

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
Special Session, 1951

Amendment proposed by the Czechoslovak Delegation to the proposed Agenda of the Special Session of Contracting Parties

The following proposal for the addition of an item to the Agenda has been received from the Czechoslovak Delegation. It is suggested that this be considered under item 2 of the proposed Agenda:

"The Czechoslovak representative wishes to ask the Contracting Parties to accept this amendment to the proposal of the agenda at the Special Session of Contracting Parties, as circulated in document No. GATT/CP/102 of March 14th 1951. The following point should be included among the business dealt with by the Special Session:

Exchange of views on the implications of the U.S. legislation under the U.S. Trade Agreements Extension Act of 1951^x, especially of the amendments adopted by the U.S. House of Representatives on February 12th 1951, and exchange of views on the possible effect of this proposed legislation on the General Agreement on Tariffs and Trade, especially with regard to the interpretation of the General Agreement.

Arguments to substantiate this course

"1. The above-mentioned Act closely concerns Article XIX of the General Agreement.

Section 7a of this Act, however, gives the "Escape Clause" contents and meaning which, in many decisive respects, are divergent from and contrary to the text of Article XIX. The text of the Act completely omits the fundamental stipulation of Article XIX that the escape clause can be used only "if as a result of unforeseen developments and of the effect of the obligations incurred by the contracting party under this agreement... any product is being imported...in such increased quantities and under such conditions....." The Act in question, omits all the first part of the stipulation, and in the second half substitutes for the wording "in such increased quantities and under such conditions" the wording "in such increased quantities or under such conditions". This means that under the terms of this wording both conditions need not be fulfilled, but only one or other of them. The fact of increased imports would be, in itself, adequate as a reason for revoking a concession. But why should countries conclude any trade agreements at all and discuss tariff concessions if increased imports in themselves sufficed as a ground for revoking those concessions?

Paragraph 7b of the Act in question goes so far as to speak of "a serious injury to a domestic industry or a segment of such industry", which again completely reverses the meaning of Article XIX.

^x Document of 82nd Congress 1st Session No. H.R. 1612. "AN ACT to extend the authority of the President to enter into trade agreements under Section 350 of the Tariff Act of 1930, as amended, and for other purposes."

In paragraph 7c the following criteria for the use of the escape clause are enumerated: "downward trend of production, employment and wages in the domestic industry concerned, or a decline in sales and a higher or growing inventory attributable in part to import competition, to be evidence of serious injury or a threat thereof", which gives an elasticity to the administration of the escape clause ~~never intended~~.

2. All this means that, covered by such an Act the United States intend to do what and how they please, regardless of the obligations under the General Agreement and regardless of others whom the U.S. invited to conclude agreements, the purpose of which is "expansion of the exchange of goods by the way of this substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international commerce".

3. Article 6 of the Act in question leaves it completely to the arbitrary decision of the President of the United States of America at any time to designate any of the Contracting Parties as a country to which the use of this Act applies.

4. The whole Act runs completely counter, not only to the spirit of G.A.T.T., but also the letter of the General Agreement.

5. It is obvious that, if this Act is also approved by the Senate and comes into force, a situation will arise in which the United States, proceeding in accordance with the Act will be:

- a) either compelled to neglect the obligations which they assumed by their participation in G.A.T.T.,
- b) or they will have to enforce an interpretation of G.A.T.T. which will enable them to make use of this new Act, an interpretation which will completely sweep aside the whole meaning of the General Agreement.

6. In view of the imminent danger threatening the General Agreement as a result of projected legislation by one of the Contracting Parties, it is undoubtedly a matter of the most vital interest to all Contracting Parties to exchange their views on the implications of this legislation and the possible effects which are to be feared to the existence and functioning of the General Agreement.

7. It is essential that this exchange of views should take place now, before the above-mentioned Act has received the approval of the United States Senate and the whole matter is pending, as otherwise the Contracting Parties would probably have to draw up a complaint to the effect that one of the Contracting Parties had decided, by its own legislation, to cover a practice disregarding G.A.T.T., although this same Party continues to be an adherent of G.A.T.T. and to enjoy the benefits of the most-favoured-nation clause."