



STATEMENTS AND SPEECHES

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An address by the Minister of Trade and Commerce, Mr. C.D. Howe, delivered to the Sixth Session of Contracting Parties, General Agreement on Tariffs and Trade, at Geneva, on September 17, 1951.

...It is barely four years since October 1947 when the General Agreement on Tariffs and Trade was drawn up and signed by the representatives of 23 countries. Since then, the scope of the GATT has steadily increased. Prestige and experience have accrued to the work of the Contracting Parties. It is not too soon to say that this organization has demonstrated its usefulness. It has already more than paid for itself through the results which have been achieved. The GATT has earned its place in the front rank amongst international organizations. Today there are 37 participating countries and most of them are represented here. Multilateral tariff negotiations have been organized on three occasions and have been carried through to a successful conclusion.

There have been various occasions on which outside observers have said that a crisis had been reached or that approaching difficulties would prove insurmountable. The General Agreement was itself the product of arduous negotiations and compromises. Many people wondered, prior to Torquay, whether it would be possible to arrange for the prolongation of the life of the tariff concessions which were negotiated at Geneva and Annecy. When the time came, it was found possible to continue the large bulk of earlier tariff concessions for a further period of three years, along with the new concessions negotiated at Torquay. Only a very small number of tariff items had to be renegotiated. Rather than a crisis or a defeat, this proved to be one of the major accomplishments of the GATT. Similarly, there was disappointment at the failure of some of the participants at Torquay to conclude new tariff agreements, these including some of the countries most important in world trade. As the months have gone by, in spite of this, we have noticed that commercial relations amongst these same countries have continued on an amicable basis without noticeable impairment. The countries in question have all continued to adhere to the General Agreement and the results of their earlier tariff negotiations have continued in force.

The GATT was organized as a collective international effort to get rid of obstacles to trade, to reduce tariffs and to minimize the scope of quantitative restrictions. Surely these are objectives to which all countries could give their encouragement and support. However after having been a member of the Canadian Government for sixteen years one thing at least I have learned. Whether we have prosperity or depression and whether we have war or peace, there is always

someone to clamour for tariff protection and quantitative restrictions to solve some immediate problem that besets the world. No matter what the contingencies, there are always some people who want to run for cover and protection whether or not there is any real threat of trouble.

Nothing can be more short-sighted than to give way to the pessimists and to curtail trade. Some few individuals may be helped by import controls, but in the long run curtailment of trade is not the road to prosperity and higher standards of living. On the contrary, restrictions more often lead to mutual impoverishment. We have to bear in mind that import controls spread like an epidemic once they start and are very difficult to check.

Sometimes, of course, restrictions are unavoidable for brief periods of time, and the General Agreement contemplates circumstances in which countries are quite entitled to resort to them. Along with many other countries Canada found herself in serious balance of payments difficulties during the period of readjustment which followed the last war. Our currency reserves were seriously depleted at that time and immediate action was essential to prevent a critical situation. In the circumstances, it was deemed necessary to impose import controls and this we did. The Canadian Government always regarded these controls as temporary and our industries were warned on repeated occasions that the protection offered by these controls would be withdrawn at the earliest possible date. This was in full accordance with our obligations under the GATT and it was also in the best interests of our national economy.

We knew that import controls would not provide of themselves a lasting remedy for the difficulties which beset us at that time. They merely provided a breathing space during which other methods could be made effective. The real solution to the problem was to increase the flow of trade. We stepped up our exports and we achieved a better balance of trade with each of the great currency areas of the world. I am happy to report that all of our emergency restrictions on imports were removed some time ago. Canada is now exporting and importing more than ever before.

We know that, if we wish to sell, we must buy. This view is obviously not shared, however, by all of the countries which participate in world trade, nor even by all of the countries represented here. Some countries have hesitated to take the risks which seem to be involved in the abandonment of import controls, even when these risks were at a minimum. It is to be feared that some of them have come to regard import controls as desirable in themselves, for the protection they bestow upon domestic producers. As a Minister of the Crown responsible for the imposition and administration of import controls in Canada, this is a point of view I have never been able to understand or to share.

All countries today are short of certain raw materials and often the shortages are serious. We in Canada produce many of these raw materials in abundance and every day we are approached by other countries which are interested in scarce supplies. Sometimes these very countries are still maintaining import restrictions against our goods, restrictions that were imposed some years ago for balance of payments reasons. At the same time, we find other countries imposing import controls on the very commodities of which they claim to be in the most urgent need. It is evident that

such controls contravene the spirit of the General Agreement, when they come to be regarded as permanent fixtures by the countries which impose them.

The Government of Canada believes that it is of paramount importance that the responsibilities and commitments undertaken through the General Agreement should be observed in the letter and in the spirit of the General Agreement. Any deviation from the practice plays into the hands of the enemies of the Agreement. In this connection I might perhaps refer to the situation created by the recent application of import restrictions on certain dairy products moving into the United States. This measure has taken the form of an amendment of the Defence Production Act although it is obvious that defence production and national security would seem to have very little connection with import control on cheese. The United States administration is moving promptly to correct this obvious violation of the terms of the General Agreement and it is to be hoped that the United States will find it possible to rectify the situation in the near future. I have mentioned this only as an example of an action which those of us who place great value upon the Agreement must guard against.

This is to be an important session of the Contracting Parties. The agenda deals with issues which are basic to the continuance of the General Agreement and to the efficiency of the administration of the GATT. In these times of pressing emergency, which pertain to problems of defence and rearmament, there is a natural tendency in some quarters to overlook the problems of commercial policy. We must oppose this tendency because the expansion of trade and commerce is as vital to all of us today as it ever was.

Within the GATT we have many countries with different systems of government. For myself, I have always found that production and trade are most efficiently organized by private people. On occasion, of course, the Canadian Government has shown its ability to organize production very efficiently. Some of the countries represented here have committed themselves, on the other hand, to a considerable degree of state control and state direction of their economic affairs. One of the great virtues of the General Agreement is that, from the beginning, it has represented a workable compromise between these points of view. If world trade is to flourish in the future, as it must, it will be necessary to continue this basis of common arrangements and common understanding between state trading and private trading countries.

It may happen on occasion that arrangements which have been made become impossible to continue. Where governments undertake the direct control of trade, there is always the danger that such devices will be used as political and economic weapons. In such circumstances, it is possible completely to frustrate trading relations as envisaged by the General Agreement. Extreme problems of this kind will not often arise, however, and when they do they can be dealt with as isolated cases.

It is essential that the vitality of this organization be preserved. To this end it is necessary to arrange for its financing on a stable and continuing basis. My delegation is interested in the provision of machinery by which the Contracting Parties would carry on the details of technical work between sessions, so that

these sessions can be made shorter and more efficient. Only in this way will it be possible to obtain the attendance of responsible and senior representatives from the participating countries.

I am sure that other delegations have come here with important problems. It is to be hoped that satisfactory solutions can be found for all of these, to enable the GATT to move forward to its future tasks. The achievements to date are unprecedented, in bringing together into a common agreement all of the countries which are important to world trade and in reducing the incidence of tariffs and trade restrictions. My delegation has come here prepared to support all measures which will strengthen this organization and help to maintain the substance of its accomplishments. On the other hand, we do not think it wise at this time to entertain proposals for expanding the activities of the Contracting Parties into new fields. The task of the Contracting Parties is already well defined and important in the field of tariffs and related trade controls. It would be unwise to endanger the whole structure by too wide a diversification of our efforts.

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