INFORMAL ADVANCE NOTES ON THE NINTH SESSION OF THE GATT CONTRACTING PARTIES AND THE REVIEW OF THE GATT

The Ninth Session of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT) will open at Geneva on Thursday 28 October 1954.

This Session will be of far greater importance than the normal annual sessions in that it includes a review of the Agreement. The discussions concerning the review of the Agreement will open on 8 November, and it is expected that many governments will be represented at the ministerial level during the initial stages of these discussions. Normally, the business of a GATT session needs about six or seven weeks to be completed. On this occasion, however, it is thought that the review of the Agreement may not be completed before February 1955. In the notes that follow the background for the review will be dealt with last, after some of the significant items of the Ninth Session have been mentioned.

In addition to the normal invitations to the thirty-three GATT contracting parties, invitations to attend the Ninth Session have been sent to the countries that signed the Havana Charter, and there are other countries that did not sign the Charter which may wish to be represented. While at this stage no accurate forecast of attendance can be made, it is possible that some fifty governments may send delegations to the Ninth Session. A list of governments invited to attend the Ninth Session is given at the end of this release. It is subject to amendment.

No tariff negotiations will be held during the Ninth Session, but several matters involving tariffs and tariff negotiations (at a future date) arise out of the agenda. Of particular importance is the status of the tariff schedules after 30 June 1955. One of the major contributions the GATT has made in the sphere of commerce is the provision of substantial stability in tariff levels throughout the world. Through the operation of the GATT a large proportion of the world's tariff rates have been "frozen" since 1948. The most recent
extension of the binding of the GATT tariff schedules will expire on 30 June 1955. The possibility of extending further the period of binding was considered by the Intersessional Committee in August 1954 and stress was laid on the need to prolong the element of stability while affording a reasonable opportunity to less developed countries and to countries with out-dated tariffs to adapt themselves to current needs.

Another matter which will attract attention is the request of the Government of Japan for an opportunity to negotiate for formal accession to GATT through tariff negotiations. This request was originally made in July 1952 but for various reasons it has not been practicable to arrange the negotiations. However, at the Eighth Session in October 1953 Japan was invited to take part in the work of the Contracting Parties and a number of contracting parties agreed that, pending the accession of Japan following tariff negotiations, commercial relations between themselves and Japan would be governed by the GATT. When the GATT Intersessional Committee met in August 1954 the majority of delegations supported the Japanese request to enter into tariff negotiations for formal accession to the GATT and the Committee recommended to the Contracting Parties, for their consideration at the Ninth Session, that arrangements should be made for tariff negotiations to be held in Geneva beginning on 1 February 1955.

As at previous sessions, a number of complaints, arising under the provisions of the GATT, will be heard. In some cases the complaints date back to earlier sessions and the governments concerned will report on the steps taken towards settlement of these questions. In other cases the complaints will be presented for the first time.

During the session further work will be done in a field of particular interest to importers and exporters, namely the easing of burdensome formalities in customs administration, such as the steps taken towards the abolition of consular formalities and towards the reduction of the documents that have to be filled in by traders. Under another item of the agenda annual reports will be presented by the governments that have received waivers from certain GATT obligations, as, for example, the six countries forming the European Coal and Steel Community.
As in previous sessions the Contracting Parties will probably give a "first reading" in plenary meetings to the main items of the agenda and will then set up a number of working parties to examine these matters in detail, so that at a later stage they can be taken up in plenary meeting and disposed of without delay. As indicated above, the plenary stage of the review of the GATT, at the ministerial level, will start on 8 November and may continue for ten days or so.

The Review of the GATT

The decision to review the GATT on the basis of the experience gained since it has been in operation was taken by the Contracting Parties at their Eighth Session in October 1953. They decided to convene a session (actually it will be an integral part of the Ninth Session) "to examine to what extent it would be desirable to amend or supplement the existing provisions of the GATT, and what changes should be made in the arrangements for its administration, in order that the GATT may contribute more effectively towards the attainment of its objectives."

There was a preliminary exchange of views among the members of the Intersessional Committee which met in August 1954, and the following is an extract from their press communiqué:

"There was broad agreement as to the value of the GATT as an instrument for promoting a set of rules for trade on a world-wide basis, and there was a general consensus that GATT should serve as the administrative organ for these rules and should be provided with an organization. Stress was laid on the need to examine the effectiveness of the provisions of the Agreement after seven years of operation and to see where they should be strengthened so as to carry out more effectively its objectives of achieving freer world trade.

"The need to consider carefully the special problems of countries in less advanced stages of development was acknowledged as one of the most important elements in the Review Session."
At the same time there was general recognition that the full participation of these countries was of prime importance, for only an organization which was representative of all types of economies could effectively undertake to increase trade on a world-wide scale. While it seemed undesirable for the Review Session to undertake any widespread relaxation of the obligations imposed under the Agreement, it was clear that the past seven years had brought a whole new set of circumstances into being in the fields of international commerce and monetary policy and there would of necessity have to be a profound examination of these developments - and of developments that might be expected in the next few years - in relation to the provisions of the Agreement as it stands today, and to the relations between the GATT and other international bodies with responsibilities in the economic sphere."

One contracting party - the United States - has already made known the broad lines of its approach towards the review of the GATT in a statement issued by the Assistant Secretary of State, Mr. Samuel C. Waugh, at the opening of public hearings on the GATT held in Washington in September 1954. (Earlier, in a message to Congress on 30 March 1954, the President stated his intention to renegotiate the organizational provisions of the GATT and to submit the results of this renegotiation to the Congress for its approval.) The following are major matters for consideration, in the United States Government's view:

**Organization.** The Contracting Parties to the GATT now have no regular organization to apply their agreement nor has the GATT a permanent secretariat. In order to apply the agreement the Contracting Parties now rely on transacting business at periodic meetings and on exchanges of views through diplomatic channels. There is a general feeling among the Contracting Parties that the GATT as now constituted lacks effective organizational arrangements to deal on a continuing and prompt basis with the many problems which arise in the field of international trade, and that a permanent organization with an adequate secretariat should be established.
Special Treatment for Underdeveloped Countries. The less economically developed countries aspire to accelerate their industrialization. Many feel that their tariffs were set without regard for such needs and, in consequence, that they are at a relative disadvantage in following trade rules identical with those followed by the industrially advanced countries. In general, such countries wish to be free to apply such measures as quantitative restrictions and higher duties in order to facilitate the development and growth of new industries.

The interests of the trading world as a whole would be advanced by a more rapid and sound economic development of these countries. Even from a purely trade point of view, the more economically advanced countries with higher living standards are generally better customers.

There are now special provisions in the GATT relating to the treatment of underdeveloped countries. The question is: to what extent can the GATT provisions be responsive to the needs of underdeveloped countries without being unduly prejudicial to the trade interests and economies of other countries or affording uneconomic protection to special interests?

Agricultural Quotas and Export Subsidies. While the GATT now contains provisions on agricultural import quotas and export subsidies, many countries in the GATT feel that these provisions are inadequate. In the view of the United States Government the questions are: what provisions should be GATT contain which, while giving countries adequate latitude to safeguard their domestic agricultural programs, at the same time provide reasonable protection to exporting interests? What provisions could be adopted which would be fair and equitable both to countries needing to resort to agricultural import quotas and export subsidies and to countries which might be affected by such measures?
Import Restrictions for Balance-of-Payments Reasons. The GATT now permits countries to apply import restrictions for balance-of-payments reasons. Such restrictions are intended to conserve a country's foreign exchange. During the postwar period when countries were short of foreign currencies and found it impracticable to take other corrective measures, they extensively applied restrictions on imports in order to limit the drain on their monetary reserves and protect their external financial position. Since imports from the United States and other hard currency areas required payment in American dollars or other exchange which was lacking, imports from such areas were particularly subject to restrictions. In the view of the United States Government, the problem is to ascertain what changes, if any, are desirable in the light of the improved payments position of many of the more highly developed countries of the world.

Stability of Tariff Concessions. This matter is referred to above, under the agenda for the Ninth Session, in connexion with the prolonging of the stability of the GATT tariff schedules beyond July 1955. The United States Assistant Secretary of State, in his statement, says that the United States and other countries are concerned that there be no unravelling of the tariff concessions and a consequent upsetting of the wide measure of tariff stability which has been achieved. There is also concern that the Agreement should provide adequate flexibility to meet exceptional circumstances which countries may face. The problem, therefore, is to find a way of providing such flexibility and still preserve the stability of tariff rates achieved under the GATT.

Commenting on the United States hearings the New York Times, 18 September, stated editorially, "GATT has sponsored tariff negotiations which have resulted in over 58,000 tariff reductions; has established rules and principles of international commercial conduct and has developed a considerable body of experience in the field of liberalizing international trade. GATT's achievements
have, therefore, been decidedly noteworthy. However, it has been operating under the handicap, so far as this country particularly is concerned, that its status is something of an anomaly, since it has never received Congressional authorization. This does not mean, as some of its critics declare, it is unconstitutional. On the other hand, it would certainly strengthen this country's moral position as a powerful advocate of liberal trade policy if its rôle had the official support of the legislative branch of the Government."

Apart from the United States Government, no contracting party has so far indicated publicly what it considers to be the matters of prime concern in the review of the GATT, although, according to press reports from Canberra, the Australian Government is concerned to amend the "no new preference" rule of GATT. In this connexion it may be noted that the United Kingdom and the Commonwealth countries will meet in London in October to formulate their views.
LIST OF COUNTRIES INVITED TO THE GATT NINTH SESSION
(subject to revision)

Afghanistan  *Australia  *Australia
*Australia  *Dominican Republic  *Italy
*Belgium  Ecuador  Japan
Bolivia  *Burma  Jordan
*Brazil  *Brazil
*Burma  *Burma
*Canada  *Canada
*Ceylon  *Ceylon
*Chile  *Chile
Colombia  Colombia
Costa Rica  Costa Rica
*Cuba  *Cuba
*Czechoslovakia  *Czechoslovakia

Chairman of the Contracting Parties:  H.E. Mr. L. Dana Wilgress, Canada
First Vice-Chairman:  Mr. Fernando García Cldini, Chile
Second Vice-Chairman:  Mr. Gunnar Seidenfaden, Denmark
Executive Secretary:  Eric Wyndham White.

* Contracting party to the General Agreement on Tariffs and Trade.