

SECOND SESSION OF THE PREPARATORY COMMITTEE
OF THE UNITED NATIONS CONFERENCE
ON TRADE AND EMPLOYMENT

SPEECH TO BE DELIVERED BY M. MAX SUETENS
AT FINAL SESSION OF PREPARATORY COMMITTEE,
OCTOBER 30, 1947.

Translation from French

1. A little over two months ago the Preparatory Committee met in plenary session to approve the Report of its Second Session, which took the form of a draft Charter for consideration at the United Nations Conference on Trade and Employment, due to open at Havana on November 21.

We are assembled here today to adopt and sign the Final Act, marking the termination of the tariff negotiations which opened here on April 10 between the countries represented on the Committee, and the framing of a General Agreement on Tariffs and Trade and of a Protocol of Provisional Application.

2. Before I recount the steps which have brought us to this auspicious occasion, and before I attempt to estimate the significance of what has been achieved, I would like to recall the situation as it faced us at our last Plenary Session on August 22nd. In commenting on the harmony which had hitherto prevailed in our discussions of the Draft Charter and in the tariff negotiations, I said that "this Conference has still not yet come to an end, since the tariff negotiations will continue and by their very nature they raise considerable difficulties". The task which confronted us and its complex nature were underlined by other speakers on that occasion. May I quote from the remarks of the United States member, Mr. Clair Wilcox, who said, "The members of this Committee will be judged, in the eyes of the world, not only by the words we have written on paper and sent forward to the World Conference, but also by the action that we shall take, here and now, to give meaning to those words. Our proposal to negotiate for the substantial reduction of tariffs and the elimination of preferences will be laid down side by side with the provisions of our General Agreement on Tariffs and Trade. Our promise in the one will be measured by our performance in the other". And - if I may be allowed one more quotation - this sentiment was echoed on the other side of the globe by the Australian Minister of Reconstruction, Mr. J.J. Dedman, who said (in a broadcast on August 21), "The Charter cannot stand by itself. The Charter and the proposed multilateral trade agreement are integral parts of the general plan to expand trade. The success or failure of the whole plan now depends on a similar degree of understanding being reached in the trade negotiations".

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3. Gentlemen, we are now to be judged in the eyes of the world. We are presenting in public an account of our stewardship. I hope to show in the course of my remarks that we have succeeded in fulfilling our task, bringing credit not only to the labours of the members of this Committee, not only to the farsighted wisdom and the spirit of conciliation shown by the governments they represent, but to the United Nations itself, under whose sponsorship we were created.
4. I think it is no exaggeration to say that our meeting today will provide a landmark in the economic development of the world during recent years. We are here witnessing the birth of the first fruits of post war international action towards reorientating international trade on constructive and productive lines, towards more copious production of the products needed by mankind, toward increasing employment of the men and women producing them, and towards a steadily rising standard of living.
5. The work undertaken by our Committee, under the auspices of the United Nations cannot be considered on its own. It is integrated into a wider economic field which extends over many objectives. This line of approach began to be foreseen during the war. I need only cite the Atlantic Charter, which laid down the principles for the basis of this collaboration, the Hot Springs decisions, concerning food, the Bretton Woods decisions relating to exchange stability and aid in event of temporary disequilibrium in the balance of trade. It remained to create the basic foundation for collaboration in the field of employment and commerce. In this particular sphere no mere symbolical act, no mere expression of a desire, would be sufficient. It was necessary to achieve a really constructive framework which would allow for the revival of international trade.
6. It was in December 1945 that the United States and the United Kingdom published their Proposals for Consideration by a World Conference on Trade and Employment. At the same time, the government of the United States invited a representative group of trading nations to enter into negotiations for the reduction of barriers to trade. Two months later, in February 1946, the Economic and Social Council decided to establish this Committee, of which I have the honour to be Chairman, for the purpose of preparing an agenda, including a draft charter for consideration by the United Nations Conference on Trade and Employment. The Preparatory Committee held its First Session in London from October 15 to November 20, 1946; a Drafting Committee, appointed by the First Session, met in New York from January 20 to February 25, 1947; the Second Session opened in Geneva on April 10, and closes today. During our second session we evolved and published the draft Charter, the work on which called for over 450 meetings in the space of 4 months. During the same period we have completed over 100 pairs

of tariff negotiations, calling for nearly 1,000 formal meetings and many more informal meetings in a little over 6 months. Gentlemen, I suggest that it would be hard to find a parallel to the intensity of our labours. The results justify our efforts.

Allow me, if I may, to recall a few personal memories. During the interwar period I took part in the efforts made here in Geneva under the auspices of the League of Nations, to lower barriers to trade. As early as 1927, an international economic conference which brought together the leading figures of the principle trading countries, announced that the time had arrived when a halt should be called in the trend of protection and that it was urgently necessary and of the utmost importance to reduce barriers to trade. It was only 3 years later, in 1930, that a first conference took place whose official title was "The International Conference with a View to a Concerted Economic Action", more commonly known as the "International Conference for the Conclusion of a Tariff Truce". It did not succeed in finding a suitable formula. It led to a general understanding committing the countries which wished to raise their tariffs to a procedure of previous notification and consultation. But even that understanding which was nothing more than a gentleman's agreement could not be put into force. Furthermore all the other conferences which aimed to secure concerted economic action gave no results whatever. I will only cite as an instance the London Monetary and Economic Conference of 1933, which marked the end of international conferences having as their aim the stimulation of international trade. It is indeed an inspiring thought to realize that what could not be achieved during six years of effort has been achieved this time in less than one year.

7. The signing of the Final Act today marks the completion of the most comprehensive, the most significant and the most far reaching negotiations ever undertaken in the history of world trade. Twenty-three countries or territories, sharing amongst them approximately seventy per cent or a little less than three quarters of the trade of the world, have worked together, cordially and in the best traditions of fair give and take, to complete over one hundred negotiations, involving literally thousands of items. The results of those negotiations have been incorporated in a General Agreement on Tariffs and Trade, a multilateral trade agreement unique in its character, both in scope and in application.
8. It may not be generally realised that the General Agreement offers far wider benefits than a series of bilateral agreements; for under its terms, each negotiating country will be contractually entitled, in its own right and independently of the most favoured nation clause, to enjoy each of the concessions in the schedules of the other negotiating countries. The multilateral form of the tariff schedules is designed not only to assure broad action for the reduction of tariffs, but to give countries a right to particular tariff concessions which they might wish to obtain,

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but which under bilateral agreements they would find it difficult to obtain because they could not claim to be of the main suppliers of the product concerned.

9. The Final Act and the Protocol of Provisional Application are not in their nature or in their form unconventional documents. By signing the Final Act, each country authenticates the texts of the Protocol of Provisional Application and of the General Agreement on Tariffs and Trade. By signing the Protocol each country gives a firm undertaking to give provisional application to the General Agreement.

10. The General Agreement is a unique document in the history of trade negotiations, in setting forth agreed principles and practices, in establishing a formula for maintaining them pending the creation of an International Trade Organization and in providing for the safeguarding and effective operation of the tariff concessions. It restates, in Part One, the principle of General Most Favoured Nation Treatment as set out in Article 16 of the Draft Charter. It obligates the countries which have negotiated concessions to observe and maintain them. It provides for consultation between interested countries should they consider that a product listed in the Concessions is not receiving the treatment provided for in the Agreement. Part Two of the General Agreement is largely concerned with restating certain principles and provisions of Chapter Four (Commercial Policy) and, to some extent, of Chapter Three (Economic Development) of the draft Charter, with some modifications and rearrangement mainly for the purpose of relating them to the structure of the Agreement and to the obligations undertaken by the countries which accept it. Part Three deals with matters arising out of the Agreement itself and not taken over from the Charter. It is important to note that the countries accepting the Agreement must meet from time to time, their first meeting to be convened before next March, and that if the Charter has not entered into force within a reasonable time, arrangements are contemplated for amending, supplementing and maintaining the General Agreement, should they be necessary.

11. The question has been raised whether there is any provision in the General Agreement on Tariffs and Trade whereby it can be ensured that all contracting parties make tariff concessions of equivalent value. The point arises, particularly in relation to the concessions to be made by new adherents and whether they will be equivalent to those made by the original contracting parties. Moreover, the same question will probably arise from time to time, as the process of lowering trade barriers goes forward, in respect of the original contracting parties.

This problem was, of course, foreseen in the draft Charter, and the Preparatory Committee has recommended in Article 17 provisions which we all consider adequate to meet the case. Reference may be made especially to the introductory words in paragraph 1 (which commit Members to negotiate about tariffs and preferences), to paragraph 1 (c) (which says that concessions

... (as in previous negotiations shall be taken into account), to paragraph 1 (d) (which says that the results of such negotiations shall be incorporated into the General Agreement on Tariffs and Trade) and to paragraph 2 (which gives the International Trade Organization certain rights as to the implementation of Members' undertakings in paragraph 1).

Thus, it can be stated with some confidence that the question of the contributions to be made to the objective of reducing trade barriers by Members, new or old, from time to time, will be adequately covered when the Charter comes into force. If, unhappily, the Charter does not come into force, or if there is long delay, the question of having provisions equivalent to those of Article 17 of the Draft Charter will inevitably be one of those which the contracting parties will have to take into consideration in accordance with the provisions of paragraph 4 of Article XXIX of the General Agreement on Tariffs and Trade.

12. Can we reduce the results of our labours to simple practical terms? Can we estimate what will be the effect of the tariff reductions and bindings on world trade? First, I must make it clear that I have no authority to reveal the detailed content of the schedules of concessions. These, together with the texts of the General Agreement and of the Protocol of Signature, will be made public by the Secretary General, it is hoped, on November 18. He, in his turn, must, by November 15, be informed of the signatures of eight named countries to the Protocol. (I am glad to know that certain countries are to sign the Protocol here today). But, if I may be permitted for a minute to delve into figures, which are inevitably rather large figures, it may be possible to apply a yardstick to the results of our endeavours. In 1938, the latest year for which figures are available, the countries of the world, as a whole, imported goods and products of all kinds to the value of twenty-four billion dollars. The 23 countries which have negotiated at Geneva enjoyed about fifteen and a half billion dollars worth of import trade. It appears, from broad calculations, that on the average no less than some two-thirds of the import trade of the 23 countries concerned is covered by concessions or bindings negotiated at Geneva. (In certain countries between 76 and 86 per cent of their import trade is covered). In terms of dollar value, and at pre-war prices, this would mean that the value of import trade covered by reductions of tariffs or by bindings negotiated at Geneva is in the order of ten billion dollars.

13. The general results of our work, apart from their detailed significance will have a most beneficial influence on the Conference which is to open next month at Havana. Our completed negotiations show that the countries represented on the Preparatory Commission have not been content to remain in the world of theory, but that they are prepared to take seriously one of the most important commitments under the Draft Charter, namely Article 17. Twenty-three countries assembled here, representing

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almost three quarters of world trade, are going to sign the Final Act today. It is no exaggeration to proclaim that the signing of the Final Act today provides the clearest possible indication that these countries are firm in their conviction that the Draft Charter must be brought into existence and made to work for the benefit of all nations of the world. We have undoubtedly provided the Havana Conference with a flying start.

14. It is appropriate at this stage to express my gratitude to all those who have taken part in our work, and in particular to Ambassador Wilgress who has presided with such authority over the progress of the tariff negotiations, to the heads of delegations who have assisted him in the Tariff Negotiations Working Party, to the teams of negotiators, to all those who helped to draft the three documents with which we are concerned, and in particular to the Legal and Drafting Committee which has worked under the skilled direction of M. Royer.

We are also particularly grateful to the Secretariat for the way in which they have shouldered the heavy burdens which the final stages of the second session have imposed upon them. Only one member, Mr. Gilpin, remained for the exceedingly arduous final stages of preparing the documents and schedules which we have before us. To him our best thanks are due.

And may I take this opportunity also to thank the permanent services provided here in Geneva, the men and women who have reproduced our numerous papers, often working through the night to complete their tasks, to the translators and to all those who have in any way contributed to the success of the work of the Preparatory Committee.

15. There is another group of collaborators who have taken an essential part during this Conference, I refer to members of the press, who have since April been reporting the developments of the work of the Preparatory Committee continuously.

There have been many newsless days and even weeks for the members of the press; our negotiations have been unavoidably confidential and the results have had to be withheld until the end, in order to achieve the full benefits of a multilateral type of General Agreement. More than once, significant developments which have taken place in Geneva have reached the press first in other national capitals. Our friends have shown much forbearance; they have reported our progress fairly and accurately; they have, I think, shared our hope and our belief that this long meeting would end with significant accomplishments to its credit. I feel certain that they will understand the reason - namely the need for time for the countries concerned to consult their governments - why publication of the documents and of the Schedules is delayed until November 18.

16. There are certain comments which have been made in respect of the tariff negotiations we have concluded, which concern

not only the work we have undertaken but the concrete value of the results we have obtained. It has been said that tariff barriers only played a minor role in trade and that the Agreement would have but little effect. Without doubt this comment contains only a part of the truth. I would go further. The economic situation, particularly in Europe today, is much less satisfactory than it was when the discussions on the Charter were opened. One conference has been called in Paris to attempt to bring aid in resolving the difficulties which threaten to paralyse the life of our Continent. Our work does not aim to resolve these problems and besides it could not do so. But it is reassuring to see that on several occasions the Report of the Sixteen recognizes the value of our work and our negotiations and that it has taken into account several parts of the Draft Charter.

We cannot, on the other hand, disregard the fact that an atmosphere of scepticism surrounds the United Nations. There is a feeling that the United Nations is powerless to find a solution to the serious political problems of today. But in one sphere, namely our own, we have not failed in the trust that was placed on us. And the realisation of what we are presenting to the world today goes far towards justifying our confidence. All in all, economic health is just as essential as political health, and it might even be said that it is the essential factor.

17. This is what President Truman meant when he spoke of applying to commercial relationships the principle of fair dealing. Instead, he said, of retaining unlimited freedom to commit acts of economic aggression, the members of the proposed International Trade Organization would adopt a code of economic conduct and agree to live according to its rules. Instead of adopting measures that might be harmful to others, without warning and without consultation, countries would sit down around the table and talk things out. The interests of all would be considered and a fair and just solution would be found. In economics, as in international politics, said the President, this is the way to peace.
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