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ON TARIFFS AND
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ET LE COMMERCE

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Reply of the Head of the Czechoslovak Delegation,
Mr. Zdenek AUGENTHALER, to the speech of the Vice-
Chairman of the USA Delegation, Mr. John W. Evans,
under Item 14 of the Agenda.

Mr. Chairman, Fellow Delegates,

I believe that the best way to start with my reply to my U.S. colleague's statement is if I say what he said at the beginning of his speech, i.e., that I also am extremely sorry that the Contracting Parties have to listen to a continuation of a debate which for some time has been one of the main items discussed at various international meetings. But when this question was raised by Poland before the last General Assembly, the Honourable Mr. Willard Thorp referred to the Havana Charter and to the GATT as documents containing rules for this matter, and the French Delegation presented a draft resolution recommending that "pending the entry into force of the Havana Charter, Member States should be guided by the principles relating to non-discrimination laid down in the Charter." The representative of the United Kingdom agreed with the French Delegation that with respect to this question members should be guided by the principles of the Havana Charter. As you see it was actually an invitation to bring this matter before the Contracting Parties. If the U.S.A. and some other delegations had not constantly opposed having this matter thoroughly examined on previous occasions, there would have been no reason for us to raise it here.

The question under consideration is not a special hobby of Czechoslovakia invented just for the purpose of annoying the United States, but it is a very real problem on the solution of which depends the present and future development of international trade relations. Some very basic questions are involved and with your permission I will deal only with them, leaving aside all details which would complicate and make endless our debate.

One of these basic questions is the interpretation of the provisions of Article XXI as to security exceptions. When this question was discussed at Havana many delegations wished to have these security exceptions interpreted as narrowly as possible in order to avoid misuses. If I remember correctly, it was especially the Delegate of the Union of South Africa who was greatly concerned about that.

How far a misinterpretation can go, I could demonstrate by the example given by Mr. Evans concerning orders placed by Czechoslovakia in the U.S.A. for some mining drills. Mr. Evans said that while the Czechoslovak application has been considered the American press published an announcement of the discovery of an important uranium deposit in Czechoslovakia and he supposed this news influenced the decision of the U.S. authorities. I am sorry to say in this connection that the U.S. press was extremely late in publishing this news. The uranium deposits in Czechoslovakia were well known even before the first world war and Madame Curie discovered radium by studying the Czechoslovak ores. But as soon as some articles appeared in some U.S. newspapers in 1948, all mining drills for deep exploration for Czechoslovakia became suspect, although it is well known that we are extracting anthracite from very great depths. Mr. Evans invoked the proviso about fissionable materials which would mean that mining drills are probably considered fissionable material too. It seems that they became radioactive as a consequence of radiations from the U.S. factories. On the instructions of my Government

I declare here that all orders we have placed in the United States are really for the purposes indicated by us and that if the U.S. authorities had some doubts, they could ask us directly for explanations and not base their decisions on erroneous news articles or other unfounded suspicions.

The second reason for the U.S.A. discriminatory export policy invoked by Mr. Evans was in connection with the Foreign Assistance Act of 1948. He made reference to paragraph II of Article XX, that is, "acquisition or distribution of products in general or local short supply provided that any such measures shall be consistent with a multilateral arrangement directed to an equitable international distribution of such products."

We can hardly believe that the U.S.A. is distributing under the Foreign Assistance Act only products which are in short supply and that the distribution is made in a way to assure an equitable international distribution of such products. Mr. Evans himself said that exports to other than participating countries, in accordance with section g of the Foreign Assistance Act, may be authorized if the U.S. authorities determine that such exports are otherwise in the national interest of the U.S.A. To my mind it does not look like an arrangement directed to an equitable international distribution if the decisive factor is the national interest of the United States as seen by the U.S. authorities and not the interest of all Contracting Parties. This in our view is a further proof that the Foreign Assistance Act cannot be considered a multilateral arrangement in the sense of Article XX, paragraph IIa.

I admit that both these points may be considered complicated, especially as the U.S.A. is covering itself with the so-called national security provision and is invoking the privilege of secrecy. That is one more reason why the previous two points should receive the very careful study of a working party.

But there is the third, and to my mind, most important question and that is the interpretation of Article I, that is, General Most-Favoured-Nation-Treatment. I hope that I have very clearly stated that the U.S.A. is not requiring export licences for the export of goods to Canada and that it is not requiring for many goods export licences for the destinations in Country Group "O", while it is requiring licences for Country Group "R" and very carefully examining licences to Eastern Europe. Mr. Chairman, Fellow Delegates, we would be most obliged to the Contracting Parties, if they would kindly clarify, first of all this point and decide: Do such regulations conform to the provisions of Article I of the GATT or not? And consequently is every country entitled to have the same rules applied in its international trade relations? If you would admit that, then what would remain from the GATT and with what right could we sit here considering measures taken also for imports by other countries, as for instance the import restrictions introduced by the Union of South Africa?

Should it not be the main task of the Contracting Parties not to allow in the field of economic life the spreading of the so-called "cold war" and to try instead to introduce into international trade relations something which could be called "cold peace"? As we repeated said, we are convinced that a just and mutually advantageous international trade may be a very good basis for political understanding as well and for the peace in general.