

CAUTION : FOR RELEASE ON DELIVERY OF SPEECH BY M. MAX SUETENS,
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SECOND SESSION OF THE PREPARATORY COMMITTEE
OF THE UNITED NATIONS CONFERENCE
ON TRADE AND EMPLOYMENT

ADOPTION AND SIGNATURE OF THE
FINAL ACT

General Significance

The signing of the Final Act by the representatives of twenty-three countries concludes the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment which has been in session at Geneva since April 10, 1947. It marks the completion of the most comprehensive, the most significant and the most far reaching negotiations ever undertaken in the history of world trade.

Twenty-three countries or territories, including all the important trading nations, sharing amongst them approximately 70 per cent of the external export and import trade of the world have completed, either individually or as trading groups, over 100 separate negotiations which have been conducted with a view to reducing trade barriers of various types. There has been complete unanimity on all concluded negotiations.

The results of these negotiations have been incorporated in the General Agreement on Tariffs and Trade, a multilateral trade agreement, the benefits of which will be considerably greater than would have been achieved by separate agreements between the negotiating countries.

There is no parallel to this achievement in any previous trade negotiations, all of which have been on a more limited scale. The completion of such a large number of simultaneous

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negotiations of such broad scope in a little over six months is in itself a remarkable feat. Since April 10, 1947, when negotiations were opened, nearly 1,000 scheduled meetings between the representatives of the countries concerned have taken place at Geneva. In addition there were continuous discussions of a less formal character between the delegations concerned.

Furthermore, the discussions on the Draft Charter which were held simultaneously at Geneva between April 10 and August 22, involved over 450 meetings. During the time when both tariff negotiations and Charter discussions were proceeding, the delegations and their staff numbered approximately 760 persons.

Brief Historical Background

Towards the end of the inter-war period it was generally recognised that the rise in restrictive trade barriers, which were largely related to the decline in world trade, would have to be counteracted or dealt with if trade was to recover and to be associated with expanding production and full employment and that only through international action could this be achieved.

The removal of these barriers whilst essential to an increase in trade, is only possible if more fundamental action is taken to correct the conditions which gave rise to their imposition. The United Nations Charter recognised the need for all countries to maintain full employment. This is an essential condition to the expansion of international trade.

The first significant, practical step was taken in December 1945, when the United States Government in conjunction with the United Kingdom, published its Proposals for consideration by a World Conference on Trade and Employment and at the same time invited a representative group of trading nations to enter into negotiations for the reduction of barriers to trade.

In February 1946, the Economic and Social Council decided to establish a Preparatory Committee to prepare an agenda,

including a draft charter for consideration by the United Nations Conference on Trade and Employment. The Preparatory Committee held its First Session in London from October 15 to November 20, 1946; a Drafting Committee, appointed by the First Session, met in New York from January 20 to February 25, 1947; the Second Session of the Committee opened in Geneva on April 10, 1947.

The Second Session of the Preparatory Committee completed in August its work on the draft Charter, which goes forward for consideration at the United Nations Conference on Trade and Employment, to open at Havana on November 21.

During its First Session the Preparatory Committee recommended to its members that the meetings envisaged by the invitations already sent out by the United States Government should be held under the sponsorship of the Preparatory Committee as part of the Second Session of the Committee. It had always been the intention of the Preparatory Committee that the Havana Conference would be able to consider the Draft Charter in the light of the assurance afforded by the completion of the negotiations.

The completion of the tariff negotiations has additional significance in that it establishes a landmark in the fulfilment of one of the paramount objectives of the Draft Charter, which, under Article 17, states the obligation of each member of the proposed International Trade Organization to negotiate with other members for the substantial reduction of tariffs and other charges on imports and exports and for the elimination of preferences. In effect this furnishes the clearest possible indication that the leading trading nations of the world are prepared to take seriously one of the most important commitments under the Draft ITO Charter. This firm determination to "mean business" and to make the Charter do the job for which it is intended provides the Havana Conference with a most auspicious head start in its labours.

The Value of a multilateral Type of Agreement

The tariff negotiations between the negotiating countries have been multilateral both in scope and in application. This means, in short, that each negotiating country will be contractually entitled, in its own right and independently of the most favoured nation clause, to enjoy each of the concessions in the schedules of the other negotiating countries.

The multilateral form of the tariff schedules is designed to assure broad action for the reduction of tariffs and to give countries a right to tariff concessions on particular products which such countries might wish to obtain, but would find it difficult to obtain under bilateral agreements, because they could not claim to be one of the main suppliers of the product concerned.

Objectives and General Nature of the Tariff Negotiations

The general objective of the tariff negotiations has been to fulfil as far as possible Article 17 of the Draft Charter which states that ITO Members shall "enter into and carry out negotiations directed to the substantial reduction of tariffs and other charges on imports and exports and to the elimination of preferences on a reciprocal and mutually advantageous basis".

The tariff negotiations have therefore been conducted on a "reciprocal" and "mutually advantageous" basis. This means that no country has been expected to grant concessions unilaterally, without action by others, or to grant concessions to others which are not adequately counterbalanced by concessions in return.

The negotiations were conducted on a selective, product by product, basis, under which a particular product may or may not be made the subject of a tariff concession by a particular country. If it was decided to grant a concession on the product, the concession either took the form of a reduction on the

tariff or of a binding of the tariff against increase. Thus in seeking to obtain a substantial reduction of tariffs as a general objective, there has been ample flexibility under the selective procedure for taking into account the needs of individual countries and individual industries. The same considerations and procedures have applied in the case of import tariff preferences.

Throughout the negotiations the rules laid down in Article 17 were observed.

Importance of the Tariff Concessions in Relation to World Trade

World imports in 1938 were valued at 24,000 million dollars.

The countries and their overseas and dependent territories, which have completed negotiations at Geneva and are signing the Final Act, shared amongst them in 1938, the latest year for which figures are available, approximately 15,600 million dollars worth of the world's import trade.

Taken as a whole, about two-thirds of the import trade of the countries negotiating at Geneva is covered by reductions or bindings of tariffs. In the case of a number of countries with an important share of world trade, the concessions cover between 76 and 86 per cent of their respective total import trade.

The dollar figures given in this paragraph are "old gold dollars" and the source of reference is the Network of World Trade, League of Nations, Geneva, 1942.

The Meaning of the Final Act

The Final Act is a comparatively short document the purpose of which is to authenticate the texts of the General Agreement on Tariffs and Trade and of the Protocol of Provisional Application. It states that in accordance with the Resolution adopted at the First Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, the negotiations initiated at Geneva on April 10 directed to the substantial reduction of tariffs and other trade barriers and to the elimination of preferences have been terminated and have resulted in the framing of a General Agreement on Tariffs and Trade and of a Protocol of Provisional Application. The texts of these two documents are annexed to the Final Act.

The Final Act also states that the General Agreement, together with the Schedules of tariff concessions will be released by the Secretary General of the United Nations for publication on November 18, 1947, provided that the Protocol has, by November 15, been signed by all the countries named in the Protocol. The countries named in the Protocol are Australia, Belgium, Canada, France, Luxembourg, Netherlands, United Kingdom and United States.

By signing the Final Act the texts of the General Agreement and of the Protocol of Provisional Application will have been authenticated. The signatory governments however undertake to apply the General Agreement only upon their signature of the Protocol or upon their formal acceptance of the General Agreement. The signing of the Protocol of Provisional Application constitutes an undertaking to apply the General Agreement provisionally on and after January 1, 1948. (An analysis of the three parts of the General Agreement, Article by Article, and of the Protocol, is given in Press Release No. 400 of September 25).

It is important to bear in mind that the reason why publication of the documents as a whole, including the Schedules of concessions, is delayed until November 13, is to provide time for the countries concerned to arrange for publication in accordance with their constitutional procedures.

Trade of Countries Signing the Final Act

The following table shows the percentage share of the world's trade enjoyed by each of the countries which have negotiated tariff concessions at Geneva. Of the remaining 30 % a substantial proportion (in 1938) was held by Germany and Japan.

Approximate Percentage Share of Total World Trade
(In 1938 and latest 12 months for which figures are available)

Australia	2.2
Benelux (Belgium, Netherlands, Luxembourg)	7.6
Brazil	2.0
Burma	0.5
Canada	5.0
Ceylon	0.4
Chile	0.4
China	1.9
Cuba	0.6
Czechoslovakia	1.0
French Union	6.6
India Pakistan }	2.4
New Zealand	0.8
Norway	1.1
Southern Rhodesia	0.2
Lebanon-Syrian Customs Union	0.1
Union of South Africa	1.6
United Kingdom	18.0
United States of America	17.6
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	70.0

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Names of Representatives signing the Final Act will be provided
in a separate press release, as will also the names of represen-
tatives signing the Protocol of Provisional Application.
