

GENERAL AGREEMENT ON TARIFFS AND TRADE

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REVIEW OF THE GENERAL AGREEMENT

Comments and Proposals by the Greek Government

A. General Considerations

1. Experience of Insufficiently Developed Member Countries

The Greek Government feels that the Agreement during the six years of its application has effectively contributed to the development of international trade. However, the latter was only one of the objectives set out in its preamble; taken as a whole, these objectives would be more fully attained if certain provisions of the Agreement, which are at present too rigid, were drafted in such a way as to promote rather than to hinder the development of the productive capacities of insufficiently developed countries, which have been associated through the Agreement with industrialized countries, despite the sometimes enormous differences between the economic structure and development of these two categories of contracting parties.

The Greek Government considers that in the very interest of the aims of the General Agreement, the underdeveloped countries should be able to promote their economic development by various means, one of which would be special government assistance in the form, inter alia, of protective measures designed to ensure full employment and to raise the standards of living of their populations.

For a certain number of countries, including Greece, it has proved impossible to follow the trade rules designed to govern relations between industrially developed countries. The system of negotiations based on the principle of equivalent concessions, coupled with the extension of the life of Schedules which for too long a period has bound tariff rates drawn up under totally economic conditions, has placed these countries in an extremely unfavourable position. In the case, notably, of Greece, it should be pointed out that the concessions granted at Annecy and Torquay were negotiated under exceptional political and economic circumstances, and very often without equivalent compensations.

2. Unconditional Most-Favoured-Nation Clause

The Greek Government is much concerned by the attachment of the majority of contracting parties to the principle of the unconditional most-favoured-nation clause. The latter contains undoubtedly some advantages which, however, could

be ensured only during periods when liberal tendencies prevail in international trade. In the opposite case, the clause does not mitigate, but it intensifies the evils of protectionism and contributes towards raising tariffs to the level of the least liberal countries. It is only a formal legal guarantee, the contents of which vary according to circumstances, and may, in the absence of reciprocity which characterizes it in practice, lead to ensuring the most unfavourable instead of the most favourable treatment.

With regard to the economic integration of Europe, the unconditional most-favoured-nation clause is a barrier to the internationalization of economic and financial relations. In the view of the Greek Government, the integration of Europe appears problematical, at all events on the plane of trade policy, unless certain waivers to the clause, as defined in the General Agreement, are applied. It is clear that these waivers can be conceived only as a preparatory stage to world economic integration - the latter being retarded rather than accelerated by the excessive cult within the General Agreement of the most-favoured-nation clause.

3. Reinforcement of the General Agreement

The Greek Government is convinced of the need for reinforcing the General Agreement which has been emphasized insistently by a certain number of contracting parties; however, it can envisage a possible "reinforcement" only if the provisions referring to the development of economic resources in insufficiently developed countries are rendered more flexible. Only flexibility of this kind will enable more effective cooperation within the Agreement between a series of Member countries, and thereby lead to automatic reinforcement of the General Agreement. On the other hand, a "reinforcement" conceived on the lines of the present rigidity, would weaken the General Agreement and involve the danger of creating centrifugal forces within the Agreement.

Consequently, although binding of tariffs, which is in itself an advantage, should remain one of the primary objectives of the General Agreement, it is essential - if increase in production and the ensuring of full employment, the raising of the standard of living and a steadily growing volume of real income are to be effectively considered as indispensable factors for the development of international trade - to endow the Agreement with more flexibility, to recognize the possibility of certain readjustments in all cases when it is proved that new de facto situations have occurred. Otherwise, instead of stability, stagnation would result, of which the least that could be said is that it would be less recommendable in international trade than in any other sector.

4. Life of Schedules

The direction to be given to the question of assured life of Schedules and recognition of the need to be able to revise them at specific periods will therefore strongly influence the attitude of the Greek Government with regard to the Review of the General Agreement which the CONTRACTING PARTIES are initiating.

5. Establishment of a Permanent Organization

The Greek Government in principle approves of the transformation of the present agency of the GATT into a permanent organization, provided the General Assembly of Member States continues to be its sovereign body. It would likewise be desirable that the secretariat's competency be readjusted and that there be added to it a sort of Executive Committee elected by the Assembly of the CONTRACTING PARTIES. The sole terms of reference of that Committee would be to supervise application of the General Agreement and of the resolutions adopted by the Annual General Assembly of the CONTRACTING PARTIES. All contracting parties would be members of this Committee by rotation. At all events the the constitution of the new Organization should be such that the democratic character of the Agreement is thereby emphasized.

It is, however, obvious that the modalities of this transformation can be accurately determined only after a revision of the full text has taken place, and consequently only after the CONTRACTING PARTIES have had an overall view of the scope of their obligations and rights.

6. Import and Export Restrictions

The Greek Government, with the intention of pursuing the course it has adopted for the elimination of import and export quantitative restrictions, which has led to the complete liberalization of foreign trade in Greece, considers it is entitled to ask that the provisions of Article XI of the Agreement be applied by all. Prolongation of the measures adopted by the Greek Government might be compromised in the long run if other contracting parties pursue their present practices of severe import and export restrictions.

As regards more particularly exceptions to the non-discriminatory rule, it should be stipulated that, if a contracting party who has only a restricted number of export products finds that importation of one of its essential products is hindered, as a result of a monopoly system in force in another contracting party, it shall be entitled to waive the rule of non-discrimination in regard to that contracting party until it has obtained adequate compensations through negotiations.

7. Subsidies

The system of direct and indirect subsidies adopted by certain contracting parties represents an artificial aid to exporters and should consequently be condemned more expressly as a measure hindering the normal play of competition. For those contracting parties, notably, whose chief export products correspond to products which are thus subsidized by other contracting parties, the prejudice is of an extremely serious character. The Agreement should therefore, provide for the elimination of subsidies coming within this latter category.

If elimination of these subsidies cannot be reached by mutual agreement, it would be necessary to amend Article XVI of the Agreement, to enable contracting parties whose interests would be substantially affected to enter

into negotiation with the contracting parties applying these measures, with a view to determining equivalent compensations.

B. PROPOSED AMENDMENTS TO THE TEXT

It is with the above in view, that the Greek delgation submits for consideration by the CONTRACTING PARTIES the text of the amendments it considers should be introduced, notably, into Articles XIV, XVI, XVIII, XIX, and XXVIII of the General Agreement.

I. Amendment to Article XIV, in fine, sixth paragraph

Article XIV
Exceptions to the Rule of Non-Discrimination

.....

The CONTRACTING PARTIES recognize that should a contracting party, having a limited number of exportable products, find that imports of one of its essential products into the territories of another contracting party are hindered, as a result of a system of state monopoly regulating the trading in or manufacture of that product, and if it is unable to reach a satisfactory settlement by means of bilateral negotiations, it shall be entitled to impose similar import restrictions on products originating in the other contracting party, in deviation from the provisions of Article XIII on non-discriminatory administration of quantitative restrictions.

II. Amendments relating to export subsidies (Article XVI)

- 1) The CONTRACTING PARTIES recognize that subsidies which directly or indirectly increase exports are contrary to the objectives of the General Agreement.
- 2) Such subsidies are to be condemned in all cases when it is proved they cause or threaten to cause serious prejudice to the interests of another contracting party.
- 3) In exceptional cases, the CONTRACTING PARTIES may recognize the right of a contracting party to grant or maintain a subsidy coming within the category under paragraph 2, provided that that contracting party enters into negotiation with the other contracting party or parties concerned with a view to determining equivalent compensations.

III. Amendments to Article XVIII (Governmental Assistance to Economic Development)

- 1) The CONTRACTING PARTIES recognize that the attainment of the objectives of this Agreement will be facilitated by the progressive development of economies, in particular, in the instance of contracting parties whose degree of present development provides only for a low standard of living for their populations.

2) The CONTRACTING PARTIES agree that special governmental assistance may be required to facilitate the establishment, development, or reconstruction of particular branches of activity, with a view to raising the general standard of living of the populations, and that the granting of this assistance in the form of protective measures is justified insofar as the attainment of the objectives of the Agreement are thereby facilitated. In particular, the CONTRACTING PARTIES agree that this Agreement should not be applied in such a way as to deprive a contracting party, during the period of its economic development (a) of the right to retain sufficient flexibility in its tariff structure to apply the necessary tariff protection for the establishment of new branches of activity or the development and reconstruction of existing branches of activity; (b) or the right to impose quantitative restrictions to avoid any excessive import demands resulting from the implementation of a development programme of its industrial and other economic resources, provided that such restrictions are designed only to maintain the general level of imports within the limitations of currency resources of that contracting party, and the right to give priority to imports of products or categories of products which are most essential for the purposes of its policy of economic development.

3) Consequently, any contracting party which is in its period of economic development and whose populations have only a low standard of living shall be entitled temporarily to deviate from the rules stipulated in this Agreement, subject to the provisions of sections A and B and of section C of this Article.

A.

4) Any contracting party governed by the provisions of this Article which considers it desirable, with a view to attaining the objectives defined in paragraph 2 above, to modify a bound rate under Article II of this Agreement, shall enter into negotiations with the contracting party with which that tariff rate was initially negotiated and shall consult the other contracting parties whose substantial interest in the proposed measure had been recognized by the Organization. If an agreement is concluded between the contracting parties concerned, the schedule of the contracting party who proposes to modify the tariff rate shall be considered modified, to give effect to the above agreement, inclusive of any compensation which the said agreement may contain. If no agreement is concluded between the contracting parties concerned within a period of sixty days from the date on which the Organization received notification of the proposed measure, the Organization will promptly take up the question, and if it appears that application of the exceptional rules set forth above in favour of the contracting party who intends to modify the tariff rate is sufficiently justified, the contracting party concerned, shall be entitled to modify the tariff rate, as from the date upon which it applies the said compensation.

B.

5) Any contracting party governed by the provisions of this Article which, as a result of the implementation of a development programme of its industrial and other economic resources, is faced with excessive import demands threatening

its monetary reserves, shall be entitled, subject to the provisions of paragraphs 6, 7 and 8 of this Article, to restrict the volume or value of the goods of which it authorizes importation, to the extent necessary to remove that threat.

6) In applying these measures, the contracting party concerned may determine the incidence of its import restrictions of certain products or categories of products, with a view to giving priority to imports of the most essential products, for the purposes of its policy of economic development. However, these restrictions should be applied in such a manner as to avoid unnecessary prejudice to the trade, and economic interests of all other contracting parties, and to permit imports in small commercial quantities of any category of goods or of commercial samples, and the compliance with procedures relating to patents, trade marks, authors' rights, rights of reproduction and other similar procedures. In addition, in applying its domestic policy, the contracting party concerned shall have due regard for the necessary re-establishment of equilibrium in its balance of payments, and the advisability of ensuring the utilization of its productive resources on an economic basis.

7) Any contracting party introducing or maintaining restrictions under this Section should notify the Organization to that effect in writing, before introducing such restrictions or modifying their application. If so requested, it should consult with the Organization and take into account the recommendations which the latter may make in the course of the consultation. It should relax these restrictions progressively, as improvements occur in the situation, and should maintain them only to the extent required to avert the threat to its monetary reserves; it should relax them as soon as the situation no longer justifies their maintenance.

8) The restrictions introduced or maintained in accordance with the provisions of this Section shall be applied without discrimination, as stipulated in Article XIII of this Agreement. However, any contracting party applying such restrictions shall be entitled to deviate from the provisions of Article XIII to the extent and on the terms to which it may be authorized to deviate from the restrictions on payments and transfers relating to current international transactions, under the statutes of the International Monetary Fund (or any specific exchange agreement to which it might be party under paragraph 6, Article XV of this Agreement).

C.

9) The CONTRACTING PARTIES agree that as a rule the provisions of Sections A and B of this Article should be adequate to enable the Contracting Parties referred to under paragraph 3 above, to satisfy the requirements of their economic development. They recognize, however, that in exceptional circumstances a contracting party governed by the provisions of this Article may reach the conclusion that it is neither possible nor practical to introduce measures compatible with the provisions of the other Articles of this Agreement,

or Sections A and B of this Article, for the purpose of achieving the objectives defined under paragraph 2 above. Consequently, the CONTRACTING PARTIES agree that in these exceptional circumstances, the procedure defined in the following paragraphs of this Section shall be applicable.

10) The contracting party in question shall notify the Organization of the specific difficulties it is encountering in carrying out the objectives defined under paragraph 2 above; it shall indicate the concrete measures it proposes to introduce to remedy these difficulties.

11) If within a time-limit of thirty days from the date of the aforementioned notification, the Organization does not ask the contracting party concerned to enter into consultation with it, that contracting party shall be entitled to introduce the proposed measure and to deviate from the provisions of this Agreement to the extent required to attain the objectives defined under paragraph 2 above.

12) If so requested by the Organization, the contracting party concerned shall enter into consultation with it with regard to the effects which the proposed measure may have on its programmes of economic development, the various measures which are open to its choice, and the repercussions which the proposed measure may have on the trade and economic interests of other contracting parties. If, following these consultations, the Organization recognizes it is neither possible nor practical to introduce measures consistent with the provisions of the other Articles of this Agreement for the purpose of carrying out the objectives defined under paragraph 2 above, and if it approves the proposed measure, the contracting party concerned shall be entitled to introduce the said measure and shall be released from its obligations under the provisions of this Agreement which are specifically applicable.

13) If within a time-limit of ninety days from the date of notification referred to under paragraph 10 of this Article, the Organization does not approve the proposed measure, nothing shall prevent the contracting party concerned from introducing the said measure; however, any other contracting party which might be substantially affected by a measure introduced in conformity with the provisions of this Section, shall be free to submit the matter, within a time-limit of ninety days from the date of application of the measure, to the CONTRACTING PARTIES who, in the final resort, recognize or refuse the right to adopt the proposed measure to the applicant contracting party.

14) Any measure introduced in accordance with the provisions of Section C of this Article shall be applied without discrimination and shall in no wise affect the rates bound under Article II of this Agreement.

D.

15) The Organization shall undertake each year a general examination of all the measures in force under the provisions of Sections B and C of this Article.

IV. Amendment to Article XIX

- 1) (a) Delete the words " ... under such conditions ...".

V. Amendment to Article XXVIII (Modification of Schedules)

1) The treatment applied by a contracting party to products from the territories of the other contracting parties under Article II of this Agreement shall remain in force for a period of three years, unless modified as a result of application of other provisions of the Agreement. At the close of this period of three years, any contracting party may modify or cease to apply the treatment it had granted under Article II to one or several products selected from the corresponding schedule annexed to this Agreement. To that effect, it shall deposit with the secretariat its declaration of modification or withdrawal within a time-limit of at least six months before the expiration of the bound life of schedules. A true copy of the above declaration shall be sent by the contracting party concerned to the contracting party with which the concession or concessions contained in its declaration of modification or withdrawal had been initially negotiated, with a view to concluding an agreement. During these negotiations and under the terms of that agreement, which may provide for compensations affecting other products, the contracting parties concerned shall endeavour to maintain the concessions granted on a basis of reciprocity and mutual advantage at a not less favourable level than that which had been fixed in the General Agreement.

2) (a) If agreement between the contracting parties primarily concerned cannot be reached, the contracting party which proposes to modify or cease to apply such treatment shall nevertheless be free to do so from the date of expiration of the above assured life of schedules. Nevertheless, the matter may be submitted by the contracting party, with which the modified or withdrawn concession or concessions had initially been negotiated, to the CONTRACTING PARTIES, who shall decide in the last resort whether the said party, and the other contracting parties whose substantial interest has been recognized by the CONTRACTING PARTIES, has or has not the right to withdraw within a time-limit of thirty days after reception by the CONTRACTING PARTIES of a written previous notice, substantially equivalent concessions initially negotiated with the contracting party taking such action.

(b) If the Agreement between the contracting parties primarily concerned does not give satisfaction to another contracting party whose substantial interest has been recognized by the CONTRACTING PARTIES, such contracting party shall be free, not later than six months after the application of the action provided for under paragraph 1 of this Agreement, and thirty days after reception by the CONTRACTING PARTIES of written previous notice, to withdraw substantially equivalent concessions which had been initially negotiated with the contracting party who had taken that action under such agreement.

REMARK

The beginning of the first three-year period shall be fixed by temporary provision (or protocol of application of the new text of the Agreement).