

RESULTS OF THE ANNECY TARIFF NEGOTIATIONS

33 COUNTRIES INVOLVED: The Secretary of State for External Affairs, Mr. Pearson, announced on October 9 the detailed results of the trade negotiations that took place in Ancey, France, last summer. A new over-all agreement was reached covering proposed tariff reductions involving thirty-three countries. This agreement, if ratified, will add ten new countries to the group of twenty-three that reached a similar agreement in Geneva in 1947. In order to include these countries in the group, some 140 two-sided tariff negotiations were successfully concluded at Ancey.

The Ancey conclusions provide that Canadian exports will continue to get most-favoured-nation treatment and will now get new tariff concessions in all of the ten new countries. In return, Canada is to give tariff concessions to the same countries. These concessions will go into effect on or after January 1, 1950. The exact date will depend on when the other countries take similar action, but all the concessions negotiated at Ancey will probably be in effect by May 30, 1950.

Under the most-favoured-nation principle, all tariff reductions agreed by other countries at Ancey automatically become available to Canada, whether those reductions were negotiated with Canada or with some other country. Similarly, Canada automatically extends its own tariff reductions to each of the other thirty-two countries.

SIGNATURE OF PROTOCOL

Since the Ancey discussions ended in August, the thirty-three Governments have had time to review what their negotiators did. These Governments, including Canada, can now signify their approval by signing the "Ancey Protocol of Terms of Accession to the General Agreement on Tariffs and Trade", which opened for signature on October 10, at the Headquarters of the United Nations at Lake Success. A representative of the Canadian Government signed on October 10. Canada's signature will, in effect, cast Canada's vote in favour of inviting all ten new countries to put the new arrangements into force. Each new country must have a two-thirds majority to be included.

The following is a summary of concessions important to Canada granted by countries previously in the Geneva agreement.

United States is reducing its duties on hollow bars and drill steel, forgings, wall-board, paperboard and pulpboard, wrapping paper, miscellaneous manufactures of paper, plywood of birch and alder, wood manufactures, butter, Oka cheese, leather manufactures, hides, footwear with fabric uppers, cellulose compounds, granite and limestone.

Czechoslovakia is reducing duties on seed barley and oats, apples, sardines, herring and dried milk.

France is reducing its duty on plywood, softwood lumber, seed barley and oats, honey, horses, horse meat, newsprint and corrugated paper.

Norway is reducing its duties on electric motors and limiting for a further period the protection that may be accorded to domestic wheat through the operations of the state grain monopoly.

REDUCTIONS BY NEW MEMBERS

Denmark, which already had a low tariff, is reducing its duties on lobster, crayfish, shrimps and fresh, salted or canned salmon, and artificial silk stockings.

The Dominican Republic reduces its rates on lamps and lanterns and their parts, copper wire, aluminum bars, sheets, wire and powder, radios, machines for harvesting sugar cane, herring, mackerel and other fish in brine, whisky, and incandescent mantles for lamps.

Finland reduces its rates on clover seed, whisky, chemicals and medicaments, aluminum powder, and electrical equipment.

Greece reduces its duties on meat, concentrated milk, herrings, lobster, sardines, wheat flour, whisky, gin, cocoa, box shooks, plywood, asbestos, agricultural machinery, nickel, aluminum, calcium carbide, cod liver oil, paper pulp, wrapping paper, rubber belting, rubber tires, and inner tubes.

Haiti has made reductions on aluminum articles, patent medicine, cod liver oil, soap powders, extracts and perfumes, printed advertisements, radios and parts, sewing machines, apples, cheese, kippered herrings, canned salmon, sardines, hats, and incandescent mantles.

Italy reduces duties on herrings, codfish, stockfish, seed potatoes, apples, wheat, rye, oatmeal, canned meat and vegetables (mixed), canned salmon, sardines, kippered herring, kipper snacks, mackerel and lobster, polystyrene, sawn lumber of conifers, asbestos cords and threads, brake linings, and several types of agricultural machinery in which Canada has an export interest.

Liberia reduces its duties on meat and fish, dried eggs, plywood, lamps and lanterns, agricultural machinery, insecticides, fertilizers and toilet preparations.

Nicaragua reduces its rates on patent medicines, newsprint, plywood, oatmeal, whisky,

Sweden, which already had a low tariff in general, reduces its rates on tomato purée, apples, pears, sauces, vitamin concentrates, and nylon stockings.

Uruguay reduces its rates on apples, cardboard, paper (except newsprint), zinc, harvesters, typewriters, adding machines, cash registers, industrial machinery, washing and ironing machines.

MR. BEVIN'S SPEECH: On October 4 the Right Honourable Ernest Bevin, Secretary of State for Foreign Affairs of the United Kingdom, spoke to members of the Canadian Club of Ottawa. After paying tribute to Canadian-United Kingdom relations during the war, and stating that "A friend (like Canada) was a friend indeed, and the British people will never forget it," Mr. Bevin went on to say:

"During the present period a good deal of misunderstanding exists about the position of the United Kingdom, which I will do my best to dispel. There has been a tendency recently to portray the little difficulties we have got into - quite temporary difficulties - as if something terrible had happened to the old country. I assure you... it is not an old country. It is a young country now..."

"Britain is not decadent, but is young and vigorous. She will not regard herself as the mother country, but will regard herself as an equal with all the rest of you... We have revived ourselves as a result of the war and the measures it necessitated..."

BRITAIN'S TASKS

"We have had to undertake some very difficult tasks. Let me deal with one or two of the financial problems first. It has been assumed... that we have had to rely on charity and things of that kind. It is perfectly true that we have not been able all over the world to meet our balance of payment in the respective currencies. It is true that we have had a loan from the United States and a very welcome credit from the Canadian government. But if we had taken these and had done nothing ourselves then I think we should be open to very severe criticism. We have had these loans and credits from what is called the dollar area; but we have a responsibility to nearly six hundred million people in the sterling area - and those six hundred million people are trading on a multilateral basis. It has been our view... that, given a vast area of the world representing a big proportion of the population organized on a multilateral basis, it is right and proper for us to make the most desperate efforts to prevent that area breaking up... Therefore notwithstanding the disorder and chaos the war produced, we resolved to try and hold that position, to do it aided by what has been loaned to us. We have, on the other hand, lent to others to try and start up their economic life over nine hundred million pounds. If we had not done that, sickness, starvation, and ruin would have existed over a wide area of the world. And though the amount that has been loaned to us is higher, we have tried to do our part in helping the rest of the world to get back on their feet..."

"Recently we have had what has been called a dollar drain crisis... The fact that our re-

serve were not high when the drain started made that drain dangerous. Therefore, when we had to face this new situation which was not of our seeking, or anyone else's fault - an accidental development that comes in the evolution of things, and in the change in business - the real trouble was we were not strong enough in reserves, particularly dollar reserves, to hold on long enough in order that the tide might turn."

Mr. Bevin then touched on wartime demands on Britain's resources -- shipping losses, mobilization for the services and for industry, bomb damage, the creation of an air force -- which had caused Britain to find herself on a "very narrow margin". The achievements of the past four and a half years, he said, had been great ones, and noted, among other facts, that exports had reached 160% of their 1938 figure.

NEED FOR WESTERN UNITY

Regarding international affairs, Mr. Bevin said it was necessary to ensure co-operation among countries outside the "Slav autarky", such as was apparent in the Washington monetary talks. Although they provided no "final answer", such talks must recur as situations arise. "A vital and important reason for this constant co-operation," he continued, is that the Communist attitude is based on "what they believe to be a predestined fact, that all of us in the Western world and our friends in Asia who think like us are going to have a... slump... so dreadful that revolution is going to arise and the Communists' day will arrive with it. I beg of all my friends on this side of the ocean to realize how important it is to co-operate together at once and to the fullest extent in order to convince the Russians that this is not so. It will have a tremendous effect on the foreign policies of the world if you show by action, by study, by co-operation, by good will, that there is going to be no terrible slump; that the people of the West, who have been hit by these things before, have learned a lesson and have taken abnormal measures to meet any possible storms in the future... We must succeed in linking together in a feeling of confidence the whole Western world and their friends."

DEFENCE POLICY

Mr. Bevin then touched on defence policy: "... The old method of dealing with the defence of the West was that if a Continental war broke out you held the enemy and you built up your forces... I think we played that card for the last time in World War II. And I am of the opinion that it was almost only providence that saved us from complete defeat. You will remember that nobody was ready. Hitler just picked off one country after another. We took