

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Fourteenth Session

Page 82/83

SUMMARY RECORD OF THE SEVENTH MEETING

Held at the Palais des Nations, Geneva,
on Monday, 25 May 1959, at 2.30 p.m.

Chairman: Mr. F. GARCIA OLDINI (Chile)

Subjects discussed:

1. Facilities for Temporary Admission of Professional Equipment and Packing Materials
2. French Stamp Tax
3. United Kingdom Action under Decision of 24 October 1953
4. Relations with Yugoslavia - Report by Working Party
5. Application of Article XXXV to Japan
6. Brazil Tariff Negotiations - Report by Committee
7. Rhodesia and Nyasaland Tariff - Trade Agreement with Australia
8. Status of Tunisia

1. Facilities for Temporary Admission of Professional Equipment and Packing Materials (L/860)

The CHAIRMAN recalled that this item had been included on the agenda of the thirteenth session at the request of the International Chamber of Commerce. In the document which it presented, the International Chamber expressed the hope that an international convention would be formulated making provision for facilities for the temporary admission of professional equipment and packing materials. Consideration of this question had been remitted to the present session.

The DEPUTY EXECUTIVE SECRETARY said that the secretariat had been in touch with representatives of the cinematographic industry who were very interested in the possibility of the arrangements envisaged by the International Chamber of Commerce being extended to cover professional equipment which members of the industry had to import temporarily into foreign countries when films were being made. The increasing tendency was for film producers to make their films abroad instead of using artificial scenery sets. In their experience, discussions with the customs administrations of the countries concerned regarding the importation of their professional equipment often led to considerable delay and expense. Apparently, the main difficulties arose with non-European countries and an arrangements covering only European countries would not be satisfactory from the point of view of the industry. The secretariat had informed the representatives of the industry that the CONTRACTING PARTIES had not yet examined this question. In the secretariat's view, the CONTRACTING PARTIES might well interest themselves in this particular question: among other things, the goodwill of the cinematographic industry would be of value.

Following their conversations with the GATT secretariat, the representatives of the industry had contacted the Customs Co-operation Council which had also taken up this question. The secretariat had been in touch with the secretariat of the Council. The Council's permanent Technical Committee had decided to examine, at its next meeting in September, the possibility of drawing up draft conventions which would cover the question of cinematographic materials and packing materials, but which might equally be extended to cover other professional equipment. The secretariat of the Council was prepared to recommend to the Council, which was meeting on 10 June, that the Technical Committee should send the draft conventions to the CONTRACTING PARTIES towards the end of September, before the Council approved the conventions at its next meeting in November, and that the Council should agree to take account of the views on the drafts which the CONTRACTING PARTIES might express at their fifteenth session. One of the advantages of the arrangements suggested was, inter alia, that the participation in the conventions of contracting parties which were not members of the Council would be facilitated. The GATT secretariat considered that it was too early to decide on procedures for submitting the conventions to governments for acceptance. From a practical point of view, the suggestions outlined would, no doubt, involve the need for the CONTRACTING PARTIES to establish a group of experts to examine the draft conventions and to report to the CONTRACTING PARTIES.

The CHAIRMAN said that the CONTRACTING PARTIES would wish to take note of the statement made by the Deputy Executive Secretary and await the arrival of the draft conventions on which they would then be able to express their views.

This was agreed.

2. French Stamp Tax (L/956)

The CHAIRMAN recalled that, when this question had been discussed at previous sessions, the French delegation had recognized that the increase in the rate of the stamp tax (from 2 to 3 per cent of the customs receipts from import and export duties and taxes) was contrary to the provisions of the General Agreement. The French Government had announced its intention to reduce the rate of the tax, but in a report submitted in January (document L/956), it was stated that for 1959 the Government had had to maintain the tax at the rate of 3 per cent.

M. PHILIP (France) said that his delegation recognized that the measure under consideration did not conform with the General Agreement. Although France had not succeeded in reducing the tax from 3 to 2 per cent, the sum involved was not more than approximately \$2 million. One should bear in mind, moreover, the 10 per cent reduction, covering most of the French tariff, which France had made in favour of countries to whom it accorded most-favoured-nation treatment. This was far more significant in the context of international trade than the stamp tax. Unfortunately it had been impossible, for psychological reasons, for France to reduce the stamp tax. In the last budget, the French Government had increased noticeably the level of a certain number of taxes and had created new ones. To lower a particular tax would, psychologically, have created certain difficulties. M. Philip went on to say that, while he could not give any formal undertaking, he hoped that, as the economic situation improved, it would be possible in the next French budget to take the action which was necessary in regard to the stamp tax.

The CHAIRMAN said he thought the CONTRACTING PARTIES would appreciate the psychological reasons which had prevented the French Government from taking the necessary action to correct the present position. They would also have noted that the representative of France hoped that the position would be regularized in the near future. Nevertheless, he thought the CONTRACTING PARTIES would wish the question to remain on the agenda. In the meanwhile he would urge the French delegation to do their utmost to secure action by their Government in the budget for 1960.

This was agreed.

3. United Kingdom Action under Decision of 24 October 1953 (L/976)

Dr. van OORSCHOT (Netherlands) recalled that on 17 February 1959 the United Kingdom Government had notified the Executive Secretary and the Government of the Netherlands of its intention to increase rates of duty on certain types of cut flowers from 16 March. As the United Kingdom was one of the Netherlands' largest markets for cut flowers which are a significant item in her agricultural exports, the Netherlands Government had requested consultations under the procedures of the waiver granted to the United Kingdom on

24 October 1953. Although the United Kingdom had recognized that the Netherlands had a substantial interest in trade in the items concerned, they had felt unable to accept the request for consultations as, in their opinion, there was no evidence to support a conclusion that there was a likelihood of substantial diversion of trade. As the Netherlands Government had intended to try to prove that the danger of diversion of trade was imminent, it was disappointed to find that it was not even granted the opportunity to present its point of view. The increased United Kingdom duty on flowers closely followed the decision by member countries of the EEC to reduce by 10 per cent, in respect of all contracting parties, tariffs which were higher than the level of the Common Tariff and against this background the United Kingdom action was even more disturbing. In the opinion of the Netherlands Government, the United Kingdom had no right to make a judgement on this point and should have sought a speedy determination on the matter from the CONTRACTING PARTIES. This had not been done and therefore the Netherlands Government had placed the matter before the CONTRACTING PARTIES.

Mr. JARDINE (United Kingdom) said that his delegation had listened with interest to the Netherlands' statement. He wished it to be understood that the United Kingdom did not consider that the level of duty involved was a relevant factor. That the United Kingdom could increase an unbound duty was not in dispute; what was in dispute was whether or not the United Kingdom had acted in accordance with the waiver granted in 1953. Under the provisions of the waiver, all that was relevant to this case was whether or not the Netherlands had a substantial interest in trade, and whether or not the increase in the margin of preference resulting from the increase in the most-favoured-nation rate of duty was likely to result in a substantial diversion of trade in the flowers in question from the Netherlands to suppliers within the preferential area. The United Kingdom recognized the Netherlands' interest in trade but disputed the contention that the increase in the margin of preference involved the likelihood of substantial diversion of trade.

Technically, the United Kingdom Government had infringed the letter of the waiver in failing to seek a speedy determination on the matter from the CONTRACTING PARTIES. He reminded the CONTRACTING PARTIES, however, that the waiver had been accepted by the United Kingdom in 1953 on the understanding that in the operation of the waiver they could count on the goodwill and co-operation of the other contracting parties. While he did not wish to suggest that the Netherlands had shown any lack of goodwill, he felt that they had not taken into full account the difficulties which the United Kingdom faced. Early action had been required as it was currently the season for imports of the cut flowers involved and the Netherlands Government, knowing the practical reasons which the United Kingdom had for acting urgently, should not have sought to use technicalities to delay increases in duty which were clearly permissible within the spirit of the waiver. The United Kingdom remained confident that there was no likelihood of substantial diversion of trade to the preferential area from their action and had already explained in bilateral discussion to the Netherlands why they could not accept their arguments. If, however, the Netherlands delegation wished to discuss the matter further, the United Kingdom delegation would be prepared to have further discussions under Article XXII of the General Agreement during this session.

Dr. van OORSCHOT (Netherlands) said that his delegation had listened with great interest to the reaction of the United Kingdom and appreciated the proposal that discussion between the delegations should be arranged to give them an opportunity to explain their point of view. He hoped that it would be possible to reach a constructive conclusion and, if not, his delegation would bring the matter again before the CONTRACTING PARTIES. Dr. van Oorschot said that he wished to make it clear that it had not been the intention of the Netherlands Government to make use of technicalities to delay increases in duty. He therefore intended to discuss serious facts rather than technical infringements of the waiver procedures. The Netherlands felt that they might suffer damage in future and therefore were seeking protection from the GATT rules which they were firmly convinced should be respected in the interests of all contracting parties.

The CONTRACTING PARTIES took note that the delegations of the Netherlands and the United Kingdom would discuss the matter further and refer back to the CONTRACTING PARTIES if no satisfactory solution were reached.

4. Relations with Yugoslavia - Report by Working Party

The CHAIRMAN called on the Chairman of the Working Party to present the report contained in document L/986.

Mr. HAGEN (Sweden), Chairman of the Working Party, said that, at the thirteenth session, the Government of Yugoslavia had submitted a proposal for the establishment of closer relations with GATT. At that time the observer for Yugoslavia had stated that Yugoslavia, while not able at present to undertake all the obligations of the General Agreement, intended to adjust its economic system to the needs of international economic co-operation. It was not technically and materially feasible for Yugoslavia to assume all the provisions of the General Agreement, but things were moving in the direction of a further rapprochement with GATT, which could and should eventually lead to full membership. The CONTRACTING PARTIES, in a later debate, decided to establish a working party to consider the terms on which Yugoslavia might be brought into association with the CONTRACTING PARTIES and to examine the advisability of studying how such an arrangement might develop into full participation in the General Agreement.

The Working Party first met in the third week of March 1959. The questions asked by the Working Party about Yugoslavia's foreign trade system and the replies given by the representatives of Yugoslavia were distributed by the secretariat in document L/965/Add.2. The Working Party then proceeded to consider the form and content of the association. There was common agreement among members of the Working Party that the arrangement should be based on the principle of reciprocity and mutual advantage, with a view to achieving an equitable balance of rights and obligations; this would be considered a transitional step until Yugoslavia was in a position to apply for full accession under Article XXXIII. An analysis of the various viewpoints expressed in the Working Party showed that there was a possibility of reaching agreement on how this balance could be achieved. A draft decision, prepared by the secretariat, was distributed as an addendum to the report of the March meeting of the Working Party; the draft contained certain alternative wordings, in the hope that it would provide a basis for further

consideration of the Yugoslav request. The Working Party met again early in the present session, when they were able to agree on proposals which were also acceptable to the Yugoslav representatives. These proposals were embodied in the final report of the Working Party (L/986). Attention should be drawn particularly to sections I 1(a), I 1(b) and I 3 of the proposed declaration by Yugoslavia. Contracting parties accepting the declaration undertook corresponding obligations spelt out in sections II 1(a) and II 1(b). These undertakings were commented upon in paragraphs 4 and 5 of the report. The draft declaration envisaged special consultations in regard to any representation which a party to the declaration might wish to make, and also provided for an annual review by the CONTRACTING PARTIES. The arrangement should, in principle, remain in force for three years when it would be reviewed. It would become invalid if Yugoslavia withdrew, withdrawal being subject to sixty days' notice. Any contracting party might similarly withdraw from the arrangement.

The Working Party had made recommendations regarding procedures for the acceptance and entry into force of the declaration. Mr. Hagen stated that, since the report had been drawn up, the delegations mainly interested had agreed to the deletion of reference to a percentage of external trade in section IV of the declaration. He therefore proposed that the second sentence of section IV should be amended accordingly. This would mean that the declaration would enter into force when it had been accepted by Yugoslavia and by not less than two-thirds of the contracting parties.

Mr. CAPPELEN (Norway) said that the establishment of relations with a new country always presented the CONTRACTING PARTIES with particular problems. In the case of Yugoslavia's application, the Norwegian delegation felt that the Working Party had succeeded in finding a formula which reflected the wish of the CONTRACTING PARTIES to extend GATT membership to as many countries as possible while maintaining the integrity of the General Agreement. Yugoslavia had shown a spirit of comprehension and realism in asking at this stage for a form of accession and not for full accession. The Norwegian delegation would vote for the draft decision and recommend to its Government the signature of the proposed declaration.

It should be borne in mind that Yugoslavia, now on its way to full membership, was in a special position. Its economy which was, still to some extent insufficiently developed, was trying to adjust itself to the needs of international economic co-operation. The CONTRACTING PARTIES should, therefore, offer the Government of Yugoslavia their full assistance in solving the problems which it might encounter while moving towards free and multilateral trade. In welcoming Yugoslavia's participation, the Norwegian delegation also wished to express the hope that Yugoslavia, for its part, would come freely to the CONTRACTING PARTIES and ask with confidence for their advice as well as their assistance in matters relating to the promotion of its trade relations with contracting parties.

Mr. TREU (Austria) said that, while reserving the decision of the Austrian Federal Government on the acceptance of the declaration proposed by the Working Party, the Austrian delegation welcomed the initiative taken by Yugoslavia and its wish to be brought into closer association with the CONTRACTING PARTIES on the basis of the objectives of the General Agreement.

The Austrian delegation considered this step as a further contribution towards the expansion of the General Agreement and therefore supported the adoption of the report presented by the Working Party, as set out in document L/986, including the draft decision as well as the declaration attached thereto.

The Austrian delegation took note of the explanations given by the representative of the Government of Yugoslavia, according to which his Government was not in a position, at present, to assume the obligations involved by an accession under Article XXXIII. For this reason the Austrian delegation welcomed the solution, as proposed under the terms of the declaration, which intended to bring about an equitable balance of rights and obligations for all parties concerned, as envisaged by the provisions of the General Agreement. Further experience would show what effects this declaration might have on trade between contracting parties signatories and Yugoslavia. The Austrian delegation understood that interpretation of the terms of the declaration would be left, mainly, to the signatory governments of member countries and of Yugoslavia. In this connexion the Austrian delegation appreciated the statement made in paragraph 7, last sentence, of the report, under which the draft decision and declaration, as well as the questions and answers referred to, were to be considered as an integral unit; that might be regarded as an appropriate point of departure for the reciprocal application of the General Agreement between the signatories of the said declaration and Yugoslavia.

Mr. JØRGENSEN (Denmark) said that his delegation was greatly satisfied that the Working Party had been able to submit to the CONTRACTING PARTIES an agreed report. His delegation would recommend adoption of the report and approval of the draft decision which, in their opinion, offered a suitable basis for a closer relationship between Yugoslavia and the CONTRACTING PARTIES. He welcomed the participation of Yugoslavia in the work of the CONTRACTING PARTIES and looked forward to the development of close trading relations with Yugoslavia within the framework of the General Agreement.

Mr. FISK (United States) said that the United States would recommend adoption of the report and the draft decision. It was particularly gratifying that it had been possible to agree upon a form of collaboration which would ensure the meaningful participation of Yugoslavia. The declaration, which had arrived at an equitable balance of obligations, illustrated the great flexibility which characterized the General Agreement.

Mr. CAMBITIS (Greece) said that the Greek delegation had been happy to support the request of the Yugoslav Government and would accept the report of the Working Party and the declaration. The accession of Yugoslavia to GATT would facilitate the development of mutual trade between Yugoslavia and his country.

Mr. SWAMINATHAN (India) said that his delegation would heartily subscribe to all that was set out in the report and the decision. In many ways this had been a pioneering attempt and the CONTRACTING PARTIES had learned much from the examination of this difficult case which had resulted in a very satisfactory and successful conclusion. His delegation would vote for the declaration and would recommend signature of the declaration to their Government as soon as possible.

Mr. AHMAD (Pakistan) said that his delegation did not participate in the deliberations of the Working Party but had taken a great interest in its work. The request by Yugoslavia had raised difficult problems for the CONTRACTING PARTIES but the Working Party had suggested acceptable solutions based on reciprocity of rights and obligations which could be considered as mutually advantageous. He welcomed the closer relationship of Yugoslavia with the CONTRACTING PARTIES on the basis suggested by the Working Party and hoped that the trade policy of Yugoslavia would be so directed as to fall in line with the principles and objectives of the General Agreement.

Mr. OAKLEY (Australia) said he believed the proposals for the association of Yugoslavia with the CONTRACTING PARTIES represented a useful step towards widening the membership of GATT. Australia welcomed any enlargement of the volume of world trade covered by the General Agreement and would watch with interest developments during the preliminary period of three years. He hoped that the ultimate goal of full accession would be possible. He would support the declaration and recommend to the Australian Government that it should be adopted.

M. PHILIP (France) expressed the hope of his delegation that the bringing of Yugoslavia into closer association with the CONTRACTING PARTIES would lead, as quickly as possible, to that country becoming a full member. The exchange of views which had taken place on this problem demonstrated the need for the interpretation of the General Agreement and of its basic principles to be so applied as to permit Yugoslavia, and other countries with comparable economies, to become full members.

Mr. BOUCAS (Brazil) expressed the satisfaction of his delegation at the outcome of the examination of this problem. The declaration contained in document L/986 would be submitted to the Brazilian authorities who, no doubt, would give considerable weight to the guarantees offered by Yugoslavia.

Mr. GRANDY (Canada) said that his delegation regarded the declaration as a useful first step. It would permit trading arrangements between Yugoslavia and the contracting parties to evolve gradually in the direction of the assumption of full rights and obligations by Yugoslavia. His delegation attached particular importance to the provision for annual consultation. They were prepared to accept the report of the Working Party and to recommend to their Government acceptance of the declaration.

Mr. TIKANVAARA (Finland) expressed his Government's satisfaction with Yugoslavia's intention to apply progressively the provisions of the General Agreement. It was desirable that as many countries as possible wishing to pursue a multilateral commercial policy should become contracting parties. His delegation would recommend to the Government of Finland acceptance of the Working Party's report.

Mr. MERINO (Chile) said that his delegation approved the report and would recommend to the Government of Chile acceptance of the declaration. His delegation hoped that the arrangements envisaged would lead to Yugoslavia becoming a full member of the GATT.

Mr. SAW OHN TIN (Burma) said that his Government had consistently supported the request of Yugoslavia for closer association. His delegation accepted the Working Party's report and the draft decision.

Dr. van COORSCHOT (Netherlands) expressed his delegations's support for the report of the Working Party.

Mr. JARDINE (United Kingdom) expressed his delegation's satisfaction that the contracting parties would now have the benefit of Yugoslavia's participation in their work. His delegation accepted the draft declaration contained in document L/986, as amended.

Mr. SOEMINTARDJO (Indonesia) expressed his delegation's confidence that the participation of Yugoslavia would benefit the work of the CONTRACTING PARTIES. His delegation supported the recommendations made by the Working Party.

Mr. SAVINI (Italy) said that his delegation would recommend to the Italian Government the acceptance of the declaration.

Mr. CUHRUK (Turkey) said that his delegation would also recommend to the Turkish Government acceptance of the report and the draft decision.

Mr. SPREUTJIS (Belgium) joined in supporting the report of the Working Party and hoped that in the not too remote future Yugoslavia would become a full member.

Mr. KOCH SAN (Cambodia) said his delegation joined in supporting the adoption of the Working Party report.

The CHAIRMAN pointed out that the Chairman of the Working Party had proposed that the requirements in section IV of the draft decision relating to a percentage of external trade should be deleted. He would suggest, therefore, that the second sentence of section IV should read as follows: "this declaration shall enter into force when it has been accepted by Yugoslavia and by two-thirds of the contracting parties to the General Agreement". He also wished to propose an amendment to the first sentence of section IV which provided for the declaration to be opened for acceptance by Cambodia. It would seem preferable, in the case of a country in the position of Cambodia and in the case of countries who were associated through other arrangements with the work of the CONTRACTING PARTIES, for relations to be formalized by an exchange of letters rather than by the signature of the formal instrument. He would propose, therefore, that the sentence should be amended to read as follows: "This declaration, which has been approved by the CONTRACTING PARTIES by a two-thirds majority, shall be opened for acceptance, by signature or otherwise, by Yugoslavia, by contracting parties to the General Agreement, and by any other governments which accede provisionally to the General Agreement."

These amendments were agreed.

The CHAIRMAN then asked the CONTRACTING PARTIES whether they were prepared to approve the declaration.

The CONTRACTING PARTIES approved the declaration by thirty-two votes in favour and none against and the decision inviting Yugoslavia to participate in the work of the CONTRACTING PARTIES by twenty-nine votes in favour and none against.

The CHAIRMAN then said that, in the normal course of business, the fact that it was not possible, from a strictly legal point of view, to give full voting rights to Yugoslavia was not very important as the CONTRACTING PARTIES did not usually proceed to a formal vote in reaching decisions. Generally, the Chairman took the sense of the meeting and Yugoslavia would have the same opportunity as contracting parties to express its opinion.

Mr. POPOVIC (Yugoslavia) expressed thanks for the co-operative spirit in which Yugoslavia's request had been considered. As had been expected the task of the Working Party had been difficult but there had been efforts on all sides to reach a satisfactory solution. From now on Yugoslavia would cease to hold observer status and would move into a closer association with the CONTRACTING PARTIES. Although technical difficulties made it impossible at present for Yugoslavia to accede fully, it accepted the philosophy of the General Agreement and would participate in its work to the best of its ability. His delegation was gratified by the favourable decision of the CONTRACTING PARTIES and would sign the declaration on behalf of the Yugoslav Government before the end of the session.

The CHAIRMAN said that the discussion had indicated that the CONTRACTING PARTIES fully appreciated the part played by the Working Party and by the representatives of Yugoslavia in reaching a satisfactory solution to this delicate problem.

5. Application of Article XXXV to Japan

The CHAIRMAN recalled that this item had been on the agenda for several sessions. Fourteen contracting parties still had recourse to the provisions of Article XXXV in their trade relations with Japan. He invited the representative of Japan to report on any developments which had taken place since the thirteenth session.

Mr. KAWASAKI (Japan) referred to the anomalous situation which still existed in the General Agreement in respect of Japan, namely the application of Article XXXV vis-à-vis Japan by a large number of countries. Since the thirteenth session there had been no notable change in the situation. Bilateral talks had, however, taken place with some of the governments still invoking Article XXXV. Among these were Austria, whose Chancellor visited Japan in January, and Haiti, which had decided no longer to have recourse to Article XXXV.

The fact that Japan, alone among the contracting parties, was still subject to discriminatory treatment, clearly ran counter to the generally expressed desire for liberalization of world trade. Unfortunately, the misunderstanding and distrust of Japanese business practices and the protectionism which existed in certain countries, combined to make some countries reluctant to enter into full GATT relations with Japan. Mr. Kawasaki said it was heartening to know, however, that there were always some well-informed and fair-minded persons in any country. He quoted extracts from an article in the "Director" written by Mr. Roy Harrod, a top British economist, who recently recently returned from a trip to Japan and

¹ Mr. Kawasaki's statement is reproduced in full in Press Release GATT/452.

who had declared that expanding exports from Japan should be judged as a contribution to the balanced growth of the whole free world. Much of the misunderstanding concerning Japanese trade was due to ignorance and lack of correct information. Of particular interest to the CONTRACTING PARTIES was Japan's very serious efforts to maintain orderly marketing. In the case of the many countries with whom Japan had normal GATT relations, Japan's efforts had proved satisfactory and any difficulties that arose from time to time had been solved by mutual consultations.

In conclusion, Mr. Kawasaki requested that the question of the application of Article XXXV to Japan be placed on the agenda for the fifteenth session of the CONTRACTING PARTIES.

Mr. FISK (United States) said that, in past sessions, his delegation had strongly urged the countries concerned to remove their invocation of Article XXXV against Japan. The United States was concerned that a number of contracting parties were still invoking this Article. Some progress had been made and the United States hoped that this would be accelerated.

Mr. GRANDY (Canada) said that the fact that so many countries felt it necessary to invoke Article XXXV against Japan was, in Canada's view, a source of general weakness in the general world trading system. The situation was unsatisfactory, not only for Japan, but for those contracting parties which were not invoking Article XXXV. His delegation could confirm that the countries which had taken on full GATT relations with Japan were satisfied. A solution of this problem was increasingly urgent.

Mr. JARDINE (United Kingdom) regretted that his Government had not yet been able to dis-invoke Article XXXV against Japan. The United Kingdom continued to hope that trading arrangements between the two countries would so develop as to allow the United Kingdom to accept the full application of the General Agreement to Japan. Meanwhile, the United Kingdom accorded most-favoured-nation treatment to Japan and quotas were mutually agreed between the two Governments. At the thirteenth session he had reported that the importation of Japanese tinned salmon was being liberalized by the United Kingdom; as a result of this step, imports of this item had increased very substantially.

Mr. BOUCAS (Brazil) recalled that during the thirteenth session his delegation had presented the views of the Brazilian Government on the problems created by the application of Article XXXV to Japan. He wished again to express the hope that countries which had not yet been able to extend full GATT treatment to Japan might alter their position in the near future.

Mr. OAKLEY (Australia) recalled that his delegation had stated at the twelfth session that a significant step towards reconciling Australian Trade relations with Japan under the framework of the General Agreement had been made by the conclusion in July 1957 of a trade agreement extending to Japan most-favoured-nation tariff and licensing treatment. The Australian Government intended to review the problem in the near future in the light of the operation of the trade agreement with a view to exploring the possibility of further progress in this direction.

M. PHILIP (France) said that the trade agreement which was about to be signed between his country and Japan was proof of the development of commercial relations between the two countries. The use of the provisions of article XXXV continued to be studied by the French authorities and the French delegation would communicate their conclusions as soon as possible.

Mr. PEREIRA (Peru) said that his country had supported from the beginning the accession of Japan to GATT. He urged therefore that those countries which had invoked the provisions of Article XXXV against Japan should accept full GATT obligations as soon as possible.

Dr. van OORSCHOT (Netherlands) stated that during the thirteenth session he had given an undertaking to the Japanese delegator, to refer to his Government the difficulties experienced by Japan through the application of Article XXXV. The Netherlands Government had now instructed him to discuss the matter in accordance with the provisions of the Benelux Agreement with the delegations of Belgium and Luxemburg with a view to reaching a satisfactory solution. When the outcome of these discussions was known he would return to the subject. It was regretted that Article XXXV could not be dis-invoked at this session.

Mr. MACFARLANE (Federation of Rhodesia and Nyasaland) said that he had no new developments to report. At the thirteenth session, the Federal delegation had advised the CONTRACTING PARTIES that the Federation had made two attempts at bilateral discussions with Japan in order to extend their limited trade arrangements. The Federation, therefore, felt that the initiative still rested with Japan.

Mr. CASTLE (New Zealand) stated that in 1958 New Zealand and Japan had concluded a bilateral trade agreement. New Zealand accorded Japan most-favoured-nation treatment and, in the administration of its balance-of-payments import restrictions, there was no discrimination against Japan. There was an agreed minute between the two Governments in connexion with the trade agreement; this indicated the intention of New Zealand, within three years from the date of the signature of the agreement, to investigate the possibility of applying the principles of the General Agreement to Japan. New Zealand would discuss this question with Japan at the appropriate time.

Mr. SUJAK BIN RAHMAN (Federation of Malaya) said that his Government was still applying Article XXXV to Japan. The difficulty was that there was neither the staff nor the time available to give full consideration to the matter. As far as he knew, Malaya's trade relations with Japan were proceeding in a normal and satisfactory way. Trade talks between Malaya and Japan were proposed for the near future and he had no doubt that one of the subjects which would be discussed would be Malaya's invocation of Article XXXV.

Mr. BOSSMANN (Ghana) recalled the statement of Ghana's ministerial representative at the thirteenth session that Ghana wished to continue to reserve the right to apply Article XXXV against Japan. The reasons for maintaining this stand were the adverse trade balance with Japan, the need for freedom of action to deal with disruptive or unfair competition and the desire to be in a position to protect or build up local industries. Ghana was now about to embark on a five-year development plan of considerable magnitude. He assured the Japanese delegation of Ghana's earnest desire to maintain the most-favoured-nation treatment already accorded to Japan, but meanwhile Ghana continued to reserve the right to apply Article XXXV only as a protective measure.

The CHAIRMAN proposed that, in accordance with the request of the representative of Japan, this item should be put on the agenda for the fifteenth session of the CONTRACTING PARTIES. He went on to suggest that the talks between Japan and the governments concerned should continue with a view to the difficulties being resolved and the invocation of Article XXXV being withdrawn as early as possible.

6. Brazil Tariff Negotiations - Report by Committee

The CHAIRMAN drew attention to the final report of the Brazilian Tariff Negotiations Committee (TNB/27). He invited M. Perdon (France), Chairman of the Committee, to present the report.

M. PERDON (France) Chairman of the Committee, stated in introducing the report that tariff agreements with seventeen contracting parties had been concluded by Brazil as a result of negotiations conducted under the Decision of 16 November 1956 (BISD, Fifth Supplement, page 36). Certain agreements had only been concluded during 1959 and still had to be presented to the Brazilian Parliament for ratification. It might not be possible for Brazil to complete this procedure before 31 July 1959, the date fixed for expiration of the Decision of 16 November 1956. The Committee had therefore considered a request by Brazil that the Decision should be extended and had recommended that the date of expiry be extended until the end of the fifteenth session.

Mr. BOUCAS (Brazil) said that, in spite of the efforts made by the Brazilian Government, the Brazilian tariff negotiations were only completed on 13 May when the procès-verbal relating to the negotiations with the United Kingdom was signed. It was only now, with the completion of the negotiations, that the Brazilian Government was in a position to present the results of the negotiations for the approval of Congress. The extension of the time-limit provided for in paragraph 1 of the Decision of 16 November 1956 granted on 10 July 1958 by the Intersessional Committee was due to expire on 31 July 1959. The Brazilian Government had, therefore, asked for a further extension until 31 July 1960 which would have given time for Congressional approval and for putting the concessions into force. However, in view of the difficulties which confronted some members of the Negotiations Committee in accepting an extension of one year, his delegation was prepared to accept the Committee's compromise proposal that the extension should be until the end of the fifteenth session of the CONTRACTING PARTIES.

Mr. MERINO (Chile) said that the results of the Brazilian negotiations with Chile would be communicated to the CONTRACTING PARTIES as soon as definitive agreements had been entered into by the two countries.

Mr. JARDINE (United Kingdom) expressed his delegation's satisfaction that the negotiations with Brazil had terminated successfully. The United Kingdom agreed with the proposal that the time-limit for putting into effect the results of the negotiations should be extended until the end of the fifteenth session. Mr. Jardine pointed out that paragraph 3 of the Decision of 16 November 1956 envisaged at the end of the tariff negotiations, not only a report, but also some review of the assurances given by Brazil which were included in the Decision. The United Kingdom delegation would agree that this matter could be considered at the fifteenth session.

Mr. CAMBITIS (Greece) said that his delegation welcomed the fact that the tariff negotiations which they had had with Brazil, and which had been conducted in a spirit of mutual understanding, had been brought to a successful conclusion.

Mr. GRANDY (Canada) said that the Canadian delegation which had had satisfactory tariff negotiations with Brazil, were prepared to accept the recommendation extending the time-limit for putting into effect the results of the negotiations.

The CHAIRMAN said the general consensus of opinion was in favour of adopting the report. He pointed out, however, that certain precise points had to be agreed on. Firstly, the CONTRACTING PARTIES were asked to determine that, if any third contracting party claimed an interest under paragraph 4 of the Decision of 16 November 1956, and such request was recognized by the negotiating contracting party, such recognition should be deemed to be a determination of interest by the CONTRACTING PARTIES under the terms of paragraph 4. Secondly, the CONTRACTING PARTIES were asked to authorize the Intersessional Committee to make the determination in any case of dispute under that paragraph.

The CHAIRMAN said that account should also be taken of the proposal by the representative of the United Kingdom who had agreed that the examination of certain other matters connected with the Decision of 16 November 1956 should be carried forward to the fifteenth session of the CONTRACTING PARTIES. Finally, the Committee had recommended that the date for putting into force the results of the negotiations be extended until the end of the fifteenth session. If contracting parties were prepared to accept this recommendation, a draft decision would be submitted to the CONTRACTING PARTIES at a later meeting.

These proposals were agreed.

7. Rhodesia and Nyasaland Tariff - Trade Agreement with Australia

The CHAIRMAN recalled that the CONTRACTING PARTIES had decided, at the thirteenth session, to extend until 1 July 1959 the time-limit provided for in the Decision of 3 December 1955 for the completion of the process of adjustment of preferences in the Trade Agreement between the Federation and Australia.

Mr. MACFARLANE (Federation of Rhodesia and Nyasaland) said that the extension of the time-limit agreed to by the CONTRACTING PARTIES at the thirteenth session was made in particular to enable final adjustments to be made in the Federation's trade relations with Australia. As was explained at that time, officials of the two Governments, largely because of the pressure of other commitments, were experiencing difficulty in arranging the necessary meetings. Officials of the two Governments had, however, now met and had made certain recommendations to their respective Governments. It had been hoped that all the arrangements could have been completed before 30 June 1959. In terms of the Decision, however, sixty days' notice of adjustments had to be given to the CONTRACTING PARTIES. The period of time between now and 30 June was less than sixty days. The Federation regretted, therefore, that it would be unable to meet both of the time requirements of the Decision. He hoped that the CONTRACTING PARTIES would appreciate the pressure of work on officials of small countries like the Federation and that the explanation which he had given would be accepted. He would request the CONTRACTING PARTIES to give consideration to allowing the Federation to complete its arrangements before the fifteenth session to enable it to conform completely with the requirement for sixty days' notice. If the CONTRACTING PARTIES were prepared to accept this proposal it would be appreciated if the secretariat could be asked to submit the necessary draft decision for the consideration of the CONTRACTING PARTIES.

Mr. OAKLEY (Australia) supported the request made by the Federation for an extension of the time-limit until the beginning of the fifteenth session to enable the process of adjustment to be completed. Sixty days' notice of any adjustments made would be given to the CONTRACTING PARTIES as required by the Waiver.

The CHAIRMAN said that that the representatives of the Federation of Rhodesia and Nyasaland and of Australia, in asking for an extension of the time-limit until the beginning of **the fifteenth session of the CONTRACTING PARTIES**, had drawn attention to the pressure of work on officials which had prevented their Governments from carrying out the obligations under the Decision made by the CONTRACTING PARTIES. He proposed that the Executive Secretary should prepare a draft decision for submission to the CONTRACTING PARTIES at a later meeting.

This was agreed.

8. Status of Tunisia

The CHAIRMAN drew the attention of the CONTRACTING PARTIES to the Note by the Executive Secretary (W.14/16) proposing that the period of validity of the Recommendation of 22 November 1957 concerning the application of the General Agreement to Tunisia should be extended until two weeks after the commencement of the fifteenth session.

The proposal in the Note by the Executive Secretary was approved.

The meeting adjourned at 4.30 p.m.