At today's meeting the Contracting Parties completed their consideration of the agenda item dealing with the Status of the Agreement and the Protocols. This included the adoption of a Declaration accepting Reservation as to Article XXXV by the Union of South Africa.

At their Second Session, the Contracting Parties decided to recommend the Government of South Africa to accept a solution of a dispute regarding the validity of a protocol to the GATT affecting incidentally the relations between South Africa and India.

The point at issue had been the legal validity of Article XXXV of the GATT. This article was added to GATT as part of a protocol, at the first session of the Contracting Parties. This protocol was not signed by South Africa.

The relevant part of Article XXXV says that the GATT "shall not apply as between any contracting party and any other contracting party if (a) the two parties have not entered into tariff negotiations with each other and (b) either of the contracting parties, at the time either becomes a contracting party, does not consent to such application." Acting under this provision India and Pakistan had, on becoming Contracting Parties, refused to apply the GATT to South Africa.

At their second session, the Contracting Parties invited South Africa to sign the protocol in question, but with the reservation that they do not accept Article XXXV. At that time it was stated that if South Africa would sign the protocol before the next session, the Contracting Parties would give sympathetic consideration to approval of the South African reservation at the next session.

On 16 February, 1949, South Africa signed the protocol in question subject to a reservation of non-acceptance of Article XXXV.

At today's meeting the Contracting Parties unanimously adopted a declaration stating that "no objection is raised by any Contracting Party to this reservation, it being understood
that the relevant relationships among the contracting parties will be as set forth by the Chairman at the 2nd Session of the Contracting Parties". The relevant part of this statement was:

"If the Government of South Africa signs the Protocol between now and our next session, we shall give sympathetic consideration to approval of the South African reservation at our next session without altering the legal situation as it now exists. This could then have the effect that the other Contracting Parties would continue to regard themselves as bound by and having the right to apply the provisions of Article XXXV, which do not require any of them to apply the General Agreement, or alternatively Article II, of that Agreement, to another contracting party if there have not been tariff negotiations between the two parties and if either of the parties had made a declaration to that effect, while South Africa would continue to regard themselves as not being bound and would presumably apply the General Agreement to all contracting parties, irrespective of whether or not tariff negotiations have taken place between the parties."

At today's meeting, Dr. Nerval, South Africa, thanked the Contracting Parties very sincerely for their sympathetic consideration. His pleasure was enhanced, he said, in observing some conversion to the South African point of view among the Contracting Parties. He hoped that in the future there would be a complete conversion to the South African point of view, which would not make it necessary for South Africa to maintain its reservation.