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FOREIGN TRADE COMMITTEE

Trade Negotiations with Swiss Delegation held on
 October 30th, 31st and November 1st, 1951 at
 Iveagh House, Dublin.

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Present:

Swiss Delegation:

Mr. W. de Bourg.	Swiss Minister, Dublin.
Mr. Hans Schaffner.	Delegate of the Swiss Federal Council.
Mr. Hans Buhler.	Chief of the Sterling Area Division, Department of Commerce, Berne.
Mr. A. Gyax.	Counsellor, Swiss Legation, Dublin.

Irish Delegation:

Mr. W.P. Fay (Leader)	} Department of External Affairs.
Mr. F. Biggar	
Mr. K. Rush	
Mr. G.P.S. Hogan.	Department of Finance.
Mr. P. Lynch.	Department of the Taoiseach.
Mr. J.C. Nagle	} Department of Agriculture.
Mr. S.M. Breathnach	
Mr. St. J. Connolly	} Department of Industry and Commerce.
Mr. F.J. Hegarty (Secretary)	

After welcoming the Swiss Delegation Mr. Fay referred to the draft Trade Agreement prepared by the Irish side, which had been transmitted to the Swiss Authorities for examination and enquired as to their views on the proposals.

Mr. Schaffner stated that the Irish scheme of liberalisation was very liberal and covered a large number of commodities which the Swiss Government hoped to export to Ireland. In addition, other commodities had been unilaterally freed from import restrictions. Because of this very free import regime his Government had not any very important comments to make on the Irish proposals. They were interested in buying goods from Ireland to help to balance the mutual trade and hoped to establish their cattle purchases on a permanent basis. They would like to have certain sub-quotas established for Swiss goods which were non-liberalised, particularly those subject to quota restrictions in Ireland. They did not foresee any financial difficulties as financial questions had been settled in the Monetary Agreement with the sterling area. They had no complaint against the Irish policy in regard to



invisibles. There was, however, the question of the type of the Agreement and its duration, i.e. whether it should be of a more permanent type and whether it should remain valid for one year or for a longer period. They had put their ideas for a Trade Agreement into draft form and these were circulated.

Mr. Buhler stated that the list of Swiss exports to Ireland which they had circulated probably included a number of items which were freely admitted but they were not certain which of these goods were liberalised or freely admitted. They would like to have an annual quota for goods not liberalised or freely admitted.

Mr. Buhler also stated that their proposals included a request for the reduction of Irish tariffs on electrical meters, engineers files, toilet brushes and painters' brushes. They found it very difficult to compete against British goods in the Irish market under the present tariff arrangements and would ask to be given a better chance of competing.

Mr. Schaffner suggested that their proposals should be examined and that they should then be discussed at a further session on the following day. It was agreed that both sides would indicate which goods in the lists of Swiss and Irish exports handed in were liberalised or freely licensed.

In dealing with the Draft Agreement Mr. Fay enquired whether the Swiss Government had deliberately omitted the opening clause regarding the development of mutual trade in accordance with the spirit of the Convention for European Economic Cooperation. Mr. Schaffner stated that this had been omitted deliberately as the Swiss Government wished to retain a certain independence, vis-a-vis O.E.E.C. He agreed, however, that since the spirit of O.E.E.C. was referred to that there was no radical objection to the clause. It was also agreed that the clause providing that the merchant shipping of both countries would be equally eligible for the transport of goods should be retained. On the question of the duration of the Agreement Mr. Fay stated that in the present uncertain conditions of international trade we would prefer to limit the duration to 12 months, with a continuing effect thereafter unless six months notice of the desire to terminate the Agreement was given. This was agreed by Mr. Schaffner, who stated that the same conditions applied in their case.

Mr. Fay stated that on further consideration we preferred to substitute Articles 2 and 3, dealing with the admission of goods from the other country, by paragraphs which had recently been adopted in our Agreement with the Portuguese Government. These dealt solely with non-liberalised goods and promised that the admission of such goods would be favourably considered, and were accepted by the Swiss delegation.

On the question of the form which the Agreement should take Mr. Schaffner handed in his letter of appointment as delegate of the Swiss Federal Council and stated that he was authorised to sign any Agreement which might be come to. Mr. Fay stated that the question of a long term treaty of commerce, friendship and navigation with Switzerland could not be dealt with at the present time but that there would be no objection to considering such a treaty if the Swiss Government desired it. He thought that the present agreement on trade should be less formal and should be effected by an exchange of notes. He had not "a full power" to sign an agreement and our general practice

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was to have the draft Agreement initialled by the negotiators and after approval by both Governments, to conclude the Agreement by an exchange of Notes through diplomatic channels. Mr. Fay suggested that in the present case Mr. Schaffner might agree to initial the Draft Agreement in Dublin along with himself and that it should be concluded, after governmental approval had been obtained, by Mr. Schaffner and Mr. Warnock, the Irish Minister in Berne. Mr. Schaffner agreed to this arrangement.

Dealing with the list of Swiss exports Mr. Connolly explained that there was no overall import licensing system in this country. Limitation of imports from non-sterling countries had been effected through the currency control. There is a small number of quotas in operation, mainly for the purpose of protecting native industries. Certain goods are subject to customs duty while others are free of duty. This country had liberalised in accordance with O.E.E.C. requirements up to 75% of 1948 imports. Other goods not under quota although not officially liberalised were de facto liberalised, since currency was freely granted for their importation. The list of goods handed in by the Swiss Delegation was then examined and the position of each item in regard to admission into Ireland was explained (see list "A"). Mr. Connolly explained that in the case of goods which were admitted freely there would be no point in introducing quotas in the agreement covering the import of such goods from Switzerland. The same line would be taken in regard to goods from any other country. This position was accepted by Mr. Schaffner.

Dealing with the Swiss request for special quotas for Switzerland for various types of cotton piece goods, Mr. Connolly explained that Quotas Nos. 43, 44 and 45 are restrictive and take into account the potential output of the Irish mills; in each there is a special quota for Britain and a general quota open to imports from all countries. Quota No. 46 is not restrictive; it provides special quotas for imports from Britain, the U.S.A. and the Netherlands, with a general quota for other countries. Importers of cotton piece goods are registered and each registered importer gets a share of the general quota which he may utilise for imports from any country, irrespective of the extent of his previous purchases from that country or the overall imports of cotton piece goods from that country. There had been originally in Quota No. 45 special quotas for countries other than Britain, but these had been surrendered by these countries which had found by experience that, when their goods were competitive, they had a better chance of selling them in the general quota. Mr. Connolly recommended that the Swiss Government should, therefore, not press for special quotas but should allow its traders to operate under the general quotas. Mr. Buhler stated that for optical reasons they would be anxious to obtain a special quota, since it would be difficult to make their traders understand why Switzerland had no special quota when other countries had such quotas. Eventually, under pressure, Mr. Connolly stated that the furthest he could go would be to undertake that administrative arrangements would be made to provide an annual allocation of 100,000 square yards within Quota No. 46 for imports of cotton piece goods from Switzerland. This would be in addition to any share of the general quota attached to Quota No. 46 which Swiss traders might otherwise obtain. Mr. Schaffner expressed thanks for this promise and it was agreed that it should be dealt with in the confidential letter.

In regard to the Swiss request for a quota for 2,250 pairs of ladies' fashion shoes Mr. Connolly explained that Quota No. 3 is intended to provide a merely nominal import of 20,000 pairs of shoes, since the Irish footwear industry is very well developed and in fact possibly over developed. The footwear industry had not, however,

been very successful in efforts to develop a substantial export trade and in the circumstances it was strongly opposed to importation of footwear from abroad. Efforts had been made to reach agreement on a proposal to allow a small quota for imports of high priced shoes but the industry and particularly the workers' representatives had strongly objected. The Swiss representatives pointed out that the shoes they had in mind were the Bally shoes, which were high class ladies' shoes which would not compete with the Irish industry. The Bally firm is importing a considerable quantity of leather from the Irish tanneries with which they are very satisfied but they feel that in all the circumstances some concession should be made for the admission of their shoes into Ireland. Mr. Schaffner also urged that these shoes might be imported as luxury goods for sale to tourists passing through Ireland, as they were usually found in the principal capitals of the world and were sought by all tourists. Mr. Connolly stated that while the force of the Swiss arguments was fully appreciated it was doubtful whether the opposition of the Trade Unions could be overcome. He had consulted the Minister for Industry and Commerce, who is having the question reconsidered, but the most that could be said at the moment was to promise sympathetic consideration in the confidential letter. Mr. Buhler stated that he thought the Bally shoes would retail at about £8 per pair in Dublin.

Mr. Schaffner enquired as to whether currency was freely allowed for imports of Swiss watches, pencils and bracelets of gold or rolled gold and Mr. Hogan informed him that these transactions required the specific approval of the Exchange Control Authorities. Jewellery, ornaments and other articles containing precious metals or stones were amongst the few commodities excluded from the liberalisation of current trade payments to E.P.U. countries. In practice approval would be given by the Exchange Control for imports of the kind mentioned by Mr. Schaffner if the imports were to meet legitimate current trade requirements.

Mr. Nagle explained that although cheese was not liberalised special types of fancy cheese were admitted. There was a certain difficulty in regard to the admission of Gruyere type cheese but he thought that Swiss Emmenthal cheese would present no difficulty. Mr. Schaffner stated that their agricultural community were very anxious to obtain a market here for the Swiss cheeses and would expect some return for their agreement to accept Irish cattle. The importation of cheese into Switzerland was entirely free. The question was to some extent a psychological one and he would be glad of an assurance that their special cheeses would be admitted. Mr. Nagle promised that this would be conceded in the confidential letter.

In regard to fruit concentrate, pectin, fruit pulp and pomace, Mr. Connolly stated that these were liberalised except in the case of fruits of the type which were indigenous to Ireland, which were non-liberalised and dutiable. This type was, however, admitted under licence. Mr. Nagle promised to define the import position in the confidential letter.

Regarding the Swiss request for a reduction of the customs tariffs on electric meters (single and three phase) precision and engineers files, toilet brushes and paint brushes, Mr. Fay stated that the question of customs duties was regarded here as an internal matter which largely affected the budget and the revenue and, therefore, as a matter outside of normal trade negotiations. He explained that

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Ireland was not a member of G.A.T.T. and Mr. Schaffner stated that the Swiss Government were also non-members. Mr. Fay explained that electrical meters were assembled here by a branch of the Siemens Schuckert Organisation, the firm which was responsible for the original Shannon Electricity Scheme and it would not be possible to disturb the protection afforded them by the duty. The duty on files was intended to protect a new industry here which was in a small way of business and required support. The duties on brushes were an essential protection to an industry secondary to agriculture which is very vulnerable to British exports. Since the British brushes are entitled to a preference of 33% it is necessary to maintain a fairly high duty in order to make the protection effective against Britain. Mr. Fay stated that it would be impossible to reduce these tariffs, but the Swiss request would be brought to the notice of the tariff authorities.

Dealing with the Irish list of goods available for export to Switzerland the Swiss delegates explained the extent to which these were liberalised (see list "B"). It transpired that in almost all cases these were liberalised or licensed freely.

Mr. Nagle enquired whether the Swiss Government would be interested in the importation of chilled or frozen meat rather than of cattle on the hoof and explained the development of this trade which was taking place in Ireland. Mr. Schaffner promised to investigate this proposal, but thought there might be some objection from the butchering trade who have at present a monopoly of meat supplies in Switzerland. The fall in the export of horses to Switzerland was then discussed and Mr. Nagle stated that he thought the army type horse required by the Swiss was now available again and that the difficulty appeared to be one of getting the Military Purchasing Commission into contact with the actual supplier of this type of horse. Mr. Schaffner stated that they had found the German type horse was more suitable to the hard ground in Switzerland than the French or Irish horse, but that from the administrative point of view, as they were already buying heavily from Germany in industrial lines, they would prefer to buy their horses from Ireland to help to balance the trade between the two countries. It was not a question of price, since the Irish horses were cheaper than the German. The decline in the trade was mainly due to the difficulty which the Purchasing Commission had experienced in obtaining horses of suitable type for the army. There was, of course, also a falling demand due to army mechanisation. Regarding cattle the Swiss Delegation stated that although the present allocation was 7,000 they would like to purchase up to 9,000 head if delivery could be extended to the end of July. Mr. Nagle stated that the supply of these additional cattle would depend on the availability at that time. The possibility of the Swiss purchasing seed potatoes was discussed and Mr. Schaffner explained that they had strict regulations regarding the type of potatoes which could be imported. It would be necessary to have the Irish seed potatoes tested by their experts and if they proved of suitable type there would be no difficulty in allowing free importation. He promised to try to send Swiss experts to Ireland to study the trade and to supply the names of possible Swiss importers, together with full information regarding the Swiss import arrangements. Subject to the type being approved their traders were free to purchase from any country. They would also be interested in the purchase of eggs, sugar beet seed, poultry and rabbits and Mr. Schaffner promised to exchange information regarding the importation of these commodities by letter. In regard to canned meat they imported mainly from the U.S.A. and only meat of the lean type. He suggested that samples should be sent to their traders as a first step. In regard to industrial goods all the

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exports included in the list were either liberalised or freely licensed for import and there appeared to be no particular obstacle. Mr. Schaffner thought it might be difficult to sell chocolate milk crumb since their chocolate industry was very highly developed but they might be interested.

The question of obtaining supplies of essential goods was then discussed. The list of goods which we desired to obtain from Switzerland consisted of machinery, including electrical machinery, electrical goods and apparatus, chemicals, drugs and dyes, tungsten and molybdenum wire, aluminium sheets, slabs, rods and ingots, semi-fabricated copper and poly vinyl chloride plasticisers. Mr. Schaffner stated that the export of machinery, electrical goods, chemicals, etc. and the plasticisers was free of control but there might be some difficulty in regard to electrical machinery owing to the shortage of certain raw materials. They were hoping, however, that the special steel required for their electrical machinery would become available when the new mill in South Wales got into full production. The tungsten and molybdenum wire was under allocation from the Raw Materials Board in Washington but if we obtained an allocation from that Board they would be glad to supply our needs. The supply of aluminium slabs and ingots would be very difficult at present but the supply of aluminium sheets and rods was possible. Each application would be examined and dealt with on its merits. The supply of semi-fabricated copper was possible but would depend on getting supplies of copper ore and scrap.

Mr. Buhler raised the question of the amount of currency which Swiss repatriates could take out of Ireland on departure and enquired whether, in accordance with the practice followed by other sterling area countries, we would allow up to £5,000 to be taken out in one sum. Mr. Hogan pointed out that this is already permitted under the Irish regime and the concession had been included in the document dealing with the Irish Government policy regarding liberalisation of invisibles circulated in January, 1950 and set out in O.E.E.C. document (T.C.(49)89/08).

The draft of the confidential letter was then agreed and it was arranged that the Agreement should be initialled at 11 a.m. on November 2nd.

LIST A.PROPOSED SWISS EXPORTS OF NON-LIBERALISED GOODS INTO IRELAND

Commodity	Whether Liberalised in Ireland	Remarks
Goods made of leather	No	Subject to Quota No. 3
Button Piece goods)	No	Subject to Quota No. 45
Button Piece goods)	No	" " " " 46
Handkerchiefs in the piece	No	Subject to Quotas Nos. 45 and 46
Woolen cheese cloth with hand knitted ends	No	But may be freely imported
Artificial silk piece goods	No	But licensed freely
Straw, straw braids and straw plaits of the kind for making hats and shoes	Yes	
Electric dry shavers	Yes	
Needles for embroidery machines	Yes	
Needles for sewing machines	Yes	
Cardboard making equipment including wood grinding section	Yes	
Canning machines	Yes	
Equipment for silos	Yes	
Electro-medical equipment "Vibrosan"	No	But may be freely imported
Chemicals not liberalised, such as insecticides, verminicides, etc.	Yes ⁺	
Watches, including gold case watches, alarm clocks and "pendulettes"; watch glasses, mainsprings for the repair of watches.	Yes	
Watch material and tools for watch repairs	No ⁺	
Expansion-type bracelets stainless steel and rolled gold 10 microns	Yes ⁺	Except wooden pencils
Pencils, including lead, colour, copying and propelling pencils.	Yes	
Precision files)	Yes	
Engineer files)	No	But special types admitted
Loaf and boxed cheese		
Fruit concentrate)	Yes	Except native types (dutiable)
Pectin)		
Fruit pulp)		
Pomace)		
Chocolate	Yes	

⁺ NOTE: Articles containing precious metals subject to approval of the Exchange Control Authorities.

LIST B.PRODUCTS OF IRISH ORIGIN AVAILABLE FOR EXPORT TO SWITZERLAND.

Description	Whether liberalised in Switzerland	Remarks
Horses (including thoroughbreds)	No	Overall Quota
Cattle	No	Quota 7,000
Meat (chilled or frozen)	No	
Canned Meat	No	Not a big market
Animal Offals	Yes	
Dead Poultry	No	Import licences freely given but some conditions attached. (Live or preserved poultry liberalised)
Eggs (including liquid eggs)	No	But licensed freely
Hatching Eggs and day-old chicks	Yes	
Rabbits and rabbit skins	Yes	
Salmon (fresh, frozen and smoked)	Yes	
Shellfish	Yes	
<u>Agricultural seeds:-</u>	Yes	
Rye-grass seed	Yes	
Sugar beet seed	No	But imported on Government account
Seed potatoes	Yes	
Carrageen moss	Yes	
Seaweed products	Yes	
Jams, marmalade and fruit jellies	Yes	
Chocolate milk crumb	No	(Difficult to find buyers but chocolate industry might buy)
Ale, beer and porter	Yes	
Dry gin	Yes	
Whiskey and Whiskey liqueur	Yes	
Abrasive papers and cloths	Yes	
Glass and glassware	Partly liberalised	But licensed freely (Sheet glass and glass-ware and hollow-glassware n.e.s. not liberalised)
Plaster boards	Yes	
Gypsum plaster	Yes	
Ores, lead	No	But licensed freely
Razor blades	Yes	
Wool, raw	Yes	
Linen piece goods, and manufactures	No	But licensed freely
Poplin piece goods	No	But licensed freely.
Woollen and worsted piece goods	No	

Description	Whether liberalised in Switzerland	Remarks
Wool/hair interlinings and tie linings		
Wool	No	But licensed freely
Hair	Yes	
Handknitting wool	No	But licensed freely
Felt hat hoods	Yes	
Cordage, cables, ropes and twine	Yes	
Outer garments (knitted fabrics)	No	But licensed freely
Gloves (1) Mixed material	Yes	
(2) Others	No	But licensed freely
Hats, caps, etc.	Yes	
Hosiery (stockings and hose underwear and fancy hosiery)	No	But licensed freely
Neckties, cravats, etc. (of poplin and of tweed)	No	But licensed freely
Leather:		
Tanned sheepskin leather		
Suede backs and butts	Yes	
Suede splits		
Lining splits	Yes	
Shark Oil	Yes	
Glycerine	Yes	
Barytes, ground	Yes	
Feathers	Yes	
Animal hair	Yes	
Peat moss and peat litter	No	But imported on Government account under licence to traditional importers.
Books and periodicals	Yes	
Brushes and brooms	Yes	
Pipes for smoking	Yes	
Religious articles	Yes	
Feltbase floor covering	No	But licensed freely.