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

Statement by Ambassador James C.H. Bonbright (United States)
in plenary session on 27 October 1955

This item on our agenda which sounds so technical - Status of the Agreement and Protocols - serves as a reminder to many of us that the General Agreement on Tariffs and Trade has revealed qualities of stamina and resilience which neither its friends nor critics would have predicted of it a few years ago.

Our Ninth Session last winter, when we adopted these protocols, was an important testing period. Some seemed to fear that the principles of trade expansion underlying the General Agreement would give way to trade restrictionism in an atmosphere of divisiveness and expediency. But we came through this testing period successfully. The agreements for modernizing the basic rules of trade behaviour in the General Agreement - recorded in the two Protocols of Amendment - were sound ones. They impart more coherence to our endeavours, greater clarity of purpose, and greater assurance that we are well on the road to a workable and fruitful system of international trade. And the third instrument, which would establish the Organization for Trade Cooperation, would both give us improved organizational machinery and publicly confirm the general course on which we have set our policies.

The Government of the United States has already accepted the two protocols modifying the trade rules of the GATT which were worked out during the Ninth Session. We hope that they will also be accepted soon by other contracting parties so that they can enter into full force without delay.

As for the Agreement establishing the Organization for Trade Cooperation, President Eisenhower has submitted it to Congress with a strong message of endorsement and with his recommendation that the Congress enact legislation authorizing United States membership in the Organization. We are hopeful of securing Congressional approval of the Agreement on the Organization for Trade Cooperation at the forthcoming legislative session.

The General Agreement is being strengthened in other ways. The Contracting Parties are preparing to embark on a new general round of tariff negotiations - the first of its kind in five years. The United States will participate in these negotiations, using the new authority provided by the Congress last June.
when it extended the Trade Agreements Act for a further period of three years. It is the hope of the United States that in the negotiations each contracting party will negotiate with as many others as possible so that the maximum progress toward the objectives of the Agreement will be made.

The fact that we can today welcome the Government of Japan as one of the contracting parties is also a source of encouragement, for the General Agreement could lose much by delaying the contribution which it can make to the restoration of Japan to a role of partnership in world trade. It is unfortunate that the entry of Japan into the Agreement, although legally complete, is still incomplete in the substantive sense. It is a matter of serious concern to the United States that so large a number of the contracting parties, while having accepted Japanese participation in our councils, have still felt it necessary to withhold their consent to the application of the trade rules of the Agreement between themselves and Japan. The continued exclusion of Japan from enjoyment of normal rights and obligations with respect to so many of the contracting parties is not in our view easily reconcilable with the purposes of the General Agreement or with the broader interests of our governments. It is the hope of my government that at this session we will be able to find a solution to this problem. It is prepared to participate in the search for a solution which does not weaken or distort the Agreement in other respects.

Economic conditions around the world continue to be favourable for progressing toward the freer, non-discriminatory trade which we have jointly agreed in the General Agreement to be our objective. Although there are exceptions, production and productivity are at high levels and are rising; monetary reserves have been strengthened; and payments difficulties have been generally moderated. Many countries have taken advantage of this economic climate to relax restrictions on imports. Moreover, the list of countries where discrimination has been significantly reduced or eliminated is growing. In this connexion we in the United States are much encouraged by the dollar liberalization that has taken place in Western Europe and are hopeful that the favourable experience of countries which have broadened the liberalized sector of their dollar trade will stimulate the adoption of additional measures of liberalization in the near future.

Several factors have contributed to these improvements. Some of them I have already referred to. In addition, I believe we should note the important role that has been played by policies directed toward monetary stability which have helped to bring under control the serious inflation and over-evaluation of currencies that characterized the years immediately after the war. These improvements have also been due, in part, to the high level of economic activity in the United States and the growing level of United States imports.
There are, of course, some countries which are facing important internal and external financial difficulties. But the way in which these problems are being dealt with is of great significance; for, in general, governments have sought to attack underlying causes and have shown willingness to seek solutions in the field of fiscal and monetary policy rather than by the imposition of direct controls on consumption and imports.

There is, nevertheless, the danger that even as governments find themselves financially able to relax restrictions they may be tempted to retain many of them for protectionist purposes. While transitional measures may be needed in exceptional circumstances - as we recognized at the Ninth Session - widespread resort to restrictions of this kind would distort the very structure of the General Agreement.

I think it is obvious, on a fair reading of the record, that we have been making progress toward the objectives of the General Agreement. Although difficulties continue to exist, our past experience encourages us to believe that by persistence they can be overcome. We seem to have ahead of us a real opportunity, through our cooperation in the General Agreement to contribute even more effectively to the attainment of higher levels of international trade and better standards of living.