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# COMMERCIAL NEWS

## Divergent Viewpoints Within OEEC Regarding the Non-Liberalised Trade Items.

A third step in freeing inter-European trade of its shackles might be taken these days, when EPU countries raise the ceiling of liberalised imports from 60% to 75% of the 1948 figures. Switzerland, whose "open door" policy has been equivalent in the past few years to a liberalisation of over 85%, cannot but hail a prospect so much in keeping with her liberal trade policy. A suggestion of non-discrimination within the non-liberalised sector, brought forward by the secretariat of OEEC and sponsored by ECA (*i.e.* the United States of America) and the United Kingdom, clashes, however, with Switzerland's interests. The promoters of the non-discrimination idea have in mind a system, yet to be evolved, that would give all countries interested in the export of a non-liberalised item equal chances. Switzerland's objections, which, by the way, are shared by other countries, are manifold. Firstly, how are to be found objective criteria applicable to all countries. Secondly, it must be realised that Switzerland is in fact pursuing, wherever possible, her "open door" policy, notwithstanding the setting-up of Swiss import quotas, since these are sufficiently large to include any sales her market can absorb. The latest agreement with the United Kingdom is typical in this respect. Now, to place Switzerland on the same footing as countries whose non-liberalised imports are severely restricted would in these circumstances represent a different treatment conflicting with the very aims of the non-discrimination scheme. Should Switzerland follow this course, her negotiators would be helpless when faced with restrictive import measures.

Thirdly, Switzerland is encountering great difficulties in supplying her industries with basic commodities, a problem that weighs heavily on a country specialised in processing raw materials and semi-finished goods, intent on reinforcing her military defences. For that reason also, Switzerland must be in a position to use the bargaining asset of her large purchasing power of manufactured goods in order to secure abroad supplies of basic commodities.

It is to be hoped that a solution may be found, which will conciliate the endeavours to boost European trade and to create a single market with the peculiarities of our economic and political position.

## The Swiss Federal Council's Economic Powers and their Constitutional Basis.

Often in these columns we speak of trade and payments agreement, import licensing policy, setting-up of quotas, etc., all measures taken by the Swiss Federal Council. Now, we know that the Constitution of 1874 could not foresee the necessity of vesting such powers in the executive. It is therefore of interest to examine the constitutional basis of the economic weapons wielded by the Federal Council and their organs.

Article 28 entrusts the Confederation with the levy of import and export taxes; article 29, paragraph 2, authorises the Confederation to take exceptional measures in this field in extraordinary circumstances. Such circumstances arose in the thirties, when the

world-wide depression compelled Switzerland to resort to the various measures laid down in the Federal decree of 14th October, 1933. In order to combat unemployment, safeguard the home production, develop exportation, and protect the balance of payments, the Federal Council was empowered to limit importation, sign short-term agreements, or take unilateral measures whenever necessary. These very wide powers were supposed to be temporary, called for as they were by an emergency. From the exceptional times we have since been living in has arisen the necessity to renew these emergency powers every third year. The Federal Council have now asked in a message to Parliament for a further renewal that will extend these powers to the end of 1954.

To ensure that the balance between the executive and the legislature be maintained, the Federal Council must consult with a parliamentary economic commission, and report at regular intervals to both Chambers on the measures taken under the terms of the Federal decree of 1933.

## Extra Currency for Visits to Relatives Abroad.

Anyone wishing to visit close relatives living abroad can apply for £35 worth of dollars or of any other foreign currency, including Swiss francs, through banks or travel agencies. Applications, which have to be thoroughly substantiated, are independent from those for the basic travel allowance. Applied to Switzerland, this means that residents in the United Kingdom can obtain the equivalent in Swiss francs of up to £135 if the close relatives to be visited live in Switzerland.

## Imports of Cold-Cased Watches from Switzerland.

Following the latest Anglo-Swiss agreement, the United Kingdom authorities are prepared to allow the import of gold-cased watches from Switzerland within the limits of the watch quota.

## C.I.F. Instead of F.O.B. for Swiss Export Quotas.

Until now Swiss export quotas were established on an f.o.b. basis, that is free on rail Swiss frontier. The United Kingdom generally using a c.i.f. basis, the Swiss authorities have acceded to the wish that export

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certificates for quotas administered on the Swiss side be established on a c.i.f. basis. This will facilitate the handling of import licences on the British side. The quotas have accordingly been increased by 10%.

**Swiss Trade Agreements:**

(a) *France.*

Following negotiations in Paris, new export possibilities to France and the "Union française" were created to the amount of 15 million and 2 million Swiss francs respectively. As the current ones, the additional quotas are valid until August 31st, 1951.

(b) *Japan.*

Talks were held in Berne between Mr. Schaffner, delegate for trade agreements, and a Japanese fact-finding mission. In 1950, Switzerland bought 24.7 million francs worth of Japanese goods, whereas our exports were only 4.15 million francs. Switzerland would very much appreciate to resume her exports on the pre-war traditional pattern.

(c) *Denmark.*

With that country, Switzerland had been dealing since the war on the basis of a clearing agreement. Owing to both countries having joined the European Payments Union, a payments agreement has now been signed.

**The American Escape Clause and Swiss Watches.**

It will be remembered that last summer the United States insisted on having inserted the so-called escape clause into the American-Swiss trade agreement of

1936. It had indeed been the American practice to include in all bilateral or multilateral agreements the provision that existing American undertakings could be revoked in certain circumstances. Switzerland reluctantly agreed to the American demand. The watch manufacturers Elgin and Hamilton have lodged a request with the American Tariff Mission in order to apply the said clause to Swiss watches. This would mean that the taxes agreed upon in the 1936 agreement would be raised to the former level fixed in 1930 by the Smoot Hawley Act. Four points must be taken into consideration by the Tariff Commission. It must be found:

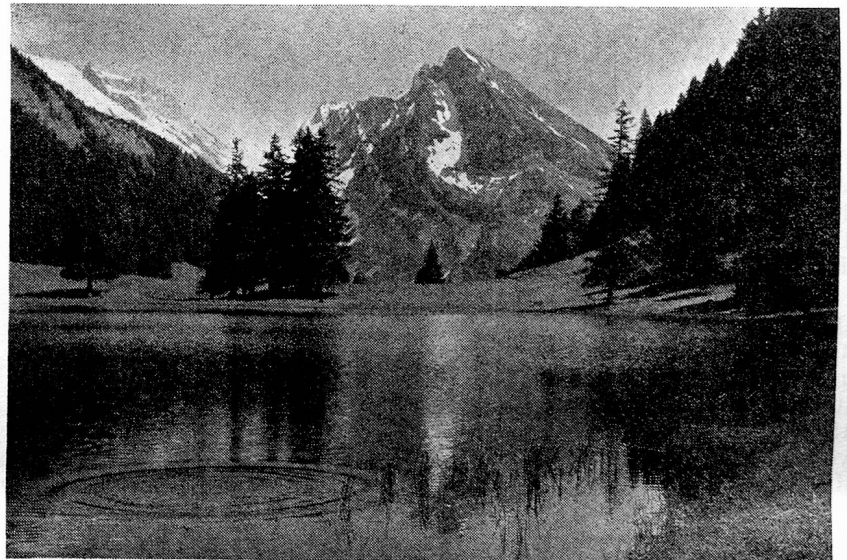
- 1) that there has been an increase in the quantity of imports;
- 2) that this increase has been "a result of unforeseen conditions";
- 3) that it has been "a result of the concession" on the article;
- 4) that the increased imports are entering under such conditions as actually to cause or threaten serious injury to domestic producers.

Since 1949, round 20 demands have been received by the Commission. One only has so far been approved: It relates to the concession granted by the United States on ladies' fur felt hats, concession that was revoked in pursuance of Art. XIX of the General Agreement on Tariffs and Trade. The Czechoslovak Government protested against the American measure during the fifth session of the Contracting Parties to GATT at Torquay. The point will shortly be examined by an ad hoc study group.

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