GENERAL AGREEMENT ON TARIFFS AND TRADE
Torquay Tariff Negotiations

ADDRESS BY MR. L. DANA WILGRESS,
Chairman of the Contracting Parties to
GATT

As Chairman of the Contracting Parties to the General Agreement on Tariffs and Trade, I thank His Worship the Mayor for the kind words of welcome he has extended to us on behalf of the citizens of Torquay. I, too, have great pleasure in extending a cordial welcome to the Delegations of the Contracting Parties who are taking part in this, the Third Round of Tariff Negotiations.

In particular, I want to greet also the leaders and members of those Delegations which have not previously taken part in the post-war series of multilateral tariff negotiations, namely: Austria, the Federal Republic of Germany, Korea, Peru, the Philippine Republic, and Turkey.

We are here in response to the invitation of His Majesty's Government in the United Kingdom. I need scarcely emphasize the extent and the complexity of the preparation which has required the co-operation of many departments of the United Kingdom Government. They have been hard at work ever since the invitation to hold this meeting in Torquay was accepted last March, and we are very grateful for all that they have done. I would ask you, Mr. President, to accept this expression of our thanks.

What I would like to stress -- and this I know from first-hand knowledge -- is the way in which the officials and citizens of Torquay have undertaken a very considerable burden of the preparatory work. They have taken care to ensure that everything possible should be done to fulfill our needs and to ensure the smooth day-to-day flow of the proceedings. It is not possible for me at this stage to mention individually all those who have so enthusiastically entered into this task -- a task which was undertaken largely during the height of the tourist season. May I simply refer by name to Alderman Adams, the present Mayor of Torquay, and to Alderman March, his predecessor in office, asking them to pass on to their committees, their assistants, and to the people of Torquay our sincere thanks for all they have done to arrange for a well-organized and pleasurable stay in these beautiful surroundings.

Since this is not only the opening meeting, but also probably the last public meeting which will be held until the completion of the negotiations, it is perhaps appropriate for me to explain why we are here and what is the purpose of this meeting.
Soon after the war was over, a group of the major trading nations of the world came together under the auspices of the United Nations to work out a pattern for peace and stability in international trade. They were faced with many kinds of barriers to trade which had grown up during the years before the war. They wanted to evolve a plan by which these barriers would gradually be reduced and thereafter kept under control by international agreement. They wanted to re-establish a system of multilateral trade. From these early discussions there evolved the text of the Havana Charter and the proposal to create the International Trade Organization. That was in 1948. But while the Charter was being drafted, we built something which we hoped would serve the purpose until it could come into force. This was an international agreement called the General Agreement on Tariffs and Trade.

The membership of the Agreement and thereby the work of tariff reduction achieved through it have gone from strength to strength. In 1947 there were 23 member countries; among them they completed, at Geneva, 123 pairs of tariff negotiations. In 1949, at Annecy, France, a further 9 countries completed 147 pairs of negotiations among themselves and with the original members, thus increasing the total number of contracting parties to 32. Today at Torquay the third round of tariff negotiations is opening, and when Uruguay and the six governments taking part for the first time have completed their negotiations satisfactorily, the Contracting Parties will comprise some 39 countries. With very few exceptions they include all the important trading nations of the world. Together with their overseas territories to which the Agreement applies, these countries account for nearly 80%, or four-fifths, of world imports, and an even larger proportion of world exports.

Ladies and Gentlemen, this meeting at Torquay is by far the largest international trade negotiating conference ever convened, but size is not, in my view, necessarily the same as importance. It may indeed be possible to complete more than 300 bilateral sets of tariff negotiations at Torquay. Some of these may, indeed, involve items entering into international trade valued at millions of pounds. In addition to the negotiations with governments wishing to accede, there will be renewed negotiations among the original members of the group. An important new factor will be the negotiations involving the Federal Republic of Germany, which will contribute to the establishment of normal trade relations between Germany and the other industrial countries of Western Europe and North America; for a number of industrial products were excluded from the negotiations of 1947 and 1949 because Germany before the war had been the principal supplier. These can now be brought within the scope of the Agreement. These are all matters which add to the importance of this meeting.
But to my mind, the real significance of what the world will call the Torquay Tariff Conference is the fact that tariff reduction is in itself an important element in international economic co-operation. To-day tariff reduction is in the forefront of the discussions on the problem of trade disequilibrium. Accordingly, the problems we are facing at this conference are very difficult ones. They are matters which affect, and will long affect, the well-being of the peoples we represent. The broad objectives of the General Agreement are to reduce to a minimum the restrictions on the free exchange of goods and services between our peoples. These objectives are not founded on any abstract principles or on the philosophy of any one country, but on plain economic facts. We have all pledged ourselves to achieve and maintain high levels of employment at high and rising standards of living. We can hardly redeem these pledges in a protectionist world. We have pledged ourselves to work together in peace as the United Nations worked together in war. We cannot work together in political matters and at the same time work against each other in economic matters by pursuing policies of economic isolationism.

Since we started this work four years ago we have made gratifying progress under difficult and discouraging circumstances. In the field of tariffs we can point with satisfaction to the reductions achieved at Geneva and Annecy and, no less important, to the stability which these conferences brought into the tariff field. As regards quantitative import restrictions - the elimination of which is one of the primary objectives of the General Agreement - practical work has also been done, most noticeably among the countries of Western Europe, who recently have made financial arrangements which will enable them to eliminate to a substantial degree import restrictions on their trade with one another.

The elimination of quantitative restrictions has begun to expose industries to competitive forces from which they have been sheltered in the past by the restrictions imposed for balance-of-payments reasons. Strong forces are, therefore, developing for the provision of protection by other means, particularly by the imposition or retention of high tariffs. These tendencies, of course, are reinforced by those who believe that a full employment policy can best be implemented by sheltering domestic producers from foreign competition.

This is the background against which our conference opens. We must face these fundamental questions at Torquay. If we evade the issues and set our course in the wrong direction we shall find it very difficult to get back on the right path. We must face this old question of protection fairly and squarely. There still prevails the old tendency to regard protection as some benefit secured at the expense of the foreigner. It must be remembered that it is the domestic consumer who, in the last resort, pays the tariff. It is the consumer who pays the price for production protected at high cost, whether such protection is afforded by tariffs, by quantitative restrictions, or by arrangements to secure a market to a preferred supplier as against another and cheaper supplier. Protection is in essence a subsidy paid to high-cost producers. But there is this difference between a subsidy and a tariff, in that the taxpayer knows how much a direct subsidy to an industry costs him, whereas the consumer is not in a position to assess the cost of a tariff.
In any case, protection is bound to be reflected in higher costs. It makes itself felt either in what the wage packet will buy or in the taxes which have to be paid.

I do not wish these remarks to be interpreted as implying that all protection is bad. National interest may well require some measure of protection, but it should be reasonable and not at too high a cost to the consumer.

I doubt whether anyone would quarrel with these plain truths. Equally, I think that by coming here we have all shown we realize we shall do better to work out these problems together. There is, therefore, no justification for the suggestions which have been made that some countries are endeavouring to impose their own economic philosophies on other countries or that these tariff conferences are an attack on any mutually-profitable trading arrangements between some of our member countries. In these discussions we are not trying to attack any arrangement or to impair the interests of some parties to the advantage of others. We are endeavouring to conclude the most profitable arrangements for all concerned. We should seek the widest possible solution of our common problems.

Let us keep this objective before us in our work. If we do this, then I think Torquay will mark another step on the road upon which the leading trading nations embarked at Geneva in 1947. I think also that after Torquay the General Agreement will continue to increase in strength as it has done over the past three years. We may confidently look forward to another round of tariff negotiations, perhaps in 1953. As a Canadian, I cannot refrain from expressing now the hope that this next round of tariff negotiations will take place in Canada, and that we shall have the opportunity of playing the host just as our good friends in the United Kingdom are doing to-day. I believe we may yet see that the term "G.A.T.T." will stand not only for General Agreement on Tariffs and Trade, but also for the first letters of Geneva, Annecy, Torquay and Toronto.

We are grateful to the kindness of Sir Clive Morrison-Bell in making available for display at this opening meeting the very interesting and historic tariff wall maps which he had the enterprise to construct some twenty years ago. One of his maps, which is on display to-day, had the unique distinction of being shown at the Foreign Offices of Berlin, Vienna and Paris, within the space of a few days, in 1930. This serves to remind us that the problems we are tackling to-day are not new and that they have been with us for some time. What is new is the manner in which we are to-day tackling these problems, and I am sure Sir Clive Morrison-Bell did not envisage that it might be possible for some 39 countries to be meeting in one place at one time for a frontal attack on those barriers against which he so courageously waged a battle almost single-handed twenty years ago.
I cannot end these remarks without saying something about the effects on our work of the events in Korea. It has been asked whether, with this fateful struggle still proceeding with all its consequences, this is the moment to hold this conference. The point is well taken and the answer is clear. We must, it is true, look to our defences against aggression, but we must also continue to build defences against international economic conflicts. We must, therefore, press on with undiminished vigour our efforts to achieve and maintain high levels of economic activity in general, and of trade in particular. These are the only foundations for long-term security.

To-day Governments are struggling to find a way out of a morass of restrictions on trade and payments. There is no possible quick solution. Great efforts have already been made by the creditor countries and by the deficit countries. Further effort will be required from all these countries. Our meeting here to-day encourages the hope that we shall tackle this problem together with understanding for each other's difficulties and accommodation for each other's necessities. I am convinced that together we can do the job, but that if we are divided among ourselves we shall fail. It is in this spirit that I declare open the Third Round of Tariff Negotiations at Torquay.