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

Informal Guidance for Press and Radio Correspondents
on the Agenda Items of the Sixth Session of the
Contracting Parties to the General Agreement on
Tariffs and Trade

The Sixth Session of the Contracting Parties to the General Agreement opened at Geneva on September 17, 1951. The Session is expected to last six weeks. All the meetings are closed. The Chairman of the Contracting Parties is Mr. Johan Melander, Director of Commercial Policy, Ministry of Foreign Affairs, Norway.

There are today 30 countries which comprise the Contracting Parties to the General Agreement. Of the countries which negotiated at Torquay with a view to acceding to the Agreement, three - the German Federal Republic, Peru and Turkey having signed the Torquay Protocol on September 1, September 7 and September 17 respectively will become contracting parties on October 1, October 7 and October 17 respectively; that is, before the end of the Session. The full list of contracting parties together with governments and inter-governmental organizations represented by observers, is given at the end of this Informal Guidance.

In the comments on the main items of the agenda which follow, a rough and ready division has been made - for the convenience of correspondents - into (a) items arising out of the operation of the Agreement and its protocols (b) items proposed by individual governments and non-governmental organizations (c) tariffs and tariff negotiations (d) the administration of the Agreement, and (e) miscellaneous items. There is of course no formal distinction of this kind in the work of the Session and some of the items may be found to overlap.

On certain of the items of the agenda no detailed information has yet been made available to the Contracting Parties. It is hoped to issue background comments on these items later on.

It may be added that the Sixth Session is, so to speak, a regular business meeting of the representatives of the governments which are contracting parties to the Agreement. This is not a tariff negotiating conference and no tariff negotiations will be undertaken at this Session, although arrangements for future tariff negotiations may be discussed.
I. Items arising out of the operation of the Agreement and its protocols.

Balance of payment restrictions (Agenda item 4)

Article XI of the Agreement contains a general ban on the use of prohibitions or restrictions on imports or exports. However, certain exceptions are provided to permit the use of restrictions in defined circumstances, of which the most important is the need to safeguard a country's external financial position and balance of payments. This exception is contained in Article XII. Paragraph 4(b) of Article XII requires the Contracting Parties to review all such restrictions which are in force in 1951. In order to obtain all relevant information concerning the methods and application of the import restrictions, a questionnaire was prepared at the Fifth Session.

The Agreement also contains a provision that where quantitative restrictions are imposed they shall be applied without discrimination as between the contracting parties. Special arrangements are, however, provided in Article XIV for the discriminatory application of balance-of-payments restrictions during the post-war transitional period. Under paragraph 1(g) of Article XIV the Contracting Parties are required to report annually on action taken under these special arrangements. A first report was issued following the Fourth Session in March 1950. In order to obtain the required material on action taken by contracting parties for the next (1951) report, questions on the discriminatory application of restrictions were included in the questionnaire which is referred to above.

The replies to this questionnaire have been brought together and will be considered at the current Session. It is expected that the review of import restrictions applied for balance-of-payments reasons and the annual report on the discriminatory application of these restrictions will be amalgamated and it is hoped that the resulting report will be published in due course.

Membership of the International Monetary Fund and Special Exchange Agreements (Agenda item 5)

The general purpose of the GATT is to reduce tariffs and other barriers to trade. But the value of the reductions can be impaired by a country which resorts to currency practices of various kinds. To avoid this, contracting parties have accepted principles of international monetary policy. Most countries which comprise the Contracting Parties are members of the International Monetary Fund, but not all of them are. Accordingly, the Agreement provides that any contracting party which is not a member of the Fund shall enter into a "special exchange agreement" with the Contracting Parties, which contains obligations in the exchange field analogous to those contained in the Articles of Agreement of the International Monetary Fund.

As is customary at their Sessions, the Contracting Parties will review the position of individual contracting parties and acceding governments which are not yet members of the Fund and have not yet entered into Special Exchange Agreements.
RECONSIDERATION OF THE TIME LIMIT FIXED IN PART II OF ARTICLE XX
(Agenda item 8)

The Agreement contains a provision permitting contracting parties to maintain during a post-war transitional period certain measures necessitated by post-war conditions, even if these are not compatible with other provisions of the Agreement. Thus among the exceptions to the general rule for the elimination of quantitative restrictions on imports and exports (Article XI) is the permission given in Article XX whereby a contracting party may adopt, subject to certain safeguards, measures which are considered essential for any of the following three purposes:

(a) the acquisition or distribution of products in short supply,
(b) the control of prices by a contracting party undergoing shortages subsequent to the War, or
(c) the liquidation of temporary surpluses of government stocks subsequent to the War.

Article XX also provides that such measures, if they are inconsistent with other provisions of the Agreement, are to be removed as soon as the conditions giving rise to them have ceased to exist, and in any event not later than January 1, 1951.

At the Fifth Session the Contracting Parties decided as an interim measure to extend this exemption for one year and to examine at the Sixth Session what further extension of time, if any, should be granted in respect of each of the above three categories.

STATUS OF PROTOCOLS AND SCHEDULES (Agenda item 11) RECTIFICATION OF SCHEDULES (Agenda item 14) CONSOLIDATION OF GENEVA, ANNECY AND TORQUAY SCHEDULES (Agenda item 15)

The Protocols are additions to, or revisions of, the text of the General Agreement. These additions or revisions have been formulated at the previous sessions of the Contracting Parties. Although most of the Protocols have entered into force, through receiving the required number of signatures, and are thus binding on the countries which have accepted them, there are certain contracting parties which have not yet accepted certain protocols. It is therefore necessary to examine at each session the current status of the protocols, in particular those which lack the acceptances needed to bring them into force.

Several contracting parties have pointed out rectifications of details which they wish to have made to their Schedules of tariff duty concessions. These changes will probably - as on previous occasions - be incorporated in a Protocol of Rectification.

It has been agreed that for administrative convenience each contracting party should prepare a "Consolidated Schedule" comprising all its commitments on tariff rates resulting from the Geneva, Torquay and Annecy Conferences, so that there will be available by the autumn of 1951 in one volume, or a series of volumes, all commitments in respect of customs duties under the Agreement.

TORQUAY PROTOCOL - Requests by certain governments for an extension of time in which to sign the Protocol (Agenda item 12)

The Torquay Protocol embodies the results of the tariff negotiations undertaken at Torquay and the terms on which the countries negotiating for the first time will be able to accede to the Agreement. Under the
terms of the Protocol it will remain open for signature until October 21. The Protocol requires that a country signing it shall put into effect on the thirtieth day after signing, the concessions which it negotiated at Torquay. But a country which signs the Protocol may withhold concessions initially negotiated with another country until the thirtieth day after that other country had also signed the Protocol.

The Governments of Denmark, Italy, Korea, the Philippines and the United Kingdom have requested an extension of time to sign the Torquay Protocol, for parliamentary and administrative reasons.

To date the Torquay Protocol has been signed by Belgium, Canada, Ceylon, Cuba, Czechoslovakia, Dominican Republic, Finland, France, German Federal Republic, Greece, Liberia, Luxembourg, Netherlands, Norway, Peru, Southern Rhodesia, Sweden and United States.

SOUTH AFRICA - SOUTHERN RHODESIA CUSTOMS UNION, SECOND ANNUAL REPORT (Agenda item 22)

The First Annual Report of the Customs Union Council was submitted to the Contracting Parties jointly by the governments of South Africa and Southern Rhodesia at the Fifth Session. Under Article XXIV of the Agreement the Contracting Parties are mainly concerned with two points: first, whether the interim arrangement is likely to result in the formation of a full Customs Union and secondly, whether the interim period is a reasonable one. At the Fifth Session the Contracting Parties noted the Report and expressed the hope that in the Second Report there would be a fuller consideration of the problem of the removal of restrictions on trade between the two countries.

The second Report will be considered at the current session.

NICARAGUA - EL SALVADOR FREE-TRADE AREA, Examination under Article XXIV (Agenda item 23)

The Contracting Parties have been informed that Nicaragua (a contracting party) has decided to conclude a Convention establishing a Free Trade Area with the sister Republic of El Salvador (not a contracting party). The Convention provides for establishing, to begin with, a free-trade area and for a Customs Union in the future. Under Article XXIV the Contracting Parties will be required to study the plan put forward by Nicaragua both as to its effect on the trade of other contracting parties and the time schedule for the undertaking.
II. Items proposed by individual contracting parties

TERMINATION OF OBLIGATIONS BETWEEN THE UNITED STATES AND CZECHOSLOVAKIA (Agenda item 21)

On July 31 the U.S. Government announced publicly its determination to withdraw from Czechoslovakia the benefits of the trade-agreement concessions, and to terminate at the Sixth Session all the obligations existing between it and Czechoslovakia by virtue of the Agreement.

The text of the public announcement by the U.S. Government is given in an Annex to this Guidance.

The Czechoslovak Government issued and made available to the press a statement on September 11, commenting on the U.S. announcement, particularly as to its political aspects. The text of the statement by the Czechoslovak Government is given in an Annex to this Guidance.

AMENDMENT OF THE AGREEMENT TO INCLUDE ARTICLES 3, 4 & 6 OF THE HAVANA CHARTER (Agenda item 7)

When the General Agreement was drawn up at Geneva in 1947 there was considerable discussion as to whether the Agreement should include not only provisions relating to commercial policy but also provisions relating to employment and economic activity. Since it was then considered likely that the Agreement would shortly be replaced by the I.T.O. Charter, which would include provisions relating to employment and economic activity, the matter was not pursued. At the Fifth Session of the Contracting Parties the Norwegian Government pointed out that it was uncertain whether or when the Havana Charter would become operative and proposed that Articles 3, 4 and 6 of the Havana Charter should be included in the agreement, since in their opinion the principles of commercial policy should not be practised indefinitely without regard to the principles of employment and economic activity, which are laid down in Chapter II of the Havana Charter. The matter was considered by the Contracting Parties but was not pressed to a conclusion, it being felt that it was perhaps premature to consider, at that time, making piecemeal additions to the General Agreement. The Norwegian Government has proposed that the item should be considered further at the current session.

ADJUSTMENT OF CERTAIN CUSTOMS DUTIES FOR IMPORTS INTO FRENCH WEST AFRICA (Agenda item 17)

A note on this item, which has been proposed by the Government of France, will be issued later.

UNITED KINGDOM PURCHASE TAX - Report by the United Kingdom on action since the Fifth Session (Agenda item 18)

At the Fifth Session in November 1950 several governments including those of the Netherlands, Canada, France and Italy drew attention to the effect of the United Kingdom's purchase tax system on certain imports. They complained that the imposition of purchase tax on imported goods comparable in price and quality with home-produced utility-goods which are for the most part exempt from purchase tax was having the effect of affording protection to domestic industries in addition to that provided by the tariff, and they asked for a decision by the Contracting Parties on the question whether the discriminatory levy of purchase tax on imported goods of utility type was consistent with the provisions of article III of the Agreement. The United Kingdom delegate admitted at the Fifth Session that the utility system had come to have a protective effect in practice though not intended for that purpose and was hopeful that it would be possible before long to remove the element of discrimination.
It may be noted that the United Kingdom Government has appointed a special committee under the chairmanship of Sir William Douglas, G.C.B., K.B.E., to examine the present system of purchase tax on those classes of goods for which utility schemes are in operation and to recommend improvements in that system in relation inter alia to the United Kingdom's international obligations in respect of imported goods.

Brazilian Internal Taxes - Measures taken by the Government of Brazil since the Fifth Session (Agenda item 19)

At their Third Session the Contracting Parties dealt with the discrimination in Brazilian internal taxes against certain French, United Kingdom and United States exports, such as cognac, aperitifs, watches and clocks, beer and cigarettes. Subsequently Brazil gave an assurance that the laws would be amended. At the Fifth Session the Contracting Parties examined a draft law modifying the present legislation on consumption taxes which had been submitted to the Brazilian legislature, and it was considered that the draft law would, on the whole, remove the internal tax discrimination introduced since 1947 and bring Brazil's consumption tax legislation into conformity with the Agreement as applied under the Protocol of Provisional Application.

This item has been proposed by the Government of France.

Pigs No Legally Exports (Agenda item 20)

A note on this item, which has been proposed by the Government of Norway, will be issued later.

Restrictions on Imports of Dairy Products into the United States (Agenda item 30)

The United States Department of Agriculture announced on August 10 that effective immediately no commercial imports of peanuts, peanut oil, butter, butter oil and non-fat dried milk solids will be permitted for domestic consumption. The announcement stated also that imports of cheese and casein had been placed on a quota basis.

This action was taken in accordance with the Amendments to the Defence Production Act of 1950, which declare that controls over fats and oils, butter, cheese, and other dairy products are "necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations" and require such controls under certain specified circumstances.

The total quantities of casein and of each type of cheese to be licensed for import will be based upon a percentage of recent average annual imports. Licences will be issued to eligible importers in accordance with each applicant's historical record of imports during the base period. For the period from August 9 through December 31, 1951, the total quantity of each type of cheese that will be licensed for importation will be limited to five-twelfths of the annual average importations of that type of cheese during three base-period years, the calendar years 1948-50. The total quantity of casein that will be licensed for importation through December 31, 1951, will be limited to five-twelfths of the amount imported during the one-year base period, the fiscal year ended June 30, 1951.

This item was proposed for the agenda by the delegation of the Netherlands and supported by the delegations of Canada and Denmark.
III. The Administration of the Agreement

ARRANGEMENTS FOR THE CONTINUING ADMINISTRATION OF THE AGREEMENT.

Proposed rules of procedure for a standing committee (Agenda Item 6)

There are broadly two aspects of this question: the first arises from a proposal of the Canadian Delegation at the Fifth Session that the Contracting Parties should establish a standing committee to deal with certain business between their regular full sessions and to do preparatory work to facilitate and expedite the work of those sessions. A study of the matter was prepared by a working party at the Fifth Session and it was agreed that this should be transmitted to governments with a view to fuller consideration at the Sixth Session.

The other aspect concerns the provision of Secretariat and Conference services to the Contracting Parties. Hitherto these services have been provided by the Executive Secretary of IGITO and its secretariat on a reimbursable basis. It will be necessary to replace this ad hoc arrangement, which was justified by the intention that the Contracting Parties would be absorbed into the proposed International Trade Organization, by some other arrangement, now that the entry into force of the Havana Charter has been indefinitely postponed.

In connection with this item the Contracting Parties will have before them a Report on Income and Expenditures; Consideration of the Establishment of a Working Capital Fund, and Budget for 1952 (Agenda item 25).

Among the other matters of an administrative character are two proposed publications. The first would comprise selected GATT Documents. The second would be the possible publication by the Secretariat of a further report on the operation of the Agreement, following the publication of The Attack on Trade Barriers, and Liberating World Trade (Agenda items 26 and 27).
TARIFF NEGOTIATIONS ARRANGEMENTS (Agenda Item 9)

The United States Government has put forward a suggestion for developing arrangements whereby tariff negotiations could be conducted under the Agreement without the convening of a full-scale conference of the Geneva-Annecy-Torquay type. Another full-scale round of tariff negotiations is unlikely to take place for some time, but there are countries outside the Agreement which may wish to negotiate for accession and with which the present contracting parties might want to undertake tariff negotiations. In the view of the United States some arrangement to enable such negotiations to take place without waiting for the next general tariff conference would appear desirable. The ways and means by which a fairly simple technique could be evolved, without convening a full-scale conference, will, it is expected, be examined by the Contracting Parties at the current session.

THE GENEVA AND ANNECY SCHEDULES OF THE UNITED KINGDOM (Agenda Item 13)

One of the complexities in the sphere of tariffs is the fact that the descriptions of products have not been standardized. But progress is being made: in particular, the labours of the European Customs Union Study Group, in Brussels, have resulted in the drawing up of a tariff nomenclature known as the 1950 Brussels Nomenclature, which has been embodied in a Convention. This Convention was signed by the United Kingdom in February 1951 and the United Kingdom now proposes that the Schedules in Brussels Nomenclature form should be adopted by the Contracting Parties as the operative Schedule in place of the original United Kingdom Schedules, as from the date on which the revised United Kingdom tariff classification enters into force under United Kingdom law.

REPORT OF INTERSESSIONAL WORKING PARTY ON THE WITHDRAWAL OF CONCESSION UNDER ITEM 1526(a) OF SCHEDULE XX (Agenda Item 16)

During the Fifth Session the Delegation of Czechoslovakia drew attention to the withdrawal by the United States of a concession which had been negotiated in 1947 on parts of item 1526(a) of the United States tariff - women's hats and hat bodies made of fur felt - under the provisions of Article XIX. The relevant part of this Article states that: "If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under this Agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession."

The Government of the United States had previously announced, on No. 1, that in accordance with the findings of the United States Tariff Commission in accordance with the provisions of Article XIX of the General Agreement the tariff concessions which had been granted by the United States on the above products would be withdrawn on December 1, 1950. These concessions were granted by the United States as part of the United States tariff concessions which were negotiated at Geneva in 1947 and which were incorporated in Schedule XX of the General Agreement.

The United States held consultations, in accordance with Article X with the contracting parties mainly concerned, namely Czechoslovakia, F
and Italy, but the results of those with Czechoslovakia did not prove acceptable to the government of Czechoslovakia. In order to give the Contracting Parties an opportunity to go further into the facts of the case a working party was set up to examine between the Fifth and Sixth Sessions the contention of the Czechoslovak Delegation that in withdrawing a part of item 1526 from Schedule XX the United States has failed to fulfil the obligations of Article XIX:1(a) and report back to the Contracting Parties. The working party completed its report on March 27, 1951. This report will be considered at the current Session.

REPORT OF INTERSESSIONAL WORKING PARTY ON THE DISPARITY OF EUROPEAN TARIFFS (Agenda Item 24)

A Special Session of the Contracting Parties was held at Torquay from March 29 to April 3, 1951, to consider a memorandum from the representatives at the Torquay Conference of Austria, the Belgo-Luxembourg Economic Union, Denmark, France, Germany, Italy, Netherlands, Norway, Sweden and the United States on the subject of disparities in the level of European tariffs. The memorandum pointed out that the tariff reductions resulting from the Torquay negotiations, although expected to be significant, would not be of such scope and magnitude as to represent a sufficient contribution to the reduction of existing disparities in the level of European tariffs. The Contracting Parties therefore resolved to invite the above-mentioned countries to submit proposals for multilateral or other procedures designed to achieve on a non-discriminatory basis a reduction of disparities in the tariffs of the European countries concerned, taking into account the extent necessary the disparities in the economic and social structure of the different countries.

The Contracting Parties also agreed to establish an inter-sessional working party to consider in greater detail the relationship of GATT to any forthcoming proposals. The working Party, as such, has not yet been convened; but it is known that informal preparatory discussions among the representatives of some governments mainly concerned have recently been held, with a view to formulating a policy for submission at the current session.

RESULTS OF NEGOTIATIONS UNDER ARTICLE XXVIII WHICH WERE UNFINISHED AT TORQUAY (Agenda Item 10)

The reductions and bindings in the rates of tariff duties which were negotiated in 1947 at Geneva and in 1949 at Annecy had an assured life only to January 1, 1951. Thereafter it was open for any contracting party to give notice under Article XXVIII of its intention to withdraw or modify any of the concessions which it had made in its tariff. If the Geneva and Annecy concessions had remained liable to widespread modification or withdrawal the stability of world tariff levels - one of the main benefits afforded by the Agreement - would have been imperilled. To avoid this danger it was decided that any re-negotiations of the 1947 and 1949 concessions should be carried out at Torquay and that the assured life of the resulting schedules of concessions should be extended for another three years.

A very few of the re-negotiations under Article XXVIII were not completed at Torquay and it was resolved that the governments concerned should have further time granted. The Contracting Parties will be informed of the results of these delayed re-negotiations.
V. Miscellaneous Items

RESULTS SUBMITTED BY THE INTERNATIONAL CHAMBER OF COMMERCE (Agenda Item 3)

The Thirteenth Congress of the International Chamber of Commerce, held in Lisbon in June 1951, passed a series of resolutions relating to the reduction of barriers to trade. Among them were resolutions dealing with the Valuation of Goods for Customs Purposes, Nationality of Manufactured Goods, Documentary Requirements, Consular Formalities, Formalities connected with Quantitative Restrictions, and Customs Treatment of Samples and Advertising Matter. With regard to the Valuation of Goods for Customs Purposes, the ICC Congress suggested the Contracting Parties should consider issuing a set of recommendations under Article VII of the Agreement.

In so far as these items are taken up during the Sixth Session, further releases describing them in detail will be issued.
Termination of obligations between the United States and Czechoslovakia under the Agreement

(a) Statement by the United States, as issued to the press by the U.S. State Department on July 31, 1951.

"The United States has determined to withdraw from Czechoslovakia the benefits of trade-agreement tariff concessions."

"Since the United States and Czechoslovakia are Contracting Parties to the General Agreement on Tariffs and Trade, the United States proposes that at the Sixth Session all of the obligations existing between it and Czechoslovakia by virtue of the provisions of the Agreement should be formally terminated. This statement is a brief explanation of the factors involved in the United States decision.

"When in 1947 the Contracting Parties framed the obligations to one another which are contained in the General Agreement on Tariffs and Trade, it was assumed that the political relations of the countries concerned would be such that it would be in their mutual interests to promote the movement of goods, money, and people between them. It is now apparent that this assumption is no longer valid as between the United States and Czechoslovakia. On the contrary, relations between the United States and Czechoslovakia have been progressively impaired by manifestations of Czechoslovak ill will toward the United States. The property of American nationals in Czechoslovakia has been confiscated, without compensation or any serious attempt on the part of Czechoslovakia to settle this matter. American firms have been persecuted and harassed to such a degree that it is virtually impossible for them to do business with Czechoslovakia. Procurement of ordinary trade information essential to the conduct of commercial enterprises has been declared a crime. The United States has been forced, on extremely short notice, to reduce drastically the personnel of its Embassy in Prague. American citizens have been imprisoned without justification. American charitable and welfare organizations have been forced to discontinue their work.

"The impairment of economic relations has been aggravated by the progressive integration of Czechoslovakia's economy into the Soviet bloc. Czechoslovakia has openly declared its intention of administering its economy solely in the interests of the bloc. It has granted a special and guaranteed position in its economy to Soviet bloc corporations. It has left no room for doubt that its commitments to the United States are being subordinated or disregarded in the carrying out of its undertakings as a part of the Soviet economic bloc.

"The United States attaches considerable importance to the maintenance of the General Agreement on Tariffs and Trade as an instrument through which nations which are in agreement on its broad objectives can work together in the economic sphere. The United States is of the view, therefore, that in the interests of maintaining the integrity of the General Agreement on Tariffs and Trade in its application to trade among nations with normal relations, the existing situation between the United States and Czechoslovakia should be frankly and unequivocally recognized by the Contracting Parties, and the obligations between the two countries embodied in the Agreement, already rendered a nullity by political events, should be formally dissolved."
"The Czechoslovak Government has received from the Secretariat of the Contracting Parties to the General Agreement on Tariffs and Trade the document entitled "Termination of Obligations between the United States and Czechoslovakia under the Agreement."

"The document contains a statement according to which the Government of the United States of America has determined to withdraw from Czechoslovakia the benefits of trade-agreement tariff concessions, arising out of the General Agreement on Tariffs and Trade. The United States further proposes that at the Sixth Session of the Contracting Parties all the obligations existing between it and Czechoslovakia by virtue of the provisions of this Agreement be terminated.

"The Czechoslovak Government considers it necessary to draw the attention of the Governments of the contracting parties to this document, for it is firmly convinced that the proposal of the United States concerns a question fundamental to international relations in general. It is not possible to establish co-operation, peace and security among nations, if it is admitted that the foundations of every co-operation among nations, i.e., the rules of international law and international agreement may be unilaterally and flagrantly violated in favour of the narrow interests of one of the participants. Respect for accepted international obligations is an unconditional prerequisite to the legal security of nations, to peaceful co-existence and international economic development.

"The Czechoslovak Government therefore wishes primarily to draw the attention of the Governments of the contracting parties to this aspect of the matter, for if the right of an economically influential state to exercise pressure on another state, disagreeing with its policy and defending its sovereignty against foreign interference were once to be admitted, then none of the contracting parties could be certain that its rights deriving from the General Agreement will not be unilaterally violated, and that in this way the objectives, the realization of which it pursued when it acceded to the Agreement, will not be frustrated.

"Since March 1, 1948, the United States has introduced the control of exports, directed, in support of its foreign policy, against certain countries, among others Czechoslovakia, and has continually intensified this policy regardless of the principles of the General Agreement on Tariffs and Trade, as well as of the United Nations Charter and in contradiction to the principles in the name of which the United States proposed the summoning of the International Conference on Trade and Employment and the conclusion of a General Agreement on Tariffs and Trade.

"Already in 1949, when the Czechoslovak Government objected to the discrimination of the American export regime, the United States justified its measures by reasons of the security of the state, although the peaceful endeavour of the Czechoslovak Republic is generally known as well as the fact that Czechoslovakia never and in no way threatened the United States.

"At present the United States has abandoned even this pretext and is advancing fictional 'political arguments', directed against the Czechoslovak internal order. These arguments have nothing in common with trade relations. They are of such a nature that they quite evidently reveal the intention to exercise pressure on Czechoslovakia in matters which are exclusively within her own jurisdiction.

"The proposal attempts, by distorting actual facts, to put the indispensable measures of the Czechoslovak Government aimed at the defence
of the security of the state, in such a light, as if they would threaten or make the maintenance of normal trade relations between the Czechoslovak Republic and the United States impossible.

"All the contracting parties are well aware that Czechoslovakia has always scrupulously observed the principles as well as all the provisions of the Agreement, and even the Government of the United States of America cannot cite a single example of the slightest violation of any of the provisions of the Agreement by Czechoslovakia. It is therefore clear that this is another attempt to achieve political ends by means of economic pressure. In order to impose its further discriminatory measures against one of the contracting parties to the General Agreement, the United States intends to misuse the Agreement itself, by attempting to have its procedure legalized at the Sixth Session of the Contracting Parties.

"The Government of the Czechoslovak Republic resolutely rejects all attempts of the United States to exercise pressure on the Czechoslovak Republic and to interfere with Czechoslovak internal affairs. The Czechoslovak people directs its own affairs according to its own national and state interests, and in its international relations it is guided by the principle of respect of the international obligations it has taken upon itself and by the principle of equality and non-interference. On the other hand it insists that obligations must be upheld also by the other party and that they cannot be annulled by unilateral unlawful and forceful acts.

"The Government of the Czechoslovak Republic is convinced that it is also the desire of the Contracting Parties, that the General Agreement should not be misused for the enforcement of political intentions by interfering into the internal and foreign policy of member states, and so undermining the conditions of international economic development, and installing, instead of the co-operation to which the states have pledged themselves, the principle of a forceful, unilateral imposition of a foreign will, by means of the violation of agreements."
### Contracting Parties to the General Agreement

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### Governments represented by Observers

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### Intergovernmental Organizations

- The United Nations
- The International Monetary Fund
- The International Labour Organization
- The Organization for European Economic Cooperation
- European Customs Union Study Group