

GENERAL AGREEMENT  
ON TARIFFS AND  
TRADE

ACCORD GENERAL SUR  
LES TARIFS DOUANIERS  
ET LE COMMERCE

RESTRICTED

LIMITED B

GATT/CP.3/SR.20  
14 June 1949

ORIGINAL: ENGLISH

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Contracting Parties

Third Session

SUMMARY RECORD OF THE TWENTIETH MEETING

Held at Hotel Verdun, Annecy,  
on Thursday, 2 June, 1949, at 2.30 p.m.

Chairman: Mr. L. D. WILGRESS (Canada)

Subject discussed:

THE REQUEST OF THE GOVERNMENT OF CZECHOSLOVAKIA FOR  
A DECISION UNDER ARTICLE XXIII AS TO WHETHER OR NOT  
THE GOVERNMENT OF THE UNITED STATES HAS FAILED TO  
CARRY OUT ITS OBLIGATIONS UNDER THE AGREEMENT THROUGH  
ITS ADMINISTRATION OF THE ISSUE OF EXPORT LICENCES.  
(Continued).

Mr. EVANS (United States of America) replied to the speech made by the head of the Czechoslovak delegation. (Document GATT/CP.3/38).

Dr. AUGENTHALER (Czechoslovakia) said that he would like to continue the discussion another day so as to have time to study the statement made by the representative of the United States. He wished to limit himself for the time being to only a few points. With regard to the question of United States export licences which had been under discussion at the last meeting of the General Assembly of the United Nations he stated that it had not been brought up by his Government or by the Government of the Union of Soviet Socialist Republics but by the Government of Poland. He felt proud that the United States representative considered his country so dangerous from the military point of view although Czechoslovakia had no fleet, nor the atomic bomb, nor any bases in any part of the globe. He stressed that Czechoslovakia had no political or military obligations against any country and it was only committed to prevent any possible new aggression by Germany, and such a commitment could not endanger the security of any country. He was surprised that the representative of the United States did not answer the point he had raised with regard to the Comprehensive Export Schedule No. 26 whereby, for the purpose of export control, all foreign destinations except Canada were classified by the Office of International Trade into groups. It appeared to him, therefore, that all countries except Canada were suspect to the United States to varying degrees. He wished to enquire whether the CONTRACTING PARTIES thought it permissible, on the basis of the General Agreement, that a distinction be made with regard to exports and imports in the case of one country and not in the case of another country.

Mr. SHACKLE (United Kingdom) said that his country did not conceal the fact that it had a list of goods the export of which was closely controlled on security grounds by means of export licensing. That list covered both war material and materials which in the judgment of his Government could be of direct use in increasing military potential. His delegation did not seek to deny that export licensing control over those goods was discriminatory in its effects, since controls exercised for security reasons were by their nature discriminatory. No country could deny, or be expected to deny, itself the right to exercise such control where matters of national security were concerned. The United Kingdom asked for nothing better than the opportunity to trade as widely and as freely as was possible. If it were possible to dispense with security controls his Government would be happy to do so, but it had to face the facts of life in the contemporary world as it found them. In imposing those restrictions on security grounds his Government maintained that it was not going outside its obligations under the General Agreement. Article XXI(b) of that Agreement laid down that nothing in the Agreement should be construed to prevent any Contracting Party from taking any action which it considered necessary for the protection of its essential security interests relating inter alia to the traffic in arms, ammunition and implements of war and to traffic in other materials carried on directly or indirectly for the purpose of supplying a military establishment. The representative of Czechoslovakia had sought to draw a distinction between, on the one hand, traffic "directly or indirectly for the purpose of supplying a military establishment" and, on the other hand, "war potential". This distinction seemed to him entirely artificial. Goods which were of a nature that could contribute to war potential might evidently be used at any time, e.g. to construct

factories which are supplying, or may be intending some day to supply, an establishment - whether that was in fact the intention or not no-one but the importing country could know, but the exporting country was fully within its rights in declining to take a risk wherever there was room for doubt. It was, he thought, a principle well recognised internationally, that it was for each country to judge for itself of its own security interests. Of course no one would deny that there was an extensive field of commodities which were capable both of war-like and peaceful uses, but where there was doubt his Government was obliged to reserve to itself fully the right to judge whether to give an export licence in any given case or not. This was not to say that his Government would refuse to consider representations that particular consignments of dual purpose materials were destined for peaceful uses. At the same time the United Kingdom system of control was designed to reduce uncertainty to a minimum and to put both would-be importers in other countries and their own exporters on notice as fully as possible of the restrictions and requirements that his Government applied. In this way it was careful to reduce interference with normal trade to a minimum. It had often been alleged, and he thought to some extent implied by the representative of Czechoslovakia, that the United Kingdom was not its own master in this matter and that it was being constrained by outside pressure to pursue a course which was contrary to its own and other countries' interests. That suggestion was unfounded. The famous Article 117(d) of the United States Economic Co-operation Act laid no obligation upon the United Kingdom and any decision regarding its export control was purely a United Kingdom responsibility. Nor was any obligation in this matter laid upon the United Kingdom by the Economic Co-operation Agreement signed between the United Kingdom and the United States of America in July of last year. In brief,

his country had a clear conscience in this matter. As had been said in the recent debates in the Economic Commission for Europe by the United Kingdom Under-Secretary of State for Foreign Affairs, Mr. Mayhew, the United Kingdom in insisting on the maintenance of its rights not to sell war-like materials and supplies to certain Governments was animated by a desire for peace and not by any disinclination to trade.

Mr. PHILIP (France) said that he had examined the complaint lodged by the representative of Czechoslovakia with the greatest possible objectivity. He had clarified a point made by the representative of Czechoslovakia regarding the political party of M. Chambeiron to whose interpellation in the French National Assembly the representative of Czechoslovakia had referred. He had come to the conclusion that he should ask himself three questions, namely, (a) was damage the criterion for lodging a complaint, (b) was damage indicated by a decrease in the volume of trade and (c) was a decrease in the volume of trade caused by discrimination? He wished to draw attention to the table that the representative of Czechoslovakia had annexed to his statement (Document GATT/CP.3/33, page 14). He regretted that the figures for imports into Czechoslovakia were given only in percentages and not in real volume. What struck him was that imports into Czechoslovakia had not only decreased in 1948 as compared with 1947 in the case of the United States of America but also with all the other countries mentioned in that annex with the only exception of Greece. He also noted that the largest reduction in trade, given in percentages, had not taken place in the case of the United States but in the case of Denmark. He concluded therefrom that the greatest decrease in trade given in percentages, had not been caused by what the representative of Czechoslovakia called discrimination. He

recalled that at the recent meeting of the Economic Commission for Europe all countries of Eastern Europe had invited the attention of all governments to the considerable increase of production and intra-Eastern European trade. He wondered whether it had not been that intra-Eastern European trade which was responsible for the reduction of Czechoslovakia's imports from the countries mentioned in the table given by the representative of Czechoslovakia. He suggested that the Czechoslovak delegation should give up the usage of only percentages in that particular case and that it should show figures indicating the volume of trade and the corresponding trade relationship with the countries of Eastern Europe. On the other hand, the representative of the United States had given figures for 1937/38 and for 1947/48 and had proved conclusively that imports from the United States into Czechoslovakia for the post-war period were higher than those of the pre-war period. For that reason he thought there was no basic evidence for any complaint and suggested that the investigation of the matter be discontinued.

Dr. AUGENTHALER (Czechoslovakia) referring to the reference made by the representative of France to M. Chambeiron of the French National Assembly, said that M. Chambeiron, as he could see from the summary records of the French National Assembly, was not a communist as the representative of France had implied but an independent republican. The important point however was not the political affiliation of M. Chambeiron but the nature of his question and the answer which the Chairman of the French National Assembly had given him, namely, that he had been grateful to M. Chambeiron for adhering to the five minutes limit. Since then he was not aware that any French authority had confirmed or denied the statement made by M. Chambeiron in the French National Assembly on 17 May, 1949.

In the annex to which the representative of France had referred there was no complaint against any country. He understood that the United States Government had given a secret list to the Marshall countries and nobody knew what the Marshall countries intended to do with that list. He recalled the uncertainty under which Czechoslovakian importers had to send money abroad and he was certain that any other of the Contracting Parties that found itself in a similar position would bring up the matter in a similar way. The fact was that Czechoslovakian imports from the United States were in 1948 reduced by 53% and he was quite prepared to give exact figures later. Referring to the statement made by the representative of the United Kingdom, he said that he had neither mentioned nor implied any outside pressure on the United Kingdom.

The CHAIRMAN suggested that sufficient time be given to the representative of Czechoslovakia to study the statement made by the representative of the United States and that a very full summary of the proceedings of the meeting be given to the press. It was so agreed.

The meeting rose at 4.45 p.m.

