

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
Sixth Session

TARIFF NEGOTIATIONS ARRANGEMENTS UNDER THE GENERAL AGREEMENT

Statement by the United States Government

1. The Government of the United States wishes to suggest for the consideration of the Contracting Parties the development of supplementary arrangements to enable the conduct of tariff negotiations under the General Agreement even in the absence of a general tariff conference of the Geneva-Annecy-Torquay type.
2. Hitherto tariff negotiations under the GATT have been conducted at specially convened conferences where the contracting parties and the acceding countries gather together to exchange concessions and arrive at a mutually acceptable agreement. Substantial progress has been made through this means in reducing tariffs and other barriers to world trade.
3. It would seem desirable for a number of reasons to supplement this arrangement with some additional mechanism to enable the process of trade barrier reduction to proceed effectively and without delay. For one thing, another general round of tariff negotiations such as that recently concluded at Torquay is not likely to take place for some time. In the meantime there undoubtedly are countries outside the GATT which may wish to negotiate for accession to the General Agreement and with which the present contracting parties might desire to undertake tariff negotiations. Some arrangement to enable such negotiations to take place without having to wait until the next general tariff conference would appear desirable.
4. In the case of small countries seeking to accede to the GATT, moreover, a general conference of the Geneva-Annecy-Torquay type seems unnecessarily cumbersome for the purpose in mind. Such countries may have a basis for negotiations only with a few of the contracting parties and thus would not be negotiating with the bulk of contracting parties in any event even if a general conference were called. It should be possible to develop some simpler arrangement to meet the circumstances of such countries.
5. Finally, some of the countries already party to the GATT may desire to undertake additional tariff negotiations among themselves prior to the next general conference. Contracting parties which have as yet not negotiated with each other under the GATT or which may have undertaken but failed to conclude negotiations may find it advantageous to attempt further negotiations without the necessity of waiting for another general conference to take place.

6. It would, of course, be possible for individual contracting parties to undertake bilateral negotiations outside the GATT framework both with non-GATT and GATT countries. The advantages of keeping tariff negotiations within the multilateral context of the General Agreement is so great, however, that it would be desirable to keep such negotiations within this framework if it is at all possible to do so.

7. A fairly simple solution to this problem seems available. It may more easily be understood if the present procedure for tariff negotiations under the GATT is briefly summarized. As noted above, tariff negotiations thus far held under the GATT have involved the convening together in one place of all the countries concerned for the purpose of undertaking such negotiations. At such conferences countries which are the principal suppliers of particular products to each other pair off to negotiate for concessions on those products. When these essentially bilateral negotiations are completed, the resulting concessions would be lumped together and extended to each of the contracting parties in its own right. In determining whether a mutually advantageous exchange of concessions had occurred and whether it was therefore worth concluding an agreement, each country took into account not only the concessions which it obtained as a result of its own bilateral negotiations but those which it got by virtue of the concessions exchanged by other countries.

8. There appears to be no reason why precisely the same process could not be gone through without all the contracting parties and acceding countries physically gathering together in one general conference to do the negotiating. If there were a country, say Ruritania, wishing to accede to the GATT without waiting for the next general round of negotiations which might be some years away, it would appear to be feasible and unobjectionable in principle for such a country to negotiate bilaterally with each of the contracting parties which wished to negotiate with it, these negotiations taking place (a) at the respective capital of the contracting party between the government of the contracting party and the Ruritanian mission already in that capital or sent there specially for the purpose, or (b) at the capital of Ruritania between the Ruritanian government and each of the missions of the contracting parties already in that country or sent there for the purpose, or (c) at some other common convenient place, say the site of the GATT headquarters, where only the countries directly involved in the tariff negotiations might assemble. These last two possibilities tend to approach the concept of the general tariff conference as hitherto conducted under the GATT but differ from it in that all the contracting parties would not convene but only those directly participating in the negotiations. Which of these three possibilities would be followed could be decided in each individual case in accordance with the convenience of the participants. Once the various bilateral pairs of negotiations between Ruritania and each of the contracting parties undertaking negotiations had been completed, the results of the negotiations could be laid before the contracting parties at one of their regular sessions and a protocol drawn up which, upon approval by two-thirds of the contracting parties, would provide for the accession of Ruritania to the GATT in accordance with the terms provided in the protocol.

9. Essentially the same arrangement could be followed with respect to negotiations for further tariff reductions among countries already party to the GATT. These countries, say the United States and another contracting party, could convene in either of their respective capitals or perhaps some other mutually acceptable locale and seek to agree on a mutually satisfactory exchange of concessions. The results of the negotiations would be embodied in a protocol which would integrate the concessions concluded into the GATT, each party to the GATT then getting these concessions in its own right. In such a case there would, of course, be no necessity for the two-thirds vote involved in a country's accession to the GATT but probably there should be some sort of review and approval of the protocol to make sure that its terms are not inconsistent with the GATT.

10. This broadly, is the proposal. To implement the arrangement effectively, some additional matters, which appear to be essentially questions of detail rather than principle, will undoubtedly require further study by the contracting parties.

11. The United States is placing this question on the agenda of the Sixth Session. It is hoped that this advance notice of the proposal will give governments adequate opportunity to consider the proposal and that agreement upon some such arrangement may be reached at the Sixth Session.