GENERAL AGREEMENT ON TARIFFS AND TRADE
Fourth Round of Tariff Negotiations

Statement made by Sir Frank Lee, Permanent Secretary
of the Board of Trade of the United Kingdom
at the opening session on 19 January, 1956

The Government of the United Kingdom join today with twenty-three other countries in this, the fourth of a series of international meetings for the negotiation of measures to stabilize and reduce customs tariffs. It is not the least of the advantages of the GATT that it provides a forum and a framework - which did not exist before the war - within which such negotiations on tariffs can be held on a wide and multilateral basis.

I have said that the negotiations which open today are the fourth round in a series. The first was at Geneva in 1947, when the GATT first took shape as a great international code of trade rules, and there were subsequent negotiations first at Annecy and then at Torquay. As a result of those discussions tariffs were stabilized and reduced over a substantial proportion of the trade of the Free World.

The present negotiations give us another opportunity for taking a forward step over a broad front.

The Government of the United Kingdom are happy to participate in this Conference. In their view it is very timely, for two reasons. In the first place it follows the enactment in the summer of last year of new legislation in the United States re-empowering the Administration to engage in multilateral tariff negotiations. The President of the Board of Trade looked forward to that decision when he referred to tariffs in his speech at the opening of the Review Session in October, 1954. The President then said, "The sooner we can get into a position where tariff negotiations are possible, the better, but they must be international negotiations. They must include the United States of America with the freedom that only new legislation can afford them. We cannot in the United Kingdom negotiate in groups. Our trade covers the world, and our negotiations must cover the world."

We are naturally pleased that the re-enactment of the Reciprocal Trade Agreements Act has made possible negotiations on the broad basis postulated by Mr. Thorneycroft.

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The second reason why we think this Conference opportune at the present juncture is that tariff barriers naturally become more and more relevant to the practical problems of international trade, as we and other countries find it possible to move away - as is our declared objective - from quantitative restrictions on imports. It has always been recognized in the GATT that in so far as it may be necessary to afford some measure of protection in domestic markets, the method which is right and appropriate is protection by means of customs duties; but customs duties should from time to time be negotiable.

It is against this background that we have to approach the problems involved in the fresh round of multilateral tariff negotiations which is about to begin.

We are anxious to get down to practical business and I do not wish to delay the start of these negotiations by a long speech. But it may be helpful if I make one or two general reflections on the issues which are likely to arise in the coming weeks.

I have heard it argued that the tariffs of some countries are very low while those of certain others are excessively high, and that comprehensive action should be taken, according to a predetermined plan or set of principles, designed to reduce these tariff inequalities.

We do not accept this argument. Within broad limits there can, in our view, be no question of any particular tariff rate being high or low in an absolute sense. Whether a tariff is high or low can only be judged in the light of the particular circumstances of the industry and country concerned, the stage of development of that industry in that country, its efficiency and so on. A given tariff rate may well be perfectly legitimate, and indeed low, at a particular stage in the development of a given industry in a given country, but quite disproportionate and burdensome if applied in a different country to protect similar goods made by a highly efficient and well-established industry.

It follows that in our approach to these negotiations, as in many other matters, we in the United Kingdom take, quite frankly, a pragmatic line. We do this because we think that such an approach, which recognizes the need to take account of the special circumstances of particular cases, is likely to be more fruitful than one which is based on preconceived ideas about the extent or character of the contribution which each participating country should make or about the level of tariff which is appropriate for any given country or commodity. We must be guided by the consideration of seeing how far our negotiators can succeed in reaching agreement, in the light of facts and of concrete experience, on tariff reductions or tariff bindings which they can commend to their Governments as representing a fair and mutually advantageous balance. This does not, of course, mean that in measuring the extent of what is given or received we shall not continue to give full weight to the principle that the binding of a tariff which is low in relation to the circumstances of a particular industry is as valuable as a reduction in a high rate.
So far as we are concerned, there is nothing new about such an empirical approach. It has been that adopted by the United Kingdom in former rounds of negotiations. That is not to say that we have any doubt that negotiations of this kind can bear useful fruit. They have achieved impressive results in the past. But while, as I have said, we unreservedly welcome the present negotiations, we would not expect dramatic results to come about on this occasion. The fact is that, as we are all aware, the Legislation which Congress has approved sets a limit to the extent of the tariff concessions which the United States Administration can offer. It would be unrealistic to expect that economically more vulnerable countries should make a more substantial contribution than that which the United States, with its creditor position in the world, its large internal market and its highly developed and efficient economy, is in a position to offer. I would also add that the aims of the GATT would not be well served if these negotiations resulted in tariff concessions which proved in the event to be unrealistic. What I have in mind is that we should have built on sand if tariffs were reduced so drastically that governments were, or felt they were, compelled to maintain the quantitative restrictions which they otherwise could have removed.

In what I have said I have deliberately struck a note of caution - which is in effect no more than a reminder of the need for realism. But I would not wish there to be any misunderstanding about our attitude to these negotiations. We welcome them as a means of maintaining the momentum of our progress towards the common objective of wider trade. It is in that spirit that we in the United Kingdom will participate in these discussions: and I wish them well.