From the statements made by representatives of several governments in the course of today's debate as well as from many items we have on the agenda this year, it seems to be obvious that the General Agreement on Tariffs and Trade in this sixth year of its existence is going through an extraordinary and difficult period. The Czechoslovak delegation finds it therefore imperative to express its views on the present state of the Agreement as well.

Seven years ago when the General Agreement was framed we expected that this instrument would contribute to the expansion of commercial relations among all countries based upon absolute equality and free of any discrimination; we expected that this instrument will enable a friendly settlement by negotiation of all economic disputes and differences and that economic co-operation thus attained will be the best and soundest basis for the maintenance of peaceful political relations and of lasting peace among nations.

Such were the aims presented to the Parties at the time they were invited to participate in the common effort for the creation of the General Agreement. It will be sufficient to recall some of the declarations made prior to the calling of the Havana Conference. Thus, for example, the Proposals for Expansion of World Trade and Employment issued by the State Department of the United States stressed that "the fundamental choice is whether countries will struggle against each other for wealth and power or work together for security and mutual advantage." (page 1). Further, these proposals claim that they "reflect awareness that we live in a world of many countries with a variety of economic systems. They seek to make it possible for those systems to meet in the market-place without conflict, thus to contribute each to the other's prosperity and welfare" and finally that "the larger purpose is to contribute to the effective partnership of the United Nations, to the growth of international confidence and solidarity and thus to the preservation of the peace." (page 7). In this manner the matter was presented at the time when we were about to create GATT six years ago. Now after six years of operation of the GATT we are sorry to state that the programme of peaceful economic co-operation agreed upon at the beginning is far from being achieved. On the contrary, the international political situation which gradually deteriorated in the past years owing to the notorious activities of certain aggressive imperialist circles exercised a great and unfavourable influence even upon the GATT. The Contracting Parties, in spite of all declarations and solemn obligations and in spite of having the possibility to contribute to the preservation of peaceful co-operation through provisions of the GATT, proved unable to oppose that unfavourable influence and preferred to escape solution of these fundamental issues. Thus the GATT by its decisions
has in fact failed to contribute to the alleviation of international tension and thus the original programme of peaceful economic co-operation has not been achieved.

1. In this connection the Czechoslovak delegation wishes to point first to the principle of non-discrimination embodied into the General Agreement as one of its basic principles. GATT was designed to be the very instrument to guarantee the elimination of discrimination. Unfortunately, it has to be stated that this task of the GATT has not been fulfilled. On the contrary, the provisions of GATT were circumvened and some of them were even abused for the purpose of not only maintaining the discriminatory policy of the most powerful contracting party, but of strengthening it to the highest possible extent and, moreover, of forcing the same discriminatory policy upon other contracting parties by means of various acts and amendments reaching its climax by the notorious Battle Act. It begun in 1949 at the Third Session in Annecy, at which Session Czechoslovakia raised a complaint against the discriminatory export policy of the United States. At that time the Contracting Parties proved unable to stop this unlawful political discrimination of one contracting party and for the first time permitted one of the fundamental principles of the GATT to be violated. Further discriminatory measures that followed reached their climax at the Sixth Session in 1951 at which session the Contracting Parties went as far as to acknowledge the suspension of all obligations of the GATT between two contracting parties and thus in fact abrogated the basic principle of the GATT, that is the most-favoured-nation principle. Since then a number of other countries suffered by various unlawful measures and there is no wonder that since that time we have to deal with an increasing number of complaints against the deliberate violation of the GATT as it is to be seen from the agenda before us.

2. We can neither be satisfied when evaluating the contribution of GATT to the peaceful economic co-operation among nations. This aim grew more and more remote as the international political situation deteriorated, and neither in this direction the General Agreement has fulfilled the expectations. On the contrary, the Contracting Parties limited themselves merely to taking note of actions amounting to nothing less than participation in the so-called cold war. That is evident not only from the just mentioned case of discrimination based solely upon political motives in absence of any reasons of economic nature, but it was in a way sealed last year in the case of the so-called European Coal and Steel Community. This Organization, the aims of which cannot be reconciled with the idea of peaceful co-operation of all nations was acknowledged by the Contracting Parties without any further comment, though this Organization was in gross contradiction with both the letter and the spirit of the General Agreement. Presently the GATT finds itself very far from its original aims and purposes; due to the attitude assumed by the Contracting Parties GATT ceased to be regarded
as an instrument forbidding discrimination and striving for its elimination. On the contrary, active participation in the cold war and discriminatory policy are regarded as a prerequisite qualifying for admission to the GATT. It follows from the statement made by the representative of Japan at the meeting of the Intersessional Committee last month. When seeking admission to the GATT the Japanese representative stated: "It should be noted that Japan applied faithfully strict controls on her exports towards communist countries but, despite her keen desire to become a member of the GATT, was debarred from membership thereof...." (IC/SR/10, page 5). On this occasion the Czechoslovak delegation feels itself to be under the obligation to remind the Contracting Parties of the true purpose of the GATT, that is to fight against all kinds of discrimination and for peaceful economic co-operation among all nations.

3. The fact that the Contracting Parties have not adhered to the path of aiding the expansion of trade and peaceful co-operation among all nations, but accepted the policy of discrimination and bent under the pressure of the so-called "cold war strategy" and of the policy of militarization, this very fact is the main reason why the basic objectives of the GATT have not been achieved as yet. It is therefore not surprising that up to this day, eight years after the end of World War II, the shortages and surpluses subsequent to the war are not considered as liquidated and that we have on this year's agenda the proposal to extend the time limit for application of Part II of Article XX dealing with the economic consequences of World War II. The policy of discrimination and the disruption of the traditional commercial relations between East and West resulting thereof as well as the entire policy of the cold war and the militarization of national economies necessarily brought about not the expansion of world trade but its decline, not the restoring and improvement of economic relations among nations but their deterioration and disorganization. In the Economic Survey on post-war Europe, published this year by the Economic Commission for Europe, this situation is characterized as follows: "While the short-term prospect is for some increase in the total dollar receipts of Western European countries, although possibly offset by an upturn in their imports from the dollar areas, it is not necessary to look more than a short distance ahead to foresee changes which will emphasize once again the failure to achieve more fundamental adjustments in international trade and payments. Some of the main factors of instability are inherent in the development discussed above relating to the Korean war and the extraordinary defence expenditures to which it has given rise."

... "Dollar outlays on military account in Europe, though welcomed in many quarters as an alleviation of the dollar problem present an even-greater risk of future disturbance."

It is therefore conceivable that the majority of contracting parties still apply Article XIV to safeguard their balance of payments though originally this article was introduced as a temporary provision for liquidation of the consequences
of World War II. These are, in brief, the reasons giving rise to all
difficulties which the contracting parties have to face and which lead to the
fact that the provisions of GATT are disregarded.

It is evident that GATT has not proved able to oppose the unfavourable
influence reflecting the tension of the international political atmosphere of
recent years. Presently, GATT finds itself in a transitional period, its
review or revision being under consideration.

On this occasion the Czechoslovak Delegation wishes to appeal to the
Contracting Parties to bear in mind the objectives contained in the preamble
of the GATT which up to this day have not been reached and which still remain
to be complied with. It should be now the main task of the Contracting Parties
to make full use of the easing of international tension which has been achieved
through the common effort of all peace-loving nations and to ensure at last the
attainment of the objectives of GATT, which are the expansion of trade among all
nations based on equality of all parties while fully respecting their sovereignty
free of any discrimination and interference into the internal affairs of other
nations. Thus foundations for a truly peaceful economic co-operation among
all nations will be laid.

END