

GENERAL AGREEMENT ON TARIFFS AND TRADE

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TRADE BETWEEN COLLECTIVIST ECONOMIES AND THE REST OF THE WORLD

Statement Adopted by the Executive Committee of the International Chamber of Commerce

The International Chamber of Commerce has transmitted to the secretariat the following statement adopted by the Executive Committee of the International Chamber of Commerce on 15 February 1967.

The ICC has always believed that any expansion of international trade brings corresponding benefits to all parties. The steady and marked expansion of international trade among the countries of the West since World War II has contributed substantially to the remarkably high levels of production achieved and the heartening rise in standards of living.

The removal of obstacles to trade has proved difficult enough even among the Western countries with similar economic structures. The problem is still greater between collectivist economies and the rest of the world because of basic differences of policy. As a result, economic interchange, which normally fosters the growth of mutual and peaceful interests, and is particularly to be desired between collectivist and other countries, has been limited in scope. However, changes which have been introduced into Eastern European economies suggest that the obstacles, though formidable, are not decisive. There is new hope that current circumstances favour a regularization of trade and even investment. In so far as production in collectivist economy countries becomes more responsive to consumer requirements and prices become more reflective of costs, some of the most persistent obstacles to a more normal and mutually beneficial exchange of goods and capital will diminish in importance.

In the present climate the ICC considers it appropriate to make new efforts to place trade relations between collectivist economies and the rest of the world on a more normal basis. It is time to devise adequate rules and practices to govern such trade. To this end, the ICC urges businessmen, State agencies and governments of collectivist and other countries to take those steps within their spheres to create the conditions necessary for normal and growing economic relations.

On the basis of the Report of its Commission on the Expansion of International Trade, approved by its Executive Committee, and of the suggestions contained in Section III thereof, the ICC recommends:

1. That producers and traders in both collectivist and other countries intensify their efforts to unify and codify their commercial terms, practices and usages to facilitate contacts and development of trade.
2. That producers and sellers of export goods be allowed to resort on a reciprocal basis to normal methods of advertising and sales promotion such as fairs, exhibitions, setting up of sales agencies in the export markets.
3. That direct contacts should be encouraged between sellers and users without obliging them to rely on foreign trade corporations in collectivist economies.
4. That governments consider the possibility of extending, subject to appropriate safeguards against abnormal price competition and market disruption, the full benefit of GATT rules and concessions to countries with collectivist economies which are party to or associated with the GATT and are prepared to offer meaningful quantitative import commitments. This multilateral approach might be extended, with appropriate adjustments, to other individual collectivist economies.
5. That where bilateral trade agreements are still considered necessary, these agreements should be concluded for a period of three to five years subject to annual review; the duration may be longer in the case of developing countries.
6. That trade with collectivist economy countries should, as far as possible, be conducted both ways on the basis of convertible or at least transferable currencies. Those countries which are not yet trading in convertible currencies should at least be able to receive a growing part of the payment for exports in convertible currencies or alternatively should be allowed to use the proceeds of their exports for purchases in other collectivist economy countries.
7. That trading partners of collectivist economy countries should consider the desirability of suspending quota and licensing requirements for imports from these countries, provided that adequate safeguards are agreed upon against abnormal price competition and serious damage or threat to domestic industries, including the retention of quota restrictions on a limited number of highly sensitive import items. These agreements should provide for consultation procedures designed to avoid serious imbalances in the trade pattern and to broaden the composition of trade both ways.

8. That apart from trade policy measures substantial progress should be made concerning other related fields such as commercial arbitration, the protection of industrial property and commercial credits.
9. That increased contacts between producers and traders should lead to the carrying out of concrete projects for industrial co-operation and for collaboration in marketing and in production specialization.

The ICC proposes to offer to economic organizations in collectivist economies its experience at the practical level of people dealing with the everyday problems of doing business internationally. It is already holding consultations with the Chambers of Commerce of Eastern European countries within the framework of procedures approved by its Council in 1964; these may be developed as circumstances require.