During the last session of the CONTRACTING PARTIES we had some discussion at the Heads of Delegations level about strengthening the General Agreement. Very little specific action has emerged from these discussions. It seems to me that there is one direction which should be explored with a view to early action. One of the principal difficulties in asserting the role of the GATT as the principal forum for the discussion of trade matters is the limitation in membership. This is a particularly difficult problem in relation to the United Nations. In the Economic and Social Council this limited coverage of the GATT is a frequent target, and GATT is undoubtedly vulnerable to such attacks. There would not seem to be any insuperable difficulties to remedying this situation with a little imagination and courage. The solution lies in the creation of associate membership.

There are two principal groups of countries which stay completely outside the GATT. The first consists of the countries with a State monopoly of foreign trade. The GATT does not in fact provide a satisfactory basis for regulating the trading relations between these countries and countries with a free economy. Secondly, there are a large number of countries, mostly underdeveloped, which for one reason or another are not prepared to accept the obligations of the General Agreement at this time.

I do not see any insuperable difficulty in attracting some countries from each of these groups through a suitable contract of association. The contract of association should require (a) the country seeking association with the CONTRACTING PARTIES to subscribe to the broad objectives of the General Agreement and to regulate its trade with the contracting parties and other associated countries in accordance with the general principles of the GATT; (b) an undertaking by the associate country to consult with the CONTRACTING PARTIES with a view to agreeing eventually upon terms for accession pursuant to Article XXXIII; (c) the participation of the associate country in the work of the CONTRACTING PARTIES, except insofar as this relates to the interpretation and application of the provisions of the Agreement; (d) possibly an agreement by the associate country to submit trade differences with contracting parties or associated countries for conciliation by the CONTRACTING PARTIES through procedures analogous to Article XXIII; (e) an appropriate contribution by the associate country to the budget of the CONTRACTING PARTIES.
If this status of associate country were to be created, I would envisage the sessions of the CONTRACTING PARTIES as being attended by three classes of representatives: (i) representatives of contracting parties; (ii) representatives of associated countries who would be seated separately; and (iii) representatives of countries sending observers. I would imagine that there would be a very strong urge amongst countries in the third group to ascend into the second, and likewise amongst countries in the second group to secure promotion to the first.

To complete the picture, there might be yet another possible status, namely that of provisional accession. This I suggest should be confined to countries which are seeking accession through Article XXXIII, but whose request cannot be immediately dealt with because contracting parties are not for the time being in a position to enter into tariff negotiations. For these countries a special privileged position might be accorded along the lines of the arrangements for the provisional accession of Japan pending tariff negotiations.

This plan appears to me to hold out great promise for dealing with countries with a State monopoly of foreign trade. Their representatives would be frequently in touch at a technical level with representatives of contracting parties, and there would be ample opportunity for careful examination of the possibility of working out special rules for governing trade relations between these countries and the contracting parties which might eventually be drawn up in the form of conditions of accession to be applied to these countries. Full account in such preparatory discussions could be taken of the work done in this field at the Havana conference.

Equally, the proposed set-up would enable the CONTRACTING PARTIES to associate with them a number of less developed countries who are not yet ready to take the plunge into Article XXXIII, but who would welcome an opportunity to take part in international trade cooperation with a view to accession at a suitable time. I have in mind in particular a country like the Argentine which might very well be attracted to a plan of this kind.

The consideration of this matter is, I suggest, somewhat urgent if we are to deal wisely with such countries as Poland and Yugoslavia. As regards the former, we have already had a number of approaches from the Polish side, and I should not be surprised to receive something more official during the course of the next few weeks. It is clearly of the highest importance to deal constructively with such initiatives, but at present there is no very clear line of action in sight, particularly as it is most unlikely that Poland would be seeking accession through a conventional negotiation under Article XXXIII.

I would welcome an opportunity of discussing this matter as soon as possible, in the hope that if the approach I have outlined appeared a promising one, it would be possible to have some broader discussion of it during the forthcoming session of the CONTRACTING PARTIES.