SEVENTH SESSION OF THE GATT CONTRACTING PARTIES

To make good use of the space placed at my disposal I propose in this article to comment on the most significant aspects of the GATT Session which has just ended at Geneva rather than attempt a balanced survey of every item which was discussed during a highly concentrated meeting lasting just over five weeks. Nevertheless it may be helpful to summarize the Session as a whole in a few sentences. The Seventh Session was one of the regular meetings of the representatives of the governments which are contracting parties to the GATT; except for a minor negotiation, no tariff negotiations were undertaken. There are thirty-four contracting parties today; and a further nine governments sent observers. As in other GATT Sessions one can roughly divide the work undertaken into items which arise from the operation of the Agreement itself and items which are proposed by governments and non-governmental agencies.

Under the terms of the Agreement the Contracting Parties held consultations with a number of governments on the import restrictions which they apply for the purpose of safeguarding their balances of payments and monetary reserves. The request of Japan to be permitted to negotiate for accession to GATT was discussed and it was decided to refer the application to an Intersessional Committee which will meet at Geneva on 2 February 1953. The Contracting Parties reviewed the status of the South Africa-Southern Rhodesia Customs Union and the Nicaragua-El Salvador Free-Trade Area; they granted permission to Ceylon to extend its protection for domestic industries; they extended the time limits for Brazil, Nicaragua, Korea and the Philippines to sign the Torquay Protocol and for Uruguay to sign the Annecy and Torquay Protocols.

For the success of GATT much depends upon effective procedures for settling differences between contracting parties regarding the application of the commercial policy code which is contained in the General Agreement. It is clear that governments attach increasing importance to orderly procedures for settling disputes and avoiding the resort to unilateral retaliatory measures. At this Session the experiment of a Panel on Complaints, a small group of neutral assessors which heard both parties, proved a great success. The results were a speeding up of procedure and the issue of several objective reports which were accepted by the Contracting Parties and the parties directly concerned. Most of the differences brought before the Contracting Parties have been satisfactorily settled. Particularly noteworthy was the complaint about the protective effect of the United Kingdom system of purchase tax which was resolved to the complete satisfaction of the Contracting Parties through a complete revision of the system. Some complaints, however, remain unsolved. The most important of these cases was the infringement of the GATT by the United States in its restrictions on imports of dairy products; this case, in particular, drew much hostile criticism and one affected govern-
ment, the Netherlands, received permission to retaliate by reducing in 1953 her purchases of wheat flour from the United States. But even in this case constructive elements may be discovered in the restraint with which application for approval of retaliatory measures was made and the agreement to submit compensatory measures to the approval of the Contracting Parties. Moreover, the contracting parties have all agreed that the proper solution to this sort of procedure does not lie along the path of retaliation but in withdrawal of the offending measures.

Among the other items of business there were three of outstanding importance - the waiver from GATT obligations granted to the six countries which comprise the European Coal & Steel Community (Schuman Plan), the completion of a Convention and a series of Recommendations to governments designed to simplify formalities in trade and reduce barriers, and a further step taken towards a practical scheme for lowering tariff levels on a worldwide basis. The granting of the waiver to the "Schuman Plan" countries will allow them to establish a common market for coal and steel; this involves the abolition as between the six countries of import and export duties and of quota restrictions. The discussion which preceded the granting of the waiver brought out the value of GATT in providing safeguards and checks against regional preferential arrangements; it was clear that GATT is regarded by many governments as a vital safeguard for the interests of third countries in ensuring that the members of such special arrangements do not indulge in discrimination which goes beyond the strict necessities of the case. In this case the "Schuman Plan" waiver was accorded on the understanding that the Coal and Steel Community will proceed in accord with its liberal objectives which parallel those of the GATT.

The Convention to simplify importations of samples and advertising material and the Recommendations, adopted at this Session, to abolish consular invoices and reduce the number of documents required for imports stem from the wishes of the trading community, expressed through the International Chamber of Commerce. There is no doubt that they will be welcomed. Incidentally this is the first Convention to be wholly sponsored by the GATT, although two years ago GATT experts had a large share in drafting UNESCO's Convention for removing tariffs on educational materials.

The original French proposal for lowering tariff barriers on a worldwide scale by 30 per cent in successive stages has now been subjected to detailed technical study. At the close of the Session the French Government presented an important new proposal which in its view will go far towards resolving some of the difficulties which had been encountered in examining the original French Plan, and at the same time offers possibilities of a new approach to the world's tariff problems. The new proposal will be discussed by the Working Party at its next meeting. In brief, the new proposal tackles the obstacles which have impeded progress in working out a practical scheme and offers a solution to the problems which would arise if some GATT members refrained from participating.
To turn to more general aspects: we feared that at a time when two major trading nations were not in a position to undertake long term decisions the Session might be somewhat sterile; the British Commonwealth Conference was yet to meet and the United States was in the midst of a Presidential election. But this was not so: not only was the meeting successful by business standards, it provided clear evidence that GATT has grown to occupy an important place in the framework of international relations.

If there is one field of human activity in which international cooperation is fundamental it is in the field of international trade. It is clear that GATT has an important role to play in these matters and that it has proved to have the resiliency and flexibility required in a world of stress and change.

The GATT, in common with other international bodies at work in this field, has been in the last few years preoccupied with the effects or symptoms of the world's economic illness. It was evident at the Seventh Session that Governments are now addressing themselves more vigorously to the basic causes of the present disequilibrium. In this determination lies the best hope for real progress towards the objectives of the General Agreement.