Subjects discussed: 1. Accession of Japan
2. Financial Statement and Budget
3. Nomination of a Steering Group

1. Accession of Japan (L/205, L/225 and Add.1 and L/249, paragraph 9)

The CHAIRMAN referred the CONTRACTING PARTIES to the recommendation of the Intersessional Committee (L/249) that the CONTRACTING PARTIES approve arrangements for tariff negotiations to be held with Japan in Geneva, beginning 21 February 1955, in accordance with the established procedures. The only question presently before the CONTRACTING PARTIES was whether tariff negotiations should be held with Japan. CONTRACTING PARTIES were not at this stage being asked to take any final position with regard to the accession of Japan, nor would a vote on this recommendation commit a government to participate in the negotiations.

Mr. MATSUMOTO (Japan) recalled that at the Eighth Session, he had asked for the adoption of certain measures which would make it possible for Japan to take part in the work of the CONTRACTING PARTIES and for the application of the General Agreement between those contracting parties who so desired and Japan. At that time it had been necessary to have recourse to such interim measures since it appeared impossible then to hold the tariff negotiations long hoped for by Japan and essential to its final accession. The situation now appeared to have changed and the obstacles which had then obtained no longer to exist. It was in the light of this change that the request had been made to the Intersessional Committee to recommend to the CONTRACTING PARTIES, arrangements for tariff negotiations starting in February 1954.

Mr. Matsumoto was aware of the difficulties. Japan was requesting admission at a time when the Agreement was in the process of review and change. Neither his Government nor the CONTRACTING PARTIES knew the kind of Agreement to which Japan would be admitted. They wished to negotiate for a Schedule the duration of which
was unknown as this depended upon the revision of Article XXVIII. Some contracting parties wished additional safeguards, but the new form of Articles XIX, XXIII and XXXV was as yet unknown. Such questions could be discussed only when the Review of the Agreement had made some progress. All that the CONTRACTING PARTIES were at this stage being requested to do was to pronounce upon the date for negotiations, as recommended by the Intersessional Committee. This decision was necessary both for Japan and certain contracting parties because of the preparations and internal legislative procedures required.

The recommendation of the Intersessional Committee (L/225) was for procedures for the negotiations generally conforming to the procedures adopted at Annecy and Torquay. Its adoption would be useful for the contracting parties who were ready and preparing to negotiate with Japan.

Mr. Matsumoto was pleased to see that a fairly large number of contracting parties had already signified their willingness to take part in negotiations and hoped that those of the others who wished to consider the development of the Review before deciding definitively would soon also decide to take part.

Mr. Matsumoto concluded by emphasizing once again that there was no need at this stage to discuss questions of substance. It was only necessary to decide upon the date of negotiations in order that the contracting parties who might wish to participate could take the necessary measures.

Mr. SEIDENFADEN (Denmark) recalled the hesitations of his Government regarding the timing of the negotiations as expressed at the Intersessional Committee (viz. IC/SR.15). His Government considered that it would be desirable to postpone them until after July 1955, when the CONTRACTING PARTIES would have completed their Review of the Agreement, consideration of the status of the present Schedules, general negotiations for tariff reduction and the French plan. These hesitations did not, however, relate to Japan's accession and his Government had advised him that the Danish list of requests was being handed to the Japanese Government.

Mr. JOHNSEN (New Zealand) recalled that at the Eighth Session his Delegation had indicated that under existing circumstances New Zealand was unable to undertake the full obligations of the Agreement with respect to Japan and hence could not enter into negotiations. This situation still prevailed. Subject to that reservation, his Government had no objections to the provisions for negotiations with a view to accession as recommended by the Intersessional Committee.

Mr. ANZILOTTI (Italy) reiterated his Government's support of the request by Japan to accede to the General Agreement. His Government had examined the possibility of undertaking negotiations and, in accordance with its affirmative decision he was able to announce that lists would shortly be exchanged.
Mr. SANDERS (United Kingdom) referred to the United Kingdom reservation in all respects of its position, made at the Intersessional Committee (viz. IC/SR,15). His Government was not able to notify willingness to negotiate with Japan. However, during the Review of the Agreement he hoped to be able to put forward some proposals which might open the way to a solution of the difficulties experienced by the United Kingdom and certain other countries who felt additional safeguards were required. Mr. Sanders stated that the position of the United Kingdom in regard to the recommendations of the Intersessional Committee would be reserved.

Mr. PHILIP (France) reminded the CONTRACTING PARTIES that at the Eighth Session, and at the Intersessional Committee, France had indicated its inability to enter into tariff negotiations with Japan within the framework of the General Agreement in its present form. His Delegation had also made it clear that it considered that the difficulties experienced by certain countries should not be permitted to stand in the way of Japan's accession to the Agreement. The position of his Government remained the same; while being in favour of any measures enabling Japan ultimately to become a contracting party, it was not now in a position to enter into negotiations with Japan. Should the situation change as a result of developments during the course of the Review of the Agreement his Government would be prepared to consider whether there was any possibility of changing its position.

Mr. HAGEMANN (Federal Republic of Germany) referred to previous statements of his Government that it was prepared to negotiate. Germany's lists of requests were ready to be exchanged.

Mr. SAHLIN (Sweden) said that his Government had indicated its willingness to enter into negotiations with Japan. The Swedish lists of requests were ready to be exchanged. He agreed with the proposed date of 21 February 1955 for opening the negotiations.

Mr. CRAWFORD (Australia) recalled Australia's reservation of its position at the Intersessional Committee. Although this question had been kept under constant review by the Australian Government since, he was not yet able to report that a definite decision had been reached and would have to reserve the position of his Government in all aspects.

Mr. MACHADO (Brazil) said that Brazil had no objection to the accession of Japan. However, as his Delegation had previously stated, it considered that the Review of the Agreement should occur before any other decisions or commitments were entered into, and had been gratified to note that other delegations referred in their statements to the future status of the Agreement. Since it was to be hoped that this would be clearer by the proposed date of 21 February 1955, he was prepared to support that date for the opening of negotiations.
Mr. SUETENS (Belgium) observed that questions of substance were not at present before the CONTRACTING PARTIES. Whatever difficulties the accession of Japan might entail for various countries could best be considered by facing the problem directly. His Delegation was thus prepared to enter into negotiations. A preliminary list of requests had already been communicated to the Japanese Government and a second list was being prepared.

Mr. SVEC (Czechoslovakia) stated that, having in mind the need for promoting the expansion of peaceful trading among all nations, his Government had decided to grant most-favoured-nation treatment to Japan as from 15 September 1954 (contained in Government Circular of 3 September 1954). With respect to negotiations, Czechoslovakia had no special requests to make of Japan and considered that negotiations were not required as the application of most-favoured-nation treatment on a reciprocal basis would cover mutual needs satisfactorily. His Delegation would support the proposal of the Intersessional Committee and favoured the accession of Japan.

Mr. JHA (India) said that India had always been in favour of the accession of Japan. There were of course difficulties, particularly for a country such as India, but the only question presently before the CONTRACTING PARTIES was the recommendation of the Intersessional Committee as to the date for opening negotiations. His Delegation supported this proposal, subject to the qualification that the Review of the Agreement be concluded before then.

Mr. GOERTZ (Austria) stated that his Government was in favour of the accession of Japan. They had found no need of tariff negotiations between the two countries and already granted most-favoured-nation treatment to Japan. He supported the recommendation of the Intersessional Committee.

Mr. BROWN (United States of America) supported the recommendation by the Intersessional Committee both for opening date and the procedures for the negotiations.

Mr. COHN (Dominican Republic) supported the accession of Japan and the Intersessional Committee's recommendations. His Government would endeavour to enter into tariff negotiations.

Mr. VASSILIOU (Greece) recalled that the Greek Government had been consistently in favour of the accession of Japan and he supported the recommendations of the Intersessional Committee. The Greek Government, however, saw no need to enter into negotiations with Japan since Japanese goods were already granted most-favoured-nation treatment and there were no restrictions on importation of Japanese goods which in any way affected Japan's ability to compete in Greece with other countries.
Mr. DOMINIQUE (Haiti) said his Government supported the accession of Japan. He reserved, however, the position of his Government with regard to negotiations pending the results of the Review of the Agreement.

Baron BENTINCK (Netherlands) reiterated his Government's willingness to enter into tariff negotiations with Japan. He felt, however, that the negotiations should not take place until the results of the Review and consideration of other matters such as the general reduction of tariffs were known. This reservation presented no difficulty, however, and as the Belgian delegate had already stated the Benelux list of requests had already been submitted to Japan. He supported the Intersessional Committee's recommendations.

Mr. HELMI (Indonesia) said that Indonesia had consistently supported the accession of Japan as a full member of the Agreement. He accepted the recommendations contained in the report of the Intersessional Committee and his Government was prepared to enter into tariff negotiations with Japan.

Mr. VARGAS-GOMEZ (Cuba) recalled that the Cuban Government had consistently supported Japan's accession which, owing to Japan's importance as a trading country, was essential to the Agreement. Cuba was not, however, prepared to enter into negotiations within the framework of the Agreement. Both countries had agreed to regulate the trade between them on the basis of a bilateral agreement rather than through the Agreement because of their mutual economic situation.

Mr. von KNORRING (Finland) said that the trade between his country and Japan did not warrant tariff negotiations between them. Finland had proposed reciprocal granting of most-favoured-nation treatment, which seemed to be acceptable to Japan. His Government supported the accession of Japan and agreed with the Intersessional Committee's recommendations.

Mr. ELVINGER (Luxembourg) supported the views expressed by the representatives of Belgium, and the Netherlands.

Mr. AZIZ AHMAD (Pakistan) said his Government had consistently supported the request by Japan for accession and was in favour of the recommendations of the Intersessional Committee. He expressed the hope that those countries which had difficulties in this matter would be able to resolve them during the Review of the Agreement. His Delegation was not in a position to say whether they had anything to request or offer. Pakistan already granted Japan most-favoured-nation treatment.

Mr. AMERASINGHE (Ceylon), referring to the listing of Ceylon among the countries ready to negotiate in document L/225/Add.1, said that he felt it necessary to request further instructions from his Government on this matter and he would therefore reserve his position with regard to tariff negotiations with Japan.
The CHAIRMAN, said that there seemed to be no general disagreement with the recommendations of the Intersessional Committee, and in view of the importance of this matter, requested a vote on these recommendations. A vote in favour of them would not commit any government to enter into negotiations with Japan. It would merely signify agreement with the date and procedures proposed by the Intersessional Committee.

The recommendation by the Intersessional Committee that tariff negotiations between Japan and contracting parties wishing to negotiate commence on 1 February 1955 in accordance with the procedures set out in document L/225 was adopted by 27 votes in favour and none against.

2. Financial Statement and Budget (L/226/Add.1, L/227 and L/254)

Mr. MACHADO (Brazil), Chairman of the Budget Working Party, referred to the Report of the Working Party (L/254), the Report on the Audit of the 1953 Accounts (L/226/Add.1) and the Note on the Budget Estimates for 1955 (L/227).

Paragraph 3 of the Report of the Working Party recommended that the CONTRACTING PARTIES approve the audited accounts for 1953. Paragraph 13 of the Report dealt with the estimated cash reserve that would remain at the end of 1954 and which the Working Party considered to result from economical administration rather than over-budgeting.

Referring to the budget for 1955, the Chairman of the Working Party explained that the estimates had been drawn up on the assumption that the GATT would continue to function as at present and taking into account only the activities presently envisaged (viz. the Review, tariff negotiations, etc).

Paragraph 19 of the Report referred to the financial problems that might arise if the functions of the GATT secretariat were transferred to a new organization during 1955 and concluded that it was premature to enter into these problems at the present stage. Mr. Machado stressed that the Budget now before the CONTRACTING PARTIES would in no way prejudice any future decisions they might take.

The Chairman of the Working Party referred to the section of the Report dealing with contributions (paragraph 6) and emphasized the need for prompt remittance.

Mr. BROWN (United States) commended the handling of the increased business of the CONTRACTING PARTIES without any appreciable increase in the cost and thanked the Chairman and the Working Party.

Mr. AZIZ AHMAD (Pakistan) also expressed appreciation.

The recommendation for approval of the accounts and to authorize the Executive Secretary to transfer arrears of contributions (paragraph 3) was approved. It was agreed to send thanks to the United Nations Inspection Service for their audit.
Mr. ANZILOTTI (Italy) referring to the financing of the 1954 budget, explained that the delay in payment of the Italian contribution had been caused by parliamentary procedure and that the contribution would shortly be remitted.

Mr. PEREZ-CISNEROS (Cuba) stated that a recent Law Decree had authorized the appropriation corresponding to the Cuban contribution for 1953. This would shortly be paid. The Government budget for the current year included provision for the contribution for 1954 which, it was to be expected, would also be paid in the near future.

Mr. GARCIA OLDINI (Chile) recalled that 1954 had been a difficult monetary year for Chile. Chile's contribution would, however, reach the Organization before the close of the year.

Mr. SOE (Burma) said that Burma's contribution had been delayed due to administrative difficulties. Approval of payment had been given before he left Burma and the contribution would soon be forthcoming.

It was agreed to authorize the Executive Secretary to remind governments which might not send contributions in time of the obligations they had assumed on becoming contracting parties.

Mr. PEREZ CISNEROS (Cuba) referred to the provision of only $4,000 for tariff negotiations in the 1955 estimates of expenditures. This appeared to prejudge the decision by the CONTRACTING PARTIES as to tariff negotiations in the next year. The amount provided would cover only the tariff negotiations with Japan but not any others such as, for example, any undertaken under Article XXVIII or new negotiations between contracting parties. Mr. Perez Cisneros expressed satisfaction at the proposal for a translation into Spanish of the new text of the General Agreement. He would like to see a larger appropriation for this item in order that the other basic documents might be translated and to enable generally the publication of more Spanish texts. Paragraph 18 of the Report referred to the desirability of providing for fellowships or trainees, but there was no appropriation foreseen in the budget. He thought it would be useful for the CONTRACTING PARTIES, in the same manner as other organizations, to provide for such technical assistance in their regular budget and, if it were not possible to do so in the 1955 budget, he hoped it would be considered for the budget of 1956.

The DEPUTY EXECUTIVE SECRETARY stated that the item for tariff negotiations was to cover only the negotiations with Japan as recommended by the Intersessional Committee. Should other negotiations such as those under Article XXVIII occur at the same time they could use the same services and there would be no additional cost. For negotiations that might occur later, or might prolong the duration of the negotiations now envisaged, recourse could be had to the item for unforeseen expenses. With regard to the Spanish translations, the intention was to translate each year the supplement to the Basic Documents as well as the text of the Agreement. Concerning trainees, M. Royer stated that the secretariat attached great importance to this and would be glad should the CONTRACTING PARTIES so
desire, to formulate proposals to be submitted at the next Session of the CONTRACTING PARTIES. 1955 did not seem to be a good year to start such a system as the heavy programme of work would prevent members of the secretariat from having enough time to devote to any trainees.

Mr. MACHADO (Brazil) referring to the item for negotiations, repeated that the budget, quite properly, in no way committed the future. He hoped the secretariat would continue to make no recommendations involving substantive changes before the Review. The technical assistance envisaged in paragraph 18 was of no particular type, but it was a matter of great importance to decide on the particular kind to be undertaken and this would depend on the funds available.

Mr. PEREZ CISNEROS (Cuba) said that it was clear that the sum of $4,000 was intended for the negotiations with Japan and any occurring at the same time and for this it was no doubt adequate. He understood that the budget was necessarily based on the present status, but would call attention to the fact that the Intersessional Committee envisaged the possibility of other negotiations next year and that the Budget Working Party might also have made suggestions on that basis. Concerning the Spanish translations, he requested that all the Basic Documents be translated, not only the yearly supplements and the Agreement itself. His Delegation had no particular views as to the form technical assistance might take but hoped that an item might be included in the 1956 budget.

Mr. GARCIA OLDINI (Chile) was pleased that provision had been made for the translation into Spanish of the Basic Documents, and hoped that the translations would be of the highest possible standard. With regard to technical assistance (which term he preferred), he proposed that the secretariat be authorized to examine the question and present proposals for the 1956 budget.

It was agreed that the Executive Secretary be directed to examine the matter of technical assistance and to submit a proposal at the Tenth Session of the CONTRACTING PARTIES.

The CONTRACTING PARTIES noted that approval of the budget involved acceptance of the arrangements made in connection with "le Bocage" (viz. paragraph 17).

The Resolution on the expenditure of the CONTRACTING PARTIES in 1955 and ways and means to meet such expenditure (L/254, page 6) was adopted.

The Report of the Working Party, including the estimates for expenditure, were adopted.

3. Nomination of a Steering Group

The CHAIRMAN referred to the previous day's decision to nominate a Steering Group, as recommended by the Intersessional Committee (L/249, (v)). He had
been giving serious thought to the composition of the Group and regretted having to report that M. Suetens, whose long experience as Chairman in Geneva and Havana would have been of such value, was unable to serve as a member. He proposed the following four members in addition to himself and the two Vice-Chairmen:

- Mr. Aziz Ahmad (Pakistan)
- Mr. Winthrop Brown (United States of America)
- Mr. André Philip (France)
- Mr. Cyril Sanders (United Kingdom)

It was the intention of the Chairman to consult with other delegations on the proposals they might wish to submit in connection with the Review of the General Agreement.

The proposed membership was agreed.

The meeting adjourned at 6 p.m.