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Statement by Mr. Gordon Churchill, the Canadian Minister of Trade and Commerce, at the Plenary Meeting of the Contracting Parties of the General Agreement on Tariffs and Trade at Geneva, on October 17, 1958

Last year I had the pleasure of attending the twelfth session of GATT on behalf of the Canadian Government. I am very glad to be here again. The GATT remains the major international institution for the joint development of constructive trade policies, and it is important to all of us that its effectiveness be maintained and increased.

One way, and a very desirable way, of increasing the stature of GATT is through the accession, on suitable terms, of additional contracting parties. Accordingly, I should like to say how happy I am to see Switzerland represented at our council table at this time, and to know that Switzerland is soon to assume even closer relationships with the GATT.

I also wish to say how pleased we are with the announcement made yesterday by the Minister for India, that India has decided to withdraw the application of Article XXXV with respect to Japan, and that India and Japan have thus assumed full GATT relations with each other. We very much hope that other countries still resorting to Article XXXV will also find it possible to take similar steps.

Last month Canada was privileged to act as host to a Trade and Economic Conference of Commonwealth countries, countries which, while of widely different backgrounds and interests, are bound together by special ties of kinship and historical association. At that Conference the countries of the Commonwealth, all represented here as members of the GATT, reaffirmed their determination to join with other countries in the freeing and expansion of world trade and payments, and in the solution of the many important problems of trade and development. This was an outward-looking Conference, conscious of the fact that world problems demand world-wide solutions, and conscious also that the

broad initiatives that were being set in motion required joint action with our trading partners throughout the world.

Since last year there have been many hopeful developments in the world trading and economic picture. There are now clear signs of recovery from the economic recession which had given rise to concern in many countries and there is strong evidence of renewed progress towards greater economic activity. The world as a whole seems now to be moving into a position where new initiatives, a new search for solutions and new efforts for expansion are called for and are also possible. In this important task we place great hopes on the flexibility and effectiveness of the GATT as one of the basic institutions for co-operation among the trading nations of the world.

We are fortunate in having before us the report and conclusions of the panel of distinguished economists, established last year by the Contracting Parties to the GATT. I wish to join with my colleagues in paying high tribute to the members of the panel for the excellence of their report and for the objective and penetrating analysis they have given us of some of the most challenging problems which face the world today. This report is a guide-post of great significance, both in the formulation of policy by individual governments and as a basis for future action and decisions to be taken jointly in the GATT. I note that the report speaks in terms of industrial and non-industrial countries. Canada would, I think, be able to take its place within both of those categories. Our secondary industries have been developing rapidly in recent years, and yet we remain one of the world's major producers and exporters of primary materials and foodstuffs. We share many of the concerns about agricultural protectionism and commodity price fluctuations to which reference is made in the report. We are also deeply appreciative of the legitimate aspirations of less-developed countries and we are making our own contribution to meeting the needs of these countries for financial and technical assistance.

The problems of production and trade of primary products, particularly agricultural, are of long standing. The GATT has from the beginning recognized the special nature of trade in this field. Over the years it has been found necessary to grant waivers to meet the difficulties of individual countries, until today there are virtually no agreed trading rules and restraints in this field. The resultant imbalance in benefits and advantages within the context of the GATT is a matter of grave concern to the many countries which are particularly dependent on agricultural and primary exports. Canada's interest in these problems could hardly be more direct and profound. Our trade with many countries has been adversely affected by quotas, embargoes, high tariffs and other protectionist measures. We have, in addition, as a dollar country faced severe discrimination against many of our exports.

We have also been adversely affected in a number of our traditional markets through competition from subsidized surpluses made available on concessional terms and without due regard for our interests. We are, therefore, aware through direct experience of the many facets and ramifications of this problem. We recognize too that agricultural protectionism has become a world-wide problem and that no one country or group of countries can effectively cope with it in isolation. It is important that solutions should be sought and developed essentially on a world-wide basis and that all countries should be prepared to play their appropriate part. Our objective should be to strengthen the GATT in this field, to render it effective and thus to redress the balance of benefits and advantages which has so long been distorted. We should direct our attention to all forms of protection as well as to surplus disposal activities. In this connection, I have listened with great interest to the constructive and imaginative proposals made yesterday by Sir David Eccles. The confrontation of agricultural policies within the GATT, if accepted by all countries, would lead to fruitful results. We shall, of course, wish to give the most careful consideration to these new United Kingdom proposals in the course of this session.

The Panel's Report also gives special attention to the problems created by excessive short-term fluctuations in commodity prices. It recommends that all of us, but especially the large industrial countries, should do everything possible to maintain economic stability and balanced growth by pursuing sound fiscal, monetary and trading policies. We agree fully with this. We also have been convinced that an increase in world liquidity will do much to mitigate the effects of temporary fluctuations. In addition, we appreciate the high importance which many countries attach to the successful conclusion of commodity agreements on products of interest to them. Canada is a member of the three commodity agreements now in operation - wheat, sugar and tin. We are also participating in a number of commodity study groups for other important primary products, and we are prepared to play our full part in working with other countries for effective solutions, whether through GATT or in other forums.

References have already been made to difficulties facing lead and zinc producers throughout the world and to the recent United States action imposing quotas on imports. The unilateral imposition of restrictions by the United States on these important basic industrial materials can only serve to shift the burden of readjustment to world market conditions on to producers in other countries. Restrictive measures have been imposed at this time in a period when we should all be bending our efforts to the removal of special trade barriers and to the opening of markets throughout the world. In the view of the Canadian Government, these measures are in contradiction to the terms and spirit of GATT and constitute a serious impairment of benefits and concessions accruing to Canada under the GATT.

While it has not yet been made clear exactly what steps the United States has in mind to alleviate the situation, I am sure that other contracting parties will have been pleased and encouraged by the undertaking which Mr. Dillon gave in the very constructive speech which he delivered yesterday. Canada will certainly be prepared to participate fully in the projected multilateral discussions of this problem. In our view it is a problem of great importance.

May I turn now to certain other matters on the agenda of this Conference. Arrangements are to be made for a series of consultations on balance-of-payments import restrictions. Canada has been particularly affected by the continued maintenance of import restrictions in many of our traditional markets. We are convinced that the early removal of discriminatory restrictions by countries still maintaining them would be the greatest single immediate contribution that could be made to the expansion of world trade. Last month the United Kingdom announced the removal of restrictions on a wide range of important products, including a host of manufactured goods, and undertook, all being well, to dismantle restrictions on yet more goods next year. We have warmly welcomed these far-reaching decisions which when fully implemented, will again make the United Kingdom market among the freest in the world. These constructive measures together with similar moves for relaxation of restrictions by Australia and certain other countries set an example which we hope others will soon follow.

May I refer now to the question of the German import restrictions, which is on our agenda for this Session. Germany is no longer in balance-of-payments difficulties but still maintains discriminatory import controls on many important goods, both industrial and agricultural. Many contracting parties are concerned about these German restrictions, both on grounds of the present or potential effect on their own trade with Germany, and also because of the broad implications that the maintenance of these restrictions has for the whole fabric of multilateral trade.

Dr. Luebke, the Minister of Agriculture for Germany, pointed out quite correctly that Germany is a large importer of agricultural products from the dollar area. We are very much aware of the importance of the German market and of the close and valuable trading relations between us. Canada benefits greatly from these relationships. Similarly, Germany has a valuable and impressive stake in the open and rapidly expanding Canadian market, and we have welcomed the remarkable increase in German exports to our country. I should make it clear, however, that in considering this matter within GATT, we are not so much concerned with the question of the present volume of trade with Germany as with the question of the terms of access which we accord each other both now and in the future. Under GATT, there should be full equality and reciprocity of treatment among all GATT partners. We recognize fully that Germany, like many other countries, may have certain compelling

domestic problems in the field of agriculture. I do not think, however, that the solution to any country's problems lies in a policy of bilateral or regional arrangements requiring discrimination. Dr. Luebke argued forcefully that discriminatory import controls on agriculture were necessary to enable Germany to maintain the export of her industrial goods to certain countries. This concept, if generally accepted, would surely run counter to all the principles and objectives of the GATT. Canada, for example, has a vast overall imbalance in her trade and we are of course concerned about this. However, we are anxious to resolve this situation, not by seeking out special privileged markets for ourselves by means of bilateral or by regional policies, but rather by joining with all other countries to expand world trade on a multilateral basis. We hope that Germany - as one of the world's major trading and industrial countries - will follow a similar course of action.

I wish now to refer to the Rome Treaty. I again take this opportunity to assure the participating countries that the Canadian Government fully appreciates and has every sympathy for the broad objectives of their initiative. An economically stronger and more integrated Europe can make an important contribution to a stronger world economy.

Since last year the European Economic Community has set about establishing its institutions and formulating its policies. Next January, the first step in the gradual reduction of tariffs among members is due to take effect and thus, for the first time, outside suppliers to the Six will face a tariff disadvantage vis-à-vis their competitors in the Community. This is, of course, the natural consequence and result of the formation of a Customs Union and we accept this situation, provided that we can be assured that the arrangements and policies of the Six, with respect not only to tariffs but also to other aspects of commercial and agricultural policy, are such that the trade-creating effects of the new Community clearly outweigh and counteract the trade-diverting effects. I pointed out at the last session of GATT the difficulties that could arise for world trade from the creation of the European Common Market. There is the possibility of more restrictive tariff barriers against many important traditional exports to the Six; there is the danger of a more extensive system of discriminatory import restrictions.

We are also concerned at the possibility of more restrictive arrangements for agricultural imports from outside the Community. We could not be expected to acquiesce to regional agricultural arrangements in Europe which intensify restrictions, increase tariffs or aggravate discrimination against our exports, and which might place outside countries in the position of marginal suppliers, to be permitted entry only after surpluses within the Community have been marketed. With respect to the problems raised by the association of overseas territories, procedures were recently agreed for joint consultations with the Six. The purpose of these consultations is to forestall and

prevent damage before it occurs, not to seek to undo damage already done. We think that such consultation procedures could be very useful in creating an atmosphere of closer co-operation and allaying some of the concerns that have been expressed. We would be interested in considering other similar arrangements and perhaps this kind of procedure could be incorporated as part of any general procedures that may be agreed with respect to agriculture. There is a fundamental point that must, however, be borne in mind. The Contracting Parties to the GATT have a responsibility to appraise the Rome Treaty as it develops, in the light of GATT provisions and objectives. If necessary, the Contracting Parties should be prepared to make suggestions and recommendations to the Six with a view to ensuring conformity with these objectives. It is surely in the interests of the Six to co-operate fully in this task. I wish to repeat that we are aware of the great opportunities that could result for world trade from a strengthening and expansion of the Six economies. At the same time, we are conscious that these benefits are dependent on the development of outward-looking policies by the countries concerned. The Six countries are responsible and important members of the world trading community and they will, I am sure, wish to play their full part in our collective efforts towards promoting a more prosperous and expanding world trade.

I wish to conclude by stressing the importance which we attach to our meeting here. Many of the issues I have reviewed are difficult and far-reaching. I am hopeful that at this session we will again be able to find solutions and further the cause of international trade in a spirit of co-operation and understanding. Our Delegation is prepared to participate fully and in a constructive manner in this joint endeavour.

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