GENERAL AGREEMENT ON TARIFFS AND TRADE

Fourteenth Session of the CONTRACTING PARTIES


Now that we have come to the end of our work, I should like briefly to outline the conclusions which I think can be drawn from our discussions during the past three weeks.

First of all, I think that the experience of the present session fully justifies our decision last year to hold two sessions each year; the CONTRACTING PARTIES have to examine and solve an increasing number of ever more important questions each year, and the discussions in the last few weeks have clearly shown that it would be impossible to revert to the former system of a single annual session. I realize that many of you have felt that our work at the present session has proceeded rather too fast and I understand the concern of certain delegations; in future it may perhaps prove necessary to allow a little more time for our spring session and to review some aspects of our methods of work, but it would be premature to make new arrangements in the light of this first experience. For this year we have had to embark on the consideration of an exceptionally large number of particularly delicate questions, requiring many meetings and protracted consultations. We can, however, draw one conclusion here and now: whether because this season is more pleasant in Geneva than late autumn, or because our session has lasted only three weeks, the governments have been able to send to our first spring session carefully selected delegations, and the representation has in many cases been on a higher level than on other occasions.

Although brief, our session has nevertheless been fruitful. We have succeeded in drawing up two declarations, one enabling Israel to accede provisionally to the General Agreement, and the other providing for closer association of Yugoslavia in our work. These declarations were opened for signature by the governments concerned before the end of our session, and we can congratulate ourselves on the speed with which these two questions have been settled. Poland had also expressed the wish to enter into a closer association with the CONTRACTING PARTIES, and we have decided to make a careful examination of the request of that Government; I have no doubt that at Tokyo the committee which we have instructed to examine this problem during the intersessional period will present practical and concrete solutions to us. The association of Yugoslavia and Poland's request for accession obviously raise serious problems for the CONTRACTING PARTIES. In the past, the requests for accession which we have received have always been from countries whose economic structure and commercial policy system did not differ greatly from those existing in our own countries. In the case of Yugoslavia, we considered for the first time the possibility of applying the principles of the General Agreement to a country whose economy differs in many important
respects from that of our countries. The divergence of economic concepts seems still greater in the case of Poland, and in the near future the CONTRACTING PARTIES will probably have to give serious consideration to the possibility of broadening our philosophy and making our system more flexible so as to enable countries whose economy is based on free enterprise to cooperate fruitfully within this organization with those whose economy is entirely planned. It is too early to predict what solutions we can arrive at in the future and submit to our governments in order to achieve that result, but it is not too early to point out to our governments that this is a problem to which they will have to give careful consideration in coming months.

One of the most heartening results of our session is perhaps the success of our first series of consultations in the Committee on Quantitative Restrictions imposed for balance-of-payments reasons. This Committee has presented detailed and practical reports to us, showing that there has been a very marked improvement in the financial situation of several of our members, resulting almost immediately in the adoption of measures which have eliminated a great many restrictions and brought about a considerable reduction in discrimination. These measures, and particularly the decisions recently taken by the United Kingdom Government, bring us nearer to the time when international trade will no longer be hampered by administrative obstacles and when the system which the authors of the General Agreement had in mind will be fully effective.

The results of the first series of regular consultations under the terms of the revised General Agreement are most encouraging, and it is to be hoped that at our next session the Committee on Quantitative Restrictions will be able to report further progress towards trade liberalization.

It is true that the CONTRACTING PARTIES have not yet succeeded in persuading the Government of the Federal Republic of Germany to put an end to its restrictions or discriminatory measures. This matter has been on the agenda of the CONTRACTING PARTIES for several years now, and there is no need for me to remind you of the bitterness of some of our discussions and the difficult nature of the negotiations. Although we cannot yet state that a definitive solution has been found to the problem of German trade restrictions, and while the decisions which the CONTRACTING PARTIES have just taken will not give complete satisfaction to the countries affected by the measures applied by Germany, I think nevertheless that we can consider the agreement reached as definite progress. The Government of the Federal Republic of Germany has agreed to apply new liberalization measures in the near future and their effects on international trade will not be negligible. As regards the other restrictions which the Federal German Government is not at present in a position to eliminate, there is to be a provisional system for three years which will enable the German authorities to examine all aspects of the problem and present solutions which we hope will settle the matter definitively.

Lastly, as regards agricultural products covered by marketing laws, the Federal German Government has given certain undertakings and we may hope that,
taking into account the results of the consultations on agricultural policy which will take place in GATT in the near future, the German Government will come to the conclusion that it should review the system currently applied to these agricultural products in the interests of both German consumers and producers as well as in that of its trading partners, and that it will soon submit to us proposals such as will prevent administrative obstacles from hindering the normal development of trade between Germany and countries which export agricultural products. Once again, the progress we have made at the present session towards finding a solution to the thorny problem of German restrictions has shown that the GATT procedures are effective when they are applied without undue impatience and in an imaginative manner, and when the contracting parties, fully aware of the fellowship which binds them within GATT, tackle the problems in a spirit of friendly co-operation, considering the general interest before the rigid defence of individual interests, however legitimate the latter may be.

During the present session, we have considered not only problems relating to Europe but also matters of interest to Latin America. Here again, the General Agreement has proved its flexibility and the ease with which it can be adapted to the special conditions of countries in the process of industrialization. In the case of Brazil two years, Peru last year, and Chile at the present session, it has become obvious that the Latin American countries are endeavouring to rid themselves of the unwieldy and often ineffective machinery of import restrictions and exchange restrictions. In order to carry out the necessary basic reforms in the budgetary and monetary field, however, it was essential to revert to the traditional method of customs protection, and as a first step, the countries concerned must revise and bring up to date their customs tariff and customs legislation. It was essential for this purpose that the other contracting parties, taking into account the legitimate interests of the Latin American countries as well as the general interests of world trade, should agree to revise certain features of the commitments entered into by the Latin American countries more than ten years ago, when their economic situation was very different from what it is to-day. Thanks to the sympathetic attitude of the CONTRACTING PARTIES and the flexibility of the procedures outlined in the General Agreement, it has been possible to reach a satisfactory solution to these complex and delicate problems.

We have learned from statements by the representatives of some Latin American countries that the countries in that continent are anxious to make progress towards trade liberalization and that they are considering the establishment of regional integration agreements. At the present session, the CONTRACTING PARTIES have once again declared that they will give friendly consideration to these plans when they are presented, being convinced that the Latin American countries will wish to ensure that this integration will lead to an expansion of trade with the rest of the world as well as within their own continent; I know that the Latin American countries appreciate very much the confidence which their GATT partners have displayed towards them.
I shall not refer to all the other problems which we have considered
during the past three weeks, but in my view the most outstanding event of
the session has been the strong support given by the CONTRACTING PARTIES
to the initiative taken last year with a view to finding the practical means
for implementing the programme for trade expansion. One might well have
thought that the enthusiasm - engendered by the Haberler report - with which
the CONTRACTING PARTIES decided at their last session to establish three
committees to consider these questions might have cooled down since that time.
This is not the case, however, and this year the delegations have shown the
same enthusiasm as they did last year. Tangible results can already be
noted. We have carried out the recommendations of Committee I. We have
decided to organize another tariff conference next year. Many contracting
parties are prepared to take part in that conference, and it is to be hoped
that these countries which still have some doubts on the subject will be able
to overcome their hesitation when Committee I has proceeded further with its
work and proposed solutions for the technical questions which are still
pending. We can also congratulate ourselves on the decision of the
CONTRACTING PARTIES to embark on consultations on agricultural policy more
speedily than Committee II had envisaged. Furthermore, we have reason for
satisfaction at having drawn up a work programme for Committee III in the
coming months.

I should like, however, to say that after considerable reflection, it
seems to me that the implementation of the trade expansion programme is still
rather unequal and that the governments seem prepared to advance more rapidly
in some sectors than in others. In this connexion I should like to remind
you of what I said at the beginning of the session, that "this programme is
a unity, and if it is to yield the results for which we hope, we must press
on energetically with all three branches of the work". We must work towards
its implementation with the same energy in each of the three sectors. We
must be grateful to the representatives of the under-developed countries for
their initiative in clearly specifying the urgent problems which they would
like to see examined and in proposing to the CONTRACTING PARTIES a carefully
thought out procedure for carrying out the very important task of Committee III.
This initiative has borne fruit, and in drawing up the work programme of
Committee III, the CONTRACTING PARTIES have taken into account to a very great
extent the wishes expressed by the less-developed countries.

That is the balance sheet of our short but fruitful session. I think
we can go away from Geneva with the feeling that we have done a useful job
and have by our decisions enhanced the prestige of GATT, which is increasingly
becoming the most effective forum in which countries from the various regions
of the world can expound their problems and find solutions to the
difficulties with which they are confronted in the conduct of their trade
and the implementation of their economic programmes.

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