

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Ninth Session

REMARKS OF THE CHAIRMAN OF THE CONTRACTING PARTIES
AMBASSADOR L. DANA WILGRESS (CANADA)
DELIVERED AT THE CONCLUSION OF THE NINTH SESSION OF
THE CONTRACTING PARTIES TO THE GENERAL AGREEMENT ON
TARIFFS AND TRADE

We have come to an end of our labours. We are about to sign the Final Act authenticating the texts of Protocols of amendments to the General Agreement and of an Agreement on Organization. This will complete the work of the Ninth Session of the Contracting Parties. This Session began on October 28, so that, allowing for the short break at Christmas, we have been hard at work for a period of four months. This may seem a long time to the outside world, but to those of us who have participated in the work of the Session, it is understandable why so much time has been required. We have had to deal with problems of the utmost complexity and of vital interest to the countries participating in the work of this Session. It is a cause for gratification that we have been able to deal with each item on the agenda in a thorough and painstaking manner and with generally satisfactory results.

Besides the Review of the Agreement, we have had to deal with questions of the same type as those that have arisen at previous sessions of the Contracting Parties. These previous sessions have lasted from five to six weeks, so that, when a review of our basic instrument is added to the other questions with which we have been concerned, it is not surprising that so long a period of time has been required to complete our work.

As at previous sessions, we have had consultations on import restrictions imposed for balance-of-payments reasons. We have had to deal with the usual problems relating to the status of the schedules. We have considered questions concerning customs administration such as methods of valuation, nationality of imported goods, consular formalities and documentary requirements. We disposed of a number of applications for the approval of measures for economic development in accordance with the provisions of Article XVIII.

We have considered the annual reports on the waivers from obligations which were granted at previous sessions. This included a careful examination of the annual report submitted by the Member States of the European Coal and Steel Community.

Among the important measures adopted at this Session have been the arrangements concluded for the eventual accession of Japan to the General Agreement. The recommendation of the Intersessional Committee to commence negotiations on 21 February was confirmed and fifteen of the contracting parties are now engaged actively in tariff negotiations with Japan.

We have had before us a much larger number of complaints than at any previous session. This is not only due to the increasing competitiveness of international trade, but also is a reflection of the growing recognition among individual contracting parties of the value of our organization as a forum for conciliation. The method of setting up a panel for dealing with complaints under Article XXIII of the Agreement has once again demonstrated its usefulness. The panel this year broke new ground and set a valuable precedent for the future by their impartial investigations into the cases referred to them.

These are items such as arise at any session of the Contracting Parties. This Ninth Session, however, has been notable for the review we have undertaken of the General Agreement. This has led to drawing up of the Protocols of amendments to the General Agreement and the submission of an Agreement for the new organization. This is not very different from the work of any conference which has to agree on the basic instrument of a new organization. While we were considering amendments to an existing agreement, it was necessary to examine the operation of each article in the light of experience before we could agree on what amendments should be included in the Protocols.

Generally speaking, we have proposed amendments which will make the General Agreement conform more closely to the realities of the existing situation. While these provisions may not be as strong as many would have wished, they are provisions which it should be possible to enforce. Throughout, we have endeavoured to tighten up the procedures for consultation, so that in future the collective judgment of the Contracting Parties is likely to be an important inducement for good behaviour in international trade. It is for the purpose of reaching such collective judgment that we need to have a set of principles such as those embodied in our trade rules.

Over and above this we now have a draft agreement for a new organization. This - when accepted by the leading trading countries - will transform the embryo organization under which we have been operating into a full-fledged and legally-recognized institution. It will mean that at last we have provided firm foundations for the structure we have been erecting during the past eight years with such a large measure of success.

The amendments to the General Agreement which have come about as a result of the review are indicative of a new and positive approach to many of the problems with which we have hitherto been concerned. This is particularly true of the problems of countries in an early stage of economic development. The amendments also embrace a more realistic approach to the problems raised by the maintenance of import restrictions for balance-of-payments purposes. Another new and positive approach has been the continuing firm validity of the schedules, not only for a limited period, but for fixed periods by means of automatic extensions with opportunities for the negotiation of adjustments towards the end of each period. This is an arrangement which combines the principles of continuing firm validity of tariff concessions with a realistic approach to individual needs and to the changing pattern of economic development. Finally, we have attempted to provide more positive solutions to the problems that arise from the granting of export subsidies.

A similar recognition of the realities of the existing situation has been shown in the waivers from obligations which it has been necessary for us to grant as a part of the process of reviewing the General Agreement. We have been faced with the situation whereby a series of stubborn facts prevent certain of the leading trading nations from applying fully the principles underlying the General Agreement. These are facts of a political as well as of a social and economic character. Time is required to bring about the removal of the fundamental causes of these inconsistencies with our objectives. It is better to face these facts and deal with them realistically than not to deal with them at all. In our approach to this problem we have provided for regular reviews and consultation procedures so that we can work towards the progressive elimination of these exceptions to the application of agreed principles.

This is the way in which we have dealt with the difficult problem of import restrictions imposed originally for balance-of-payments purposes but not now susceptible to early removal for reasons of a political or social character. This is the so-called "hardcore" problem in Europe. Another problem we have had to deal with in this manner has been that presented by the requirements of Section 22 of the Agricultural Adjustment Act of the United States. We have had to regularize an irregular position of long standing. In adjusting this particular situation we make it possible for the United States to reaffirm their long-term commitments and the objectives of their policy.

We have granted the United Kingdom a waiver from certain obligations in order that they may assist their dependent overseas territories. This may be considered a legitimate extension of the new approach to the problem of under-developed countries.

Thus, we are confronted with a situation whereby we are agreeing on certain ideals and objectives, but are admitting frankly that these are not now fully attainable. We have agreed to work towards the attainment of these ideals and objectives by the progressive removal of the exceptions which necessity has compelled us to permit. We have had to recognize that countries are not yet prepared to go very far in derogating sovereignty for the common good. We must, therefore, for the moment feel our way. Our method will be that of regular review, consultation, co-operation, and the exercise of our collective judgment on the problems of international trade. For the application of this method we need a forum in which the discussion of commercial policy questions can take place on a world-wide basis.

This is the significance of the Agreement for the new organization which is the most constructive result of our labours over the past four months. In the meantime, until this organizational agreement can come into force, we should use what we have already at hand in order to gain further experience and to prepare the ground for the efficient functioning of the organization when it is set up. I am confident that all of the contracting parties will direct their attention to this task during the coming months.

With this expression of trust, I hereby declare closed this Ninth Session of the Contracting Parties.