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UNITED STATES REQUEST FOR A WAIVER IN CONNECTION WITH SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT

Statement by the Canadian Delegation

The following statement, made by the Canadian Delegation at the thirty-third meeting of the Ninth Session on 2 February 1955, is circulated at the request of the Canadian delegation:

In their paper circulated last Saturday (L/315) the United States delegation put forward their request for a waiver from the obligations of the General Agreement relating to agricultural restrictions. Any waiver for the United States from such important obligations is obviously of vital interest to a large number of contracting parties, and indeed to the General Agreement on Tariffs and Trade as a whole. As for Canada, two thirds of our foreign trade is with the United States. Tariff negotiations between Canada and the United States have been the most extensive of all those under the General Agreement. Among the most important concessions we have paid for are United States concessions on agricultural products, covering a quarter of our total agricultural exports. It is these exports and these concessions that are threatened by Section 22. Insofar as GATT gave dispensation for Section 22, our tariff bargain with the United States would become unbalanced. Contracting parties will appreciate, therefore, how seriously the Canadian Government must regard this request.

2. Now, although this item appears on our agenda for the first time, it can hardly be said to come as a surprise. Many of us have known for a considerable time about possible conflict between the General Agreement and operations under Section 22. It was, I think, last May when we first learned in Canada that the United States Administration was beginning to make definite plans for putting the organizational provisions of GATT to Congress in 1955. Since that time, and acting within the spirit and provisions of the GATT, the Canadian Government has had many discussions and exchanges with the United States about this conflict with which we are now concerned. We have explored many possibilities and made many suggestions that were intended to be constructive not merely from the Canadian viewpoint but from the viewpoint of the Agreement. For instance, if the United States had to get some dispensation, could this not be limited to past and recognized conflicts between GATT and Section 22 and could we not envisage periodic reviews of the progress made by the United States in working their way out of their difficulties and restrictions. We were by no means anxious to

broaden the grounds for agricultural restrictions; these restrictions would be used by the United States more against us than against any other country. But we did agree that, in cases where particular United States price support programmes attracted substantial quantities of additional imports from abroad, it was unreasonable to insist that the United States taxpayer should foot the bill for those imports or that foreign suppliers should obtain more than a fair share of the United States market.

3. On one point, however, we were clear from the beginning: we could not accept any arrangement which in effect wrote Section 22, unqualified and unsupervised, into GATT. Under Section 22 restrictions may be applied to cut imports by as much as 50 per cent; alternatively, and possibly more damaging, a fee of as much as 50 per cent ad valorem in addition to customs duties may be imposed. These measures must be applied whenever and wherever the President finds, after the due processes of the United States Tariff Commission have been complied with, that any programme of the United States Department of Agriculture is being interfered with or is likely to be interfered with. While we could agree that the United States should not be required to support agricultural prices all round the world in the circumstances that I have just described, we could not agree to permit the United States to exclude imports to any extent considered necessary to protect any programme of the United States Department of Agriculture whatever its nature and purpose. Considering all these features, the Canadian authorities concerned have insisted, and continue to insist, that Section 22, unqualified and unsupervised, must not be written into or accepted by the GATT. The Canadian delegation has instructions to vote against a waiver of this character.

4. We do not suggest for a moment that successive United States Administrations have, up to the present, used the powers in Section 22 irresponsibly or even unreasonably. Considering the sweeping extent of those powers we in Canada have not been hurt too badly. Other countries may have been hurt, in particular fields, more than we have. But in past discussions with United States officials relating to restrictions on our agricultural exports affected by Section 22, we in Canada have always been able to lean heavily on the GATT rules, particularly the principle of fair shares as laid down in Article XI. Other countries have, no doubt, been in the same position. If, through a waiver or any other means we now relieve the United States of all responsibilities, including the principle of fair shares, one cannot feel assured that the same treatment will be accorded in the future as in the past.

5. These, Mr. Chairman, are some of the very serious considerations that the Canadian authorities have had in mind during the past months when pondering and reviewing and discussing the problem posed for the contracting parties by the existence of Section 22. We have tried to approach this problem both sympathetically and constructively. So far, we must admit, we have not been able to discover any solution which would on the one hand meet the request of the United States for formal freedom of action and on the other hand meet the reasonable needs of Canada and other contracting parties to protect their legitimate political interests and established economic benefits within the framework of the General Agreement.