

Chapter V is designed to call attention to the fact that restrictive business practices might be adopted, by State agencies, by enterprises partially or wholly owned by public authority, or by private commercial enterprises. There would be little point in reducing tariff rates or controlling quantitative restrictions imposed by Governments if their place were taken by arrangements between business agencies to restrict trade in ways which would have much the same effect. It is recognized that, in seeking to avoid competition, reduce risks, and generally to improve their trading conditions, both public and private commercial enterprises sometimes enter into cartel arrangements or some such provision for the purpose of restricting production, allocating markets, fixing prices, and otherwise restraining trade. As a result of such action the free flow of goods is hindered, and the world's economic resources are not utilized to the maximum.

It has not been possible to prescribe exactly the extent (if any) of the injury which might be caused to others by the adoption of restrictive business practices, and, conversely, it has not been possible to define exactly the processes by which injury may be avoided or alleviated. The chapter rather relies on the good faith of Members to do all within their power to prevent public and private commercial enterprises within their jurisdiction from adopting such practices, and to remedial action if injury should occur. Procedure therefore provides for complaint by a Member whose trade is affected, consultation between Members, investigation by the Organization, suggestion by the Organization in respect to remedial measures, and report by the Member on action taken. If these procedures do not achieve the desired result it is envisaged that further, and, if necessary, disciplinary, action may be taken as prescribed in other articles of the Charter. It has been apparent throughout, whilst recognizing that certain practices are restrictive of trade, that the subject has been insufficiently studied. The procedure laid down in the chapter is purposely left flexible, so that the Organization may be free to adapt itself to varying conditions as they arise.

It is recognized that services such as transportation, tele-communications, insurance, and banking can be used in such ways as to constitute practices as restrictive in their effect on trade as any practice which might be adopted by trading organizations. This field, however, presents greater difficulties in treatment than recognized trading practices, and the chapter does not proceed beyond very general principles in treating restrictive practices which might be adopted under the cloak of services. A Member considering its interests prejudiced may consult with the Member under whose jurisdiction the service complained of is operating.