

Part I defines the meaning and application of the principle of most-favoured-nation treatment, which is the key provision of the Agreement. Briefly, it requires that each contracting party will accord the same advantages and privileges with respect to international trade to all other contracting parties. An exception is made to permit existing preferences to be maintained, but these cannot be increased. In connection with Part I, there are schedules listing the products on which each country has agreed to bind or reduce its tariff. As a rule, tariff negotiations are initiated by the principal supplier and, in every case, the rate of duty finally agreed upon becomes the rate which would apply to a similar product sold by any country which is a contracting party to the Agreement.

Under this new system of multilateral tariff negotiations, two sessions of meetings have taken place at Geneva and Annecy, and a third session of negotiations began in September, 1950, at Torquay. The tariff concessions which Canada granted and received at the conference at Geneva are described in the 1948-49 edition of the Year Book, pp. 875-877, and the concessions negotiated at Annecy are discussed in the 1950 edition of the Year Book, pp. 968-970. This procedure of holding simultaneous negotiations among many countries, all of which have agreed to abide by the same code of principles with regard to administering their foreign trade, has speeded up the process of revising tariffs. This was most essential in view of the dislocations in trade which resulted from the Second World War, when some countries suffered tremendous losses in productive capacity and other countries experienced an unprecedented acceleration in their industrial development.

Part II of the Agreement sets forth in considerable detail the rules and regulations designed to reduce and eventually eliminate discriminatory practices in international trade. Traditionally, the tariff was the chief instrument for regulating the volume of imports which each country was willing to accept. To-day, however, the most effective and widely adopted method of regulating the flow of imports is through the application of more drastic measures, such as quantitative restrictions, exchange controls, state barter deals and bilateral agreements. The contracting parties agree to apply the provisions of Part II "to the fullest extent not inconsistent with existing legislation", and it is on this basis that the terms of this part of the Agreement are observed to-day. The most significant clauses include those dealing with taxes on imported goods, various forms of quantitative restrictions, special considerations for countries in balance of payment difficulties, and special considerations for countries undertaking defined programs of economic development or reconstruction. (See the 1948 edition of the Year Book, p. 874, and the 1950 edition, p. 967.)

Part III of the Agreement deals with the mechanics of administration. Representatives of the contracting parties are required to meet at frequent intervals, usually about every six months, to carry out the provisions of the Agreement which require joint action and generally to facilitate the operation of the Agreement. These meetings are referred to as "sessions" of the contracting parties and five sessions have taken place to date. The first session was held at Havana in March, 1948, the second session at Geneva in August, 1948, the third session at Annecy