

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
Eleventh Session

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SUMMARY RECORD OF THE SEVENTH MEETING

Held at the Palais des Nations, Geneva on
Monday, 22 October 1956 at 10 a.m.

Chairman: Mr. L. Dana WILGRESS (Canada)

Subject discussed: Statement by the Australian Minister for Trade

Statement by the Australian Minister for Trade

The CHAIRMAN welcomed the Australian Minister for Trade who would address the meeting on Australian views on the General Agreement.

Mr. McEWEN (Australia), referring to the work of the Review session, stated that though the amended text might not be a perfect instrument it was superior to the earlier version, and expressed the hope that the governments which had not yet accepted the amendments would soon take steps to do so. He recalled that at the Review Session the Australian Government had made certain sacrifices, not only of particular points but of principle in the belief that it would enhance the prospects for a more effective operation of the Agreement through the establishment of the OTC. There was widespread regret that the United States had not yet ratified the proposals for OTC as such action would result in its acceptance by many countries, including Australia.

Mr. McEwen stressed that the delays in bringing these revised provisions into force were directly related to present experience of problems being encountered with respect to export subsidies and surplus disposals. He illustrated this by referring to the harmful effects of highly subsidized wheat on traditional Australian export markets and pointed out that such practices were contrary to the spirit and intent of the amended subsidy provisions. Though wheat was produced under highly competitive conditions in Australia, much of it must remain unsold resulting therefore in more severe or more protected import restrictions. Mr. McEwen emphasized that since the Review session Australia's interests had been increasingly threatened by United States' surplus disposals which had increased from some 340 million dollars in 1954 to about 1,000 million dollars in 1955. The practice recently developed by the United States of tying fixed levels of its commercial sales to its disposal transactions was indistinguishable from many harmful trade practices prohibited under GATT. A possible compromise could be achieved if the United States sought an undertaking by the recipient country to maintain a specified level of total commercial imports, without distinction as to source of supply. He acknowledged the efforts of the United States authorities to deal with the surplus problem in a constructive way, and referred to the soil bank programme as an encouraging feature since the problem of surpluses stemmed

from their domestic agricultural policies; however, both more effective internal measures and a continued improvement in consultative procedures were necessary to minimise international disruption.

Mr. McEwen stated that from the Australian viewpoint GATT was still far from ensuring orderly or fair trade in primary products, and at this session the Australian Delegation would support any practicable means of furthering stability in this field. He pointed out that the present situation with respect to the International Wheat Agreement and the International Sugar Agreement underlined the importance of ensuring international commodity stability. He thought that GATT was the appropriate forum for discussion of the broad policy issues in commodity trade, and his government would be prepared to support any proposals to promote stability in this direction, providing such proposals did not detract from a government's prerogative in making the final decision whether or not proposals affecting a particular commodity were acceptable to them in the light of wider policy considerations and long-term stability.

He referred to Australia's current import restrictions which were induced by unstable export earnings due both to seasonal and market conditions and the pressure for a high volume of imports which resulted from the rapid growth of the economy. Corrective measures which had been taken to reduce the pressure of internal demand and promote exports had begun to take effect, but it had not yet been possible to vary the current level of restrictions.

The proposal for closer economic integration in Europe appearing on the Agenda for this session could not be dissociated from GATT discussions as it was of such importance to countries outside Europe. The GATT forum provided the best machinery for the exchange of views on major issues of real concern. For this same reason Australia had proposed the item on OEEC liberalization for discussion at this session, and supported the United States proposal for consultations with those contracting parties now applying import restrictions under balance-of-payments articles.

Mr. McEwen thought that GATT should be vitally concerned with the new issues and the new problems that constantly arise in a dynamic trading world. Useful work could be done in the technical fields of tariffs and customs administration. The policies of nations in international trade should be shaped to best serve the interests of all countries. The re-growth of East-West trade and state trading would pose important questions for GATT. The Agenda for this session illustrated the need for continued effort by the CONTRACTING PARTIES, particularly the great trading nations, to work patiently towards solutions to the problems GATT was designed to meet.

The full text of Mr. McEwen's statement is reproduced in Press Release GATT/312.

The CHAIRMAN thanked Mr. McEwen for his statement and said it would contribute towards a better understanding of Australia's problems by the CONTRACTING PARTIES.

The meeting adjourned at 10.35 a.m.