GENERAL AGREEMENT ON TARIFFS AND TRADE

INAUGURAL MEETING OF THE 1960-61 TARIFF CONFERENCE
1 SEPTEMBER 1960

Address delivered by The Hon. Mr. Clarence B. Randall,
Special Assistant to the President of the United States.

I have the honour of bringing to this distinguished company the personal greetings of the President of the United States.

President Eisenhower has asked me to convey to all who will have a part in this conference his earnest hope for its success, and his full confidence that the results which will flow from it will be such that all participants will have pride and satisfaction in its achievements. He will be following your deliberations with the deepest interest.

It seems to me clear, as this tariff negotiations conference begins, that the contracting parties are here embarking upon the most complicated single effort which they have ever undertaken. The importance, therefore, of bringing your deliberations to a successful conclusion cannot be overstated. It is certain that the patterns of free world trade for a long time to come will be vitally affected by what you here achieve.

There is happy augury in the record of the past. Throughout the years since 1947, the General Agreement has served as the principal forum for the free world in which trade problems might amicably and equitably be resolved, and has proved itself adaptable to the resolution of a varied spectrum of difficult questions. The mutual benefit flows to all participants from the principles of the GATT, and from this continuing programme of multilateral tariff negotiations, has been abundantly demonstrated by the marked decrease in tariff barriers among the participating countries which has already been brought to pass.

Implicit in your presence here is the mutual faith of all participants that trade problems among friendly countries can be fully resolved in a mutually satisfactory manner by hard work, good will, and adherence to the GATT principles.

With entire candour we all accept the fact that the most significant challenge facing this conference will be found in the negotiations on the Common External Tariff of the European Economic Community. You must here continue and bring to conclusion the serious consideration which all of the contracting parties have, since 1957, been giving to their future relationships with the Community.
The United States is satisfied that the objectives of the GATT and those of the Treaty of Rome are in basic harmony. The economic integration of the six member states of the Community within the liberal trade pattern is consistent with the liberal GATT trade philosophy embracing the whole free world. Because this is the first experience of the GATT with a customs union established by a group of contracting parties, it is not surprising that unique problems will be presented. It is equally certain that they can be solved in the spirit in which earlier problems have been met. It is also clear that the development of permanent relationships between the GATT and this important trade area will require continuing attention over a period of years. Nevertheless, we in the United States feel full confidence that a new pattern can, and will, be created which will meet the needs of all concerned.

From the beginning, the contracting parties have believed that one of the most important aspects of the Community’s relationships with the rest of the world is the level of the Common External Tariff. With the publication of the tariff earlier this year, including most of the negotiated List G rates, evaluation of the scope of this problem began to be possible. When the remaining List G rates, notably on petroleum products and newsprint, are made known, the new tariff can be studied as a whole.

The decision of the Community last May to accelerate implementation of the Treaty of Rome underscores the need to settle these tariff problems expeditiously in this conference. We were, of course, cheered by the simultaneous decision of the Community to offer a 20 per cent reduction in the level of the Common External Tariff. This was true not only because of the potential trade interest of our exporters, but especially because we interpreted this action as recognition by the Community that the lowest possible level of the Common External Tariff will serve the interest not only of third countries, but of the Community as well. We shall, however, wish to discuss with the Community certain cases wherein not even a 20 per cent decrease would produce a rate conforming to the equities of the situation as we see them. We have every confidence that these cases will be examined sympathetically by the Community.

We can sense, too, other problems which are of substantial importance to other contracting parties. For example, there is the case of tropical products which will be imported into the Community duty free from associated overseas territories of the member states, but which would be subject to full and sometimes burdensome duties if imported from the rest of the world, including those less developed countries which are contracting parties to the GATT. Also, as you know, in many countries including the United States there is now wide public discussion of European trade problems. We are therefore gratified to note that efforts will be made here to minimize these differences.

Guideposts for these negotiations are established by the General Agreement itself, by the body of experience already built up under it, and by the care with which this conference has been planned over the last two years.
With the best of endeavour, however, not every contingency will have been foreseen. New problems, or unexpected variations of old ones, are likely to arise as this conference embarks upon its first task, namely the negotiations with the EEC under Article XXIV:6 of the GATT to establish a new schedule of tariff concessions to replace the existing national schedules of the member states.

I have entire confidence that with patience and goodwill on the part of all concerned these matters can be equitably adjusted. I further have faith that we can similarly resolve all problems that have to do with the general incidence of the Common External Tariff under the criteria of Article XXIV:5(a) of the GATT. I have this faith because I know that we are all working toward the same goal - a world in which expanded international trade will move with a minimum of restrictions and with mutual benefit to all. From its very inception, the EEC has given the most unqualified assurance that it will be outward looking, and not a closed, restrictive, organization.

In this tariff conference, where the entire tariff structure of the Community is spread candidly open for review, there can be no shadow of doubt but that the Community will deal sympathetically with the problems which its establishment has presented to the individual contracting parties. Nor can it be thought that those contracting parties who have already initiated the renegotiation of some of their existing concessions under Article XXVIII of the GATT will fail to deal fairly with those countries whose interests have been affected by these actions.

There is one shadow in the picture, however, as I see it. By this I mean the questions that arise from the import restrictions that would be applied to agricultural trade. No matter how well we may resolve the problems in other fields, we cannot reach a satisfactory overall result unless at the same time those that relate to agriculture are dealt with in accordance with GATT principles.

I must, in all candour say that the United States has serious apprehension on this point. It is difficult for us to see how mutual agreement could be arrived at so long as the future treatment of this large and important area of trade is clouded with uncertainty.

I refer here to the proposal by the Commission of the Community for variable import levies on many important farm products. It is our conviction that unless greater opportunity for trade is provided than is now evident in the Commission’s proposals, the system will work to the serious detriment of the United States and other third country suppliers - in fact, to the Community itself. Whatever serves unduly to insulate the Community market from the competition of world prices is out of harmony with our common GATT objective for the expansion of international trade.

I do not see how fixed concessions granted by contracting parties could be measured against the uncertainty of variable import levies which, by hypothesis, are subject to fluctuations. Further, the impact on trade of a system of variable levies will depend on the level of the
future common support prices for grains and other farm products. If they are much above world prices, the reverse effect is obvious. We urgently need proposals from the Community that offer some way of coping with this perplexing problem.

Difficult as the negotiating problem, as such, is, much more is at stake in this issue. If the Community were to insulate its agriculture from international competition and not make it subject to negotiation, an adverse reaction would be created that would extend far beyond the borders of the Community. The pattern set by the Community will be vital wherever the GATT endeavours to deal with agricultural protectionism. The entire concept of liberal trade policy is at stake. All countries who are endeavouring to maintain the liberal point of view will find themselves in a difficult position, whether with respect to agricultural commodities, or industrial products, if the Community's trade policy excludes competition in the field of agriculture.

I have spoken frankly because it seems to me that the situation requires it.

Nevertheless, let me say at once that I am entirely confident that a workable solution for this difficult problem can be found as this first phase of the conference develops. Others equally perplexing have been answered in the past, and so can this one.

We can then move ahead at the beginning of next January to the second phase under which contracting parties will undertake a reciprocal exchange of new trade concessions with one another.

We in the United States are now earnestly engaged in preparing offers of concessions in our tariffs which we hope can be reciprocated by the other participants. In this task we look forward not only to negotiating with many of the contracting parties, but also with additional countries which will be seeking accession to the General Agreement.

It is a thrilling concept to me that in these days of world complexity and tension the governments here represented bring to this conference such firm determination to go forward once more with the utmost of goodwill in further multilateral attacks upon the barriers to world trade.

I wish you every success in your endeavours.