SUMMARY RECORD OF THE ELEVENTH MEETING

Held at the Palais des Nations, Geneva, on Thursday, 30 October 1958 at 2.30 p.m.

Chairman: Mr. L.K. JHA (India)

Subjects discussed: 1. Position of Laos and Cambodia
2. Article XVI - Adequacy of Subsidy Notifications
   - Review of Operation
3. Article XVI - Extension of Standstill
4. Article XVII - Notification on State-trading Enterprises
5. Relations between the CONTRACTING PARTIES and Yugoslavia
6. Marks of Origin
7. Application of Article XXXV to Japan

1. Position of Laos and Cambodia

The CHAIRMAN recalled that on 22 November 1957 the CONTRACTING PARTIES had recommended that, for the period ending two weeks after the commencement of the Thirteenth Session, contracting parties should continue to apply de facto the General Agreement in their relations with Laos and Cambodia provided that these countries continued to apply de facto the Agreement to them. Since the last Session the Executive Secretary had communicated with the Government of Laos but had received no indication of its desire to have recourse to the provisions of Article XXVI:5(c). Moreover, it appeared that the Government of Laos had modified its customs tariff in such a manner as to provide for the levy of duties on certain products which were higher than those negotiated by the Government of France on behalf of the former Government of Indo-China and which appeared in Section H of Schedule XI. However, the Government of Laos was understood to be considering the desirability of acceding to the GATT under Article XXXIII although so far no official confirmation of this intention had reached the secretariat. Accordingly, the Chairman proposed that the CONTRACTING PARTIES take note of the fact that the Government of Laos was no longer applying the Agreement with respect to contracting parties and therefore the recommendation adopted at the last Session had ceased to be applicable. This procedure was in conformity with paragraph 3 of the Recommendation of 1 November 1957 which provided that if the sponsorship of a territory which had acquired autonomy in commercial matters had not taken place within a period established by the CONTRACTING PARTIES the contracting parties would not be expected to continue to apply de facto the Agreement in their relations with that territory.
The Chairman further said that, since the last Session the Executive Secretary had also communicated with the Government of Cambodia. In response, the Government of Cambodia had stated that it had decided in principle that it wished to accede to the GATT pursuant to Article XXXIII and desired to discuss this matter with the CONTRACTING PARTIES at the present Session. The Chairman invited the observer of the Government of Cambodia to present his Government's proposals.

Mr. KOCH SAN (Observer for Cambodia) thanked the CONTRACTING PARTIES for the favourable arrangements made with regard to Cambodia at the Twelfth Session of GATT. The Cambodian Government had recently decided in favour of the principle of its accession to GATT. The Royal Government could have acceded pursuant to the provisions of Article XXVI of the Agreement, but it had appeared that this procedure would involve serious disadvantages. In fact, the concessions which Cambodia had applied until now, had been established and accepted at a time when Indo-China constituted a single customs entity, and were therefore based on a considerable trade volume. As the trade of Cambodia represented only part of Indo-Chinese trade, the concessions which had been negotiated represented a very heavy burden. It was hoped that the CONTRACTING PARTIES would give sympathetic considerations to this situation, which was prejudicial to the interests of Cambodia. The Government of Cambodia wished to accede under Article XXXIII, and was prepared to enter into negotiations with the CONTRACTING PARTIES as soon as the new customs tariff, which was being submitted for approval to the National Assembly, had been introduced. His Government expressed the wish that when Cambodia's accession to GATT came up for examination, the CONTRACTING PARTIES would take the provisions of Article XXIX, paragraph 3(b) into account.

The Cambodian Government was anxious that, pending its accession to the General Agreement, the CONTRACTING PARTIES should continue to apply the arrangements adopted at the Twelfth Session. If the CONTRACTING PARTIES agreed to this proposal, the Cambodian Government would be prepared to maintain for the same period the bound concessions included in Schedule XI, Section H, notwithstanding the entry into force of the new tariff, and to apply the other provisions of the General Agreement to the contracting parties to which they were previously applied by France, acting on behalf of former Indo-China. If the suggested arrangement were accepted by the CONTRACTING PARTIES, the obligations undertaken by Cambodia prior to accession would not differ from those of contracting parties with full status. His Government would appreciate if the CONTRACTING PARTIES could grant Cambodia, for this period, the advantages granted to Japan before its accession and to Switzerland.

Mr. DE LACHARRIERE (France) referred to the close links which had long bound Cambodia and France and which had been loosened in an atmosphere of friendship and understanding. Cambodia, now a fully independent and sovereign nation, wished to accede pursuant to the provisions of Article XXXIII of the General Agreement. The French delegation appreciated the reasons which had motivated the choice of this procedure and was pleased to support Cambodia's request for accession.
Mr. HEALE (United States) supported Cambodia's request and said that his Government would consider it desirable that negotiations for the accession of Cambodia be completed by 31 December 1961.

Mr. ANNIS (Canada) stated that Canada had continued to apply most-favoured-nation treatment to both Laos and Cambodia and was pleased to support Cambodia's request.

Mr. KAWASAKI (Japan) was in favour of accepting the request for accession.

Mr. MUZIK (Czechoslovakia) stated that his Government was always prepared to consider sympathetically requests by under-developed countries. He supported the request put forward by the Government of Cambodia.

Mr. OLDINI (Chile) was of the opinion that the CONTRACTING PARTIES should accept the request of the Cambodian Government. His Government would be pleased to see another country accede to the Agreement.

Mr. SWAMINATHAN (India) said that India was pleased to support the application and commended it for acceptance by the CONTRACTING PARTIES.

Mr. STEYN (Union of South Africa) explained that his Government had been compelled to modify the treatment previously applied to Indo-China, since South Africa's customs legislation required that a country be a full contracting party before GATT treatment could be granted, and, therefore, it had not been possible for his Government to act on the recommendation adopted by the CONTRACTING PARTIES at the Twelfth Session. The question would be reconsidered when Cambodia attained full membership.

The CHAIRMAN said that there had been general and wholehearted support for the proposals put forward by the Cambodian Government. He proposed that the Executive Secretary prepare a draft decision to give effect to these proposals.

It was so agreed.


The CHAIRMAN drew attention to paragraph 1 of Article XVI which provided that any contracting party which granted or maintained a subsidy, including any form of income or price support, which operated directly or indirectly to increase exports of any product from, or to reduce imports of any product into, its territory, shall notify the CONTRACTING PARTIES in writing of the extent and nature of the subsization, of the estimated effect of the subsidization on the quantity of the affected product or products imported into or exported from its territory and of the circumstances making the subsidization necessary. He recalled that under the Decision of 2 March 1950 the CONTRACTING PARTIES agreed that such notifications should be submitted
annually. The notifications received by the secretariat had been distributed each year, but this was the first occasion on which the Agenda included an item relating to these notifications. He further recalled that at the Twelfth Session the CONTRACTING PARTIES agreed to review the operation of the provisions of Article XVI in accordance with paragraph 5 of that Article. This would be the first such review carried out by the CONTRACTING PARTIES. To facilitate discussion of these two questions, the secretariat had produced in collated form the most recent notifications received from contracting parties (L/880).

Mr. CORKERY (Australia) stated that the CONTRACTING PARTIES had recognized the importance of the effects of subsidies on international trade and provisions had been included in the General Agreement for the submission of information in connexion therewith. It seemed, however, that some contracting parties did not include in their notifications full information of the type prescribed in Article XVI and in some cases no reference was made at all to subsidies on particular commodities. Accordingly, the Australian delegation considered it would be appropriate for the CONTRACTING PARTIES to make arrangements for the examination of the notifications which had been submitted. He considered this could best be undertaken by a panel established for that purpose.

Mr. GUNDELACh (Denmark) recorded the importance his Government attached to the effective administration of Article XVI and supported the proposal made by the representative of Australia. His delegation, moreover, would be particularly interested in a special examination of the extent to which certain subsidy schemes on exports of primary products maintained by many contracting parties were compatible with the provisions of paragraph 3 of Article XVI. He was prepared, however, to have such a study undertaken by the committee which the CONTRACTING PARTIES might establish to consider the broader question of the expansion of trade.

Dr. van OORSCHOT (Kingdom of the Netherlands) reported that his Government no longer granted subsidies within the categories referred to in Article XVI and the notification in document L/880 should be amended accordingly. Turning to the operation of the provisions of Article XVI, he pointed to the difficulty of determining the extent of their applicability to various measures taken by governments to protect their agricultural economy against excessive price fluctuations on world markets. If the CONTRACTING PARTIES intended to compile basic documentation on the subject, supplementary data could be requested and reference might also be made to relevant analyses carried out by the OEEC and FAO. On the basis of such information it would be possible for the CONTRACTING PARTIES to determine whether and to what extent such systems had harmful effects on international trade.

Mr. SOLBERG (Norway) said that no other protective measure was so easily concealed and difficult for competitors to detect as a subsidy. It was necessary therefore first to determine the extent and nature of subsidization schemes in force before giving any consideration to their limitation. The consolidation of notifications in document L/880 was useful in this regard.
The information therein relating to subsidies on agricultural products would be valuable data for future studies on agricultural policy and, where necessary, should be supplemented by more comprehensive information. His delegation would appreciate a more detailed description of the effects of subsidies granted in the industrial sector, especially on exports. Accordingly, he supported the proposal to establish a panel to undertake a detailed examination of the notifications submitted.

Mr. STEYN (South Africa) pointed to the increasingly injurious effects of the application of export subsidies by some countries on South Africa's export trade. He recalled that during the Review Session his delegation had supported the inclusion of stronger provisions in the General Agreement as a basis for curtailing the use of this particular device. In view of the inability to reach agreement at that time, however, the present rules were accepted on the understanding that their operation would be reviewed after an initial breathing space. He suggested the time was now ripe for the CONTRACTING PARTIES to give urgent consideration to the desirability for such a review and accordingly supported the proposal that this question be referred to a panel for further study.

Mr. MUNKKI (Finland) reported that with effect from 14 October 1958 new legislation entered into force regulating prices for certain agricultural products. Appropriate modifications to his Government's notification in L/880 would be submitted.

Mr. MERINO (Chile) said that his Government did not maintain subsidies within the scope of Article XVI but Chile's export trade was affected by the subsidized exports of its competitors. Since some of these products were not included in the notifications, he shared the concern expressed by the representative of Australia regarding their inadequacy.

Mr. SUJAK BIN RAHIMAN (Malaya) said that his Government had not yet submitted a notification under Article XVI. It felt under no obligation to do so, however, since it did not maintain any system within the terms of Article XVI which operated either directly or indirectly to increase exports or reduce imports. There was a price support scheme in operation for paddy, but imports of that commodity had recorded successive increases.

Mr. DJOYOADISURYO (Indonesia) informed the CONTRACTING PARTIES that the measures notified by his Government had undergone some modification and that details thereof would shortly be submitted.

Miss SEAMAN (United Kingdom) favoured proposals for a better enforcement and observation of the existing rules, particularly as they applied to export subsidies. Accordingly, she supported the suggestion by the representative of Australia that a panel be established to examine these questions.

Mr. SCHWARZMANN (Canada) recalled his delegation's endeavours at the Review Session to strengthen the provisions relating to export subsidies. He considered that these matters should be kept under the closest review and
therefore supported the procedural proposals of the representative of Australia.

The CHAIRMAN noted that the proposal to establish a panel to examine the adequacy of notifications submitted under Article XVI had received general support. He pointed out, however, that in the past panels had been appointed to examine specific points of difference between two or more contracting parties and for the particular question now under reference he was not clear as to what was envisaged as to the scope and functions of the proposed panel and how it would proceed to elicit any required information.

Mr. CORKERY (Australia) said that his proposal to establish a panel had been motivated by a desire to introduce an element of objectivity and a degree of informality into the examination of the notifications. The panel could perhaps in the first instance address itself to the question of exactly what type of subsidy schemes should or should not in fact be notified under Article XVI. It could then examine data submitted, possibly taking into account other sources of information such as that available in the OEEC and the FAO. Such clarification of the factual situation was clearly necessary as a first step in the review of the operation of the provisions of Article XVI.

The CONTRACTING PARTIES agreed to establish a panel to examine and report on the adequacy of the notifications submitted under Article XVI. In view thereof the CONTRACTING PARTIES further agreed to postpone consideration of the review of the operation of the provisions of Article XVI until the panel's report had been received.

The CHAIRMAN said he would submit proposals on the composition and terms of reference of the panel for consideration at a later meeting.

3. Declaration extending the Standstill Provisions of Article XVI:4 (L/892)

The CHAIRMAN drew attention to paragraph 4 of Article XVI and the related Note in Annex H under which contracting parties were required to seek, before the end of 1957, to reach agreement to abolish export subsidies on products other than primary products as from 1 January 1958 or, failing that, to extend the standstill on the scope of such subsidies until the date by which they expected they could reach agreement. A Declaration had been drawn up at the last Session to extend this standstill until 31 December 1958 but this could not enter into force until it had been signed by nine specified governments. The status of the Declaration was set out in L/892 and since that document was issued the Governments of Austria and Haiti had added their signatures. The Declaration had therefore been signed by thirteen governments, but this included only three of those whose signatures were required for its entry into force. The Chairman enquired whether the CONTRACTING PARTIES were now prepared to reach agreement regarding the date by which export subsidies on products other than primary products were to be abolished. If no agreement could be reached at this point the CONTRACTING PARTIES might wish to extend the period of the present Declaration.
Mr. BBALE (United States) informed the CONTRACTING PARTIES that he hoped to report in the near future as to when his Government would be in a position to sign the Declaration. Such signature, however, would be on the understanding that the Declaration would not prevent the United States Government, as part of its subsidization of exports of primary products, from making a payment on an exported processed product which was not itself a primary product, but was produced from such products. Such payments were limited to the amount of the subsidy which would have been payable on the quantity of such primary product, if exported in the primary form, consumed in the production of the processed product.

Miss SEAMAN (United Kingdom) stated that when the Declaration was accepted by the United States, her Government would be in a position to add its signature. It would be preferable if the CONTRACTING PARTIES were now to put into effect a full prohibition on export subsidies in the industrial field. There did not seem to be much optimism as to immediate prospects for doing so, however, and perhaps the best course would be to extend the standstill, assuming the Declaration entered into force, for a further year.

Mr. de LACHARRIERE (France) and Mr. BENSIS (Greece) reported their Governments' intentions to accept the Declaration and that the necessary formalities would be carried out before the end of the Session. The representative of Greece, however, reserved his Government's position as to the possibility of any extension of the standstill.

Mr. PARBONI (Italy) stated that his Government might be in a position to sign the Declaration before the end of the Session.

Mr. SCHWARZMANN (Canada) and Mr. van OORSCHOT (Kingdom of the Netherlands) said that the question of adherence to the Declaration was being examined by their respective Governments and they hoped to report their position before the end of the Session.

Mr. BAIG (Pakistan) said that his Government had not yet decided to accept the Declaration and reserved its position.

Mr. GUNDELACH (Denmark) held the view that the time was now opportune for the CONTRACTING PARTIES to give consideration to the putting into effect of the provisions of paragraph 4 of Article XVI concerning a prohibition on subsidies on the export of non-primary products. He suggested this question be referred to whatever machinery the CONTRACTING PARTIES might adopt for the intersessional administration of the Agreement.

The CHAIRMAN said that, in the light of the statements made, the prospects for the entry into force of the Declaration appeared to be somewhat more optimistic. It would be appropriate, therefore, to revert to this item at a later stage in the Session.

It was so agreed.
4. State-trading Enterprises - Notifications pursuant to the Decision of 22 November 1957

The CHAIRMAN referred to the revised text of Article XVII which had entered into force for most of the contracting parties in October the previous year. The Article provided that any contracting party which established or maintained a State enterprise, wherever located, or granted to any enterprise, formally or in effect, exclusive or special privileges, was to notify the CONTRACTING PARTIES of the products imported into and exported from its territories by such enterprises. Procedures for submission of such notifications had been agreed upon at the Twelfth Session in the Decision of 22 November 1957; the first notifications to be submitted by 1 February 1958. The request for the submission of notifications was contained in document L/784 and the notifications received had been distributed in Addenda 1 and 2 to that document.

Mr. CORKERY (Australia) stated that the information contained in the notifications had evinced that in a number of countries State-trading had become an important technique. The CONTRACTING PARTIES were now in a better position to determine the rôle which these enterprises played in international trade and to assess the extent to which the conditions set out in Article XVII were being met. His delegation thought that it would be useful to examine these notifications as a number of points might need clarification. He suggested that this task be entrusted to the panel which might carry out an analysis along the lines of that suggested for the notifications relating to subsidies.

Mr. GUNDELAH (Denmark) shared the opinion of the Australian representative that the notifications should be examined. His delegation would be prepared to accept the Australian suggestion provided that contracting parties not represented on the panel received an opportunity to submit questions with a view to obtaining further information on particular State-trading activities.

Mr. MATHUR (India) wished to have some clarification on how the Australian proposal was related to sub-paragraph 4(c) of Article XVII. Could not additional information, if it were desired, be obtained under that sub-paragraph?

Mr. CORKERY (Australia) considered that sub-paragraph 4(c) referred to State-trading operations which were causing damage to the interests of contracting parties. His delegation suggested that the panel examine the notifications and see whether there existed other sources which might be used to supplement the information on State-trading contained in the notifications.

The CHAIRMAN accordingly suggested that an examination of the general adequacy of the notifications on State-trading enterprises be referred to the panel which would be established to consider the notifications on subsidies. The terms of reference would be decided upon at a later meeting.

This was agreed.
5. Relations between the CONTRACTING PARTIES and Yugoslavia (L/870)

The CHAIRMAN welcomed the Assistant Secretary of State in the Committee for Foreign Trade of Yugoslavia and invited him to address the CONTRACTING PARTIES.

Mr. Nenad POPOVIC referred to the communication which the Yugoslav Government had addressed to the CONTRACTING PARTIES indicating its desire to establish closer relations with the CONTRACTING PARTIES (L/870). As Yugoslavia was not yet in a position to assume all the obligations nor to benefit from all the advantages arising out of participation in the General Agreement, it was contemplating the possibility of establishing relations with the CONTRACTING PARTIES which might be defined within the framework of a status of associated membership to be mutually agreed upon.

As an observer the Yugoslav Government had for many years carefully followed the activities of the CONTRACTING PARTIES, and had noted that the General Agreement was an effective and useful instrument to harmonize national commercial policies and to settle problems arising in the field of international trade. Over the years the CONTRACTING PARTIES had evolved procedures for co-operation and techniques of negotiation which had proved invaluable and had greatly facilitated the solution of trade difficulties. GATT was becoming a universal organization with a membership which represented almost four fifths of world trade. Its international importance was growing.

The desire of the Yugoslav Government to institute closer relations with the CONTRACTING PARTIES was not only determined by the keen interest which it attached to co-operation with international organizations. Yugoslavia had an immediate interest in participating in the activities of the GATT because approximately three-quarters of its foreign trade was conducted with contracting parties. It was therefore in a position to contribute to the strengthening and broadening of mutual co-operation in the GATT.

The institutional framework of Yugoslavia's economy, as well as the principles on which Yugoslav economic policies were based, permitted it to consider the institution of closer association and co-operation with GATT. Like other countries, Yugoslavia was faced with difficulties; it experienced chronic payments deficits and its economy was still insufficiently developed. Although profit distribution and the status of capital were peculiar, the functioning of the market, price formation, cost structure and the relations between enterprises were technically along the same lines as in other economies. There were no monopolistic enterprises, and State trading was a very rare exception. The Yugoslav economic system generally, and foreign trade and exchange systems in particular, were improving continuously, and it was intended to adjust them, so far as possible, to the needs of international relations and co-operation. Yugoslavia, like certain other countries, applied restrictions on trade and payments, but only to the extent that such restrictions could not be avoided.
Commenting on the reasons why Yugoslavia's request was not for accession to the General Agreement, but instead for "associated membership", Mr. Popovio explained that his Government wished to be realistic. Before entering into any form of association, it would be both necessary and useful to reach complete understanding on mutual rights and obligations and to eliminate everything which could at a later stage create mistrust or misunderstanding. This did not mean that the Yugoslav Government could not undertake important obligations at this stage or in the immediate future. There were a number of rules and procedures which could be applied, wholly or partly, to the relations between Yugoslavia and the contracting parties. The "associated membership" would not be static, but a dynamic process of growing co-operation which might eventually lead to the status of full contracting party. The draft declaration, which was before the CONTRACTING PARTIES (Spec/254/58) could serve as a basis for determining the terms of a closer association of Yugoslavia with the GATT, but could evidently not be considered as providing a solution to all the problems which such an association would involve. As for the procedures to be chosen for examining the terms of association, the Yugoslav delegation would be dependent on the guidance and experience of the CONTRACTING PARTIES. Some technical and other issues would have to be clarified before determining the general rights and obligations of Yugoslavia under a scheme of association.

In concluding his statement Mr. Popovio expressed the hope that the proposals set forth by his Government would receive favourable consideration.

The CHAIRMAN thanked the Assistant Secretary of State for his informative statement which raised important issues for the CONTRACTING PARTIES. As delegations would no doubt wish to reflect before determining their position, the Chairman proposed that the question be further considered at a subsequent meeting.

The CONTRACTING PARTIES agreed to adjourn the discussion until later in the Session.

6. Marks of Origin (L/871)

The CHAIRMAN recalled the brief discussion on this subject at a previous meeting (SR.13/6) and the decision then taken to revert to this item at a later meeting of the present Session. He now invited the delegates to express their views as to whether consideration of the draft recommendation prepared by the secretariat (L/871) should be taken up at this Session.

Mr. ELSON (Germany) stated that his delegation had taken an active part in previous discussions of this question and was prepared to study the draft recommendation at this Session. He therefore proposed that a working party be established to examine the different points of view set out in the secretariat paper. This proposal was supported by the delegations of Ceylon, Sweden, Norway, Denmark and Austria.

Miss LOUGH (United Kingdom) said that there was no real urgency in this matter and that her delegation would prefer to postpone such a discussion until the next Session. For that purpose and in view of the highly complicated subject a working party, however, could now be established in

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1 The full statement of Mr. Popovic is reproduced in document L/879.
order to submit a report at the Fourteenth Session. She proposed that such a working party might be helped in its task by experts in this field.

The representatives of India, the Union of South Africa, United States and Turkey associated themselves with the proposal put forward by the delegate of the United Kingdom.

In the light of this discussion the CHAIRMAN suggested that a working party be set up. The CONTRACTING PARTIES approved the establishment of a Working Party on Marks of Origin with the following membership and terms of reference:

Chairman: Mr. T.S. Bell (Rhodesia and Nyasaland)

Members:
- Austria
- Brazil
- Canada
- Ceylon
- Czechoslovakia
- France
- Germany
- Greece
- Haiti
- India
- Italy
- Netherlands
- Sweden
- Union of South Africa
- United Kingdom
- United States
- Uruguay

Terms of reference:

To examine the draft recommendation prepared by the secretariat on marks of origin and to report to the CONTRACTING PARTIES.

7. Application of Article XXXV to Japan

The CHAIRMAN recalled that there were still fourteen contracting parties which had recourse to Article XXXV in their trade relations with Japan. He called on the Japanese delegate to indicate the present state of the matter and the results of any discussions which his Government might have had with these contracting parties.

Mr. KAWASAKI (Japan) said that one of the fundamental objects of GATT was to bring about freer international trade among contracting parties by mutually granting non-discriminatory treatment and sharing in the benefits resulting from the lowering of tariff barriers and other obstacles to international trade. In GATT, he said, the benefits resulting from free international competition were taken for granted; namely, the rationalization of industries, the increase of consumers' real income and the resulting higher standard of living in the countries concerned. He referred to the elaboration of this principle in the Experts' Report. It was not fair to place an efficient producer at a disadvantage. The Minister of Trade for India had said in the Ministerial discussion that there should be a distinction between competition from countries whose costs of production were low due to cheap labour or more efficient machinery or more economic production of raw materials, and competition which was based on unfair commercial practices. There should be no discrimination against the former. The Japanese Government considered that it should not be denied its right to compete in the world market under fair conditions in order to expand its domestic economy. Some countries applied Article XXXV in view of their apprehension about Japanese
exports. Such apprehension had no basis since both the Japanese Government and industry had co-operated for several years to operate a system of "orderly marketing" which voluntarily limited the abrupt expansion of exports to many markets. The fact that since Japan's accession to GATT no serious question had arisen between Japan and those contracting parties which had not invoked Article XXXV bore witness to the effectiveness of Japan's efforts. In his view there was no problem which was not susceptible to solution by mutual understanding and consultation.

Mr. Kawasaki then referred to the withdrawal of the application of Article XXXV by India earlier in this Session and expressed his Government's deep appreciation of the action taken. On the other hand, he regretted to note the statement made by the delegate of Ghana to the effect that the adverse trade balance of Ghana with Japan, coupled with the fact that Ghana was in the course of economic development, made it difficult for that country to withdraw the application of Article XXXV. He hoped the Government of Ghana would reconsider the position.

Mr. Kawasaki said that another indication of the orderly marketing system adopted by Japan was the signing of a trade agreement between Japan and New Zealand in September 1958. There was also a similar agreement with Australia and the trade that had been carried on for over a year on a non-discriminatory basis had been satisfactory to both parties.

He concluded by requesting that this item be placed on the agenda of the next annual session, it being his hope that bilateral discussions would bring further progress.

Mr. THEBAUD (Haiti) informed the CONTRACTING PARTIES that he was prepared to discuss the matter of Article XXXV with the Japanese delegation.

Mr. BELL (Federation of Rhodesia and Nyasaland) said that, although his Government was applying Article XXXV, the Federation desired to expand trade with Japan and had taken steps to negotiate a bilateral trade agreement. However, the negotiations had been deferred at the request of Japan.

Mr. SCHWARZMANN (Canada) expressed his disappointment that so many countries should still apply Article XXXV in their trading relations with Japan. Resort to this Article was of a highly exceptional nature and was not intended for use in a generalized manner for it was important that there should be a strengthening of multilateral trading relations among all contracting parties to the GATT. Canada was one of the first countries to apply most-favoured-nation treatment to Japan and his Government was appreciative of the efforts the Japanese Government had made to ensure that trade with other countries should be developed in an orderly manner by resolving problems through co-operation and consultation. The Canadian Minister of Trade and Commerce had expressed his pleasure at the announcement by the Indian Minister of Trade and hoped that other countries would follow India's example.
Mr. BEALE (United States) stated that it was a source of continuing concern to his Government that Japan had not yet been able to achieve the full benefits of its accession to GATT. Experience in resolving problems through informal bilateral discussion based on mutual understanding had been most gratifying and he also hoped that other countries would follow India's example.

Mr. SUJAK BIN RAHIMAN (Malaya) recalled that his Government was one of the fourteen which had recourse to Article XXXV. The Federation of Malaya had joined GATT last year taking over all the obligations that had been incurred by the United Kingdom on their behalf before independence. An acute shortage of staff had resulted in strict attention to matters of priority and he greatly regretted that it had not yet been able to examine the Japanese question. However, trade with this country had not been affected unfavourably since Japan, in fact, enjoyed "most-favoured-nation" treatment and trade between Malaya and Japan had increased threefold between 1963 and 1957. On the conclusion of the trading agreement with Australia two months earlier his Minister had stated that the next country with which talks would be held was Japan.

Mr. BAIG (Pakistan) stated that since this issue had first been raised at the Tenth Session the Pakistan Government had felt that the widespread invocation of Article XXXV raised important issues for the CONTRACTING PARTIES. He noted with appreciation that the Indian Government had withdrawn its application and that there had been some progress by Australia and New Zealand and he hoped that further substantial developments would be reported at the Fourteenth Session.

Dr. VAN OORSCHOT (Netherlands) regretted to report that the Government of the Netherlands had not been able to modify its position as regards the application of Article XXXV. Since the matter was at present being considered he intended to draw the attention of his Government to the points raised in the discussion, in particular the statement made by the Japanese delegate.

Mr. SERREUTELS (Belgium) stated that his Government was in a position similar to that of the Netherlands.

Mr. de lACHARRIERE (France) said that so far as France was concerned he was disappointed not to be able to announce any progress although he wished to point out that for the past year a trade agreement had been in force between Japan and France, and that by virtue of this agreement Japan profited from the minimum rates of tariff duties so far as a certain number of items were concerned. The agreement had been prolonged and during the coming months there would be negotiations for its extension.

Mr. JARDINE (United Kingdom) declared that his Government was among those which had invoked Article XXXV but that his delegation regretted its inability to add anything substantial to the statement made when this question had been discussed by the CONTRACTING PARTIES at the Twelfth Session. The United Kingdom was not yet able to disinvoke Article XXXV, but it hoped that trading relations between the United Kingdom and Japan, and
between Japan and the rest of the world, would so develop as to enable the United Kingdom and its overseas territories in due course to accept the full application of the provisions of the General Agreement to their trade with Japan. Meanwhile he reminded the CONTRACTING PARTIES that the United Kingdom gave Japan most-favoured-nation tariff treatment and quotas were mutually agreed. Japan was included among the countries for which imports of canned salmon had been recently liberalized.

Mr. TREU (Austria) stated that Austria was also one of the fourteen countries which invoked Article XXXV against Japan. Whilst the Austrian Government had not modified its attitude, it should be noted that Austria had given Japanese imports the benefit of the minimum tariff applied to all GATT members.

Mr. VALLADAO (Brazil) wished to associate his delegation with others which had expressed their desire for an early solution to the enforcement of Article XXXV against Japan. Although several countries which invoked Article XXXV had serious difficulties it was essential that a solution to this problem should be found for it was incompatible with the spirit of unity of GATT that a country of the commercial and economic importance of Japan should be kept in the background.

Mr. HAMMOND (Ghana) reminded the CONTRACTING PARTIES that his country became a member of GATT after independence and that there had not been time to review the application of Article XXXV to Japan. In fact the Government of Ghana had only reserved the right to invoke Article XXXV against Japan. Japan enjoyed very favourable trade with Ghana and for the last two years in succession had ranked second among countries exporting to Ghana. The question was under consideration in Accra and the points raised in the discussion would be referred back to the Government.

The CHAIRMAN said that the discussion had shown a note of uniformity in favour of removing the application of Article XXXV in trade with Japan at the earliest possible moment. During this Session one country had announced its withdrawal of Article XXXV and many others had indicated that, in practice, they extended the benefits of most-favoured-nation treatment to Japan. Progress was perhaps being held back by an element of caution and direct contact between the Japanese Government and the governments concerned should lead to a greater measure of progress in the months to come. The item would be placed on the agenda of the Fourteenth Session.

Mr. KAWASAKI (Japan) said that the fact that so many delegations had taken part in the discussion was a clear indication of the vital importance that the CONTRACTING PARTIES attached to the question of Japan's exclusion. He expressed his thanks to those delegates who had spoken in sympathy.

The meeting adjourned at 5 p.m.