

## IX

### ECONOMIC AFFAIRS

In North America 1955 was a year of rapid advance to record high levels of production and employment following the moderate recession of 1953-4. In Europe and elsewhere high levels of economic activity continued through the year, associated in some countries, however, with inflationary conditions. International trade continued to expand, and the gold and dollar reserves of countries outside North America taken as a whole continued to rise.

#### 1. General Agreement on Tariffs and Trade

The ninth session of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT) which began a review of the agreement in November 1954, ended at the beginning of March 1955. During this session a number of provisions of the agreement were revised, arrangements were made for continuing generally the application of the rates of customs duties in the existing tariff schedules, and an agreement was drawn up for an Organization for Trade Co-operation (which would come into being when approved by a sufficient number of governments and would give the GATT permanent status as an international organization). Apart from organizational amendments to the GATT which would become necessary upon the establishment of an Organization for Trade Co-operation, the principal changes in the agreement were designed to bring about more effective supervision of the use and removal of quantitative import restrictions, to supplement the existing provisions to limit the harmful effect of export subsidies, and to give member countries in early stages of economic development a certain latitude in the use of tariffs and quantitative import restrictions in connection with their development programmes.

The Contracting Parties also decided to grant the United States a waiver of some of its obligations in respect of agricultural import restrictions. A procedure was established too for the possible granting of waivers to countries which might be expected to eliminate the import restrictions now maintained for balance of payments reasons; these waivers would allow a limited postponement of the removal of some of these restrictions in certain circumstances. The extent to which these waivers may involve a weakening of the agreement will depend largely upon the moderation with which they are used.

After tariff negotiations with some Contracting Parties, including Canada, Japan acceded to the General Agreement in the autumn of 1955.

The tenth session of the Contracting Parties was held in Geneva from October to December 1955. Among other things it gave final approval to arrangements for a tariff conference which will begin in Geneva in January 1956. Canada will participate in this conference, negotiating with a number of countries including the United States.