

## Memorandum by the United Kingdom Delegation

For reasons which we have already explained, we see very little possibility, if any, that the United Kingdom Government would be prepared to participate in tariff negotiations conducted in accordance with the procedures currently proposed by the Working Party. We are therefore anxious to formulate, in co-operation with our colleagues, alternative proposals which we - and perhaps some of them - might submit to our respective Governments with better hope of success.

2. The United Kingdom Government are ready to enter into a fresh round of tariff negotiations in accordance with the established procedures. The President of the Board of Trade made clear the Government's position in this matter in his speech to the contracting parties at the last session. But we appreciate the special difficulties which make the low-tariff countries reluctant to join in a fresh tariff conference on these lines and we recognise that it would help these countries if a multilateral method of negotiation could be arranged. And we believe that it should be possible to devise practical procedures to multilateralise tariff negotiations while preserving the empirical methods of previous conferences. The following paragraphs set out our ideas as to how this might be done.

3. The United States Government have powers to reduce tariff rates by 15 per cent but not more than this. These reductions would be spread over a period of three years and the United States Government must be free to hold back particular tariff items for a smaller degree of reduction or no concession at all. Rates which exceed 50 per cent. ad valorem might, however, exceptionally be reduced more substantially so as to bring them down to that rate. We on the United Kingdom side would see great political difficulty in accepting any proposals which would lead other countries to expect us to go further in the reduction of the U.K. tariff than the U.S. Government would be able to go in reducing the U.S. tariff. What we propose is that all of us who are prepared to participate in a further tariff conference should undertake to make it our objective, and to use our best endeavours, to reduce our tariffs, over as wide a range as possible, by 15 per cent. or, in the case of very high duties, to a ceiling rate of 50 per cent. ad valorem. Each country would table a consolidated list of offers and should, seek, through subsequent bilateral negotiations, to improve his consolidated list. It would be for the Tariff Negotiations Committee to appraise the results and to use their good offices to ensure that, so far as possible, all made commensurable efforts so as to produce a reasonably balanced set of schedules which each could accept as mutually advantageous.

4. In order to keep the negotiations on a practical footing and to prevent misunderstanding, we would think it important to clarify at the outset the exceptions and limitations which we or other countries would think it necessary to stipulate.

On the U.K. side the following would seem to be the important ones:

- (i) Countries which have devalued their currencies since 1947 and whose tariffs include specific duties which have not been increased since that date, to compensate for the reduced value of the money in terms of which they are charged, should be entitled to claim that they have already in this way allowed the effective incidence of these duties to fall by more than 15 per cent.
- (ii) The United Kingdom is a natural market for substantial imports of perishable and seasonal goods and products thereof from the Continent. Intra-European trade in these goods, however, is likely for some years to come to be artificially distorted by the continued application of quota restrictions and we must expect this to lead to an artificial stimulation of exports to the United Kingdom, as the only important market open to exporters of these goods. In this situation we should not ordinarily be able to contemplate a reduction of duties in this field.
- (iii) Fiscal duties, i.e. duties which are charged for purposes of revenue cannot ordinarily be subject to negotiation.
- (iv) As regards other products, countries would, of course, be free to exercise reasonable selectivity subject always to their making an overall contribution which would be accepted as adequate by their partners in the negotiation. The principal supplier rule should not apply to prevent a country not a principal supplier from making a request in respect of a given product, but the country concerned should be able to invoke the principal supplier rule if in any case the principal supplier of that product is not a member of the G.A.T.T. or is standing aside from the negotiations.
- (v) Finally, we would think it desirable - and consistent with the general philosophy of balancing the reduction of a high duty against the binding of a low duty - to recognise that duties of 10 per cent, or less, ad valorem are low duties to which the special effort to reduce tariffs should not apply.

5. It would, of course, be open to countries to request greater reductions in particular rates than 15 per cent. or to seek concessions which came within the area of the exceptions proposed above. Furthermore it would, of course, be open to countries to offer concessions in response to such requests, and it would be proper to give full credit for any such concessions. But the Tariff Negotiations Committee should not, in seeking to secure maximum results on a basis of reasonable balance, press any country to

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extend its best endeavours beyond the limits proposed in paragraph 3, as limited by the exceptions in paragraph 4.

6. In brief, all countries will do their best, subject to agreed exceptions and limitations, to reduce their tariffs over as wide a range as possible; they would try to reduce by 15 per cent duties in their tariffs which are higher than 10 per cent ad valorem and those with very high duties in their tariffs would try to bring these duties down to 50 per cent ad valorem. Countries with 10 per cent ad valorem or less, in their tariffs would not be called upon to reduce these rates. It would be the agreed objective to secure the best results possible on these lines, and while every country would reserve discretion whether to do more or less on particular cases, it would be a collective responsibility, working through the Tariff Negotiations Committee, to assure substantial results with a fair and acceptable balance of concession and advantage as between each country and the others.

time 7. This is not an ambitious plan. But it is, we believe, practical in relation to the political and commercial facts of the situation. At the same time ~~same~~ it should, we hope, meet the special needs of the low tariff countries to negotiate on a multilateral basis. We hope, therefore, that our colleagues will examine it sympathetically and agree to recommend that we and they should submit it to our respective Governments. We should then be able, subject to approval by Governments, to proceed as quickly as possible to finalize arrangements within the exigencies of the tight time-table to which we all need to work in order to undertake a successful conference next winter.

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