GENERAL AGREEMENT ON TARIFFS AND TRADE
Torquay Tariff Negotiations

GENERAL PROBLEMS OF THE TARIFF NEGOTIATIONS

(Part I)

During its meetings held this week the Tariff Negotiations Committee has heard several statements on the general problems of the tariff negotiations. These statements have related, in particular, to problems facing countries which have comparatively low tariffs and to countries which are relatively under-developed.

Mr. H. van Blankenstein, Netherlands, speaking on behalf of a low tariff country stressed the problem of the marked difference in levels of tariff rates that still exist between different countries. He declared that the freeing of trade from quantitative restrictions must necessarily be frustrated by large inequalities in the level of tariffs and that such inequalities would in particular prevent a healthy integration of European economy.

The Netherlands Government, he said, expected this conference to contribute in a considerable manner to the establishment of an equilibrium in the rates of tariffs, particularly in Europe. It was at Torquay that the problem of equality of access to the home markets of contracting parties should - at least to a large extent - be solved. This should obviously not be done by increasing low rates but by decreasing high rates, he said. The Netherlands delegation, he said, could not conclude any agreement that would fall short of that aim.

Perhaps in former years the importance of duties on imports was not so much felt, Mr. van Blankenstein added. Quantitative restrictions constituted in those days the first and most urgent problem. Today nobody doubts the importance of import duties, and should the Netherlands Government again limit their freedom by concluding agreements then such agreements should solve their main problem. Failing that it would be preferable to retain their freedom as to new concessions as well as to old concessions already granted, he concluded.

M. Le Ghait, Belgium, and M. A. Duhr, Luxembourg, expressed full agreement with the Netherlands' statement.

Mr. E. Sveinbjornsson, Denmark, said that (1) the Danish tariff had for many years been amongst the lowest, perhaps the lowest, (2) the Danish tariff, which, for the moment, to a large extent was based on weight, had become still lower owing to the rise in prices, and (3) the expanding liberalization of trade meant that the tariff problem was becoming of greater and greater importance.

"I want to stress," said Mr. Sveinbjornsson, "that we are certainly not opposed to the liberalization of trade and removal of barriers to trade - on the contrary; but we do not think it unjust to claim that we should have the opportunity to compete with others on equal terms, and this applies to agriculture as well as to other industrial products. We are interested in the lowest possible level of tariffs."
He said he was not over-optimistic with regard to what Denmark could do to influence the negotiations in Torquay. Offers of the smaller countries, especially when they have low tariffs, do not have the same weight and influence as offers extended by one of the bigger countries.

"As GATT members we are trying to realize in practice the ideals in which we all believe and have declared to be our final goal, and we sincerely hope that it will be possible to go further in this direction during this conference. But this in my opinion to a very large extent dependant upon the position the biggest countries take up. They are negotiating on equal terms, and they therefore have, in common, the key in their hands."

"In concluding this appeal to the big countries," said Mr. Sveinbjornsson, "I would like to add that the successful following up of the work successfully initiated in Genoa and Annecy is of importance not only from a strictly commercial point of view. We all know that common economic interests are of immense importance for strengthening the general feeling of solidarity, and our negotiations, therefore, have in the long run a far-reaching effect.

"Maybe we will not see all our hopes fulfilled in the coming months - and if not we must in the meantime try to find out what we can do ourselves in order to meet our own difficulties. But not lightly will we give up the hope that the big countries will remove such obstacles - whatever they may be - as may exist to the full realization of our declared common aim," he concluded.

Mr. C.O. Gisle, Sweden, said his delegation fully shared the views expressed by the previous speaker. It was, of course, essential for the success of the Conference that the big trading nations, on both sides of the Atlantic Ocean, come to terms with each other and bring about a lowering of their tariff levels. Before that had been done, there was really not very much that the smaller countries, with lower tariff levels, could do.

Mr. Erling Borresen, Norway, said that his delegation agreed in general with the statements made. As a small country with relatively low tariff levels, they had experienced difficulties during previous negotiations when negotiating with high tariff countries, often due to the fact that sufficient attention had not been paid to the accepted principle that the binding of a low tariff should be equivalent to the substantial reduction of a high tariff.

The successful progress of the present negotiations would to a great extent depend upon this principle being followed in practice. He also supported the suggestion that the high tariff countries between themselves should take steps to reduce their tariffs in order to bring about a more uniform tariff level for all the participating countries. Finally, he said, it did not seem realistic to hope for much benefit from the relaxation of quantitative restrictions if the level of high tariffs was not brought down.

Mr. M. J. Desai, India, said he wished to call attention of all participating governments to the special position of under-developed countries. Tariffs in under-developed countries served one of two purposes. Some were required to give protective shelter from the competition of countries in a temporarily more favourable position. These could not easily be reduced as the development of the area concerned would thereby be endangered. Others were revenue tariffs as in most cases they constituted an important source of revenue; the other forms of direct taxation being of less importance due to low incomes.
Mr. Desai stressed that most under-developed countries were exporters of raw materials, minerals or elementary products, such as coffee, tea, cocoa, spices, etc. A relatively small reduction in the import duties imposed on such products could not be considered equivalent to a similar reduction in the import duties applied to industrial products by under-developed countries. The latter involved greater sacrifice. The participating governments, he said, should bear in mind that they were, in accordance with the accepted objectives of the Agreement, aiming not only at the expansion of international trade but also at the raising of standards of living and of the level of employment.