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CONFERENCE

Geneva, May 4th, 1927.

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REPORT
OF THE TRADE BARRIERS COMMITTEE
OF THE
INTERNATIONAL CHAMBER OF COMMERCE

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November 4th, 1926.

To His Excellency

Mr. Georges THEUNIS,

Chairman of the Preparatory Committee of the
International Economic Conference of the League of Nations,
Geneva.

Sir,

At its first meeting, on April 26th, the Preparatory Committee of the International Economic Conference expressed the desire that the International Chamber of Commerce should be present at its deliberations, and that there should be close co-operation between the Secretariat of the League of Nations and the Secretariat of the International Chamber of Commerce.

Sir Arthur Balfour, Chairman of the British National Committee, was appointed observer of the international organization which represents industry, finance and business, with among its members 750 of the most important economic organizations.

In order to insure concordance between your work and ours we pushed forward the inquiries we had initiated under the Brussels resolutions.

Questionnaires relating to various kinds of trade and industrial barriers were addressed by us to all our National Committees.

We asked our special committees which met during the Summer to approach the various problems connected with trade barriers in a practical spirit, and to put forward concrete proposals and resolutions ready for incorporation in international conventions.

We beg to hand you the general report covering the work already done by our Committee. It is a further contribution by the International Chamber of Commerce to the work of economic restoration on which it has been engaged since the Rome Congress.

This is an initial report. The sub-committees will continue their investigations in search of practical solutions.

By its central organization, and its National Committees, the International Chamber of Commerce is in a position to influence public opinion in various countries in order to prepare the necessary solutions. It will also endeavour, through its National Committees and the economic organizations included in their membership, to bring pressure to bear upon the Governments to hasten the signature of conventions beneficial to international commerce and industry, and of service to the cause of Peace in promoting close cooperation between the nations.

Sir Arthur Balfour, observer of the International Chamber of Commerce on the Preparatory Committee, Mr. E. Belloni, Mr. F. Hodac, Mr. A. G. Kroller, Mr. H. de Peyerimhoff de Fontenelle, Mr. A. Pirelli, Mr. Y. Sugimura, chairmen or active members of special committees of the International Chamber of Commerce, will inform the

Preparatory Committee, should it so desire, in fuller detail of the work of the International Chamber of Commerce.

The International Chamber of Commerce trusts that our joint efforts may be of service to the Preparatory Committee of the International Economic Conference in the great work it has undertaken.

We have the honour to be Sir,
Yours sincerely,

ALAN G. ANDERSON,

President of the International Chamber
of Commerce.

E. CLEMENTEL,

Chairman of the Trade Barriers Committee.

Edouard DOLLEANS,

Secretary General
of the International Chamber of Commerce.

K. KOTZENBERG,

Deputy-Chairman
of the Trade Barriers Committee.

TRADE BARRIERS COMMITTEE

INTRODUCTION.

In compliance with the **Rome Resolution on World Restoration** (2nd Congress of the International Chamber of Commerce), a Committee on Economic Restoration was appointed by the International Chamber of Commerce.

This Committee presented a report on the progress of economic restoration in most European countries to the Brussels Congress.

The **Brussels Congress** (June 1925) passed a Resolution on Economic Restoration which laid stress on:

the difficulty of transferring amounts due by debtor to creditor countries, whether as Reparations or as interallied debts ;

the necessity of co-operation by all nations whose interests are involved :

the urgency of the removal of barriers which paralyse international trade.

The **Council** of the International Chamber of Commerce, at its meeting on November 6th, 1925, appointed three **Committees** to continue the work on economic restoration :

Committee on International Settlements. (Chairman : Mr. **PIRELLI**.)

Committee on Assisted Schemes (in formation).

Committee on Trade Barriers.

Mr. Etienne **CLEMENTEL**, Founder-President of the International Chamber of Commerce, former Minister of Finance, Senator, is Chairman of the Trade Barriers Committee, the officers of which are:

Dr. Karl **KOTZENBERG**, Member of the Economic Council of the Reich, Member of the Präsidium of the Zentralverband des Deutschen Grosshandels, Chairman of the German Council of Aviation, Vice-President of the Chamber of Industry and Commerce of Frankfort, Deputy Chairman.

Mr. Roland W. **BOYDEN**, former unofficial American Observer on the Reparations Commission, member of the firm of Ropes, Gray, Boyden and Perkins, Deputy Chairman.

Mr. Edouard **DOLLÉANS**, Secretary General of the International Chamber of Commerce.

Mr. Basil **MILES**, technical adviser to the Committees on Economic Restoration.

Mr. Jean **PROIX**, First Assistant Secretary of the International Chamber of Commerce.

Mr. Pierre **VASSEUR**, Secretary of the Trade Barriers Committee.

The Trade Barriers Committee is composed of a **Central Committee**, appointed by the President of the International Chamber of Commerce, the members of which are:

Mr. Henry BELL, member of the Board of Directors of Lloyd's Bank Ltd. (Great Britain).

Mr. Aristide BLANK, of Messrs Marmorosch, Blank & Co., bankers (Rumania).

H. E. Senator Ettore CONTI, former Minister, Senator, Chairman of the Second General Conference on Communications and Transit of the League of Nations, President of the Conti Company (Italy).

Dr. Alfred GEORG, former Member of the National Council, former President of the Chamber of Commerce of Geneva (1914-1922); managing director of "La Genevoise" (Switzerland).

Mr. Frantisek HODAC, Chairman of "B" Commission of the Preparatory Committee of the International Economic Conference of the League of Nations, professor of Political Economy at the Ecole des Hautes Etudes Techniques at Prague, secretary general of the Industrial Federation of Czechoslovakia (Czechoslovakia).

Mr. Henri JASPAR, Prime Minister, former Minister of Economic Affairs, former Minister of Foreign Affairs (Belgium).

Mr. George KHUNER, Hon. Consul General of Austria at Zurich (Austria).

H. E. Alexander POPOVICS, Privy Councillor, President of the National

Bank of Hungary, Chairman of the Hungarian National Committee of the International Chamber of Commerce (Hungary).

Mr. Louis MAHNEIM (*substitute*), President of Nevile, Foster & Co., bankers (Hungary).

Mr. Oscar RYDBECK, director of the «Skandinaviska Kreditaktiebolaget», Vice-President of the Chamber of Commerce of Stockholm (Sweden).

Dr. G. VISSERING, President of the Nederlandsche Bank, Amsterdam (The Netherlands) together with

Mr. Edward A. FILENE, President of William Filene's Sons Co, of Boston (United States) Advisory Counsellor.

Mr. Fred. I. KENT, Vice-President the Bankers Trust Company of New York (United States), Advisory Counsellor.

In addition to the Central Committee, the Trade Barriers Committee is composed of a **General Committee**, on which each country is represented by five members, nominated by the National Committees of the International Chamber of Commerce, as follows:

AUSTRALIA: the Chairman of the Australian National Committee.

AUSTRIA: Mr. Ernst PRINZHORN, partner of W. Hamburger.

Dr. Ernst GEIRINGER, member of the board of the Olinustriegesellschaft.

Kom. Rat Karl DECKER, partner of Decker, Hartwich & Kudolnisek.

Kom. Rat Heinrich ROSENBERG, partner of Bornfeld & Rosenberg.

Kom. Rat Oskar BERL, of the Berl Co.

BELGIUM: Mr. Marcel MORREN, of Arthur Morren & Cie.

Mr. Joseph MARCOTTY, former President of the Federation of National Industrial and Commercial Associations of Belgium.

Mr. Lucien de BAY, Vice-President of the Comité Central Industriel de Belgique, managing director of the Société Anonyme des Glaces d'Auvelais.

Mr. Jean DELORI, managing director of the Société Anonyme de Clouterie et Tréfilerie des Flandres.

Mr. Georges MICHELET, engineer and managing director of the Société Anonyme de Tannerie, Teinturerie et Retorderie de Forest.

BRAZIL: Dr. Auguste RAMOS, President of the National Chamber of Commerce of Brazil at Rio de Janeiro, member of the Commercial Association of Rio de Janeiro.

BULGARIA: Colonel Léon LAMOUCHE, Consul General of Bulgaria in Paris.

CZECHOSLOVAKIA : Mr. Vaclav SCHUSTER, President of the Société Générale des Banques de Bohême, former Minister Plenipotentiary.

Mr. Kornel STODOLA, President of the Chamber of Commerce of Bratislava.

Mr. Jan SIMACEK, Vice-President of the Chamber of Commerce of Prague.

Rudolf TELTSCHER, Vice-President of the Chamber of Commerce of Liberec (Reichenberg).

DENMARK: Mr. Harald KJAER, wholesale merchant, member of the Grosserer Societets Komite.

Mr. V. EIGTVED, director of the Privatbanken, wholesale dealer in colonial goods, member of the Grosserer Societets Comité.

Mr. Chr. ANDERSEN, wholesale merchant, member of the Provinzhandelskammeret.

Mr. T. C. THOMSEN, director of the Titan Company, member of the Industriraadet.

Mr. A. B. C. HANSEN, International Maskinog Handelskompagni, member of the Industriraadet.

FRANCE: Mr. Louis NICOLLE, President of the Association Industrielle du Nord Française, President of the Compagnie Linier de France, Député.

Mr. Etienne FOUGERE, President of the Association Nationale d'Expansion Economique, President of the Fédération de la Soie, President of the Syndicat des Fabricants de Soieries de Lyon.

Mr. DESPORTES DE LA FOSSE, Secretary General of the Comité des Forges de France.

Mr. Henri de PEYERIMHOFF DE FONTENELLE, President of the Comité Central des Houillères de France.

Mr. P. QUESNAY, director of economic research, Bank of France.

(Mr. P. QUESNAY takes the place of the late Mr. Jules DESCAMPS, who was killed in an automobile accident).

GERMANY: Mr. Heinrich GRÜNFELD, Member of the Economic Council of the Reich.

Dr. h. c. Louis HAGEN, Geheimer Kommerzienrat, Zentralverband des Deutschen Bank und Bankiergewerbes; Präsident der Industrie und Handelskammer, Köln.

Mr. Abraham FROWEIN, Member of the Economic Council of the Reich.

Staatssekretär z.D. Dr. Ernst von SIMON.

Mr. Franz Heinrich WITTHOEFFT, Member of the Economic Council of the Reich.

Dr. Gerhardt RIEBERG, Administrative Commissioner.

GREAT BRITAIN: Sir Francis JOSEPH, C.B.E., J.P., President of the Staffordshire Chamber of Commerce.

Mr. J. Sandemøn ALLEN, M.P., President of the Liverpool Chamber of Commerce, Deputy Chairman of the Union Maritime Insurance Co., and the Northern Maritime Insurance Co.

Sir Alan Garret ANDERSON, K.B.E., Deputy Governor of the Bank of England, Director of the Midland Railway, Joint-Manager of the Orient Line, Acting-President of the International Chamber of Commerce.

Sir Arthur BALFOUR, K.B.E., J.P., Chairman of the British Government Committee on Industry and Trade, Chairman of the British National Committee.

Sir William CLARE LEES, J.P., O.B.E. member of the Board of Trade, former President of the Manchester Chamber of Commerce.

Mr. Raymond STREAT, Secretary of the Manchester Chamber of Commerce.

GREECE: Mr. E. CHARILAOS, former Minister, former President of the Chamber of Commerce of Athens, President of the Greek National Committee of the International Chamber of Commerce.

Mr. A. VARVAYANIS, director of the Chamber of Commerce of Athens, Secretary of the Greek National Committee.

HUNGARY: Dr. Coloman BALKANYI, director of the Union Générale des Commerçants Hongrois.

Dr. Max FENYO, director of l'Association des Industriels Hongrois.

H. E. Dr. Gustav GRATZ, Privy Councillor, former Minister of Foreign Affairs.

Dr. Elemer HANTOS, former Secretary of State, former President of the Postal Savings Bank, President of the Association of Hungarian Provincial Banks.

Dr. Charles KRESZ, director of the Union of Hungarian Banks and Savings Banks.

INDO-CHINA: Mr. Albert GARNIER, Chairman of the Indochinese National Committee of the International Chamber of Commerce, director of the Agence Economique de l'Indo-Chine.

Mr. GRAWITZ, former President of the Chamber of Commerce of Hanoi, managing director of the Société des Tanneries de l'Indo-chine.

Mr. L. JACQUE, merchant.

Mr. de la BRUCHOLLERIE, Inspector of the Banque d'Indochine.

Mr. Louis PAOLI, director of l'Union Commerciale Indochinoise et Africaine.

ITALY: On. Gr. Uff. Biagio BORRIELLO, Administrative Commissioner of the Chamber of Commerce and Industry of Naples, Vice-President of the Union of Italian Chambers of Commerce and Industry.

Comm. Prof. Felice GUARNERI, director general of the Association of Italian Joint-Stock Companies.

Ing. Raimondo TARGETTI, member of the National Economic Council, former President of the General Confederation of Italian Industry.

Gr. Uff. Avv. Giuseppe BIANCHINI, President of the Fascist General Banking Confederation.

JAPAN: Mr. Shinjiro MATSUYAMA, Commercial Attaché to the Japanese Embassy.

Mr. Teisaburo KUGA, manager of the Mitsubishi Shoji Kaisha Ltd.

Mr. Kosuke SEKO, director of the Mitsui Bussan Kaisha.

Mr. Kanji YANO, manager of the Yokohama Specie Bank.

Mr. Masao SHODA, the Nippon Yusen Kaisha.

LUXEMBOURG: Mr. Léon LAVAL, managing director of "Segéco", Vice-President of the Chamber of Commerce of Steinsel.

Mr. Henri GUTENKAUF, merchant.

NETHERLANDS: Mr. Ernst H. KRELAGE, President of the Association of Bulbous Plant Growers.

Dr. Anton van GIJN, former Minister of Finance.

Mr. Jan SCHILTHUIS, Grain merchant.

Mr. F. H. FENTENER VAN VLISINGEN, President and managing director of the Steenkolen Handelsvereenigg, Member of the Consulting Commission of the Ministry of Foreign Affairs.

Mr. Conrad Frederik STORK, manufacturer, supervisor of the N.V. Nederlandsche Bank, supervisor of the Koninklyke Nederlandsche Hoogovens en Staalfabrieken.

Mr. Petrus REGOUT, of Maastricht.

NORWAY: Mr. O. J. STORM, merchant (Storm & Bull, Ltd.), Consul General.

Mr. Caesar BANG, managing director, Greaker Cellulosefabrik.

Mr. Thomas FEARNLEY, jr, shipowner (Fearnley & Eger).

Mr. Mg. Fred HOLMBOE, director of the Nordiske Fabriken De-No-Fa.

Mr. P. AANENSEN, exporter (Iger Bang & Co).

POLAND: Prince Stanislas LUBOMIRSKI, Vice-President of the Central Union of Industry, Mines, Commerce and Finance of Poland. President of the Banque des Pays Polonais Réunis.

Mr. Antoine OLSZEWSKI, representing the mining industry of the Dombrowa and Cracow basins, former Minister of Commerce and Industry.

Mr. Martin SZARSKI, chairman of the Board of Directors of the Banque Industrielle de Pologne, Senator.

Mr. Boguslav HERSE, President of the Association of Polish Merchants, Vice-President of the Central Union of Industry, Mines, Commerce and Finance of Poland, Chairman of the Polish National Committee of the International Chamber of Commerce.

Mr. Maurice POZNANSKI, Vice-President of the National Textile Association of Poland, Vice-President of the Central Union of Industry, Mines, Commerce and Finance of Poland.

RUMANIA: Dr. St. CERKEZ, President of the Chamber of Commerce and Industry of Bucarest, Chairman of the Rumanian National Committee of the International Chamber of Commerce.

Mr. Georges G. ASSAN, Commercial Attaché of the Rumanian Legation in Paris.

SPAIN: Mr. Carlos PRAST, President of the Chamber of Commerce of Madrid, Chairman of the Spanish National Committee of the International Chamber of Commerce.

Mr. Bartolomé AMENGUAL, Secretary General of the Chamber of Commerce and Shipping of Barcelona, Secretary of the Spanish National Committee of the International Chamber of Commerce.

Mr. Marcos COSTALES, Secretary of the Chamber of Commerce of Gijon.

Mr. Horacio ECHEVARRIETA, shipowner, and manufacturer.

Mr. José FUIGERAS, director of the Bank of Bilbao.

SWEDEN: Mr. Charles DICKSON, managing director of the Syndicate of Swedish Private Banks.

Mr. Axel HULTKRANTZ, managing director of the Union of Swedish Industries.

Mr. Erik NYLANDER, managing director of the Union of Swedish Exporters, member of the second Chamber of the Swedish Riksdag.

Dr. H. ROSMAN, secretary general of the Chamber of Commerce of Stockholm.

SWITZERLAND: Dr. Adolf JOHR, director of the Crédit Suisse.

Mr. Henri HEER (Heer & Co), Silk Merchants, Chairman of the Board of Directors of Leu & Cie, bankers, Member of the Economic Committee of the League of Nations.

Mr. Edouard TISSOT, lawyer, President of the Chamber Suisse d'Horlogerie.

Mr. O. HULFTEGGER, First Secretary of the Vorort of the Swiss Union of Commerce and Industry, Secretary of the Swiss National Committee of the International Chamber.

UNITED STATES OF AMERICA:

Mr. Julius H. BARNES, former President of the Chamber of Commerce of the United States of America, President of the Barnes-Ames Company, wheat exporters.

Mr. Walker D. HINES, Arbitrator of questions pertaining to River Shipping, Former Director General of Railroads, lawyer.

Mr. F. Edson WHITE, President of Armour and Company.

Mr. John N. WILLYS, automobile manufacturer, President of the Willys-Overland Company, Chairman of the Foreign Trade Committee of the National Automobile Chamber of Commerce.

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In May 1926, sixteen National Committees of the International Chamber of Commerce sent in their considered opinions on the principal trade barriers affecting their countries. These documents were submitted to the **Central Committee of the Trade Barriers Committee at its meetings on June 22nd and 23rd, 1926** in a general report prepared by Mr. Hartley WITHERS, former editor of the *Economist*, director of research of the Trade Barriers Committee. After discussion of this report, the Central Committee adopted the following resolution, which was approved by the Council of the International Chamber of Commerce at its meeting on June 25th, 1926.

Whereas present economic conditions due principally to the war are rapidly becoming unbearable in most countries and especially in Europe; and prompt remedies are essential if the eventuality of economic disturbance which would affect all countries in succession is to be avoided:

Whereas

stabilization of currencies is absolutely necessary;
excessive tariffs and prohibitions of importation and exportation are dangerous;
transportation of person and merchandise is obstructed; customs tariffs and classifications lack clearness and uniformity, and changes can without notice be introduced into existing tariffs;
treatment of nationals and foreigners is unequal;

Whereas the situation is extremely critical and the Committee desires to make a practical effort to suppress the most dangerous barriers and those which it is possible most quickly to remove; and believes it is necessary not only to analyse facts already known, but to seek remedies:

The Committee resolves to create the following sub-committees:

1. Sub-Committee on the Treatment of Foreigners and on Legal and Social Discriminations;
2. Sub-Committee on Obstructions to Transportation;
3. Sub-Committee on Financial Difficulties, Price and Credit Problems;
4. Sub-Committee on Prohibitions of Importation and Exportation (Free Movement of Raw Materials—Export Duties).
5. Sub-Committee on Customs (Technical Questions);
6. Sub-Committee on International Industrial Ententes.
7. Sub-Committee for Co-ordination and Propaganda.

Among the questions briefly outlined above, each Sub-Committee is to study such as come within its scope and in particular those mentioned in the Report of the Preparatory Committee of the International Economic Conference of the League of Nations, especially that of Commission "C"; it is to enquire into the best ways and means of aiding the competent authorities to suppress the barriers most injurious to international trade, so that it may resume its normal channels.

The Council of the International Chamber of Commerce calls the attention of the Governments to the gravity of the situation and to the necessity of taking steps to remedy it without delay.

* * *

The President and officers of the Trade Barriers Committee appointed the following members to serve on the above sub-committees:

Sub-Committee No. 1: Treatment of Foreigners and Legal and Social Discriminations.

<i>Chairman:</i>	<i>Member:</i>	<i>Reporter:</i>
Mr. R. Riedl.	Mr. de Brouckère.	Mr. Dall'Oglio.

Sub-Committee No. 2: Obstructions to Transportation.

<i>Chairman:</i>		<i>Reporters:</i>
Mr. Sugimura.	Sea Transport:	Rail Transport:
	Mr. Leslie Runciman	Mr. Wolf;
	Mr. Maurice Hill (<i>subst.</i>)	Air Transport:
		Mr. Comoz.

Sub-Committee No. 3: Financial Difficulties, Price and Credit Problems.

<i>Chairman:</i>	<i>Members:</i>	<i>Reporter:</i>
Mr. Bianchini.	Mr. G. Vissering.	Mr. Basil Miles.
	Mr. L. Manheim.	

Sub-Committee No. 4: Prohibitions of Importation and Exportation (Free Movement of Raw Materials—Export Duties).

<i>Chairman:</i>	<i>Member:</i>	<i>Reporter:</i>
Mr. A. Georg.	Mr. E. Prinzhorn.	Mr. J. Duchenois.

Sub-Committee No. 5: Customs (Technical Questions).

<i>Chairman:</i>	<i>Member:</i>	<i>Reporter:</i>
Mr. K. Kotzenberg.	Mr. Targetti.	Mr. M. Henriquet.

Sub-Committee No. 6: International Industrial Ententes.

<i>Chairman:</i>	<i>Members:</i>
Mr. G. Roché.	Mr. A. Apold, Mr. L. de Bay, Mr. Belloni, Mr. Hodac, Mr. E. Mayrisch, Mr. Meinhardt, Mr. R. T. Nugent, Mr. A. Philips, Mr. Fentener van Vlissingen.

Sub-Committee No. 7: Co-ordination and Propaganda.

<i>Chairman:</i>	<i>Members:</i>
Mr. Ed. Dolléans.	Mr. E. A. Filene, Mr. Hamm, Mr. Jelf, Mr. A. de Lavergne, Mr. Basil Miles, Mr. R. Riedl.

Questionnaires were addressed by the Chairmen of the Sub-Committees to all National Committees of the International Chamber of Commerce.

* * *

The National Committees sent in their replies to these questionnaires in August and September. The Sub-Committees held meetings as follows:

September 22nd.	Treatment of Foreigners, and Legal and Social Discriminations.
September 23rd.	Prohibitions of Importation and Exportation.
September 24th.	Customs (Technical questions).
September 25th.	International Industrial Ententes.
September 27th.	Obstructions to Transportation.
September 28th.	Co-ordination and Propaganda.
September 29th.	Co-ordination and Propaganda.
October 4th.	Financial Difficulties.
October 16th.	Co-ordination and Propaganda.

* * *

The reports and resolutions adopted by each of the Sub-Committees were co-ordinated and presented to the Central Committee of the Trade Barriers Committee of the International Chamber of Commerce, at its meeting on October 18th, and to the Council of the International Chamber of Commerce at its meeting on October 20th.

The Trade Barriers Committee was guided in its work by the oft-repeated views of its Presidents.

Mr. Walter LEAF, in his address to the Council on March 5th, 1926 said:

“ The capacity for production exists, and is generally much larger than in prewar times ; but the products are stagnating because they are refused, or at least hampered by foreign tariffs and trade barriers. Hence unemployment, stagnation of industry, and a lamentable waste of potential human energy. The whole standard of living is lowered by the artificial restrictions on human efficacy. A European trade lead would have open markets on at least the same scale as those of the United States, and would thus be able to compete in production on equal terms with that vast area of free trade intercourse. National jealousies force us here to employ in suicidal trade struggles the efforts which should be concentrated on the general advancement of human well-being. It is for the International Chamber to do its best to educate the world to this wider outlook ” ;

Mr. Etienne CLÉMENTEL, Founder President of the International Chamber of Commerce, at the first meeting of the Central Committee of the Trade Barriers Committee on June 22nd, 1926, speaking on the economic crisis which weighs so heavily upon European countries said: “ that all countries share in the responsibility for the present distress and all men of good-will ought to join in their efforts to suppress trade barriers ”. He added that: “ the free movement of raw materials must be

assured ” and that “ it is necessary to obtain universal recognition of the fact that one of the essential conditions of social and industrial reconstruction is an increase of production and of consumption ” ;

Sir Alan ANDERSON, acting President of the International Chamber of Commerce, laying stress upon moral barriers said :

“ Greater importance is attached to mental barriers to trade than to physical ones. So long as national units believe :

1. That foreign trade is something to be regarded with suspicion instead of as the first necessity of their national life ;

2. That they can continue to sell their productions abroad without buying from abroad ;

3. That the ruin of their neighbour is an element in their own prosperity instead of the reverse being the case ;

4. That they can in any way impede the free flow of commerce internationally without their actions recoiling on their own heads ;

5. That particular sections of national communities are entitled to benefit at the expense of the general trade of the nation,—

attempts to remove the evil effects which spring from this state of mind will be unavailing ”.

* * *

The Council of the International Chamber of Commerce in approving this Report as an initial contribution to the inquiry pursued by the Trade Barriers Committee decided to ask its observer, Sir Arthur BALFOUR, Chairman of the British National Committee, to present it to the Preparatory Committee of the International Economic Conference of the League of Nations.

REPORT OF THE TRADE BARRIERS COMMITTEE

I. — TREATMENT OF FOREIGNERS AND LEGAL AND SOCIAL DISCRIMINATIONS.

Believing it essential that laws governing the treatment of foreigners should be as uniform and liberal as possible, and convinced that *mere recommendations* are lacking in force and of uncertain effect, the Trade Barriers Committee strongly *urges a general international convention concerning laws governing the treatment of foreigners.*

Such a convention, along the lines of the Transportation Conferences of Barcelona and Geneva, for the settlement of certain transport questions, or of that

of Geneva in 1925, for the simplification of customs formalities, would have the great advantage of binding the signatory States, whose number could not but increase as the advantages of uniformity became more generally recognized.

* * *

The Trade Barriers Committee puts forward the following propositions as to the contents of the proposed international convention.

TERMS OF ADMISSION OF FOREIGNERS, CONFINED TO PASSPORT FORMALITIES, AND TO THE TREATMENT OF FOREIGNERS AS REGARDS THE RIGHT OF RESIDENCE AND ESTABLISHMENT ¹.

a) Passport visas.

Whereas compulsory visas considerably hamper the liberty of movement of business men, and are an equally great barrier to invisible exports represented by the tourist trade which is of great importance.

¹ The Trade Barriers Committee was unanimously of opinion that all questions of immigration and of emigration should be left out of its discussions, as it was qualified to discuss them neither by its composition nor its organization. Although these questions are of the utmost importance to the economic restoration of the world and ought as rapidly as possible to be made the subject of international regulation, their political and social character is so preponderant that they are beyond the scope of the enquiry conducted by the Trade Barriers Committee.

Whereas other means than compulsory visas exist for the police supervision of foreigners, for the elimination of undesirable elements, for the protection of national labour markets, for the regulation of emigration and immigration,

Whereas compulsory visas have already been done away with by a number of States, as a result of special or reciprocal agreements, and that the extension of this reform to all States where political and economic conditions permit, would be but the natural result of this example, thus doing away with unfair discrimination between the nationals of different countries,

The Trade Barriers Committee recommends the conclusion of an international convention abolishing between the signatory States and for all classes of travellers the obligation of having to obtain a visa to enter or pass through any country.

All States members of the League of Nations or invited by it would have the right to adhere to this Convention. In the case of States whose constitution or laws make it impossible for them to protect their labour market or to regulate immigration and emigration otherwise than by the partial maintenance of compulsory entrance visas, certain exceptions might be introduced into the proposed convention. It is clear that the various States would retain the right to exclude or expulse foreigners violating their laws

or ordinances, perturbing the public peace or menacing their security.

b) Right of Residence and Establishment.

The Trade Barriers Committee proposes that: *foreigners legally admitted to any country shall enjoy the same freedom of movement and the same rights of residence, of establishment and of circulation as the nationals of the State in question and on the same terms, subject to reciprocity of treatment and to the right of the State to exempt certain localities on grounds of national defense or public security (national reservations).*

Such a Convention would in no way affect the right of States to expulse foreigners violating their laws or ordinances, perturbing the public peace or threatening in any way their security.

INTERNATIONAL CONVENTION CONCERNING LAWS GOVERNING THE TREATMENT OF FOREIGNERS.

The resolutions presented by the Trade Barriers Committee contemplate the conclusion of an international convention to which all States, members of the League of Nations or invited by it, would have the right to adhere. This convention, provided always that foreigners would in no case enjoy a more favoured treatment than nationals, should contain the following provisions;

a) Right of establishment in business, industry or for the exercise of any other profession or occupation abroad.

The Trade Barriers Committee proposes that:

1. *Manufacturers, merchants and traders established in business or industry*

in any contracting country in accordance with the laws of that country, be freely permitted to do business in all other contracting countries, especially to have free recourse to law; to sell or buy all goods; take, execute and deliver all orders, in so far as, even in the case of nationals, such activities are not subject to concession by the laws of the country in question; all without need of special admission or permission from the authorities of the country in which such business is done, so long as the manufacturers, merchants and traders above referred to do not set up establishments in the said foreign country (see section 5).

2. *That manufacturers, merchants and traders mentioned in the preceding paragraph be freely permitted to advertise*

and to use for the purposes of advertising, subject to their obligation to conform to the laws and ordinances of the country where the advertising is done, the same methods as the nationals of that country without having to pay stamp duties or taxes on their advertising in excess of or more burdensome than those paid by nationals.

3. That nationals of all contracting countries be freely permitted to visit and take part in, either as exhibitors or buyers, all markets and national fairs of other contracting countries on the same terms as nationals, except in the case of fairs exclusively reserved to national exhibitors.

4. That manufacturers, merchants and traders of any contracting country who by the possession of an identity card delivered by the authorities of their country in accordance with the provisions of Article 10 of the International Convention for the Simplification of Customs Formalities, signed in Geneva on November 3, 1923, show that they are legally entitled to engage in industry or business in their country of domicile and that they pay lawful rates and taxes, be freely permitted, either in person or by commercial travellers in their employ, in all other contracting countries:

to buy from merchants or in public places, as well as from producers of the goods in which they deal;

to take orders from manufacturers, merchants or traders engaged in the same trade or making use in their establishments of the goods offered;

this without need of special permission and without being obliged to pay special dues or taxes (provided always that they carry with them only samples and not goods intended for sale).

5. That manufacturers, merchants and traders who are established in business

or industry in any contracting country in compliance with the laws there in force, be freely permitted to open branches, establish subsidiary companies or agencies in any other contracting country provided always that they comply with the laws of that country as applied to its nationals engaged in similar occupations, and that their activities do not extend to industries or professions exclusively reserved to its nationals by the laws of the country in question.

6. That nationals of foreign States, granting full and effective reciprocity, be placed on the same footing as nationals and treated as such in all matters pertaining to the exercise of any trade or profession, provided however that these stipulations do not apply to trades or professions to be explicitly enumerated in the Convention as being reserved to nationals either by reasons of the prerogatives attached thereto or because of certain legal prescriptions.

States adhering to the convention would also have the right, in view of the peculiar conditions of the labour market, to make exceptions in the case of the admission of workers, employees, apprentices and domestic servants seeking employment or under contract.

b) Civil status of foreigners.

The Trade Barriers Committee proposes.

1. That dependants of all contracting States shall enjoy the same civil rights as nationals, in particular the right to acquire real estate and movable property, and to own, cede, devise and bequeath the same;

2. That dependants of all contracting States shall enjoy the same legal rights as nationals, in particular the right to sue or be sued in the courts, and to enter all appearances before administrative and other

bodies for the defense of their interests, either as plaintiffs or as defendants, according to laws in force in the said country, which laws shall be applied without distinction to nationals and foreigners alike;

3. That persons, corporations or commercial or industrial companies established in any of the contracting countries, or which without being established do business there, shall be free to appoint as managers or employees of their establishments or for the conduct of their business, such persons as they may judge fit and proper of their own free will, without being obliged to take into account the nationality of such persons, without being subject to any restriction not imposed on employers who are nationals of the said country, and without any obligation to take into partnership or to employ persons of any given nationality whatsoever.

c) Status of legal entities.

The Trade Barriers Committee proposes:

1. That joint stock and limited liability companies, and other commercial, industrial, financial, transportation or insurance companies or corporations, domiciled in any of the contracting countries—provided they have been validly constituted in accordance with its national laws—be recognized as legal entities in all other contracting countries with the right to exercise the same rights as national corporations in such countries, including the right to sue and be sued in the courts and to enter all appearances as plaintiff or as defendant;

2. That such companies and corporations, provided they do not set up establishments there, shall have the right to do business in all contracting countries, in accordance with the general principles to be laid

down in the convention on the lines of those proposed above for the civil status of individuals.

3. That the setting up of establishments (branches, subsidiary companies or agencies) by the said companies or corporations in other contracting States shall be subject to the provisions of their national laws.

d) Fiscal treatment of foreigners.

The Trade Barriers Committee urges that the fiscal treatment of foreigners be in accordance with the principles laid down in the resolutions adopted by the Council of the League of Nations in 1923.

These resolutions were to the effect:

1. That in the case of persons, firms or commercial, industrial, financial or insurance companies permitted to establish themselves within the territory of another State in conformity with its laws and regulations, the granting of the treatment accorded to nationals in fiscal matters should be maintained as an absolute rule. Such persons, firms or commercial, industrial, financial or insurance companies should in no case be subjected as regards their goods, industry, commerce or any other form of economic activity, to general or local taxes or to duties of any kind whatsoever, different from or higher than those which are imposed on the nationals of the State concerned;

2. That if in any case a person, firm or company is admitted to carry on an industry, commerce or any other occupation in a country without being established in that country, the treatment in fiscal matters of such person, firm or company should not be such as to place them in a position of inferiority as compared with nationals;

3. *That where a foreign business established in the territory of a State is a branch of or subsidiary to a business of which the seat of control is in another State, the principle to be followed as regards the taxation of the business should be:*

that taxes imposed in the country in which the foreign business should,

if levied on capital, be strictly limited to the capital really invested in that country, and

if levied on profits or revenues, be strictly limited to those arising from the business activity carried on in that country.

The Trade Barriers Committee urges that these resolutions be extended by the following provisions:

1. *That the excise duties on production, manufacture or consumption levied in any contracting State, whether by the State, by communes or by municipalities, shall in no case when applied to goods from another contracting State be different from or higher than the excise duties levied on similar goods of the same State.*

2. *That in assessing taxes of all kinds on commerce and industry, differences of origin of goods shall in no case lead to a higher assessment.*

3. *That dependants of contracting States who are engaged in the transportation of passengers or goods, or in navigation, whether maritime or fluvial, between places of different nationalities shall not be subjected to special taxation by reason of their activity within the limits of another contracting State.*

* * *

In addition to urging the incorporation of these provisions in an international convention,

The Trade Barriers Committee made the following recommendations :

a) **Exercise of business, industry or any other profession or occupation abroad :**

1. That it is necessary to conclude with the least possible delay international conventions, or as many bi-lateral agreements as possible to facilitate and regulate the international exchange of labour, in particular that of transient and seasonal labour, with a view to protecting workers against misunderstanding and the exploitation to which they are subjected by agents and intermediaries.

2. That in addition international conventions and bi-lateral agreements be entered into to insure equality of treatment between foreign and national labour especially in connection with the application of laws regulating labour and terms of employment.

3. That bi-lateral agreements, on the lines of the provisions of the Convention for the Simplification of Customs Formalities dealing with certificates of analysis be entered into as soon as possible to insure reciprocal recognition of diplomas and certificates of scientific and other similar institutions to be specified in the said agreements.

b) **Civil Status of Foreigners.**

1. That the giving of security for costs of law suits be abolished wherever it is still in existence.

2. That dependants of contracting States be entitled on the same terms as nationals to legal assistance, in so far as legal and other costs do not entail actual expenditures by national treasuries.

c) Status of Legal Entities.

1. That all States signing the convention should be guided in their legislation by a broad and liberal spirit, that their

constant aim should be to establish equality to the greatest extent possible between foreign and national companies and corporations.

II. — OBSTRUCTIONS TO TRANSPORTATION

In presenting its Resolutions the Trade Barriers Committee makes the following preliminary remarks:

The attention of the International Chamber of Commerce has been called by representatives of air and rail transport, to the possibility of facilitating the development of trade by the adoption of a system of combined tariffs and through bills of lading;

While recognizing the existence in air and rail transport circles of a tendency in favour of such a system the Trade Barriers Committee cannot but point out that the matter has not yet been

investigated by other interests, such as shipping, banking, business and insurance which ought to be consulted;

Moreover the Communications and Transit Section of the League of Nations, at its meeting in July 21st, 1926, decided to appoint a committee to inquire into combined tariffs; a matter which had already been taken up by the Rail Transport Committee of the International Chamber of Commerce.

The Trade Barriers Committee therefore proposes that these matters be referred to the competent committees for thorough inquiry with the assistance of technical and legal experts.

A. RAIL TRANSPORT.

The Trade Barriers Committee submits to the various transport committees of the International Chamber of Commerce the following resolutions.

The Trade Barriers Committee:

1. Recognizing that restrictions still existing for goods sent " carriage forward" and the differences in calculation of the terms of delivery are barriers to international trade;

Recommends that the various railway administrations come as soon as possible to an agreement on uniform regulations such as those already in existence before the war;

2. Convinced that a uniform goods classification would be of great advantage to international trade, especially if it were possible to bring it into line with the customs classifications, expresses its gratification that the International Union of Railways has taken up the study of this question;

3. Convinced that " standardization " of railway material and in particular of passenger coaches and goods trucks would greatly facilitate international passenger and goods traffic;

Recommends that the various railway administrations not only agree on uniform

types of trucks, but also to adopt a uniform system in their equipment, especially in regard to brakes.

The question of an increase in the number of the so-called convertible trucks for changing from the wide gauge to the normal gauge and vice-versa is of interest primarily to the administrations of countries bordering on others using a different gauge;

4. Convinced that the regulations governing passports and customs inspection which since the war have been aggravated for political reasons, will be automatically attenuated, as is necessary for international traffic, by the economic rapprochement between the various countries, considers it unnecessary to intervene in this natural evolution as the Passport

Conference of the League of Nations (Geneva, May 12th-18th, 1926) has already taken up this question; but

Recommends to the various railway administrations to make representations to their Governments with a view to obtaining such simplification in the passport and customs service as would facilitate traffic;

5. *Recommends to extend to all countries the 24-hour time table for passenger and goods traffic which has already been adopted by many European nations.*

6. *Considers desirable the uniform introduction of summer time, but is of opinion that the opposition with which summer time meets in certain countries will make the uniform adoption of this measure in the near future almost impossible.*

B. SEA TRANSPORT.

The Trade Barriers Committee:

1. Flag Discrimination.

Takes note of the wide-spread and growing desire on the part of maritime countries for freedom of the seas and of ports in international trade, and for the extended adoption of the principle of acceptance of equivalence as set forth below (2).

Observes, however, that there are still some countries that do not fully accord this freedom to others and that many of the signatories to the Maritime Ports Convention of the League of Nations have as yet failed to ratify it:

Recommends that all Maritime countries should

a) *Ratify the Maritime Ports Convention and give full effect to it in both spirit*

and letter, when flag discrimination would entirely disappear;

b) *Accept as equivalent to compliance with their laws compliance by foreign vessels with the laws of their own country, when these are substantially equivalent to, though not identical with, their own.*

2. State Shipping.

Recognizes with satisfaction the efforts of many of those who control State Merchant Fleets to act fairly to private ship owners, whether as regards immunity or otherwise;

But notes the extreme difficulty for a State-owned enterprise exposed to the claims of conflicting interests, to adhere clearly to one policy and the almost

inevitable tendency towards flag discrimination where State shipping is concerned;

Would welcome the disposal of their tonnage as rapidly as possible by those Governments which are engaged in commercial operations leaving the field of commerce open to private enterprise;

And urges the ratification by all Governments of the Brussels Convention on Immunity of State Owned Ships, pending which they should give an assurance that they will not in fact claim immunity whether from legal process, taxation, or dues and charges.

3. Subsidies.

Considers the continuance of the widespread practice of subsidizing shipping to be undesirable as introducing an uneconomic element into business and disturbing markets;

but recognizes that this objection does not apply to payments by Governments on a commercial basis for services rendered.

4. Double Taxation.

Notes that the world-wide operations of ships of all flags render the shipping industry peculiarly susceptible to the evil of double taxation.

Particularly deplores the practice of assessing taxable income on a percentage basis whether in fact profits have or have not been made.

Observes that in conformity with the principle of taxation of shipping according to residence, some countries refrain from taxing foreign shipping.

Welcomes the progress made towards completing a chain of reciprocal agreements in this sense but recognizes the prejudices against acceptance of this

principle by countries possessing small merchant fleets, except as part of a general international plan for the abolition of double taxation of all industries.

Demands the production of a general international plan for the abolition of double taxation of all industries, for which the proposals outlined by the Committee of Experts of the League of Nations as amended by the Brussels Congress of the International Chamber of Commerce afford a practical basis, and in the meantime the widest possible extension of reciprocal arrangements.

5. Emigration.

Notes that emigration offers to those who desire to obstruct the shipping of other nations a tempting field for activities which may amount to flag discrimination either overt or covert, by the framing and application of onerous regulations on ships of other nationalities;

But observes that if the Maritime Ports Convention and the principle of acceptance of equivalent provisions were applied in the spirit as well as in the letter, much if not all of this would disappear.

6. Sanitary Regulations.

Notes the burden imposed on shipping by the excessive application of preventive sanitary measures;

Observes that the International Sanitary Convention constitutes the greatest measure of relief for commerce from these vexatious and conflicting regulations which is practicable at the present moment, and compatible with the requirements of public health;

Urges that it should therefore be signed, ratified and given effect to by all countries at the earliest possible moment.

7. Customs Regulations.

Notes the vexatious requirements of the Customs Regulations and in some cases their arbitrary application, particularly in the matter of Customs House fines, excessive charges, multiple visas on manifests, bills of health, etc.;

Observes that these constitute obstacles to shipping:

Welcomes any action towards simplifying provisions and mitigating the manner of their interpretation, such as the League of Nations Customs Convention.

8. Safety Regulations.

Observes that the present provisions of many of the regulations for the safety of life at sea are a burden upon shipping and therefore on overseas trade and in some cases defeat their own object;

Recognizes that real progress has, however, been made by the Maritime

Governments towards giving effect to the principles of the convention in the light of the wide experience of the twelve intervening years;

Would welcome the revision of the Convention on Safety of Life at Sea, on the principles laid down by the International Shipping Conference.

9. River Traffic.

Notes that Danube shipping services are suffering needlessly and severely from the restrictive policies of the riparian States; and

Considers it should be the object of the International Chamber of Commerce to do all in its power to secure the abolition of these restrictions in particular those applying to its tributaries and to coastwise shipping, and to assuage the economic antagonisms which produce them.

C. AIR TRANSPORT.

The Trade Barriers Committee:

Having examined the replies received to the questionnaire on existing obstructions to transportation; and

in particular certain matters to which attention is called and certain suggestions made therein;

Convinced that it is essential that air transport should be freed in its initial stages from all barriers that might hamper or deflect this development.

1. *Taking into account the difficulties presented by combined transport, is of opinion that it is desirable inquiry should be made into the possibility of through*

tickets and bills of lading, for distances covered in part by air and in part by other means of transport; it is further of opinion that arrangements between air companies and railway and shipping companies to enable air passengers to forward their luggage by other means of transport, as is already done in various countries, would be of advantage;

2. *Proposes that customs operations connected with luggage or goods transported partly or entirely by air be accelerated; and that the hours of service of customs employees assigned to supervision of air traffic should be so arranged in all countries that such employees will be on duty at the*

ordinary hours of arrival and departure of goods aeroplanes;

3. *Proposes for air passengers, as for all others, that those making only a short*

return journey to a neighbouring country be not required to carry passports but merely official identity cards; this same recommendation applying to the crews of commercial aeroplanes.

III. — PROHIBITIONS OF IMPORTATION AND EXPORTATION (FREE MOVEMENT OF RAW MATERIALS — EXPORTS DUTIES)

The Trade Barriers Committee,

after re-stating the policy adopted by the Congresses of the International Chamber of Commerce as far back as 1920 and 1921¹, and

having examined the draft agreement prepared in 1925 by the Economic Section of the League of Nations as a basis for an international conference in view of the

abolition of prohibitions and restrictions of importation and exportation;

having analysed the reports received from the National Committees;

convinced that the one and only obstacle to the immediate and universal abolition of prohibitions of importation and exportation resides in the persistent instability of certain currencies;

¹ Paris Congress (1920) "That the International Chamber of Commerce express the wish that import and export embargoes should gradually be revoked as soon as the internal conditions of each country will permit; that in any and every case, such embargoes should not apply to goods about which proof can be furnished that such goods were shipped or forwarded prior to the date on which such restrictions were enacted; that to provide for goods which could not be shipped prior to such date but concerning which proof can be furnished that regular and lawful contracts had been entered into prior to such date, special licences should be issued under strict supervision and guarantee; and that the procedure above outlined should be followed in territories under mandatory rules".

London Congress (1921) "Whereas every tax on export of raw materials must necessarily increase the cost of production and thereby hinder economic development and prevent economic restoration; and

Whereas it is desirable, as far as possible, to put a stop to rivalries between nations in their search for raw materials, to stamp out the cause of economic conflicts which may threaten peace, to do away with the natural inequality arising from the fact that the riches of the world are unequally spread over its surface, and to assure the rapid restoration of the world's commerce;

This Congress of the International Chamber of Commerce recommends the abolition of such export taxes as Governments have imposed or may impose on the free movement of the raw

materials which are included in the list attached hereto.

In the exceptional case of certain countries being obliged, in order to balance their budget, to maintain provisionally on those materials statistical or revenue duties imposed upon exports, these duties should be applied without any discrimination whatever as regards countries

List of Raw Materials.

Untanned hides, skins and furs. Wool in bulk or wool skins. Raw horsehair etc. Silk in cocoon, raw silk, floss silk or silk in bulk. Raw materials for fertilizers. Gum in a raw state, indiarubber, guttapercha. Unprepared timber. Raw cork. Raw cotton. Flax, hemp, jute and other vegetable fibres in a raw state. Ores and mineral products. Natural metals. Precious metals (gold, platinum, silver etc.). Mercury. Filings and waste of metals. Stone and earth employed in construction and different industries etc. Coal. Mineral oil. Oilseeds and fruits not used as food in their imported state.

N.B. — As the British Dominions and the Indian Empire are entitled to representation in the International Chamber of Commerce, the British Delegates placed on record that they were not in a position to speak for them nor for the Colonies possessing the right of imposing taxes.

The delegates of other Nations made the same reservations as far as concerned other Colonies which enjoy the right of imposing their own taxation.

a) **Abolition of Prohibitions of Importation and Exportation.**

being led to believe that the exceptions provided for in Article V of the draft agreement prepared by the Economic Section of the League of Nations, might lead to abuses,

declares itself:

in favour of the conclusion at the earliest possible moment of an international convention for the abolition of prohibitions of importation and exportation on the lines of the draft agreement prepared by the Economic Section of the League of Nations, but without the exceptions provided for in Article V.

Should the contracting countries not be able to forego these exceptions, the Trade Barriers Committee proposes that Article V remain in force only for three years, and that its validity be not extended except by the decision of a new inter-

national conference specially called for that purpose.

b) **Free movement of raw materials.**

convinced that the free movement of raw materials must be assured, and that therefore prohibitions of exportation should be abolished;

States should not impose export duties the effect of which is to discriminate between the various countries employing raw materials;

Such export duties should not affect the employment of raw materials by the industries of countries imposing them and the Trade Barriers Committee urges that as a counterpart of the free movement of raw materials, countries importing them should grant reasonable and favourable tariff treatment to the manufactured goods of countries exporting both raw material and goods manufactured therefrom.

IV. — CUSTOMS (TECHNICAL QUESTIONS)

The Trade Barriers Committee, subscribing to the principle that a system of excessive customs tariffs can only be detrimental to world restoration, and as a differentiation on international effort must be taken into account as one of the ruling factors of the commercial and economic policies of the various countries, is of opinion that certain questions not directly connected with customs tariffs are important as throwing light upon the influence of customs duties on national economy and on international relations, and should not be neglected.

The Trade Barriers Committee believes that the number and height of customs tariffs hamper international trade, and it is essential that Governments should be induced to consider the reduction of customs dues by means of an extended system of mutual agreements.

1. The Trade Barriers Committee recommends that the example, set by most countries, of making statistical nomenclature agree with tariff classification should be followed.

Further it recommends that statistical nomenclature should be made to accord

with that of Brussels, and that the Convention be ratified as soon as possible by all nations which have not yet done so, taking into consideration however the suggestion made by several National Committees that another conference be called to improve the Brussels nomenclature, and to make customs classifications give more tangible expression to the essential factors of the economic needs of each country (e.g. make clear their needs of raw material, of semi-manufactured goods, their demand for implements of labour, and their consumption of the most essential finished products).

2. *The Trade Barriers Committee recognizes the great advantages that would accrue to world business from the adoption of a common tariff classification; it does not underrate the great difficulties which stand in the way of such unification, but it believes that they are not unsurmountable. The Trade Barriers Committee therefore proposes that such unification be approached gradually taking different classes of industry one after the other. It recommends that the representatives of a given industry meet with customs experts to study a common classification for their particular industry, either on their own initiative or at the instigation of the International Chamber of Commerce. It feels that the International Chamber can be of service in promoting and facilitating such meetings; and it recommends that a beginning be made with raw materials and semi-manufactured goods.*

As to the question of the method to be followed in sub-dividing customs tariffs, the Trade Barriers Committee believes that classification should proceed from the raw materials and follow the productions derived from each class thus determined, taking into account the degree of labour employed, that is to say, making clear

distinctions between raw materials, semi-manufactured goods and finished products. Special groups would have to be provided for goods containing an admixture of several raw materials. Such goods should be subject to the duty levied on the matter from which they derive their principal aspect and use.

3. *The Trade Barriers Committee believes that any tariff classification or increase, equivalent to a discrimination against specific countries, introduced in order to facilitate negotiations and very properly to obtain customs advantages in certain cases, is incompatible with the Committee's ideal of a general levelling of customs tariffs.*

4. *The Trade Barriers Committee is of opinion.*

a) *That in principle specific duties are preferable to ad-valorem duties.*

b) *That ad-valorem duties give rise to continual difficulties of application, that they facilitate covert discrimination and certain fiscal ruses designed to increase indirectly official customs tariffs.*

The Trade Barriers Committee unanimously recommends that in any case the application of ad-valorem duties and the verification of values be so enforced as to give rise to no further difficulties; and that in particular customs inquiries and inspections in contradiction with economic interests and with the maintenance of commercial good-will between the nations be absolutely avoided.

5. *The Trade Barriers Committee is unanimously of opinion that it is primarily necessary to introduce simplicity and stability in the classification of goods and in the assessment of duties. It calls attention to the fact that the majority of National Committees are favourable to a unique*

tariff with duties subject to reduction by negotiation with the widest possible application of the most favoured nation clause. It considers this system as the most favourable to commercial negotiation and to the suppression of international trade barriers.

6. *The National Committees are unanimous that sudden changes of customs tariffs ought not to be made on account of the business instability such changes produce; only a few National Committees have made reservations in this matter, on account of the variations of their national currency. The Trade Barriers Committee is of opinion on principle that sudden increases of customs tariffs ought not to be made.*

When customs tariffs are raised the Trade Barriers Committee is of opinion that all goods already shipped should be admitted under the old tariff.

7. *The Trade Barriers Committee unanimously recommends that the Geneva Convention for the Simplification of Customs Formalities should be ratified at the earliest possible moment by States which have hitherto adopted an expectant attitude. It believes this convention capable of attenuating customs formalities.*

In this connection the Trade Barriers Committee, in agreement with a proposal put forward by the German National Committee, recommends that in international transactions national importers and foreign exporters be required to use only current descriptions on their customs declarations and not obliged to make exact mention of the corresponding numbers of the customs schedule.

The Trade Barriers Committee notes that trade in various foods-stuffs is

hampered by differences in legal provisions concerning the methods applied for their preservation and their use as food (for instance the trade in dried fruits, a very important and cheap article of diet, is hampered by conflicting legal requirements as regards the use of sulphur).

It is of opinion that it would be possible to submit such matters to international regulation by an extension of the provisions of the Convention for the Simplification of Customs Formalities.

The Trade Barriers Committee also discussed customs dues levied on gross weight or on net weight, the traffic in samples, certificates of origin, and nationalization of merchandise. Lack of time precluded the possibility of arriving at definite decisions on all of these points. The Committee has asked the sub-committee on Customs (technical questions) to continue the study of these questions which are of great importance to international business.

8. *The Trade Barriers Committee notes that nearly all countries have adopted the most favoured nation clause as the basis of their commercial policy, accompanying it by tariff agreements which are rarely confined to only a few classes of goods.*

* * *

The Committee specially recommends to the International Chamber of Commerce for study the proposal of the Austrian National Committee concerning collective treaties of commerce.

V. — INTERNATIONAL INDUSTRIAL ENTENTES

The Trade Barriers Committee after consideration of the tendencies of the various Governments and the state of public opinion in the countries belonging to the International Chamber of Commerce concerning international industrial ententes; of the aim and scope of the various ententes entered into or about to be concluded; and of the views and suggestions put forward by fifteen National Committees, and

Whereas ententes between producers of various countries, favourable to the participating industries by the elimination of ruinous competition, are equally favourable to the community if they respect the interests of labour, of consumers and of trade: and abuses to which such ententes may lead carry with them their own remedy by giving rise to fresh competition; and

Whereas by establishing co-operation between the same industries carried on in different States, such ententes favour the development of satisfactory personal relations and in particular provide the participating countries with the means of reaching a sound economic basis, despite the currency troubles existing in certain countries;

Whereas such ententes have a tendency to improve conditions of manufacture by a better utilization of machinery, a more scientific organization of production and a more rational distribution of products, and that by the decrease of overhead expenses and costs of distribution and by the specialization they entail such ententes insure the continuity of industrial output favourable to labour and the stabilization and

even reduction of cost and sale prices favourable to consumers.

Is of opinion

that it is therefore desirable that national laws instead of being made more stringent should be given greater elasticity and amended so as to permit the conclusion of international industrial ententes;

that such ententes should respect the right of all nations to have free use of raw materials and, in consequence, should take into account the interests of transformation industries:

that the development of international industrial ententes is strongly to be recommended;

that in addition to the advantages above enumerated such ententes may contribute to the solution of tariff problems existing between the various governments, by their progressive extension which would provide technical preparation for the conclusion of commercial agreements between the Governments concerned.

The Trade Barriers Committee recommends

1. That the International Chamber of Commerce should collect and compile all possible data concerning international industrial ententes of all kinds, their formation, their aims, their influence on prices etc.

2. That the International Chamber of Commerce should transmit the text of the above resolution to those concerned calling their attention to the existence of the Court of Arbitration.

VI. — FINANCIAL DIFFICULTIES, PRICE AND CREDIT PROBLEMS

1. Currency Instability.

Whereas the instability of exchanges, whether within a country or abroad, is a very serious trade barrier and that where instability exists the difficulties apply not only to imports of foreign goods but also to commercial transactions within the country itself; and fluctuation of internal prices, resulting from unstable currencies, causes additional difficulties; and

Whereas no reference is made in the reports to the temporary stimulus to export trade which a depreciating currency so frequently creates; and without general stabilization international trade cannot flourish on a sound and normal basis

a) Restrictions or control of foreign exchange:

Whereas restrictions or control of foreign exchange provided they go no further than mere measures of supervision, are not a serious trade barrier;

b) Measures relating to the export of capital

Whereas restrictions placed upon the the export of capital, which appear to survive only in countries whose currency is unstable, are not justified by the urgency of national requirements.

The Trade Barriers Committee is of opinion

That some of the fundamental difficulties in trade and industry still lie in the continued instability of important currencies. This instability affects not only the countries whose currencies are unstable by creating budgetary and commercial difficulties but

also in turn creates complementary difficulties for other countries. In fact, despite certain periods of fictitious prosperity observable in some countries, international commerce cannot flourish on a sound and normal basis so long as instability of currency exists.

The Trade Barriers Committee moreover endorses the Resolution passed by the Committee on International Settlements¹ and

is concerned with the question of stabilization of currencies both in connection with existing international obligations and with the development of international credits;

Moreover stabilization is an important element and in many countries a prerequisite condition in establishing the balance of international payments.

Instability is both a national and an international problem because it not only hampers and impedes the domestic trade of those countries whose currencies are unstable, but also unsettles the foreign trade of countries whose currencies are stable.

Furthermore the increase in exports so frequently noticeable where currencies are fluctuating is merely temporary and masks an actual loss of wealth.

Although the determination of the moment and the point at which stabilization shall occur in any country necessarily is an internal question; the general interest of international trade is involved.

¹ The Committee on International Settlements met in Rome on October 12th and 13th, 1926, under M. Pirelli.

Countries with sound currencies have an interest to assist countries with unstable currencies in every effort towards recovery.

The Committee believes that means for international cooperation in solving the problem should be devised and that the International Chamber of Commerce should be prepared to promote such cooperation.

2. Control of Prices.

Whereas it appears that the system of fixing minimum prices for export which was employed by certain countries during periods of inflation has almost entirely disappeared, and

Whereas National Committees have observed in this connection that certain measures relating to import and export trade, and which exercise an indirect influence on prices, are still employed

The Trade Barriers Committee confirming the resolution on raw materials, is of opinion

That as concerns the control of prices by Governments in such a way as to affect the free movement of raw materials, the Resolutions adopted by the International Chamber of Commerce in Paris and London retain all their significance and ought to be urgently pressed, as the world of business requires in normal times the free movement of the raw materials which are indispensable to the life of industry.

The Trade Barriers Committee resolves *that speculation must not be considered one of the essential causes of instability, save in exceptional cases.*

3. Lack of capital and credit.

Whereas, in general, there seems to be no control whatever over the entry of foreign capital for investment

The Trade Barriers Committee is of opinion

that it is in the interest of a great number of countries to attract capital for investment from abroad

that this can be done in two ways

either normally by loans in stable currency if the borrowing country enjoys normal prosperity

or, if the currency of the borrowing country is not stable, capital may be attracted from abroad either by way of normal credit operations or by way of speculation, and such credits would undoubtedly be forthcoming only at premium rates owing to the fact that loans extended to a country with unstable currency involve additional risk for the lenders. The borrowers in a country with an unstable currency must therefore be prepared to submit to the disadvantage of loans concluded on onerous terms which is in itself a fresh argument in favour of currency stabilization.

VII. — INTERNATIONAL CONVENTION FOR THE CONSTITUTION OF A PERMANENT CONFERENCE ON TARIFF AND TRADE QUESTIONS

The Trade Barriers Committee, adopting a proposal put forward by the Austrian National Committee: ¹

Strongly recommends the creation, under the auspices of the League of Nations, of a permanent conference in which representatives of the Governments would have the opportunity of meeting regularly, of constantly studying the condition and needs of international trade, as well as the best remedies for existing difficulties; in which the representatives of Governments would

¹ The Austrian National Committee

believing that the present aim of economic organizations should be the establishment of general principles governing the international trade relations of States, records that in pre-war times a liberal practice had slowly grown up, and that numerous agreements had been concluded to the mutual advantage of the contracting parties, but that after the war and the complete interruption which resulted it is necessary to codify the principles on which pre-war agreements were based so that no confusion shall hamper the gradual return to normal conditions; expresses the hope that an organization can be created to investigate and follow by constant and unceasing study tariff and trade questions. Such an organization could be called "The Permanent Conference on Tariff and Trade Questions" and established on the lines of the "Conference of Communications and Transit."

be able to draft treaties to satisfy these needs, and arbitrate disputes arising out of the interpretation of treaties already in force;

This new organization might arrange either general conferences or partial conferences such as provided for by the statutes of the Communications and Transit organizations of the League of Nations.

It may be mentioned that Article 22 of the Convention for the Simplification of Customs Formalities as well as Article 7 of the draft convention for the abolition of prohibitions of importation and exportation, provide for a technical organization appointed by the League of Nations to arbitrate such disputes.

The statutes of this Conference should also provide for permanent cooperation with the International Chamber of Commerce;

The International Chamber of Commerce, as the authorized representative of the business world, will constantly have documents, proposals, suggestions and resolutions to transmit to the Conference, and would at all times be prepared with the assistance of its National Committees, should the Conference so desire, to nominate experts to represent producers.