Speech delivered by Mr. Eric Wyndham White, Executive Secretary, General Agreement on Tariffs and Trade, at the XVth Congress of the International Chamber of Commerce, Tokyo, 20 May 1955

During the past winter the General Agreement on Tariffs and Trade was subjected to a thorough and comprehensive examination by its member governments, in the light of seven years' experience of its operation. I do not propose, in this brief statement, to go into the results of this review of the GATT in any detail. But if I were asked to give a short answer it would be that the Agreement has been reaffirmed and consolidated.

In the early days of GATT there was a widespread tendency to regard the Agreement with reserve and even with scepticism. Some, even among its supporters, regarded it as being exclusively an instrument of tariff reduction and of relatively secondary importance outside the tariff field. In most countries all this has now changed. It is now almost universally recognized that the liberal trade principles which form the core of the GATT philosophy are right and necessary. It is now recognized that there must be a set of trade rules, that these rules must be of world-wide application and that they must be administered on a permanent and continuing basis. This is what I mean when I say that the member governments - which as you know are responsible for four-fifths of world trade - have reaffirmed the basic objectives and obligations of the Agreement, as a permanent basis for their commercial relations. As President Eisenhower stated recently in his message asking the Congress to approve United States membership of the Organization for Trade Cooperation, "the spirit with which the participating countries cooperated in the task of the review and revision of the General Agreement was heartening and augurs well for its future vitality".

The GATT has also been consolidated, through the decision to establish an Organization which will administer the Agreement on a permanent basis. The Organization will be called the Organization for Trade Cooperation. In addition to administering the GATT the Organization would be able to sponsor international trade negotiations and generally to serve as a forum for international consultations on trade questions. Here I would like to point out that we have profited from experience. The empirical approach which has proved so successful in the work of the Contracting Parties will continue to govern the work of the Organization for Trade Cooperation in place of the elaborate blue-printing which characterized the discussions about the International Trade Organization. The new Organization for Trade Cooperation, - MORE -
when it is established, will provide a permanent and solid basis for the administration of the Agreement. This is a development of real significance for until now there has been an element of uncertainty and there has been a tendency to shy away from consolidating the GATT into a permanent feature in our pattern of economic life.

As I said earlier, I shall not go into details about the changes in the GATT that were agreed upon when it was reviewed last winter. These changes will be analyzed by your rapporteur, Professor L'Huillier, who will compare them with the changes that were recommended by your Council. It is gratifying to note that, in the main, the judgment of the business leaders who form the Council of the International Chamber came very close to the conclusions in fact arrived at in the Review.

Summing up the results as a whole I would say that the basic principles have been confirmed, the rules giving effect to these principles have in some respects been strengthened and in no significant respect substantially weakened. It must however be frankly admitted that the Contracting Parties could not help but recognize that some flexibility in the application of the rules for quantitative restrictions, notably in respect of agriculture and the so-called "hard-core" cases, was unavoidable. But this may prove a source of strength rather than of weakness if the member governments and the Organization exert a continuing pressure towards the solution of these special problems in accordance with the spirit and objectives of the Agreement. In any case, it is surely better to meet these problems with a practical and specific approach rather than to close one's eyes to departures from the rules.

My own view of the purpose of the review of the General Agreement, based on my personal experience of its application from the beginning, is that what was to be sought was, not so much any sweeping changes in the rules, but the confirmation of objectives and rules, accompanied by a determination to apply them effectively and to establish the permanent mechanism necessary for this purpose. My judgment is that these objectives have been achieved. We have fulfilled one of the essential conditions for the restoration of currency convertibility in the form of an agreed set of trade rules to be applied and administered on a global basis.

Turning from the review of the Agreement I would like to give some account of the other developments in the GATT since I last had the honour to address the International Chamber of Commerce at its 1953 Congress in Vienna, and of the future perspective.

The GATT has continued to preserve the stability of tariff levels over a wide area of the world's trade. The firm binding of the tariff concessions has been twice extended and will in the future be automatically extended for successive period of three years, subject to the possibility of particular adjustments from time to time. Although no further major tariff reduction
has been made the Contracting Parties have not been idle in this field. As you are aware, plans have been made for the application of new techniques to tariff reduction as soon as the time is ripe. The time for their application is, I believe, fast approaching. As soon as the Congress of the United States approves the tariff legislation which is now before it there will be further consultations between the contracting parties to the GATT with a view to agreeing on a further round of tariff reduction, and a committee of the Contracting Parties has been established in order to go into this question in the course of the next few months and formulate proposals for action to the Tenth Session of the Contracting Parties in October.

The Contracting Parties have continued to develop the practical and effective technique for dealing with complaints of breaches of the GATT rules or for settling differences as to the interpretation and application of the rules. This is of the first importance and an essential condition for the effective working of the General Agreement. It is, I submit, perhaps the most important part of work of the Contracting Parties and one which is of close concern to the business community. Those who engage in international trade have the assurance of a neutral and practical forum to interpret and apply the rules of the game.

Substantial progress has been made in dismantling quantitative restrictions and also in removing much of their discriminatory character. The new procedures for consultation will ensure that this process will be continuous and will keep pace with the general improvement in the financial condition of individual member countries.

I have said that the membership of GATT represents a very substantial part of world trade. But one important trading country - who is also our host for this meeting -- has not yet been able to accede. At this time tariff negotiations between the Japanese Government and a number of GATT member countries are being held in Geneva and I have every confidence that these negotiations will soon be successfully concluded and that Japan will then take her place amongst the contracting parties.

The International Chamber of Commerce has consistently supported the work of the General Agreement. The proposals that have been made by the Council of the International Chamber of Commerce, both as to the Agreement itself and in the direction of simplifying or abolishing administrative formalities have drawn wide attention in government and business circles and have had most fruitful results. This is a field in which I look for progressive development in the Organization's work, and I am sure that it will lead to a broadening and strengthening of the fruitful collaboration between the Organization and the International Chamber of Commerce.

The Chamber is now in a position to render further service to the common cause, and I hope that through its National Committees it will urge the early approval of the amendments to GATT and of the agreement establishing the Organization for Trade Cooperation, so that we may take up the tools and get on with the job.

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