrangements. In this way it has helped to keep alive in a practical form the goal of multilateral trade which is the proclaimed objective of international economic cooperation.

(d) The lowering of tariffs by hard currency countries facilitates the selling of goods to these countries and thus helps deficit countries to reduce their dependence on dollar aid to cover this trade deficit.

(e) It has provided an international forum where cases of discrimination and hardship have been argued and settled on their merits, with the least possible harm to world trade and without the political friction which often accompanies discussions of economic differences.

(f) It is the only functioning instrument at the international level which has so far achieved practical results in reducing trade barriers and which contains controls against backsliding.