Informal background guidance for press correspondents

SEVENTH SESSION OF THE CONTRACTING PARTIES TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT)

1. The Seventh Session of the Contracting Parties to GATT will open on Thursday 2 October 1952 and is scheduled for six weeks.

2. The Seventh Session, which follows the Sixth Session held in Geneva 17 September to 26 October 1951, is, so to speak, one of the regular business meetings of the representatives of the governments which are contracting parties to GATT. No tariff negotiations will be undertaken at the Session but future tariff negotiations may be discussed.

3. 34 countries are today contracting parties to GATT: Australia, Austria, Belgium, Brazil, Burma, Canada, Ceylon, Chile, Cuba, Czechoslovakia, Denmark, Dominican Republic, Finland, France, German Federal Republic, Greece, Haiti, India, Indonesia, Italy, Liberia, Luxemburg, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Peru, Southern Rhodesia, Sweden, Turkey, Union of South Africa, United Kingdom and United States.

   It is expected that other countries will be represented at the Session by observers: among these may be three countries which have already undertaken tariff negotiations with a view to acceding to GATT, namely Uruguay, Philippines and Korea. Among the intergovernmental organizations represented will be the International Monetary Fund. The present chairman of the GATT is Mr. Johan Melander, Director of Commercial Policy, Norwegian Ministry of Foreign Affairs.

4. The Contracting Parties have made it a firm rule that the agenda of their sessions will not be published until they have approved it. On past occasions the agenda together with explanatory notes has been issued 2 or 3 days after the Session has opened. What follows, therefore, is a guidance on the probable main features of the Session.

5. For several reasons it seems unlikely that any far reaching policy decisions concerning the future of the GATT itself will be taken at this Session. In the first place, the Prime Ministers of the Commonwealth countries will meet in London in November and will consider a wide range of trade and financial questions. The British Chancellor of the Exchequer has announced the intention of the United Kingdom Government to re-examine the whole basis of commercial policy with the Commonwealth countries, including the operation of the GATT. The results of this conference will not be known until late in the year and no doubt some time must elapse for presentation and discussion in the
Commonwealth parliaments. Secondly, the election of the United States President in November implies that there may be a delay until early in 1953 before the main lines of United States commercial policy become clear. Moreover, a broad survey of United States foreign trade policies is to be made in the near future by the Public Advisory Board of the Mutual Security Agency. The President has asked the Board to examine United States tariff policies with special reference to the expiration of the Reciprocal Trade Agreements Act in June 1953, import restrictions, agricultural policies affecting foreign trade and problems of domestic producers who may be injured by certain types of foreign commerce.

6. Before reviewing the business of the Session, it may be useful for correspondents to have a note on the application of Japan to accede to GATT.

(a) On 18 July 1952 the Government of Japan notified its desire to negotiate for accession to GATT under the procedure approved at the Sixth Session. A number of contracting parties indicated that owing to the importance of Japan in international trade they considered the application should be examined at a session of the Contracting Parties.

(b) Japan's application is therefore included in the Provisional Agenda of the Seventh Session, in accordance with rule 2 of the new Tariff Negotiations Procedures, which states "a request by a government to enter into (tariff) negotiations with a view to acceding to GATT would be considered and acted upon at a session of the Contracting Parties. This discussion would afford any contracting party which had objections to such a request an opportunity to explain its views and to seek a decision of the Contracting Parties in the light of these explanations and the ensuing discussion in the Contracting Parties".

(c) Japan will require a simple majority to proceed with arrangements for tariff negotiations. Under the new rules there is considerable flexibility and if Japan receives the indication to proceed, the Japanese representatives at the Seventh Session should be able to discuss with the representatives of governments with which negotiations are desired, the extent of the proposed negotiations, the possible time and place for the negotiations and so forth. It is assumed that the governments concerned would wish to negotiate simultaneously; on the usual GATT pattern. Looking further ahead, and recalling past experience, it would seem unlikely that the negotiations could open before the spring of 1953. And continuing in the realm of speculation, it might be possible to complete the negotiations and for Japan to accede in the late autumn of 1953.

(d) Under Article XXXIII a government may accede to the GATT on terms to be agreed between that government and the Contracting Parties, the decision to be taken by a two-thirds majority. At the time when Japan's accession comes up for a decision, any contracting party can withhold, under Article XXXV, application of the GATT to Japan, assuming that the contracting party in question has not entered into tariff negotiations with Japan.
7. The business of a GATT session usually falls under the following headings:

- Items arising out of the operation of GATT, including the complaints procedure and balance-of-payments import restrictions;
- items concerning tariffs and tariff negotiations; the administration of GATT; and miscellaneous items.

**Complaints**

Nearly a dozen alleged violations of GATT have been submitted to the Contracting Parties so far and many have been settled. This Session will mark the satisfactory settlement of one of the most important, namely the discriminatory aspects of the (former) British purchase tax/utility system. The effect of the amendment, in July 1952 of Section 104 of the U.S. Defense Production Act has reduced the scope and severity of the U.S. restrictions on cheese imports, about which serious complaints were made at previous GATT Sessions. Among other cases outstanding from earlier sessions are the Belgian restrictions on imports of dollar goods and the discrimination in Brazilian internal taxes against certain French, United Kingdom and United States exports.

There are several new complaints on the agenda.

**Balance-of-Payments Import Restrictions**

GATT contains a general ban on the use of prohibitions or quota restrictions on imports and 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 reserve position and balance of payments. This exception is contained in Article XII.

GATT also contains a provision that where quantitative restrictions are imposed they shall in general 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 so-called post-war transitional period. Henceforward under paragraph 1 (g) of Article XIV the Contracting Parties are required to hold consultations and to report annually on action taken under these special arrangements.

At the Seventh Session the Contracting Parties will therefore hold consultations with a number of countries under the terms of Article XIV:1 (g) on the further retention of discriminatory restrictions. They will at the same time prepare their third annual report on all such restrictions in force.

Quite apart from the question of discrimination, certain governments have substantially intensified their import restrictions in the past months. Under the terms of Article XII:4 (b) they have been invited to consult on these new measures. These consultations will also take place at the Seventh Session.

Under the heading of tariffs and tariff negotiations is the work in progress under GATT in examining schemes for the automatic reduction of tariff levels, possibly on a world-wide basis by stages. A great deal of preparatory
work has already been done and the report of the Working Party which has been concerned with the technical aspects of this matter is expected to be discussed.

Items likely to arise under the heading of GATT administration are probably of a routine character - election of a chairman, relations with the United Nations, budget and so forth.

Under miscellaneous items, in addition to the regular reviews of certain Customs Unions and Free Trade Areas, there are two important matters:

The six-country European Coal and Steel Community (the Schuman Plan) came into existence in August 1952. Procedures will now have to be worked out for examining the "legal incompatibilities" between certain articles of the GATT on the one hand and the Treaty creating the Community on the other. It seems probable that the six countries, namely France, Belgium, Netherlands, Luxemburg, Italy and Western Germany, will apply to the Contracting Parties for a waiver of certain GATT obligations, in order to implement the Treaty. Arrangements for liaison with GATT have been announced recently by the High Authority in Luxemburg.

Further work will be done during the Seventh Session on certain Conventions and Resolutions the purpose of which is to simplify existing rules and regulations affecting importers and exporters. These have been submitted to the Contracting Parties by the International Chamber of Commerce. Without going into details as to their content or the work already done, it may be stated that they concern (i) easier importation of commercial samples and advertising material, (ii) simpler documentary requirements for the importation of goods, and (iii) consular formalities.