SPEECH BY MR. S. CHR. SOMMERFELT,
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AT THE PLENARY MEETING OF THE CONTRACTING PARTIES
HELD ON 30 OCTOBER 1957

The Norwegian Minister for Trade, Mr. Skaug, had made very definite plans
to attend this meeting. Unfortunately pressing matters relating to his
position as Acting Minister for Foreign Affairs have prevented him from coming,
and I am instructed to speak in his absence.

We have listened to many excellent speakers and it is difficult this late
in the debate to provide any fresh and new ideas or points of view.

Like so many speakers before me I want to congratulate the secretariat on
the annual report of GATT International Trade 1956. It gives in its new and
enlarged form an extremely good analysis of the economic problems which the
world is facing today.

Many signs point in the direction - and the analysis in the annual report
seems to confirm - that we may stand on the brink of a recession in world trade
if serious efforts are not made to change this trend. If individual countries
are not able to maintain a balanced expansion in their internal and external
economy the effect will be that the gap between debtor and creditor countries
will increase, with accelerating repercussions on world trade. The dollar gap
seems to widen again. The D-mark problem in Europe is very serious. It was
therefore encouraging to hear from Professor Hallstein that the Federal
Republic fully realizes its obligations resulting from its creditor position.
The downward trend in prices on several raw materials seriously threatens the
import capacity of many under-developed countries. These facts have been
stressed by many speakers before me.

It should not be necessary to point out how dependent a country like Norway
is on expansion in world trade. Be it enough to mention that the net income
from our merchant shipping pays for approximately 30-40 per cent of our total
imports. If world trade decreases, activities in shipping must decrease too,
and as a matter of fact, fluctuations on the shipping freight market tend to be
more violent than on the world market of most commodities.
During the last years we have witnessed a rapid and successful move from bilateralism to multilateralism. The most striking feature has been the gradual removal of restrictions on imports and exports.

It seems to be generally agreed that integration of national markets into bigger units is the way ahead if world trade is going to expand. Plans for common markets and free trade areas have emerged in the last years and the most important enterprise in that field - both politically and economically - which any group of countries has so far brought about - is on the agenda for this meeting, viz. The European Economic Community. If these plans are to be carried out we must secure economic expansion and stability. A decrease in international trade and an unfavourable development in the balance-of-payments situation in various countries will hamper further work for increased economic integration in the various regions of the world and cause setbacks to trade liberalization. The main problem seems therefore to be how to combine further economic expansion with external and internal stability. This, Mr. Chairman, is indeed a complicated problem which dominates the present economic situation in many countries. It should be given more attention in international organizations in order to forestall a downward trend in business activities.

The Rome Treaty will be discussed in detail within the GATT. Norway is furthermore taking active part in plans for creating a European free trade area associated with the Common Market, and we thus have an advantage, if it could be seen as such, of examining the Treaty in two places at the same time.

Mr. Chairman, I will be very short on the subject of the European Common Market as it is now laid before us in the form of the Rome Treaty. It is quite obvious that at the present stage we can take no definite stand as to whether it conforms to the GATT, and indeed, the Six do not expect us to take such a stand. Be it sufficient to mention that no less than 62 per cent of Norway's exports in 1956 to the Common Market countries are not included in the specimen tariff which has been presented to us by the Six countries. We therefore support the proposal that a committee of the whole be set up in order to watch the launching of the European Economic Community.

There is another feature of the Rome Treaty which is disturbing to my Government, viz. the extent to which certain goods, mainly within the foodstuff category, have been subjected to special provisions within the Common Market. These goods are listed in Annex 2 to the Treaty and further products may later be added to this list. They constitute some 20 per cent of our normal export to the Common Market countries - and among them is fish. We have always felt, Mr. Chairman, that there is no reason why the rules applied to fish should not be more liberal than those applied to agriculture proper, where the problems both economically and socially are rather different. We understand, however, that the kind of provisions to be applied to the various products listed in Annex 2 is a matter for later decision - and that in the Treaty there is nothing to prevent some of them from being subjected to the same rules as those which apply to goods not listed in the annex. We presume that this is another aspect of the Treaty provisions which should be kept under review by the Committee.
May I be permitted, Mr. Chairman, to turn to a specific problem which so far has not been touched upon, but to which my Government attaches special interest; to a problem which is generally understood to be of great importance to the free flow of international trade, namely, the control of restrictive business practices. In doing so, Mr. Chairman, I am not seeking to be original. The subject is on the agenda for the present Session.

Today we can look back on fruitful work in the field of trade restrictions of a governmental nature. We should now turn to the problem of reducing the harmful practices in the private sector. This is particularly important at a time when we are confronted with the establishment of large regional integration schemes. As private industries see the protection of tariff walls and quantitative restrictions gradually disappear, it is only human that they look for other measures to protect their interests. On the other hand it seems essential that the authorities take counter-measures which can check the detrimental effect of such measures on the community.

At the Eleventh Session the Contracting Parties recognized that GATT was the appropriate body to deal with the control of harmful restrictive arrangements. The matter was left to the Intersessional Committee which invited contracting parties to submit proposals for later consideration.

The Norwegian Government has submitted a memorandum, together with a draft agreement to be implemented by the Contracting Parties. The most appropriate procedure would be to appoint an expert group to undertake a comprehensive study of the problems involved and to make recommendations, if possible to the Thirteenth Session. I would express the hope that when this matter comes up later in the Session our proposal will find general support.

I would finally, Mr. Chairman, stress one point of importance to all contracting parties.

It has been stated that we now should devote more of our time to the examination and elimination of quantitative import restrictions. Countries under consultation have expressed repeatedly that they intend to proceed with the liberalization as soon as their balance-of-payments situation permits.

But we have had no assurances from countries with high duties to the effect that these duties are going to be reduced or that they intend to engage in new tariff negotiations.

We must not forget, Mr. Chairman, that one of the main objectives according to Article I of our Agreement is the entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs.