GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONTRACTING PARTIES
Eleventh Session

SUMMARY RECORD OF THE FIRST MEETING

Held at the Palais des Nations, Geneve,
on Thursday, 11 October 1956, at 3 p.m.

Chairman: H.E. Mr. L. Dana WILGRESS (Canada)

Opening address by Chairman and statements by the heads of the delegations
of the United States, Ceylon and Canada.

Subjects discussed: 1. Adoption of Agenda
  2. Order of business
  3. Election of officers

Mr. WILGRESS, opening the Eleventh Session of the CONTRACTING PARTIES,
pointed to the unprecedented level which had been attained in international
trade. In this expansion, however, the industrial and the non-industrial areas
of the world had not equally participated. While there had been a marked
increase in the proportion of world trade carried between the industrial areas,
the proportion of trade between industrial and non-industrial areas had actually
deprecated. This situation, he suggested, must be a matter of serious concern
to all the contracting parties, and he invited delegates to address their minds
to this problem.

Mr. Wilgress reviewed the work of the past year. The fourth GATT Tariff
Conference had ended with significant achievement, and many contracting parties,
despite unpromising world conditions, had made progress in the removal of
balance-of-payments restrictions. He stressed the advantages and successful
initiation of the trainee programme, organized in cooperation with the United
Nations Technical Assistance Administration, to enable officials of the less
developed countries to become better acquainted with problems of commercial
policy and the operation of the General Agreement. On the other hand the
amendments to the Agreement drawn up at the Ninth Session had not yet entered
into force, and the Organization for Trade Cooperation had not been established.
He hoped that during the present Session steps would be taken to bring this
state of affairs to a happy end; the uncertainties which surrounded the future
development of the Agreement made it increasingly difficult for the CONTRACTING
PARTIES to maintain their position as the principal international forum for the
discussion of trade questions.
Very important developments were now taking place in Europe on the question of tariff matters. Six contracting parties were engaged in discussions for setting up a customs union, and a number of other European countries were considering the possibility of being associated with this union in a free trade area. He suggested that, in their effects on world trade, these developments might be comparable with the repeal of the British Corn Laws and the United States Reciprocal Trade Agreements Act. At the present session the CONTRACTING PARTIES would be particularly concerned to establish working relationships between themselves and the groups in question.

It being likely that there would be a pause in the series of tariff conferences, he welcomed the proposal that the CONTRACTING PARTIES invite all member governments still restricting imports for balance-of-payments reasons to enter into consultations, since so long as these restrictions remain, the objectives of the GATT cannot be attained.

Mr. PROCHNOW (United States) referred to the favourable economic conditions prevailing in the world and spoke of the progress made in the reduction of tariffs and in the removal of other trade barriers since the General Agreement entered into force. He expressed the hope that the protocols of amendment to the Agreement would soon be accepted by all contracting parties.

He stressed the importance of his Government's proposal that contracting parties maintaining restrictions for balance-of-payments reasons be invited to consult with the CONTRACTING PARTIES. With reference to the discussions for a common European market, his Government felt that the CONTRACTING PARTIES should keep themselves fully informed of developments in the plan for a six country customs union and the possible European free trade area; the CONTRACTING PARTIES had a rôle to play in such projects.

Mr. SENANAYAKE (Ceylon) expressed his conviction that the GATT presented the best avenue for the expansion of world trade to the mutual benefit of all nations, and that each GATT session should open with a meeting of Ministers to give direction and guidance to the deliberations. Through the General Agreement barriers to trade had been reduced and multilateralism had been made a reality.

One important question - the stabilization of commodity prices - however, had been almost totally neglected; the Agreement as it stands, appears designed to safeguard the interests of the highly industrialized countries. The objectives of the Agreement - full employment and higher standards of living - could not be achieved in the underdeveloped countries except through commodity price stabilization.

1 The full text of Mr. Wilgress' speech is reproduced in Press Release GATT/305.

2 The full text of Mr. Prochnow's speech is reproduced in Press Release GATT/306.

3 The full text of Mr. Senanayake's speech is reproduced in Press Release GATT/307.
Mr. HOCKIN (Canada) said that his Government stood firm in its determination to protect the substance of the GATT rules and principles in the interests of the orderly conduct of world trade. Special arrangements of a regional character might play their part, but the maintenance and development of the GATT as a vigorous and effective instrument in world trade should remain the prime objective.

He hoped that recognition would be given to the fact that the balance-of-payments position of some countries had now improved to the point where the retention of the remaining import restrictions would no longer be justified for any great length of time; his Government hoped that at this Session steps would be taken to put into effect the procedures that had been agreed upon to govern such situations.1

Mr. CRAWFORD (Australia) expressed his disappointment that there had been no mention in Mr. Prochnow's speech of the present attitude of the United States Government to the Organization for Trade Cooperation. He recalled that some contracting parties had made vital concessions at the review session in order to obtain agreement, and if the OTC were not ratified and/or the revised Agreement not brought into efficient operation, the role of the GATT might be jeopardized. He agreed with the Ceylon representative on the need for the application and establishment of a rule of law in matters outside industrial trade, and the Australian Government believed that the CONTRACTING PARTIES were the proper body for the consideration of questions of commodity trade. Thus Australia was ready to participate in discussions on the Draft Agreement for Commodity Arrangements and on individual agreements, particularly for rubber, tea, copper and like products and was prepared to assist in this work. Another Australian objective was to elicit information on the trend in Europe towards the formation of a customs union and a free trade area and he welcomed the opportunity to discuss these matters at the present session.

1 Adoption of Agenda (L/524 and Add.1)

The CHAIRMAN introduced the provisional agenda containing items carried forward from the last session and items proposed by contracting parties and by the Intersessional Committee.

Mr. FORTHOMME (Belgium), referring to certain remarks of the Chairman and another speaker, said that his delegation did not quite agree with the manner in which the question of the proposed European customs union and free trade area had been presented. When this item was discussed he would elaborate his views.

The agenda was adopted.

1The full text of Mr. Hockin's statement is reproduced in Press Release GATT/308.
2. **Order of business (L/548, paragraph V(b))**

The CHAIRMAN referred to the Intersessional Committee's recommendations as to the order of business for the opening days of the session and for dealing with certain major items.

With one alteration in the programme for the following day, the CONTRACTING PARTIES approved the recommendations of the Committee.

3. **Election of officers**

The CHAIRMAN drew attention to the Intersessional Committee's recommendation that this item should be referred to a meeting of the Heads of Delegations to be held "at the opening of the session with a view to reaching unanimous agreement on nominations", and that the proposed meeting should be conducted in accordance with the proposal made by the representative of Pakistan at the Tenth Session as set out in document L/536.

It was agreed to refer the election of officers to a meeting of the Heads of Delegations to be held forthwith.

The meeting adjourned at 4.15 p.m.