

In order to give substance to the proposals for the International Trade Organization, and in particular to deal with the vexed question of preferences, it was decided that, at the time a draft charter for the organization was being drawn up, there should take place a series of tariff negotiations between a group of important trading nations. These negotiations would secure as wide a reduction as possible in tariffs in order that the new organization might start off with a practical demonstration of an attack on trade barriers. It was also agreed that margins of preference should be negotiable on the same basis as rates of duty, so that during the course of the negotiations not only could rates of duty be reduced but also the extent of the preferences accorded by one Commonwealth country to another.

In keeping with the prevailing sentiment at the time, it was decided to adopt the universal rather than the nuclear approach to the drawing up of a charter for the International Trade Organization. The nuclear or "key country" approach would have been inconsistent with the conception of "One World" that was being fostered at the end of the war. This decision undoubtedly was right politically, but it made the task of agreeing upon a practical and liberally-inspired charter impossible of realization.

In December 1945, the United States Government issued its "Proposals for Expansion of World Trade and Employment." This document was referred to a Preparatory Committee for the United Nations Conference on Trade and Employment. This Preparatory Committee was composed of representatives of eighteen countries. On account of the importance of preferences, all of the Commonwealth countries were included in the committee. Cuba was also included on account of the preferences which that country exchanges with the United States.

It was provided that the Preparatory Committee, in addition to drawing up a draft charter for the International Trade Organization, should arrange for a series of tariff negotiations between the countries who were members of the committee. A preliminary session of the Preparatory Committee was held in London in the autumn of 1946 and a more definitive session was held in Geneva during the following summer. At the Geneva session arrangements were set in hand for a series of bilateral negotiations between pairs of countries represented at the session. It was agreed that the results of these negotiations should be embodied in the schedules to an agreement. It was also agreed that all of the concessions granted by one country to other countries should be embodied in one schedule, thereby giving a multilateral character to the concessions negotiated on a bilateral basis.

It was in this manner that there took place in Geneva the first of what has become to be a well-established procedure for the conduct of a whole series of tariff negotiations between different countries in one place and at one time. As such it was a unique experiment in trade agreement negotiating technique. It was peculiarly adapted to the requirements of the United States Reciprocal Trade Agreements Act. This act required the United States to give public notice of intention to hold negotiations for a trade agreement and to give interested parties in the United States an opportunity of making their views known at public hearings. Obviously this elaborate machinery could be simplified if a whole series of negotiations with different countries could be held in one place, at one time, and the results embodied in one trade agreement.