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C A B I N E T.

Commercial Negotiations with Foreign Countries.

Position of the Fishing Industry.

Memorandum by the President of the Board of Trade.

Negotiations for Trade Agreements with the Scandinavian countries have now started. My aim in these negotiations will be to secure three principal objects: (1) arrangements for increased use of British coal by the various Scandinavian industries, (2) security for the maintenance of what in general are comparatively low rates of duty for other British exports of importance, and (3) in a limited number of cases actual reductions of duty where rates higher than the usual level are imposed on important lines of British trade.

In order to achieve this we shall certainly be asked to give undertakings limiting the duty levied on the principal Scandinavian products, and in certain cases to agree to reduce duties below those which as the result of the recommendations of the Import Duties Advisory Committee have been imposed on particular manufactures that interest Scandinavia. It is impossible to say in advance how far we ought to be ready to go in this direction. We shall have in each case to balance advantages against disadvantages. We should obviously seek to come to such an arrangement as would not merely safeguard our existing position in the Scandinavian markets but would enable us to show that the prospect of increasing our trade in these markets exceeds any risk of losses to our home trade as a result of the admission of increased quantities of goods from Scandinavia. The objects of our present Tariff Policy are, I take it, twofold, the reduction of the previous visible adverse balance of trade and the

increase of employment in the United Kingdom. Consequently our negotiations should also have a twofold aim, i.e. we should aim at increasing our exports by an amount greater than any increase of imports that may result from any relaxation of our tariffs, and at ensuring that any loss of employment resulting from such relaxation will be more than counterbalanced by an increase of employment in our exporting trades, more especially, in the particular case of Scandinavia, by an increase of employment in our coal mines.

The point, however, to which I wish to call special attention is that, as in all tariff negotiations, we cannot expect to secure these results without having to make some concessions which will not be welcomed by some of the industries affected. If, for example, in order to arrive at a satisfactory agreement, it becomes necessary to reduce the protection now afforded to a particular industry, we shall certainly have to face complaints, and it will of course be a poor consolation to that industry to be told that other interests will have gained more than they stand to lose. Unless we are ready to face such a situation all attempts to negotiate a tariff bargain might as well be abandoned at the start.

A particular case has in fact already arisen. Many of my colleagues must recently have become aware of a growing agitation amongst the trawl fishermen of this country against any steps being taken in the forthcoming negotiations which might withhold from the fishing industry advantages for which they ask under our Tariffs. The present position is that the trawl fishermen applied some time ago to the Import Duties Advisory Committee for an increase of the existing duty of 10 per cent. on the importation of fresh fish. The Committee have recently informed them that the Committee are not at present prepared to recommend any

increase of duty on fish, but that they will be prepared to renew their consideration of the matter early next year. The fishermen are accordingly naturally anxious that nothing we may do in the forthcoming negotiations may prejudice their future position. It happens, however, that the imports of fish from three of the Scandinavian countries, Norway, Denmark and Iceland, with which negotiations have been, or are about to be, instituted, are considerable, and we are aware that an undertaking to maintain the existing 10 per cent. duty on such fish (we are precluded by the Ottawa Agreements from reducing the duty below 10 per cent.) will certainly be pressed for. I cannot, of course, say at present what emphasis will be laid on this particular question, but it is obvious that it is one of several requests of this kind which we shall have to consider. Thus requests will no doubt be made to reduce the existing duties upon paper and to stabilise or reduce the existing duties on timber products. I may mention that in the case of timber the interests concerned in this country have already made an application to the Import Duties Advisory Committee for increased protection, an application which has, however, not yet been considered in detail.

Of course while I feel it necessary to ask for authority to discuss any proposals affecting British industries which the Scandinavian countries may put forward, I should not propose to commit the Government until I am in a position to present a complete picture of the advantages and possible disadvantages which might result from the conclusion of any particular agreement.

W. R.

19th November, 1932.

Board of Trade,

21st November, 1932.