

GATT AND REGIONAL ECONOMIC UNIONS—AN ANALYSIS OF THE RULES OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE OF OCTOBER 3, 1947 (GATT) ON THE ESTABLISHMENT OF REGIONAL ECONOMIC UNIONS. By Helmut Steinberger,¹ Koln-Berlin: Carl Heymanns Verlag K.G., 1963. Pp. xv, 248.²

This is a study on the compatibility of regional economic arrangements with the General Agreement on Tariffs and Trade (GATT). Since the coming into force of the treaty establishing the European Economic Community, this subject has been considered from many angles. The monograph under review is the last in a series of legal studies on the topic. It is also the most comprehensive and, at the same time, the most concise one. This is no small achievement in a field distinguished by its complexity.

The establishment of regional economic arrangements is one of the important evolutions in international relations since the Second World War. Frequently it affects negatively the position of third states on markets within the scope of the preferential system. Customary international law hardly limits the power of governments to enforce such differentiation among states. Accordingly, treaty provisions on the subject are all the more important. The most consequential rules of this kind are those of the GATT. This is partially the result of the considerable number of states adhering to that world-wide arrangement (forty-four when the study was concluded) but even more the result of the fact that these nations, among themselves, do more than ninety per cent of the world trade outside the Soviet orbit.

Dr. Steinberger's monograph is an outline and an assessment of GATT practice regarding the three supra-national European communities (Coal and Steel Community, Economic Community and EURATOM), OEEC/OECD, Benelux, European Free Trade Area (EFTA), Latin-American Free Trade Area (LAFTA), commonwealth preferences and like schemes. Accordingly, the study is a commentary of the GATT provisions on customs preferences, quanti-

¹ Fellow of the Max Planck Institute for Public International Law and Comparative Public Law, Heidelberg.

² *Helmut Steinberger, GATT und regionale Wirtschaftszusammenschlüsse—Eine Untersuchung der Rechtsgrundsätze des Allgemeinen Zoll- und Handelsabkommens vom 30. Oktober 1947 (GATT) über die Bildung regionaler Wirtschaftszusammenschlüsse.* Carl Heymanns Verlag K.G., Koln-Berlin 1963, XV and 248 pages.

tative restrictions and discrimination, as well as on customs unions and free trade areas.

It begins with a chapter on the functions of GATT in international trade today and its attitude toward economic regionalism in general. This chapter contains sections on the concept of GATT as a world trade charter and the two contrary trends in post-war international economic policy as exemplified by GATT on the one hand and regional bodies on the other. Then follows a chapter on the function and legal properties of regional economic organizations, which deals with such diverse schemes as liberalization programs, free trade areas, customs unions, and arrangements designed to bring about the complete integration of the economies of member states. It also deals with the normative relationship between GATT and customary or other conventional rules providing for differentiation as between parties to regional systems and other states.

The central part of Dr. Steinberger's monograph is a point for point analysis of articles 1, 2, 13, 14, 18, 20, 22, 24 and 25 of GATT. It succeeds in demonstrating the systematic relationship of these provisions as they affect regional arrangements.

Dr. Steinberger considers the most favored nation provisos of GATT articles 1 (1) and 2 (1) as prohibitions of preferential schemes and bases this view on the history of these rules, as well as subsequent practice thereunder. In turn he deals with preferential schemes regarding customs, levies, and quantitative restrictions. He pursues his analysis beyond the General Agreement by considering the effect of its article 14 (1) in conjunction with article 8 of the Articles of Agreement of the International Monetary Fund.

The entire second half of the book is devoted to an examination of the compatibility with GATT article 24 of customs unions and free trade areas. It starts out with the acknowledgment that GATT in principle admits regional cooperation in these two forms. It then sets forth the normative content of GATT article 24 (8), which provides the definition of the two concepts, and, in light of GATT article 24 (5) (a) (b), considers the subsequent obligations resting on member states of such a scheme in respect to their trade relations with non-members once the contracting parties to GATT have approved the regional arrangement. Having explained the basic prohibition of partial integrations, i.e. of preferential systems for specific economic sectors only, such as coal and steel, or agriculture,

Dr. Steinberger, relying on past practice, then furnishes what might be called a guide for the establishment and the conduct of a customs union and of a free trade area which are compatible with GATT article 24.

It would exceed a book review to follow Dr. Steinberger in all the admirable detail of this concluding part of his monograph. Suffice it to say that his treatment of the subject would seem likely to become as valuable to practitioners in the planning and actual negotiation of further moves in the GATT as it would seem indispensable, already, for scholars wishing to trace GATT action on regional organizations.

The basic merit of the book is the thorough rendition of the practice as documented by the Headquarters of GATT. In addition, Dr. Steinberger's manner of presentation appears particularly persuasive. His text is always a condensed exposition of the legal conclusions that might be drawn from the overwhelming mass of material. Unlike studies which burden the text with source material or even force the reader to make a choice between the critical value of several pieces of evidence, the monograph under review seems to have been written after such and related didactic questions had been decided. Thus the annotations return to their proper function: they supply the data required in support of the author's thesis and weigh the persuasiveness of specific elements of the vast documentation, where appropriate. These two methodological tools—completeness of documentation, and separation of evidence and conclusions—are coupled with a third device of merit, the organization of the book by chapters whose titles and sequence are particularly suited to facilitating the legal understanding of an economic process. Such merits of presentation, as well as the careful substantive analysis of the subject are likely to secure for this first major publication of the author, the recognition it deserves as a scholarly assessment of a topic which promises to be of lasting political and economic importance.

HUGO J. HAHN*

* Legal Adviser, Organisation for Economic Co-Operation and Development