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1948
GATT established

TRADE AGENCIES

The General Agreement on Tariffs and Trade (GATT)

New Zealand's trade policies depend on the principles of GATT. GATT is unusual in that it was intended to be a temporary substitute for a permanent international trade organisation (ITO). On 18 February 1946 ECOSOC decided to call an international conference on trade and employment and set up a preparatory committee to draft a preliminary agenda and a charter for an international trade organisation. While the charter was being prepared, members of the preparatory committee decided to proceed with tariff negotiations among themselves instead of waiting for ITO to come into existence. The tariff negotiations were held at Geneva from 10 April 1947 to 30 October 1947, when the participants signed a final Act which authenticated the text of GATT. The charter for ITO, which later received consideration by member States, failed to secure the required number of ratifications and can be regarded as defunct.

New Zealand was one of the original contracting parties to GATT. The articles of the Agreement reflect the international trading experience of the participating countries in the years before the Second World War. After the gold standard was abandoned in the early 1930s conditions of international trade were exceptionally unstable. Countries vied to depreciate their exchange rates, bilateral trading and finance agreements became common, many exchange restrictions were imposed, some so stringent as to enforce the spending of export earnings in the country blocking exchange. The GATT nations were naturally anxious to have mutually advantageous rules and principles instead of the former trade chaos.

GATT aims broadly to raise living standards, to promote high levels of employment, to develop the world's resources, and to expand trade. The members undertake to use the Agreement to reduce trade barriers and to cut out discrimination in international commerce. But New Zealand's experience shows that tariff concessions negotiated in GATT are often frustrated by industrial countries' maintenance or imposition of quantitative restrictions on imports of agricultural products. It seems that nations find it harder to bring about changes in the pattern of their agricultural production than in the pattern of their industrial production. For that reason, dismantling of various forms of restriction of trade in agricultural products has been slower than for industrial products. Nevertheless, New Zealand continues to regard GATT as a forum for promoting the cause of liberal trade policies.

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