Speech by Mr. J.P.D. Johnson, Comptroller of Customs (New Zealand) 
delivered in Plenary Session on 10 November 1954

I have listened with much interest to the statements which have been made by yourself and by representatives of a number of countries and am pleased to have this opportunity briefly to set out some views on behalf of New Zealand in respect of this important matter.

At the outset let me say that the New Zealand Government fully supports the broad principles of GATT. Much has been achieved through it by way of tariff stability and in giving effect to desirable trade rules. We believe that this instrument has already had a substantial beneficial effect on trade; that the continuation of GATT will lead to an expansion of trade on which the standards of living and the progress of nations depend; and that there is a permanent need for a forum of that kind at which trade problems can be discussed and amicable solutions found to them.

It is not without some disturbance of mind, however, that we have noted certain trade developments which have tended greatly to lessen the value of GATT and which if maintained could so undermine its whole structure as to render it futile.

I refer particularly to systems which foster uneconomic production, to policies of subsidisation including, in particular, export subsidies, to dumping and to certain types of bilateral trade arrangements.

In 1947 when GATT was instituted countries individually agreed to forego certain rights or freedoms, to undertake certain obligations, and to grant tariff concessions as a quid pro quo for concessions received from and commitments undertaken by other countries. In the case of members of the British Commonwealth and of other preferential areas a most significant contribution was made in the matter of preferences.

Apart from the provision of special waivers under exceptional circumstances the no-new-preference rule is rigid in its application and Article I of the Agreement accordingly limits freedom of action in the matter of tariffs and preferences. New Zealand has observed these provisions meticulously and we believe that we have also lived up to our other GATT obligations. But we have not received corresponding treatment for our export trade. Sometimes this has been because of action contrary to the Agreement; and sometimes it has been because of action which while not specifically contrary to any Article of the Agreement has nevertheless hampered trade and has thus offended against the spirit of the Agreement.
We do not suggest that in these circumstances the position should be rectified by any major weakening of Article I although we will support proposals for the right to review preferences in some circumstances. We would prefer that the Agreement should be brought into better balance by a strengthening of other Articles, particularly those which affect the entry into world trade of primary produce on the sale of which the New Zealand economy is vitally dependent.

The New Zealand Government, along with others, agrees that the present is a most opportune time to review the Articles of GATT since it has now passed through the probationary period. When the Agreement was made in 1947 the world faced many problems which had arisen out of the war and which could obviously not be resolved in a short time. Indeed it was not possible at that time to foresee exactly what sort of solutions might ultimately be found.

Notwithstanding the uncertainties in 1947 the Agreement did provide in broad outline trade rules directed towards the attainment of freer trade and convertible currencies. It was however necessary to include special provisions and "escape" clauses to cover the particular circumstances which then existed and which it was envisaged would continue to exist for some time at least.

At the present time many countries including New Zealand are taking steps to ensure that economic conditions will be favourable for the convertibility of currencies as soon as possible. Since convertibility cannot be satisfactorily achieved unless agreed action is also taken towards the removal of trade restrictions and towards the abolition of policies which hamper the expansion of trade, it is essential to examine the GATT to see to what extent exceptions allowed in 1947 are still appropriate and whether the Agreement needs to be modified.

In this connection it has been suggested that the GATT rules on quantitative restrictions should be tightened, subject to appropriate exceptions such as those to cover balance of payments difficulties.

New Zealand considers that in general the existing balance of payments articles provide satisfactory trade rules both for the present and the future. A situation of general convertibility should not, we think, call for any substantial change in the rules, but rather for closer attention to the administration of them in the light of circumstances existing from time to time. We, therefore, will wish to look very carefully at any proposals put forward for revising the balance of payments articles. New Zealand can fairly claim that its record on the liberalisation of quantitative controls is a good one, but the speed at which further progress can be made must be determined realistically and their complete removal cannot, we consider, be made subject to an arbitrary time limit.

On the subject of relationships between GATT and IMF it is recognised that there must be close co-operation. At the same time the New Zealand Government is definitely of the view that all decisions on trade matters covered by the Agreement should rest with the Contracting Parties.
The various proposals which have been made concerning the needs of underdeveloped countries are also of considerable interest to New Zealand. Recognition must continue to be given to the needs of such countries. In addition, the provisions of Article XVIII should continue to be available to other countries which desire to promote the establishment or development of particular industries.

Another question on which we feel more definite recognition should be embodied in GATT is the importance of full employment as a factor in enabling the GATT objectives to be fully realised and my delegation has some proposals to make in that connection.

Apart from these general provisions there are of course the schedules of tariff concessions resulting from the negotiations at Geneva, Annecy and Torquay. These schedules have been in operation sufficiently long now to make some assessment of their value possible. I think we can all agree that to the extent that the schedules do provide for reduction in duties and stability in tariffs they make a most important contribution to the Agreement.

The procedure for extending the life of the tariff schedules under Article XXVIII, however, is a matter of some concern. While we subscribe to the necessity to maintain general stability in the concessions we think it necessary for opportunity to be given for renegotiation of some items prior to extension of the schedules beyond the end of June next. Any such negotiations would of course be conducted on the basis of granting compensatory concessions with a view to maintaining the general level of the concessions and the overall value of the schedules would accordingly not be impaired. We agree also with the suggestion which has already been put forward that provision of a permanent nature should be made to allow for modification of concessions as occasion arises in exceptional circumstances.

In summary, therefore, Mr. Chairman, while the New Zealand Government along with others will naturally require to consider the Agreement as a whole in the form in which it emerges from the Session, we shall be particularly interested in the following aspects and will have some contribution to make thereon either by submitting particular proposals or by taking part in the discussions.

(a) Subsidies including export subsidies.
(b) Dumping.
(c) Bilateral trading.
(d) Preferences.
(e) Quantitative restrictions.
(f) Relations with IMF.
(g) Full employment policy.
(h) Article XVIII.
(i) Article XXVIII.
In conclusion, Mr. Chairman, we consider that the ultimate success of GATT must be judged on the possibility of reaching a situation where the concessions and obligations are fully or at least reasonably fully operative. In the light of experience and of the position as we find it today we must I think all admit that while substantial progress can be recorded we are nevertheless considerably short of the objective. There is in fact some evidence of movement off the line of the objective and it is this latter situation to which we shall require to direct our particular attention.

Mr. Chairman, this Session will be an occasion for much speaking; for the divulgence of much in the way of views, facts and information. Let us be realistic; let us not disregard the facts while advocating ideals; while keeping to our objectives let us not attempt to lay down rules so rigid that they will be impracticable of general application. If we follow that course there should be every prospect of reaching an agreement that will be worthwhile.

Finally, I should like to say that the New Zealand Government shares the hope expressed by the representatives of other contracting parties that our deliberations will be successful and that a document will emerge which will be generally acceptable to all contracting parties and which will lead to the achievement of the objectives aimed at in 1947.