General Agreement on Tariffs and Trade
Ninth Session of the Contracting Parties

Remarks of the Chairman of the Contracting Parties,
Ambassador L. Dana Willcocks (Canada) - Introducing Item 3 of the Agenda: Review of the Agreement

Ministers and other representatives of contracting parties,

We come this afternoon to Item 3 of our agenda for this Session. This item is entitled "Review of the Agreement". This title in itself is sufficient to indicate the importance of the item. It is the one for which we have been preparing for several months. The outcome of our discussion of this item will determine whether or not we continue to make progress in the orderly conduct of world trade. We will need to proceed carefully and, without wasting time unduly on minor points, we should endeavour to explore thoroughly those aspects upon which the future of our cooperative effort depends.

In my opening remarks at the beginning of the Session I referred to our objectives and to the importance for the peoples of all our countries of the work upon which we are now about to engage. There is no need for me to restate what I said on that occasion, but perhaps it might be useful if I were to outline what I consider to be the more important aspects of this agenda item.

Before doing so, however, I wish to extend a hearty welcome to the Ministers who have come from a number of countries to present the views of their governments on this important problem of the Review of the Agreement. It is very useful for us to have these views stated by those responsible for supporting the position of a government in parliament, or for advising the Executive Head of a government on questions of commercial policy. We shall also look forward to hearing from other representatives regarding the attitudes of their governments on the Review of the Agreement. Further, I would like to accord a special welcome to the observers from governments who are not now contracting parties. We would hope that they will give us the benefit of their views on the subject matter before us. Finally, I would like to welcome most warmly the observers from other international organizations whose activities are related to our own. We thank them for the cooperation which these organizations have extended to us in the past. We shall appreciate their advice and assistance in connexion with the Review of the Agreement.

The term "GATT" has come to be applied to the activities of the Contracting Parties, acting jointly. This has created the impression in some quarters that we are an organization comparable to others set up since the war. We have, however, no charter or convention approved by the different legislatures, nor do we have a large annual budget. We have been well served by an efficient but small

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secretariat. We have been content to proceed step by step from small beginnings with a view to providing the only forum on a world-wide basis in which commercial policy questions could be discussed.

This empirical approach has stood us in good stead, and by feeling our way we have learned how to deal with the complicated questions arising out of the conduct of world trade. We have proved the need for and the value of a forum of this kind. The time has now arrived when we should take stock of progress to date and see how it can be accelerated in the light of the experience we have gained. We can do this by establishing on a more firm basis an organization equipped to administer the trade rules and to discharge the other tasks which we may wish to place upon it. Our experience should lead us to maintain the unique feature of the present arrangements, namely, their modest size and cost, which we have found can be combined with efficiency. This organization will be one of the principal questions which we will have to discuss in connexion with this item of the agenda.

The General Agreement constituted a new concept in international relations in that it incorporated in each of its schedules tariff concessions granted to a great many countries and generalized to participating countries through the operation of the most-favoured-nation clause. It was the first multilateral tariff agreement of this kind ever to be negotiated. As such it has made two great contributions to international trade. It has served to broaden the principle of non-discrimination in the application of tariff rates and it has given stability to the tariffs covering a large percentage of world trade. These achievements we wish to perpetuate. Care must be taken not to jeopardize once more stability in respect of tariffs. At the same time, we cannot be indifferent to the desire, on the part of some countries, for more flexibility to take care of special circumstances. The task of reconciling this desire with the overriding importance of maintaining stability in tariffs will be a difficult one calling for patience and understanding on the part of all concerned.

We also must see in what way we can make further progress towards the lowering of tariff barriers. This will require us to examine the proposals which have been put forward for the revision of negotiating procedures. This is certainly one of the most important subjects we shall have to consider. There are also many complicated questions arising in respect of valuation and other aspects of customs administration. We have, therefore, in the field of tariffs and customs administration a formidable task facing us in this Review of the Agreement.

A third aspect of our work will be concerned with quantitative restrictions. The philosophy underlying the General Agreement is that protection to agriculture and industry should be afforded by means of tariffs or subsidies, and that resort to quantitative restrictions should be confined to balance-of-payments considerations. There were other exceptions which had to be incorporated in the General Agreement to meet particular situations. When we negotiated the Agreement in 1947 we were confronted with the general disruption resulting from
the war. Great progress has been made since then in restoring the economies of the countries most adversely affected by the last war. We are approaching the time when we can anticipate the convertibility of the currencies of a number of important countries. This should remove the justification for all discrimination in trade and should make possible the application of the permanent trade rules so as to bring the use of quantitative restrictions more in accord with the philosophy underlying the General Agreement. This would represent a great step forward towards an effective system of multilateral trade and payments and towards the furtherance of the objectives about which I spoke at the opening of the Session.

Besides quantitative restrictions, we will have to deal in the Review of the Agreement with other measures which impede international trade. Consideration will have to be given to such aspects as the rules governing subsidies and other export incentives, anti-dumping and countervailing duties, and state trading. We shall have to consider how far we should go in dealing with commodity policy, restrictive business practices and the disposal of stocks. Some of these questions are not now covered by the General Agreement. In setting up an organization to take the place of the present arrangements, therefore, we shall have to think very carefully about the scope of the organization and the duties which we wish it to discharge.

I would now like to say a word about the problems of economic development. Many of the countries whose governments are contracting parties are in an early stage of economic development and are wrestling with the problem of a low standard of living. We all understand the desire they have to develop their economies as rapidly as possible, in order that they may raise the living standards of their peoples. In this endeavour they not only have our full sympathy and support, but it is, indeed, of primary interest to all of us. Nothing could contribute more to the realization of their objectives than the application of the principles underlying the General Agreement. The stability in world economic conditions which would result from such application would assure these countries of a steady demand for their basic products and would promote conditions favourable to the investment of capital, the fundamental prerequisite of any economic development. While the long-term results of a liberal commercial policy and of a policy of economic development are thus identical, the under-developed countries are desirous of latitude to take special measures to meet their immediate needs. How to reconcile these seemingly divergent objectives is one of the most difficult problems with which we will be faced when we consider the provisions of the General Agreement in respect both of tariffs and of quantitative restrictions.

It is now nine years since the end of the last war. This puts our minds back to the year 1927, nine years after the end of the first world war. There had then been accomplished a general dismantling of quota restrictions. That year also witnessed the signing of the Franco-German trade treaty, signalizing a marked advance in the reduction of tariff barriers and hailed as "an economic Locarno". The movement for freer trade thus launched proved of great benefit
to trade throughout the world. Unfortunately, the movement was short-lived because all the progress made was undone by the financial crises and by the economic upheaval which followed shortly thereafter. Now we think we have learned how to manage things better. We believe that we have benefited from the experience of the past and that we can avoid economic blizzards. We have also learned that trade and finance cannot be dealt with in isolation one from the other. That is why we speak of a multilateral system of trade and payments. One of the important points to which we shall have to direct attention during the Review of the Agreement is how to arrange for more effective cooperation between our organization and the International Monetary Fund.

In the movement for freer trade twenty-seven years ago, France played a leading part. We are confident that that country may soon be in a position to play a similar rôle in the movement which the United Kingdom initiated with commendable vision and realism and which has come to be known as the "Collective Approach". Germany, Italy, Benelux and other European countries are also desirous of making their contributions to the progress towards freer trade. In 1927 neither the United States nor Canada were important factors in international commercial policy. Some years later, however, that far-seeing statesman, the Honourable Cordell Hull, took the lead through the United States Reciprocal Trade Agreements Programme in the progressive reduction of tariffs by means of the exchange of mutually advantageous concessions. Moreover, immediately after the last war the United States Government again took the lead in submitting the proposals for a Conference on Trade and Employment, one of the direct results of which was the negotiation of the Agreement we are now about to review. Through the tariff concessions granted in the Agreement they made a major and significant contribution to our objectives. With the prospect of an early advance towards the further removal of discrimination and quantitative restrictions, the United States should commence to reap full benefit from the foundations they did so much to lay seven or eight years ago. I am sure that we can count on the continued support of the United States Government. In Canada, a government has been in power for nineteen years which has consistently supported all proposals and policies that might lead to the reduction of trade barriers. Since 1927 the other countries outside Europe have grown in economic stature and a number of them have recently acquired political independence. They now have a greater relative stake in world trade than was the case between the wars. The day is past when we can consider these commercial policy questions without the full participation of countries from all regions of the world.

The leadership of the most important trading nations will not be lacking and conditions are propitious for an advance on the economic front. It is the privilege of those of us who are participating in this Ninth Session to engage in the next assault. We can win that engagement if we succeed in establishing an effective set of trade rules and an organization equipped to administer them.