The CHAIRMAN said that the Working Party which had been appointed earlier in the session to carry out the consultation with the Federal Republic of Germany under the Decision of 30 May 1959, had submitted its report in document L/1909.

Mr. SCHNEBELI (Switzerland) presented the report on behalf of Mr. Weitnauer, the Chairman of the Working Party. He said that in accordance with its terms of reference, the Working Party had conducted the consultation with the Federal Republic of Germany under paragraph 3 of the Decision of 30 May 1959 concerning its import restrictions. In conducting the consultation, the Working Party had in mind that the waiver would expire at the close of the present session. The Working Party therefore considered the overall progress made in the relaxation of restrictions over the waiver period, and examined in some detail the progress made during the last year. The Working Party noted with satisfaction that during the period of the validity of the waiver, the number of items subject to quantitative restriction had been considerably reduced. They noted that import liberalization of the items on which a commitment had been undertaken under the waiver had been carried out substantially in accordance with the waiver, sometimes ahead of schedule. They noted with regret, however, that a significant number of items, including both industrial and agricultural products, would remain subject to restriction at the time of the expiry of the waiver. While liberalization dates had been announced for some of the industrial items, no indication regarding the termination of restrictions had so far been given for certain other items, many
of which were of particular importance to the less-developed countries. Concern had been expressed in the Working Party regarding the continued element of discrimination in the system of import controls operated by the Federal Republic. The Working Party took note of the fact that in respect of a number of items still subject to restriction, the restrictions would be removed when the common agricultural policy of the EEC for these items came into operation. The Working Party did not consider that the prospect of a common agricultural policy for these items provided any justification for the retention of restrictions after the expiry of the waiver. As regards import restrictions on items covered by Annex C to the Decision of 30 May 1959, which provided for the final removal of restrictions on these items by 30 May or 30 June 1964, the Working Party welcomed the assurance by the representative of the Federal Republic that for the goods covered by Annex C, quotas would be progressively enlarged and liberalization achieved in accordance with the terms and conditions set out in the Decision. The Working Party took note of the statement by the representative of the Federal Republic that residual import restrictions in effect after the expiry of the waiver would be notified to the CONTRACTING PARTIES in accordance with the notification procedure established for such restrictions.

Mr. WARREN (Canada) said that his delegation was disappointed at the slow rate of liberalization of the various items still under restriction, some of which were of particular interest to the trade of Canada, and welcomed therefore the assurances of the German delegation that any restrictions remaining after the expiry of the waiver would be notified in accordance with the procedures established. Presumably the remaining restrictions would become subject to periodic review. His delegation also welcomed the willingness of the Federal Republic to give sympathetic consideration to any representations by interested contracting parties and where necessary to consult with them regarding possibilities for increased access. In this connexion he pointed to the expectation expressed by certain members of the Working Party that the Federal Republic would take further liberalization measures on their own initiative in accordance with the requirements of the General Agreement in order to bring the situation into conformity with their obligations, and that they would not necessarily await the request of interested parties for bilateral consultations.

Mr. GRIFFITH JOHNSON (United States) expressed appreciation for the co-operation shown by the German delegation in the consultations held during the period of the waiver. His delegation supported the adoption of the Working Party's report. This report contained a factual analysis of the situation concerning import restrictions still applied by the Federal Republic. The report noted the particular items which still caused difficulties for individual contracting parties, and outlined the intentions of the Federal Republic for alleviating these remaining trade problems. His Government was dissatisfied with the degree of liberalization achieved in some areas and trusted that the concerns of contracting parties would be brought to the attention of the officials most directly involved.
Mr. CORKERY (Australia) expressed the appreciation of his delegation for the co-operation shown by the Federal Republic of Germany in consulting during the waiver period. He expressed the hope that the Government of the Federal Republic would take account of the significant trade interests of Australia in the removal of the remaining restrictions.

Mr. MATHUR (India) noted that this was the last occasion on which the question of German import restrictions would be discussed under the waiver. He expressed the appreciation of his delegation for the effort which had been made in fulfilling commitments under the waiver. His delegation welcomed the assurance given by the delegation of the Federal Republic that their Government would abide by the commitments embodied in the waiver even though the waiver itself had expired; and that they would continue to consult with the contracting parties concerned with a view to increasing access to the German market and completing the agreed programme of liberalization. It was a matter of some disappointment to his delegation that at least in respect of two items, coir mats and matting and textiles, the removal of restrictions had not been effected; at least a firm date should have been set for the liberalization of these items. In the view of his delegation, larger imports and freer competition in other sectors would be beneficial both to the German economy and to less-developed countries like India which depended on export proceeds for financing larger cash purchases from industrialized countries such as the Federal Republic. His delegation urged that the Federal Republic keep under close review the remaining restrictions and make every effort to liberalize coir mats and matting and textiles, in addition to other items, at the earliest possible date.

Mr. DATSON (New Zealand) thanked the delegation of the Federal Republic for their co-operation during the consultations and for the documentation provided. He expressed appreciation for the liberalization that had been achieved, but also expressed disappointment that many items of interest to his country's trade still remained subject to restriction and that there was no indication as to when the restrictions particularly on dairy products, meat and fruit, would be removed. His delegation was interested to note that the remaining import restrictions would be notified as residual import restrictions in accordance with established notification procedures. It was to be hoped that the Federal Republic would take further liberalization measures on its own initiative. He emphasized that it should not be necessary for interested contracting parties to request and to wait for bilateral consultations, nor should it be necessary for interested contracting parties to take other action in accordance with the procedures of the General Agreement in order to receive the balance of obligations owing to them. His delegation would follow with interest the progress made by the Federal Republic in removing the remaining restrictions.

Mr. VALLADAO (Brazil) associated his delegation with the views expressed by previous speakers. The maintenance of the restrictions beyond the period of validity of the waiver meant difficulty of access to the German market for a number of exporters. New liberalization measures introduced by a contracting party would have particular significance at present in respect of the general rôle to be played by GATT in providing solutions to problems besetting the international trading community. It was to be hoped that the Government of the Federal Republic would soon announce the removal of the remaining restrictions particularly insofar as they discriminated against the trade of developing countries.
Mr. STEDTFELD (Federal Republic of Germany) said that his delegation had taken note of the views expressed by various delegations during the discussion and would inform his Government accordingly. The Government of the Federal Republic would take these views into serious consideration as well as the views expressed in the report of the Working Party. The report submitted by his delegation and which had served as a basis for the discussions of the Working Party, dealt mainly with the progress made during the period of validity of the waiver with respect to the relaxation and the elimination of quantitative restrictions in the Federal Republic. The consultations within the Working Party, on the other hand, were concentrated mainly on the products for which quantitative restrictions were being maintained at the time of the expiration of the waiver. Leaving apart the products for which definite future dates of liberalization had been fixed either under the waiver itself or under subsequent consultations, quantitative restrictions maintained related exclusively to certain agricultural products, to a number of textiles and to a few ceramic products. In the agricultural sector, restrictions were maintained mainly on products subject to marketing laws in the Federal Republic or on products for which a common agricultural policy was envisaged. The quantitative restrictions existing at present represented the last vestiges of a liberalization policy, which, in general, had been carried out consistently. The composition of the remaining restrictions indicated that the definite elimination of these restrictions involved special problems for his Government. The consultations held in the Working Party had given his delegation an opportunity to explain some of these problems in detail. On the other hand, the report of the Working Party indicated quite clearly in which fields interested contracting parties considered progress made thus far as disappointing and where further progress was expected. Considering the character of the remaining import restrictions, the possibility could not be excluded that further common action would be taken by the CONTRACTING PARTIES with a view to seeking multilateral solutions. His Government would always be prepared to take an active part in such endeavours, and at the same time recognized its responsibility to do everything in its power in order to continue to relax and to finally eliminate the remaining restrictions. His Government believed that the continuation of bilateral consultations with interested exporting countries was the most useful and promising method to this end. After the expiry of the waiver, his Government would notify the remaining restrictions to the CONTRACTING PARTIES. In concluding his remarks, Mr. Stedtfeld expressed the thanks of his delegation for the patience and the understanding which the CONTRACTING PARTIES had shown towards the particular problems of his country.

The CHAIRMAN noted that a number of delegations had expressed disappointment that a substantial number of items in both the agricultural and in the industrial sector would remain subject to restriction after the expiry of the waiver at the close of the twentieth session. The residual restrictions would be notified to the CONTRACTING PARTIES by the Government of the Federal Republic in accordance with established procedures.

The report of the Working Party was adopted.

2. Austrian import restrictions

Mr. TREU (Austria) made a statement which has been distributed in document L/1917.
Mr. GRIFFITH JOHNSON (United States) welcomed the new programme of liberalization inaugurated by the Austrian Government and the efforts made thus far to eliminate the restrictions. In particular the removal of the discrimination against imports from less-developed countries would be of practical benefit to the trade of these countries. His delegation hoped that the Austrian authorities would be able to proceed rapidly with the dismantlement of the remaining restrictions.

Mr. MATHUR (India) noted that the question of the restrictions maintained by the Austrian Government had been discussed for several years in the meetings of the CONTRACTING PARTIES. One aspect of the restrictions which had been of particular concern to his delegation was the discrimination against non-OECD countries. He expressed satisfaction that in future Austria would extend the OECD liberalization to other countries and also that the global quotas would be extended to imports from other sources. His delegation hoped that this decision by the Austrian authorities would mean an effective increase in the access to the Austrian market of the kind of products which less-developed countries like India were in a position to supply. His delegation awaited with interest a detailed statement on the precise measures of liberalization and the products to which they applied. He expressed the hope that the Austrian example would serve as encouragement and inspiration to other contracting parties who maintained restrictions on a discriminatory basis to remove these without delay.

Mr. BARTHUR (Israel) noted that a very high percentage of Israel's trade was conducted with OECD countries, and that therefore his delegation had raised the problem of residual restrictions several times in the past. Israel's trade with some of the OECD countries was negatively affected by the measures of discrimination still practised. The gap between OECD liberalization and that applied to the trade of all contracting parties had been considerably reduced in recent years. His delegation welcomed the announcement of the Austrian authorities as a further move in the right direction. His delegation expected that other OECD countries which still distinguished between GATT and OECD countries would terminate residual measures of discrimination still in force. Most of the OECD countries were participating in either the EEC or in the EFTA and were extending to each other very important customs preferences. In these circumstances it was difficult to justify the maintenance of residual quantitative restrictions. Most OECD countries had healthy economies and a strong balance-of-payments position, which should permit them to eliminate the discriminatory features of their restrictive systems and the restrictions themselves. If the matter of residual restrictions could be disposed of in the near future, this would enable the contracting parties to concentrate on other important problems in the field of tariffs and on agricultural problems. The elimination of discrimination would be of considerable benefit to the trade of the developing countries and to those contracting parties who were neither members of the OECD nor of one of the customs unions or free-trade areas. His delegation hoped that other OECD countries would take this move by Austria as a starting signal for concerted, speedy and complete action in the removal of residual import restrictions.

The CONTRACTING PARTIES took note of the statement by the representative of Austria.
3. Chilean Import Surcharges (W.20/9)

The CHAIRMAN drew attention to the note which had been distributed in document W.20/9 containing a proposed procedure for dealing with the request by the Government of Chile for a further extension of the Decision of 27 May 1959. He enquired whether there was any comment on the procedure proposed, and whether the text of the draft decision was approved.

The Decision in document W.20/9 was adopted by 39 votes in favour and none against.

Mr. HYMAN (United States) said that his delegation had voted for the extension of the waiver, having regard to the difficulties which continued to confront the Chilean Government. Having done so, and the waiver having been extended by the CONTRACTING PARTIES, his delegation wished to place on record their understanding that all the terms and the conditions of the original decision would continue to be valid, including the provision that Chile should apply the surcharges which were additional to import duties provided for in Schedule VII in a manner consistent with Article I of the General Agreement. His delegation hoped that the Chilean Government would give due weight to the concerns of his Government in this regard. His Government reserved the right to revert to this matter either in specific cases or in a more general context.

Mr. OLDINI (Chile) thanked the CONTRACTING PARTIES for the understanding manner in which they had studied the problem of the import surcharges. His delegation took note of the reservation of the United States delegation and was prepared to consult on the matter when feasible.

4. Provisional Accession of Yugoslavia (L/1901)

The CHAIRMAN noted that the Working Party had concluded the third annual review under the Declaration of 25 May 1959 and had submitted its report in document L/1901.

Mr. SKAK-NIELSEN (Denmark) Chairman of the Working Party, in presenting the report, recalled that the Council had appointed in May 1962 a Working Party to conduct the Third Annual Review under Section C of the Declaration of 25 May 1959 on relations between contracting parties and Yugoslavia. The Working Party had been instructed to consider whether the arrangements should be terminated, modified or continued, and to report with recommendations to the CONTRACTING PARTIES. The Working Party had examined developments in Yugoslavia and in its foreign trade system during the past year. It had noted that the Yugoslav Government, despite unfavourable developments in the balance of payments, which had forced it to intensify to some extent the existing restrictions, had in principle continued and further developed the liberal foreign trade system which had been implemented last year. The Yugoslav customs tariff was still considered as experimental in nature; more experience was required before a final customs tariff could be set up. The Yugoslav representatives had informed the Working Party that the Yugoslav export premiums could be considered as provisional and that they would be abolished before the end of 1965. The Working Party had also considered the Yugoslav trading system in detail, based upon a memorandum prepared by the Yugoslav delegation. It had been explained that there was no
limitation to the number of enterprises which might engage in foreign trade; that already between 500 and 600 such firms existed, and that they were fully autonomous. The Yugoslav Government could only influence them through measures of financial and credit policy. The Yugoslav trading system was not a rigid one, and the Yugoslav economy was no longer centrally planned as it had been until 1951.

With regard to the future relationship between Yugoslavia and contracting parties, Mr. Skak-Nielsen recalled that the Yugoslav Government had formally requested, on the 17 October 1962, provisional accession to the GATT. In the Working Party, the Yugoslav delegation had referred to the liberalization of the Yugoslav trading system which had taken place during the past three years; and had stated that the provisions of the General Agreement could be applied under the Yugoslav system as effectively as to the countries now in GATT. The Yugoslav Government had accepted that the customs tariff should be the sole means of protecting domestic production against foreign competition, and that quantitative restrictions would be abolished as soon as the balance-of-payments position permitted. Tariff negotiations could not be carried out before a final tariff had been set up. In general, the Yugoslav Government could and would accept all the obligations of the General Agreement apart from those provided for in Article II. In these circumstances, the Working Party had recommended that the CONTRACTING PARTIES agree to the provisional accession of Yugoslavia. It was understood that, when the time came for the final accession of Yugoslavia under Article XXXIII, this would be effected subject to the satisfactory conclusion of negotiations on customs tariffs in accordance with rules and procedures to be adopted by the CONTRACTING PARTIES and if necessary, for other matters, to an examination of the application of the provisions of the General Agreement. The Working Party had prepared a draft decision on the participation of Yugoslav in the work of the CONTRACTING PARTIES, and a draft declaration on the Provisional Accession of Yugoslavia, which it wished to recommend to the CONTRACTING PARTIES for adoption. In concluding his remarks, Mr. Skak-Nielsen expressed thanks to the members of the Working Party and in particular to the representatives of Yugoslavia for the positive and co-operative way in which the examination had been conducted.

Mr. VALLADAO (Brazil) said that the review had shown how consistently and efficiently Yugoslavia had progressed in reconciling, with a spirit of pragmatism and constructive originality, the need for social and economic planning with the mechanisms and incentives of a market economy. Since May 1959, Yugoslavia had been kept by GATT in a special position subject to periodic reviews covering its relations with the other contracting parties with a view to establishing the possibility of full application of the General Agreement. The time had come to recognize that these conditions had been fulfilled and that Yugoslavia was now in a position to accept the obligations of the General Agreement and to receive the corresponding advantages of membership. The Brazilian delegation was therefore most heartily in favour of the provisional accession of Yugoslavia until such time as the conclusion of negotiations on customs tariffs and other matters of equivalent significance, according to procedures to be established by the CONTRACTING PARTIES, would permit final accession.
Mr. HAKIM (Indonesia) supported the request made by Yugoslavia for provisional accession to the General Agreement. He said that Indonesia’s own experience in its trade with Yugoslavia was a happy one, since trade relations had developed gradually to a considerable extent and to the satisfaction of both parties. His country looked forward to developing its trade relationship still further with Yugoslavia in the future. The Indonesian delegation was certain that the accession of Yugoslavia to the General Agreement, even on a provisional basis, would be in the interests of all contracting parties.

Mr. DARKO-SARKWA (Ghana) noted the steps taken by Yugoslavia to strengthen and develop the principle of independence and business freedom of commercial enterprises by the enactment of the law on the exchange of goods and services with certain countries, and the law regulating business relations on the market. The enactment of these two laws marked an important step forward. It was gratifying to note the progress which the Yugoslav authorities had made in connexion with the implementation of the present Declaration. The report of the Working Party noted that in 1961 there was some slackening in the economy, as a result of the adjustment necessitated by the implementation of the foreign exchange system and adverse weather conditions which affected agricultural production. It was however, interesting to note, that in spite of this temporary set-back, the economy of Yugoslavia had been characterized by rapid expansion in production and a marked increase in the manpower employed in other sectors of the economy. Productivity had been rising in all sectors of the economy and investment in basic equipment and working capital had continued to show considerable improvement. His delegation had also noted with interest, the abolition of the system of coefficients and the introduction of the provisional general customs tariff. It was appreciated that the adoption of the provisional general customs tariff was of recent origin and it would be some time before a definitive tariff would be evolved. However, his delegation felt that in the light of the progress made in commercial policy in Yugoslavia over the past three years, the time was not too far distant when a definitive tariff would be evolved which would provide a basis for negotiations with contracting parties with a view to the full accession of Yugoslavia to the GATT. His delegation had no hesitation in supporting the Decision on the Participation of Yugoslavia in the Work of the CONTRACTING PARTIES and the Declaration on the Provisional Accession of Yugoslavia to the General Agreement, and it was hoped that the provisional accession of Yugoslavia would further contribute to an improvement in trade relations with contracting parties.

Mr. VALDEZ (Peru) supported the recommendations made by the Working Party on the request by Yugoslavia for provisional accession. Yugoslavia was a country with which Peru carried out extensive trade. The delegation of Peru considered GATT as an adequate instrument for the increase of trading relationships between countries with free economies and those with planned economies.
Mr. MATHUR (India) recalled that when arrangements for the association of Yugoslavia with the work of the CONTRACTING PARTIES were first discussed three years ago, his delegation had expressed the hope that the association of Yugoslavia would be followed at an early date by her accession to the General Agreement. The Indian delegation was pleased that the CONTRACTING PARTIES had examined Yugoslavia's request for accession in a spirit of flexibility and realism. His delegation was happy that the Yugoslav trading system had evolved in a way as to set at rest some of the anxieties and concerns which were expressed by some contracting parties regarding Yugoslavia's ability to offer non-discriminatory treatment and effective reciprocity to its trading partners in the GATT. His delegation welcomed Yugoslavia's provisional accession to the General Agreement and looked forward to its definitive accession at an early date.

Mr. SUZUKI (Japan) expressed the whole-hearted support of the Japanese Government for the provisional accession of Yugoslavia and associated his delegation with previous speakers in suggesting that the recommendation contained in the Working Party's report be adopted by the CONTRACTING PARTIES. His delegation hoped that the provisional accession of Yugoslavia would constitute a further step towards its definitive accession to the General Agreement.

Mr. GARCIA OLDINI (Chile) supported the provisional accession of Yugoslavia. He recalled that on a previous occasion his delegation had stated that one of the roles of GATT was to facilitate contact between countries with planned economies and those with market economies. This particular experience had shown that this statement was well founded. Doubtless, the evolution of Yugoslavia in the economic and commercial fields, had brought it nearer to the principles of GATT. On the other hand, GATT had demonstrated a capacity for adaptation and flexibility in keeping with its tradition which had enabled it to adapt itself to reality and to the multiple possibilities which the interpretation of the text of the General Agreement lent itself. This had made it possible to accept the provisional accession of Yugoslavia and possibly its eventual accession. This was a real triumph for the principles of the GATT.

Mr. BABBOU (Tunisia) said that in view of the friendly relations which existed between his country and Yugoslavia, his delegation supported the recommendations contained in the Working Party's report.

Mr. KOCH SAN (Cambodia) noted with satisfaction the happy evolution of trading relations between contracting parties and Yugoslavia. His delegation congratulated Yugoslavia on the efforts it had made to further its co-operation with the work of the GATT. His delegation also supported the recommendation for provisional accession and hoped that in the near future it would be possible for Yugoslavia to undertake negotiations for definitive accession.
Mr. BEECROFT (Nigeria) said that his Government had always applied to the fullest extent possible, the very liberal rules and principles of GATT in its trading relations with Yugoslavia. Indeed, his delegation had always been inclined to the view that, on the whole, the commercial regulations of Yugoslavia had some distinctive features which recommended them to the GATT. His delegation was therefore pleased that Yugoslavia’s provisional accession had at last been formally proposed.

Mr. WARREN (Canada) said the draft decision and the draft declaration were acceptable to his delegation. He anticipated a positive formal decision by the Canadian authorities, with respect to acceptance of the declaration. His delegation looked forward, in due course, to the completion of negotiations on tariffs, and if necessary, on other matters to permit the full accession of Yugoslavia.

Mr. PARBONI (Italy), on behalf of the member countries of the European Economic Community, said that he was in favour of the provisional accession of Yugoslavia. He expressed his appreciation for the progress achieved by that country in order to be in a position to apply the principles of the General Agreement. With regard to Yugoslavia’s future definitive accession, Mr. Parboni expressed the opinion that the CONTRACTING PARTIES would have to consider the new problems which arose regarding relations between contracting parties and developing countries which had adopted special economic legislation and special regulations for foreign trade. The CONTRACTING PARTIES should devote themselves to an examination of those problems in order to seek satisfactory solutions.

Mr. TREU (Austria) said that his Government welcomed the provisional accession of Yugoslavia to the General Agreement. In view of the particularly close traditional trade relations, due to the neighbouring position of their two countries, Austria was particularly interested in Yugoslavia’s progress. This also explained the keen interest which his Government had taken in efforts by Yugoslavia to come into a closer connexion with contracting parties which had now culminated in the declaration and the decision before the CONTRACTING PARTIES. His delegation was prepared to accept the draft decision on participation and to vote in favour of the draft declaration on provisional accession.

Mr. BOSCH (Uruguay) associated his delegation with the remarks made by the delegate for Chile. He supported the recommendations of the Working Party, in favour of provisional accession.

Mr. BARTUR (Israel) said his country had close and extending trade relations with Yugoslavia, and therefore joined the previous speakers in warmly welcoming the provisional accession of Yugoslavia.

Mr. GRIFFITH JOHNSON (United States) said that recent legislation prevented the United States undertaking at this time any new commitments to Yugoslavia in the trade field. However, as in the past, his Government considered the development of closer economic ties between Yugoslavia and the Member countries
of GATT to be in the interest of all parties concerned and supported the recommendation of the Working Party for provisional accession. Should there be a change in the United States legislation, his Government would expect to accede to the Declaration on Provisional Accession of Yugoslavia.

Mr. CAMPELL (Australia) said that from the outset of the work of the Working Party set up under the Declaration of May 1959, Australia had watched with very sympathetic interest, the series of measures taken by the Yugoslav Government to place itself in a position where it felt able to assume the obligations of the General Agreement. His delegation was therefore pleased to give its support to the recommendation for provisional accession contained in the report.

Mr. KAYRA (Turkey) associated his delegation with the statements made by previous speakers. His delegation supported the recommendation for provisional accession and hoped that Yugoslavia would be able to take the necessary steps towards full accession as soon as possible.

Mr. SVEC (Czechoslovakia) said that from the outset his delegation supported most wholeheartedly the request of Yugoslavia for accession to the General Agreement. His delegation like other contracting parties was convinced that the provisional accession of Yugoslavia to the General Agreement would be a step in the right direction, and believed that Yugoslavia would play an important part in the activities of the CONTRACTING PARTIES especially as a fully-fledged contracting party.

Mr. TENNEKOON (Ceylon) said that his delegation welcomed the provisional accession of Yugoslavia, and looked forward to its definitive accession. He supported the draft declaration and decision.

Mr. DATSON (New Zealand) said that as a member of the Working Party, his delegation also supported the recommendations of the Working Party. He expressed appreciation for the wealth of interesting information provided by the Yugoslav delegation in the Working Party and over the last three years. The New Zealand delegation had noted with considerable pleasure the clear undertaking by the Yugoslav delegation, that the Yugoslav Government was prepared to accept all the obligations of the General Agreement. In supporting the conclusions of the Working Party for the provisional accession of Yugoslavia, his Government believed that this development would strengthen the General Agreement as an instrument for the expansion of world trade.

Mr. CAMEJO-ARGUDIN (Cuba) said that his Government maintained fruitful trade relations and other relations with the Government of Yugoslavia and had followed with great sympathy, all the steps taken by Yugoslavia in moving towards accession to the General Agreement. His delegation was happy therefore, that the time had come, when Yugoslavia stood on the threshold of full accession to the GATT.
Sir EDGAR COHEN (United Kingdom) associated his delegation with previous speakers in expressing the pleasure of his Government, that it had been found possible to provide for the provisional accession of Yugoslavia to the General Agreement. The United Kingdom had followed with great interest and sympathy the experimental period, during which Yugoslavia had been de facto associated with the work of the GATT, and was aware that from the part that Yugoslavia had played within the GATT, that its full membership in the near future would be of advantage to all Members. This was a genuine step forward for the GATT and his delegation welcomed it. It was interesting to note from the report of the Working Party that Yugoslavia's economic enterprises were founded on social ownership, but that this had no significant effect on the conduct of its international trade. It was a matter of congratulation for the CONTRACTING PARTIES that they had now found it possible to bring Yugoslavia into closer collaboration with the rest of contracting parties. His delegation warmly welcomed the provisional accession of Yugoslavia.

Mr. ZAMAN (Pakistan) associated his delegation with speakers who had spoken in support of the recommendation made by the Working Party. Pakistan had already signed a trade agreement with Yugoslavia in April 1960; this trade agreement contained the most-favoured-nation treatment provisions in respect of customs duty etc. on imports and exports between the two countries. The present proposal for provisional accession would be in the interests of all contracting parties.

Mr. SOMMERFELT (Norway) said that his Government had followed with great interest and sympathy, the economic development in Yugoslavia, during the past years, and his delegation was therefore particularly happy to be able to support the draft decision and declaration contained in document L/1901. His delegation hoped that the provisional character of Yugoslavia's accession would be changed to fully-fledged accession within the time-limit.

Mr. MAZARAKIS (Greece) said that Greece had maintained the most cordial trade relations with Yugoslavia. These trade relations had tightened the links between the two countries to the benefit of both peoples. His country had witnessed Yugoslavia's efforts towards the liberalization of its trade during the last three years as well as its firm intention towards strengthening cooperation with GATT. His delegation supported the Working Party's report and looked forward to the time when Yugoslavia would be in a position to fulfill its obligations to GATT as a full member.
Baron VON PLATEN (Sweden) welcomed the provisional accession of Yugoslavia. His Government had in a way, anticipated this development by granting to Yugoslavia, for well over ten years, the same treatment that had been accorded to other GATT Members.

The CONTRACTING PARTIES approved, by thirty-eight votes in favour, none against and two abstentions, the text of the Declaration providing for the Provisional Accession of Yugoslavia, and the CHAIRMAN said that this Declaration would be opened for acceptance before the end of the session.

The CONTRACTING PARTIES then adopted the Decision inviting Yugoslavia to participate in the work of the CONTRACTING PARTIES and adopted the report of the Working Party.

Mr. KRUNIC (Yugoslavia) thanked the CONTRACTING PARTIES for having adopted the Decision on the Participation of Yugoslavia in the work of the CONTRACTING PARTIES and for having approved the Declaration on Provisional Accession. He expressed the thanks of his delegation for the kind remarks made by contracting parties who spoke in favour of the adoption of the Decision, and the Declaration. His Government in adopting the Declaration did so in the conviction that it represented a step forward in the commercial development of Yugoslavia in line with the objectives of the General Agreement, a process which would continue. He recalled the progress made in the development of the economic and trading system of his country since 1950, as noted in the reports of the Working Party. He drew attention to the new legislation and to the introduction of the Provisional General Customs Tariff. He gave assurances that it was the intention of the Yugoslav authorities to work towards a continued improvement of their foreign trade system. He expressed the appreciation of his delegation for the spirit of co-operation and understanding with which the Chairman and the members of the Working Party had completed their examination. He expressed the hope that the governments of the delegations who spoke in favour of the adoption of the Declaration would formally accept it. It was the intention of his Government to do everything in its power to meet the spirit and letter of the General Agreement.
5. Accession of the United Arab Republic (L/1876 and Corr.1)

The CHAIRMAN said that the Working Party which had been established by the Council to examine the request of the Government of the United Arab Republic to accede to the General Agreement pursuant to Article XXXIII had submitted its report in document L/1876 and Corr.1.

Mr. TREU (Austria) Chairman of the Working Party recalled that the Casablanca Treaty establishing an african common market, which was mentioned in paragraph 5 of the report, had already appeared on the agenda of the session as a separate item. Annex 2 of the report contained the draft declaration on the provisional accession of the United Arab Republic and Annex 1, a draft decision providing for its participation in the work of the CONTRACTING PARTIES. Mr. Treu expressed his appreciation for the helpful and co-operative attitude of the representatives of the United Arab Republic during the discussions.

Mr. ZAMAN (Pakistan) supported the recommendation made by the Working Party on the accession of the United Arab Republic to the General Agreement. The rôle of the United Arab Republic in international trade was important. This importance was increasing because of the rapid advances made by the United Arab Republic from those conditions of stagnation, which had hitherto been found in the economic backwaters of the world in which the exigencies of history had placed the less-developed countries. It was therefore most appropriate that the trade relations of the United Arab Republic should be based on the General Agreement. The representative of the United Arab Republic, in his statement to the Council on 25 May 1962, had declared that the economy and foreign trade of his country was in line with the provisions of the General Agreement. It was also clear that the United Arab Republic was prepared to accept the obligations of the General Agreement. Pakistan had also been a member of the Working Party on the accession of the United Arab Republic; his delegation therefore supported the recommendations of the Working Party and looked forward to the United Arab Republic's final accession in the near future.

Mr. BEECROFT (Nigeria) welcomed the move by the United Arab Republic towards membership of the GATT. Referring to the Working Party's report he said that his delegation had noted those aspects of the commercial policy of the United Arab Republic which needed to be brought in line with GATT principles. His delegation was convinced that the United Arab Republic would take the necessary steps in the near future to adjust its policies in order to make negotiations for full accession meaningful. His delegation supported the provisional accession of the United Arab Republic on the terms proposed.
Mr. HAKIM (Indonesia) supported the conclusions of the Working Party. His delegation welcomed the fact that the United Arab Republic would be given the opportunity to join in GATT discussions. The United Arab Republic was an important trading nation and his delegation was certain that its provisional accession would benefit the work of GATT. His delegation hoped that the draft declaration and the draft decision would be adopted by the CONTRACTING PARTIES.

Mr. BABBOU (Tunisia) congratulated the United Arab Republic on its application to accede to the General Agreement. His delegation supported the conclusions submitted by the Working Party and welcomed the opportunity given to the United Arab Republic to take part in the work of the GATT.

Mr. AOKI (Japan) said that the Japanese Government gave its full support to the provisional accession of the United Arab Republic as recommended in the Working Party's report.

Mr. DARKO-SARKWA (Ghana) said that as a member of the Working Party his delegation wished to congratulate the United Arab Republic delegation on the able manner in which they had answered the various questions put by the members of the Working Party. It was the hope of his delegation that the time was not far distant, when the United Arab Republic would be able to conduct negotiations with the CONTRACTING PARTIES, with a view to definitive accession under Article XXXIII. In the light of the assurances given by the representative of the United Arab Republic, it would appear that his Government would wish negotiations to take place at an early date. His delegation supported the provisional accession of the United Arab Republic and hoped that this development would contribute in no small measure to an improvement in trade relations with contracting parties.

Mr. MATHUR (India) said that his Government had consistently supported the extension of the GATT forum to embrace as wide a group of nations as possible. India had had close relations with the United Arab Republic and were particularly happy that the United Arab Republic would now join the large community of trading countries whose relations were governed by GATT rules and principles. His delegation looked forward to the definitive accession of the United Arab Republic at an early date and were confident that the accession of the United Arab Republic to the General Agreement would be a source of strength to the organization and would facilitate its search for solutions to the trading problems of developing countries.

Mr. KLUSAK (Czechoslovakia) expressed satisfaction at the fact that the United Arab Republic would enlarge the basis of co-operation among contracting parties. His delegation was convinced that the United Arab Republic would have an important part to play in the activities of the General Agreement. In this connexion the United Arab Republic had played
an important part in inspiring and organizing the economic conference in Cairo earlier this year and had contributed significantly to the final declaration which represented a great programme of action for developing countries. The accession of the United Arab Republic to the General Agreement was undoubtedly a significant move towards a more universal character of the General Agreement. His delegation felt that this might be one of the positive steps to provide room for new economic structures which were emerging in response to the needs of the countries in the process of development. Czechoslovakia maintained economic relations with the United Arab Republic in which the principles of equal treatment and mutual benefit had contributed towards an increasing volume of trade to the benefit of both sides.

Mr. VALLADAO (Brazil) said that his delegation was pleased to see the provisional accession of the United Arab Republic, an important trading nation with which Brazil maintained the most friendly relations. The United Arab Republic was striving to overcome the problems afflicting all developing countries, and was in favour of international co-operation as shown by the recent Cairo Conference. The United Arab Republic would bring a significant contribution to the work of GATT. The Brazilian delegation supported the draft declaration of provisional accession and the decision on the participation of the United Arab Republic in the work of the CONTRACTING PARTIES. It was hoped that at the earliest possible date, conclusion of negotiations on tariffs or their equivalent in accordance with the rules and procedures to be adopted for this purpose would lead to the United Arab Republic's final accession.

Mr. TENNEKOON (Ceylon) supported the draft declaration on the provisional accession of the United Arab Republic. Ceylon had had a long-established and traditional trade with the United Arab Republic and therefore welcomed the United Arab Republic to the GATT.

Mr. BARTUR (Israel) recalled that when the Council had discussed the application of the United Arab Republic for accession to the GATT he had stressed that his Government was firmly convinced that there was room in the GATT for any country willing and able to fulfill the obligations of the General Agreement both in letter and in spirit. His delegation had supported the proposal to set up a working party to examine the request of the United Arab Republic and had participated in its deliberations. It will be noted from the Working Party's report that several members had expressed reservations with regard to certain measures practised by the United Arab Republic, namely the boycott and denial of freedom of transit. There was no doubt that these practices were inconsistent with the objectives and provisions of the General Agreement, in particular with those dealing with non-discrimination and freedom of transit. As these measures were applied by the United Arab Republic to all contracting parties they could not be justified by the invocation of Article XXXV. It was therefore appropriate that the Working Party would
recommending that the United Arab Republic should provisionally accede to the GATT, provided that its accession to full membership in the Agreement should be subjected not only to the conduct of tariff negotiations but to the settlement of other matters relevant to the application of the General Agreement. In this context his delegation noted that the draft declaration also specifically incorporated an undertaking by the United Arab Republic to accept the obligations of the General Agreement.

His delegation hoped that the desire of the United Arab Republic to accede to full membership, and the provisional nature of the present arrangement might provide an opportunity for the United Arab Republic to bring its foreign trade practices into line with its GATT obligations. It must also be obvious that any improvement to be hoped for would depend, not least, on the alertness of the CONTRACTING PARTIES in insisting on the full implementation of the basic principles of the General Agreement. It was the conviction of his delegation that the scope of GATT as an international trade organization should become as wide as possible. It believed that the endeavours of the GATT to remove obstacles to commerce promoted not only world-wide economic development but also contributed to the peaceful and friendly relations between nations and peoples. Even the fact of sitting around the same table and dealing with common problems in a rational manner as was the tradition in GATT, had a positive and moderating influence. Thus, while confining itself to matters of commercial policy, the GATT fulfilled an important function in the wider field of international relations. It was hoped that the code of behaviour and the rules of conduct established by GATT would prevail in this case. Trade expansion and rising prosperity rested on the spirit of co-operation and moderation. On these convictions and reflections his delegation supported the proposals for the provisional accession of the United Arab Republic.

Mr. PARBONI (Italy), on behalf of the member countries of the European Economic Community, supported those delegations which had spoken in favour of the provisional accession of the United Arab Republic. With regard to the United Arab Republic's future definitive accession, Mr. Parboni expressed the opinion that the CONTRACTING PARTIES would have to consider the new problems which arose regarding relations between the CONTRACTING PARTIES and developing countries which had adopted special economic legislation and special regulations for foreign trade. The CONTRACTING PARTIES should devote themselves to an examination of those problems in order to seek satisfactory solutions.

Mr. MARTIN (Austria) said that his delegation was in agreement with the conclusions drawn up by the Working Party. The Austrian Government was desirous of developing trade with the United Arab Republic and was happy to see that such an important country would be able to play its part in the work of the GATT.
Mr. GARCIA OLDINI (Chile) recalled that when the United Arab Republic had submitted its candidature to GATT, his delegation had expressed its satisfaction. Now that the Working Party had submitted a positive report his delegation could only reiterate its feelings. The accession of a new country was always something which enriched the GATT. In this case, the action extended itself to an area where evidently there is quite a great deal to be done. The principles of GATT and its procedures would certainly find broader scope for its application; on the other hand the industrialized countries, which were Members of GATT, would have the opportunity to have a close look at some of the aspects which were characteristic of the stage of development the developing countries were now undergoing.

Mr. VAVAL (Haiti) agreed with the Working Party's recommendation for the provisional accession of the United Arab Republic. His delegation hoped that more countries would join the GATT in order that it might be further expanded. When the full accession of the United Arab Republic is brought before the CONTRACTING PARTIES his delegation would be pleased to give its support to the United Arab Republic's application.

Mr. KAYRA (Turkey) associated his delegation with the views put forward by previous speakers in favour of the provisional accession of the United Arab Republic to the GATT.

Mr. WEISS (United States) said that his delegation was pleased to receive the assurances of the United Arab Republic that it was prepared to carry out its GATT obligations, and therefore endorsed the recommendations of the Working Party for the provisional accession of the United Arab Republic. His delegation had noted that some of the United Arab Republic's legislation and parts of its trading system were relatively new and that procedures and operations within this framework were subject to continuing development by the competent authorities. It was the hope of his Government that the United Arab Republic as a country which occupied a position of particular prominence and leadership in the councils of the developing countries would be able, in evolving its commercial policies and practices, to afford an example of the benefits to economic growth which could accrue from GATT membership, and from following liberal trade policies in accordance with the General Agreement. The United States delegation looked forward to further constructive work with its colleagues from the United Arab Republic towards the end of their satisfying the conditions for full accession stipulated in the declaration before the CONTRACTING PARTIES. His delegation hoped that in the not too distant future it would be in the position of voting for the full accession of the United Arab Republic to the General Agreement.

Mr. SOMMERFELT (Norway) supported the provisional accession of the United Arab Republic with whom his country, as a shipping nation, had had quite specific relations. His delegation was happy to adopt the draft decision and accept the draft declaration contained in the Working Party's report.
Mr. VALDEZ (Peru) said that his delegation fully supported the provisional accession of the United Arab Republic and was of the opinion that its presence in the GATT would be a very valuable one and would help towards the achievement of the objectives which inspired the General Agreement. However, his delegation wished to record its reservation with regard to any trade discrimination which was exercised contrary to the General Agreement and which might affect directly or indirectly the freedom of transit. Therefore, while respecting the sovereign rights of the United Arab Republic with regard to the Suez Canal, his delegation considered that this mode of transport like many others should contribute to the sound expansion of international trade and not be an element to obstruct it.

Mr. CAMEJO-ARGUDIN (Cuba) said that since his country had freed itself from those links which had not allowed it to orientate its trade policy in accordance with the interests of Cuba, one of the first steps that were taken was the establishment of a solid trade with the United Arab Republic. From this experience his Government had been able to appreciate the straightforward way in which the authorities of the United Arab Republic were carrying out their work. His delegation supported the provisional accession of the United Arab Republic to the General Agreement.

Mr. WARREN (Canada) welcomed the decision of the United Arab Republic to apply to the CONTRACTING PARTIES for accession to the General Agreement. Canada had participated actively in the discussions that took place in the Working Party and was very pleased to note that these discussions had led to a recommendation to the CONTRACTING PARTIES for the provisional accession of the United Arab Republic. His delegation had noted the contents of the report including some of the worries expressed by certain contracting parties concerning certain elements of the trading system adopted by the United Arab Republic. His delegation welcomed and supported a favourable decision of the CONTRACTING PARTIES on the provisional accession of the United Arab Republic, and looked forward in due course to the conclusion of satisfactory negotiations on tariffs and their equivalent and to the settlement of any other matters that might be relevant to the application of the General Agreement which would permit, in due course, the full membership of the United Arab Republic.

Mr. CAMPBELL (Australia) said that Australia was also represented on the Working Party which had examined this question, and in the light of its examination his delegation was very pleased to subscribe to the recommendations which appear in the report.

Mr. BOSCH (Uruguay) said that his delegation joined the other delegations who had supported the provisional accession of the United Arab Republic and hoped that the United Arab Republic would also help to ensure that the worthy principles of the GATT would always be safeguarded.
Mr. DATSON (New Zealand) said that his delegation represented a country which had valuable and growing trade relations with the United Arab Republic, and was happy to support the draft declaration and the draft decision of the Working Party. His delegation was particularly glad to note that the Government of the United Arab Republic had clearly stated its intentions of accepting the obligations of the General Agreement and looked forward to working more closely with the United Arab Republic and to the contribution that the United Arab Republic would bring to the GATT as a full member.

Mr. NWAMBUNGU (Tanganyika) said that the Government of Tanganyika fully supported the provisional accession of the United Arab Republic. No doubt the United Arab Republic would apply the principles of the GATT accordingly.

Sir EDGAR COHEN (United Kingdom) said that the United Arab Republic was a country with important and far-reaching trading interests and he thought it was to the interest of GATT as well as to the United Arab Republic that the United Arab Republic should take part in the General Agreement. His delegation supported the provisional accession of the United Arab Republic to the General Agreement.

Mr. MAZARAKIS (Greece) associated himself with the views expressed in favour of the provisional accession of the United Arab Republic to GATT.

The CONTRACTING PARTIES approved, by thirty-nine votes in favour and none against, the text of the Declaration providing for the provisional accession of the United Arab Republic, and the Chairmen said that this Declaration would be opened for acceptance before the end of the session.

The CONTRACTING PARTIES then adopted the Decision inviting the United Arab Republic to participate in the work of the CONTRACTING PARTIES and adopted the report of the Working Party.

Mr. EL BANNA (United Arab Republic) expressed the gratitude of his delegation to the members of the Working Party for the patient interest they had shown during the Working Party's deliberations. The constructive questions which had been put forward had enabled his delegation to provide clarification on the foreign trade and economic structure of the United Arab Republic. His delegation appreciated the CONTRACTING PARTIES' approval of the application by his country for provisional accession, and it was gratifying that this application had been accepted with such unanimity. He thanked those delegations which had spoken in support of the United Arab Republic's application. The GATT was becoming more and more an organization of a multilateral character comprising countries not only at different stages of development but also following different approaches to the problem of economic development. The GATT had shown increasing interest in the trade problems of the developing countries. This fact had been stressed by the Cairo Conference, in which his delegation had participated and a declaration adopted at that conference had recommended the immediate and energetic implementation of the programme of action adopted by the GATT with a view to improving the prospects of exports of developing countries.
6. Provisional accession of Switzerland (L/1862)

The CHAIRMAN recalled that the Declaration of 22 November 1958 required the Government of Switzerland to furnish an annual report on the measures maintained under the agricultural reservation; the report for 1962 had been distributed in document L/1862.

Mr. WEITNAUER (Switzerland) said that his country continued to import very large quantities of foodstuffs and about 50 per cent of the food eaten in Switzerland came from abroad. Calculated on a caloric basis Switzerland was still the second largest per capita importer of agricultural products in the world. In the period under review the imports of some of the products which were under restriction had gone down while others had increased. A similar situation existed for the non-restricted products. Over all the share of the exporting countries in the Swiss market had certainly not decreased.

The CONTRACTING PARTIES took note of the report submitted by the Government of Switzerland.

The meeting adjourned at 6 p.m.