GENERAL AGREEMENT ON TARIFFS AND TRADE
Eighth Session of the Contracting Parties

Arrangements for a Review of the GATT

The Contracting Parties have decided unanimously that arrangements should be made for a review of the GATT.

Following a discussion, of which a brief summary is given below, the Contracting Parties have taken a Decision along the following lines:

to convene a session of the Contracting Parties on 15 October 1954 (or at a later date, as may be recommended by the Ad Hoc Committee on Agenda and Intersessional Business). The purpose of this session would be to review the operation of the GATT on the basis of the experience gained since it has been in operation. At this session the Contracting Parties would examine to what extent it would be desirable to amend or supplement the existing provisions of the GATT, and what changes should be made in the arrangements for its administration, in order that the GATT may contribute more effectively towards the attainment of its objectives. Contracting parties are invited to submit written proposals and suggestions regarding this review to the Executive Secretary, not later than 1 July 1954. The GATT Ad Hoc Committee for Intersessional Business will meet in due time to decide whether the above mentioned date is best suited for the successful conduct of this session and if necessary to recommend an alternative date. This Committee will also pursue the study which it has been instructed to undertake on the basis for future tariff negotiations.

In the course of the discussion, the delegate of Sweden, Mr. Stig Sahlin, said that there were many new factors having an influence on the working of GATT - improved economic conditions, expansion of trade, the dynamic stage of industrialization reached by several countries, fiercer international competition, problems arising from the policy of liberalization and plans for convertibility of currencies - and it was reasonable to suggest that they should now pause and take stock of the position. But he added a note of warning: the GATT, he said, had served international trade well. It had maintained a large measure of stability and had provided a code of behaviour in tariffs and trade policy which had, he considered, been of greatest value to the trading community. He stressed the positive aspects of GATT so as to avoid too drastic and unwise actions when approaching the question of reviewing the GATT and warned against the risk of having a document less conducive to safeguarding an orderly and expanding world trade than the present one.

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Mr. André Philip, France, said that when the time for the review was reached, his Government would insist less on modifications than on the need to complete the GATT with elements not at present included in it—provisions for the stabilization of prices of primary products (even more precise than those contained in the Havana Charter) and a wider scope to cover restrictive trade practices. He emphasized that the preparatory work must be thorough and precise—or else they would be faced with a number of irreconcilable proposals. Consequently, he suggested that governments should be invited to present precise written proposals, in the shape of amendments to the texts to be modified.

Mr. Wilhelm Thagaard, Norway, said that the review of GATT should not be confined to an examination of the GATT as it stands but that an attempt should be made to transform the present GATT into a charter for an international trade organization. He urged that provisions to secure as far as possible a full and productive employment in the different countries should be included, as well as provisions aimed at promoting the general economic development of all countries, and provisions with regard to the control of international trusts and cartels. In short, it might be necessary to have provisions relating to most of the matters dealt with in the Havana Charter. He stressed, however, that the Havana Charter was not satisfactory. A new charter was to be drawn up in another way, with due regard to the experiences gathered in practise the GATT and in the light of the present economic situation in the world. It might also be that some of the provisions mentioned ought to be dealt with by special international agreement.

Mr. L. Dana Wilgress, Canada, said that the review of GATT was one of the most important matters the Contracting Parties had yet discussed. Commenting on the development of world trade since the end of the War, Mr. Wilgress said that GATT had made a most important contribution to the development of more satisfactory trading relations between countries and had proved to be an almost indispensable instrument in promoting the expansion of world trade. He pointed out, however, that it was always intended that the GATT be reviewed at an appropriate time. In his view the Contracting Parties had shown great wisdom in postponing such a review during the post-war transitional period when trading conditions were dislocated and the commercial policies of the leading trading nations had not yet been defined. He pointed out that a new constructive trend towards multilateral trade and payments was now clearly visible. Several major trading countries were now reviewing the whole range of their foreign trade and financial policies. In order that the review of GATT be conducted in a realistic atmosphere, likely to lead to worthwhile results, it was important that they should not be too ambitious. Do not, he said, throw away the good in the pursuit of the unattainable. He stressed the importance of timing so that such a review could take account of the important studies now under way. He regarded October 1954 as a realistic target date for the review session, to be taken seriously by the Contracting Parties, but agreed that the Intersessional Committee should re-examine this target date next summer in the light of circumstances prevailing at that time. Mr. Wilgress proposed that
the Executive Secretary in his preparatory work for the review should, among other subjects, make special studies of problems facing the less developed countries and in this connection should consult with the Economic Commission for Asia and the Far East and the Economic Commission for Latin America, through the Secretary General of the United Nations.

Mr. Gunner Seidenfaden, Denmark, warned the delegates of the risks of postponing the proposed date for the Session and urged that the Intersessional Committee should take very great care to take into account all factors — both economic and political — before recommending a postponement.

M. Sergio Parboni, Italy, stressed that in the proposed review the vitality of the GATT should be safeguarded, and said that it was essential to avoid the risk that if the revision was carried too far, the continuity of the GATT, which had rendered real services for the better conduct of commercial relations, would be interrupted. The revision should be limited to what was effective and of the most urgent necessity, tending towards strengthening the GATT in the future.

Mr. Hasan Isik, Turkey, said that in his view the additions to the GATT were more important than the modifications of existing articles. He suggested that when GATT was reviewed the provisional aspects of its application should be studied and revised, because at the time of its signature, it was thought that the Agreement would be definitively put into force in the very near future, but these intentions had not been realised.

Shri L.R.S. Singh, India, agreed that a review of the GATT should be undertaken in the not too distant future and, without committing his Government, he supported the main features of the Decision (which is summarized at the beginning of this release). He said that his delegation attached great importance to flexibility in the time-table.

Mr. Werner Hagemann, Germany, said that – as stated by Professor Erhard earlier in the Session – his Government greatly appreciated the work done through the operation of the GATT and therefore considered it essential to give the GATT greater efficiency and to extend its scope into spheres of interest not at present covered in the GATT. He agreed with the proposed arrangements.

Mr. Winthrop Brown, United States, said that he believed that the GATT had made a genuine contribution to the advancement of multilateral trade. The tariff concessions embodied in the schedules represented a major achievement and the general provisions had proved very useful. The sessions, the discussions, the complaints that had been settled, the relationships which had developed — all had made a contribution. It was, however, appropriate after six years' operation to review the present provisions of the GATT and see how they can be improved. They should not be too ambitious as to the scope of activities to be covered. He agreed with the arrangements and the target date proposed for the review.
Mr. C.W. Sanders, United Kingdom, said that the question of the review of GATT was closely associated with the United States review of commercial policy and its outcome insofar as it might affect progress towards freer trade and payments. Therefore, the time-table for the review should be kept flexible, as well as the target date for presentation of written proposals.

Dr. A.Y. Helmi, Indonesia, said that, although not committing his Government, he found the proposal to review the GATT a sound idea.

Mr. Karel Svec, Czechoslovakia, said that the task was not so much to modify the rules but to review the operation of the existing rules and to find ways and means to see that these rules were adhered to. The policy of discrimination resulting in disruption of traditional East-West trade relations as well as the entire "Cold War Strategy" are contradictory to GATT rules, he said, and are bringing about disorganization rather than improvement of world trade. He favoured the review of GATT hoping that it would contribute to resolving these problems.

Baron C.A. Bentinck, Netherlands, agreed with delegates who had used words of caution. The review of GATT must not become an optical illusion, he said. The review and its timing should be related to world wide events and developments. Mr. V.A. Clark, Australia, and Mr. Jean Leroy, Belgium, said they were fully in accord with the proposals, and Mr. Olyntho Machado, Brazil, indicated that he supported them.

Summarizing, the Chairman, Mr. Johan Melander, Norway, said first, there was clearly a high degree of satisfaction with the GATT after six years of operation and he stressed the vote of caution which some delegates had made. It was generally agreed that the GATT should be reviewed and revised. But the review, which would deal with both the administration and the provisions of GATT would be held with a view to attaining the main GATT objectives. The target date should, if possible, be maintained. The submission of proposals in writing would help the secretariat to prepare precise and concrete proposals to amend and supplement the GATT, thus ensuring a practical workman-like Session.

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