Subjects discussed:

1. Report of Working Party on Budget (L/338)

Mr. MACHADO, Chairman of the Working Party, introduced the report which proposed for the approval of the CONTRACTING PARTIES a decision authorizing an increase in the provision for unforeseen expenditure and enabling the Executive Secretary to meet unforeseen expenditures which might arise until the end of 1955.

The Brazilian and Uruguayan delegations proposed respectively that a bonus of fifty dollars be granted to the members of the staff in the general services category and four additional days leave to all staff members.

The CONTRACTING PARTIES approved the report of the Budget Working Party. They approved the proposals concerning bonuses and leave. The decision contained in the Budget Working Party Report was adopted.

2. Fourth Protocol of Rectifications (L/335)

The CONTRACTING PARTIES approved the Fourth Protocol of Rectifications. The CHAIRMAN announced that it would be open for signature as from the following day.
Mr. HAGUIWARA (Japan) said that his Government would agree to the application of this Protocol to Japan when it had been adopted by contracting parties.

3. Statement by the Representative of the European Coal and Steel Community

Mr. ANZILOTTI (Italy) speaking on behalf of the Member states and the High Authority made a statement which has been distributed as Press Release GATT/223.

The CONTRACTING PARTIES noted the statement.

Mr. SEIDENFADEN (Denmark) referred to the statement which he had made at the forty-third meeting concerning export steel prices of the Community. This statement had been carefully worded and agreed with the Community and the procedure proposed therein had been intended to assure the friendly continuation of bilateral discussions. He had therefore been disagreeably surprised to see this matter commented on in the press, and in a way that gave an erroneous picture of what he had stated. The press reports seemed to have been taken from a memorandum of a press agent of the High Authority. This was sufficiently disquieting since the meetings were closed, but still more alarming was the fact that the press agent had taken part in the meeting. This seemed to him deplorable and he suggested that the Chairman should express regret and dissatisfaction to the High Authority.

The CHAIRMAN referred to rules 37 and 38 of the Rules of Procedure to the effect that meetings of the CONTRACTING PARTIES should ordinarily be held in private. These rules were applicable to observers as well as to contracting parties. Any communiqué to the press issued after the meeting to which the Danish representative had referred, as after any meeting, should have been authorized by the Chairman.

Mr. BROWN (United States of America) associated himself with the statement of the representative of Denmark and shared his concern at this occurrence. He thought that an accurate statement of what had transpired should be issued by the press officer and a formal communication made to the High Authority expressing the concern of the contracting parties at this breach of security.

Mr. ANZILOTTI (Italy) speaking on behalf of the Member states assured the CONTRACTING PARTIES that no Member state had made any communication to the press of what had transpired during the meeting.

The CONTRACTING PARTIES agreed that an official communiqué should be issued denying the previous reports and giving a correct account of what had happened and that the Chairman should inform the High Authority of the concern of the CONTRACTING PARTIES at this occurrence.
4. **Statement by the Observer of Switzerland**

Mr. HÄLM made a statement which has been circulated as Press Release GATT/222.

The CHAIRMAN thanked the Swiss observer and expressed on behalf of the CONTRACTING PARTIES appreciation of the hospitality of his country to this Session of the CONTRACTING PARTIES.

Mr. COHEN (United Kingdom) had listened with interest to the statement by the Swiss observer. The United Kingdom Government was well aware of Switzerland's liberal policy and of how much it had contributed in the Organization for European Economic Co-operation to assist in achieving the objectives of that Organization. They were convinced that if Switzerland could find it possible to join the General Agreement the advantage to all the contracting parties would be great, and hoped that it would soon find it possible to do so.

Mr. BROWN (United States) and Mr. GOERTZ (Austria) associated themselves with the statement of the United Kingdom delegate.

The CONTRACTING PARTIES noted the statement made by the Swiss observer.

5. **Statement by the Representative of the Secretary-General of the United Nations**

Mr. PELT, Director of the European Office of the United Nations, made a statement which has been circulated as Press Release GATT/226.

The CHAIRMAN thanked Mr. Pelt and expressed on behalf of the CONTRACTING PARTIES their thanks to him for the facilities they had enjoyed in the Palais des Nations.

The CONTRACTING PARTIES noted the statement by the representative of the Secretary-General.

6. **Reservation on Definitive Application (L/327, Annex 6)**

The EXECUTIVE SECRETARY stated that sufficient replies had been received to his circular note to contracting parties enquiring whether they would be able to accept this formula, to justify proceeding with it. A final reply had not yet been received from Brazil or Chile and he was awaiting a reply from Haiti. The New Zealand representative had indicated that he would accept the formula in principle, with reservations as to the form and coverage. Nicaragua was the only country from which he had not heard at all.

Mr. MACHADO (Brazil) said that his Government was not completely satisfied with the reservation but was prepared to accept it.
Mr. PRESS (New Zealand) referred to his statement at an earlier meeting on the question of definitive application to the effect that it was a matter causing concern to the New Zealand Government. Other contracting parties undoubtedly shared their misgivings that the formula contained in the proposed reservation was a device whereby certain countries could continue to accept fewer obligations under the Agreement than those imposed on countries such as New Zealand which had not claimed shelter behind mandatory legislation. Much as they disliked this inequality in the acceptance of obligations, his Government realized the existence of the situation and was aware of the price which insistence on full equality of obligations might entail. The draft Reservation was a difficult compromise for his Government to accept and they were particularly disturbed that no provision was made for an undertaking by contracting parties taking advantage of the procedure, that they would endeavour to bring their domestic legislation into conformity with the Agreement. New Zealand was also concerned at the lack of effective provision for recommendations to be made following the annual reviews and at the weakness of the provision for recommendations to be made after three years. His delegation did not wish, however, to delay the work of the CONTRACTING PARTIES, nor obstruct a solution which seemed generally if reluctantly acceptable. They would be prepared to join with the other contracting parties if they could be satisfied as to the interpretation placed by the CONTRACTING PARTIES on certain parts of the Reservation.

His Government understood that the purpose of the Reservation procedure was to give contracting parties with legislation inconsistent with the Agreement a breathing space within which to bring that legislation into conformity with the Agreement without the need for recourse to transitional period procedures. They understood also that the provision in paragraph 3 of the draft decision would permit the CONTRACTING PARTIES annually to review the progress made in bringing such legislation into conformity with the Agreement, with a view to assessing the progress achieved towards the full application of the Agreement by all contracting parties, and to making appropriate recommendations. Finally, it was their understanding that, in the review mentioned in paragraph 4 of the situation prevailing at the end of three years with respect to the Reservation, the CONTRACTING PARTIES would then decide what further recommendations—over and above those which might have been made following annual reviews—would be appropriate to ensure the equal acceptance by all contracting parties of the obligations of the General Agreement.

If the CONTRACTING PARTIES agreed that these interpretations were in all respects correct, Mr. Press would be able to withdraw New Zealand's reservation to this proposed solution.

The CONTRACTING PARTIES agreed that the understanding of the New Zealand delegation was correct.
Mr. GARCIA OLDINI (Chile) announced the acceptance of his delegation of the draft Reservation.

The CONTRACTING PARTIES approved the Reservation on Acceptance Pursuant to Article XXVI. They also approved paragraphs 53 to 58 of the Report of Working Party IV (L/327).

The EXECUTIVE SECRETARY explained the procedure which this Reservation would entail. Acceptance of the General Agreement under Article XXVI would now be valid and accepted by him as depository even if it were accompanied by a reservation in this form. He intended to circulate a certified copy of this Reservation as agreed to by the CONTRACTING PARTIES, together with a certification that this text had been agreed to by all the contracting parties individually, as soon as he had received a confirmation of this from those who had not yet notified their acceptance.

7. Approval of Draft Final Act and Protocols (W.9/241, 242, 243 and 244)

The DEPUTY EXECUTIVE SECRETARY introduced the Draft Final Act submitted by the Legal and Drafting Committee (W.9/241).

At the suggestion of the Indian representative, the wording was altered to conform to the decision taken at the Ninth Session on the Review. With this amendment the text was approved.

The DEPUTY EXECUTIVE SECRETARY introduced the Draft Protocol amending Part I and Articles XXIX and XXX (W.9/244 and corr.1). He explained the form of this Protocol which had been devised by the Legal and Drafting Committee in order to enable acceptance of each of the amendments separately.

The CONTRACTING PARTIES approved the text proposed by the Legal and Drafting Committee, amended so as to group together as a single amendment the proposed new Article I and the deletion of Article XXIX.


The CONTRACTING PARTIES approved the text recommended by the Legal and Drafting Committee with certain changes to be incorporated in the Final Protocol.

The CONTRACTING PARTIES approved the Draft Protocol on Organizational Amendments (W.9/243).

The meeting adjourned at 1 p.m.