

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Note by the United States delegation

In the 11 May discussion, the delegate of France asked whether the United States views on non-discrimination were applicable to the Organisation for European Economic Co-operation. The brief reply made at that time was a repetition of a statement that the United States had made in the Steering Board for Trade of the OEEC in February.

As regards the OEEC, the opening statement of the Chairman of the United States delegation on 11 May may be taken as an elaboration and refinement of the views previously expressed by the United States in that forum.

The United States has always lent its enthusiastic support to the work of the OEEC. The Organisation has performed many constructive and even critical functions in facilitating the reconstruction and recovery of Western Europe and in promoting freer trade within the OEEC area and between that area and the rest of the world. The fruits of the success of the Organisation are recognizable in the advances achieved in European production and productivity and in the extent to which trade barriers have been eliminated by the Member States. The fact that contracting parties are able to discuss convertibility today is in no small measure attributable to the co-operative programme pursued under the aegis of the OEEC.

Almost since the inception of the Organisation the Member States have conducted their trade relations with one another on the basis of the Code of Liberalization. The preamble to the Code states, among other things, that one of the aims of the Organisation is the achievement of as great a degree of liberalization as is possible in trade between member countries as a stage toward the world-wide liberalization of trade. At another point the preamble refers to "the effort toward the establishment of a single system of multi-lateral trade in the world...".

The new situation created by the convertibility of European currencies now opens the door for the Member States of the OEEC to achieve the goal of multi-lateral trade on a world-wide basis as enunciated in the Code of Liberalization. The views expressed in the statement of the Chairman of the United States delegation on 11 May are wholly consistent with the aims laid down by the Organisation in the Code.

The question is sometimes raised about the relationship between the Code of Liberalization and the GATT. The delegate of the United Kingdom indirectly referred to this question when he said that he took the United States statement to mean that non-discrimination should not be accomplished by the deliberalization of trade. He was, of course, correct in his interpretation. Contracting parties may recall that the United States views on the relationship between the OEEC Code and the GATT were stated by Mr. Winthrop Brown in 1955 during the review session of the CONTRACTING PARTIES. The views he expressed at that time on this point remain the United States views today. To repeat the salient features: the United States believes that non-discrimination can and should be achieved without any retreat on the OEEC programme of liberalization. The United States grants that it is conceivable, under circumstances which it is hard to envisage, that the effect of certain provisions of the General Agreement might be of a kind to create specific problems for a contracting party also a member of the OEEC. It seems clear that a contracting party confronted with such a problem would be free to bring the matter to the attention of the CONTRACTING PARTIES and that any well-founded case would be examined by them with sympathetic attention. A fuller discussion on this point can be found in Basic Instruments and Selected Documents, third supplement, page 178.

The OEEC can make important contributions to Western Europe and to the world in the future as it has in the past. The character of its programmes naturally will change as the world economy evolves. In the past the Organisation has put emphasis on the development of regional trade. With the advent of convertibility, its vistas will be broader. As the Organisation moves ahead with its constructive endeavours, it can continue to count on the whole-hearted support of the United States.

14 May 1959.