

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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CONTRACTING PARTIES
Fifth Session

Inclusion in the General Agreement on Tariffs and Trade (GATT)
of certain articles from Chapter II of the Havana Charter
dealing with employment and economic activity.

Proposal by the Norwegian Delegation.

When the GATT was drawn up at Geneva in October 1947, the main issue then under discussion was whether the GATT should include not only the provisions relating to commercial policy (generally speaking the articles included in Chapter IV of the Havana Charter), but also provisions relating to employment and deflationary pressure from abroad (generally speaking the articles included in Chapter II of the Havana Charter). Although a great number of the Governments represented at the conference favoured the inclusion in the GATT of both categories of provisions, the conference decided in the end that the GATT should only include the commercial policy provisions and not the other provisions mentioned above. The reason for this decision was, firstly, that a few important delegations objected to the inclusion in the GATT of provisions other than those dealing with commercial policy in the narrow sense. Secondly, however, the conference agreed to this solution only because the large group of delegations favouring the inclusion in the GATT of the other category of provisions, considered that the GATT would be replaced in a relatively near future by the ITO-Charter likely to result from the Havana-Conference which was to begin only a few months later. For this reason there was included in the GATT a provision to the effect that during January 1949, should the ITO-Charter not have entered into force, or at such earlier time as might be agreed if it was known that the Charter would not enter into force, the Contracting Parties should meet to agree whether the GATT should be amended, supplemented or maintained.

It is the hope of the Norwegian Government that the Havana Charter will be ratified by so many countries that it enters into force. However, as it now seems uncertain whether or when the Havana Charter will become operative, the Norwegian Delegation has been instructed to propose that certain articles of Chapter II of the Havana Charter be included in the GATT. The provisions in question are articles 3, 4 and 6 of the Havana Charter. In the opinion of the Norwegian Government the principles of the commercial policy should not indefinitely be practised without regard to binding obligations relating to

employment and economic activity. The furtherance of international trade is not an end in itself, but a means of achieving increased production, higher standard of living, full and productive employment and thereby economic and social progress for all people in the world. These aims could not be achieved if the principles of commercial policy incorporated in the GATT were to be strictly applied without regard to the principles of employment and economic activity, laid down in Chapter II of the Havana Charter.

Further it should be mentioned that since the establishment of the GATT, Norway together with certain other countries has become party to the Convention for European Economic Co-Operation of the 16th April 1948, which pledges its members not only to promote production and to develop to the maximum interchange of goods and services, but also to correct or avoid excessive disequilibrium in the economic relations amongst themselves and with non-participating countries, and to provide full employment and maintain a high and stable level of economic activity, whilst avoiding or countering inflation. As the principles of the Convention for European Economic Co-Operation are modelled on the provisions of the Havana Charter, there is no inconsistency between obligations undertaken by the parties to the Convention for European Economic Co-Operation and the obligations which these parties, together with the other Contracting Parties of the GATT, would undertake if they included in the GATT the articles of the Havana Charter mentioned above.

Since the establishment of the GATT in the autumn 1947 a considerable number of the Contracting Parties to the GATT have thus already accepted as binding between themselves principles identical to those formulated in articles 3,4 and 6 of the Havana Charter, and the Norwegian Delegation venture to believe that no Contracting Party to the GATT would object to the principles laid down in these articles. The main question, therefore, would seem to be whether this is the right time to include in the GATT the said articles of the Havana Charter. As stated above, and for the reasons there given, the Norwegian Delegation feels that this session of the Contracting Parties of the GATT would be the appropriate one for the inclusion in the GATT of articles 3,4 and 6 of the Havana Charter.