

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONTRACTING PARTIES
Twenty-Second Session

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SUMMARY RECORD OF THE THIRD MEETING

Held at the Palais des Nations, Geneva
on Monday, 8 March 1965, at 2.30 p.m.

Chairman: Mr. J. LACARTE (Uruguay)

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1. Representation by observers of the Republic of China

The CHAIRMAN said that the Executive Secretary had recently received a request from the Government of the Republic of China to be represented by observers at sessions of the CONTRACTING PARTIES. The Executive Secretary had stated in reply that he had arranged for observers to be admitted. In doing this he had acted under Rule 8 of the Rules of Procedure which provides that governments which signed the Final Act of Havana in 1948 might attend meetings in the capacity of observers. The Government of China had signed the Final Act of Havana and had been a contracting party to GATT from 1948 to 1950.

The Chairman went on to say that there was a precedent established in the case of Lebanon, Syria and Liberia, which had signed the Final Act of Havana and had become contracting parties, but after their withdrawal from the GATT, had expressed a wish to be represented by observers. Moreover, it had been the policy of the CONTRACTING PARTIES to avoid unproductive controversies over political questions which did not bear significantly on the many substantial questions with which the CONTRACTING PARTIES were concerned. For this reason the CONTRACTING PARTIES had followed the policy expressed in Article 86 of the Havana Charter, namely to avoid passing judgment in any way on essentially

political matters and to follow decisions of the United Nations on such questions. Consistently also with the practice of the United Nations, it was quite clear that for the CONTRACTING PARTIES to admit observers did not prejudice the position of the CONTRACTING PARTIES or of individual contracting parties towards recognition of the government in question. The Executive Secretary had based himself also upon the opinion of the Legal Department of the United Nations, which was that the question of representation in an international organization was distinct from the question of recognition of a government by other members of that organization. In a memorandum transmitted to the Security Council on 9 March 1950 by the Secretary-General this distinction was clearly drawn. This memorandum stated: "the members have therefore made clear by an unbroken practice that (1) a member could properly vote to accept a representative of a government which it did not recognize, or with which it had no diplomatic relations, and (2) such a vote did not imply recognition or a readiness to assume diplomatic relations".

Dr. BENES (Czechoslovakia) said that his delegation had no objection to the participation of a Chinese observer in the meetings of the session but considered that the only legitimate government of China was the Government of the Chinese People's Republic.

Mr. MORENO (Cuba) pointed out the large difference in volume of trade between Taiwan and mainland China, and could not agree to the introduction of a government which was not representative of the people.

Mr. MILANOVIC (Yugoslavia) declared that his Government recognized only the Government of the People's Republic of China as representing the Chinese people, and his Government maintained diplomatic relations only with that Government.

Mr. CHAUMET (France) said that the French delegation was not opposed to China having an observer at GATT sessions but this observer should be the representative of the Government of the Chinese People's Republic. The French delegation was opposed to the admission of a representative of the Taipeh authorities as an observer for China.

Mr. GILDEA (United Kingdom) appreciated the clear terms in which the Chairman had stated that the procedure adopted did not carry any implications regarding recognition of Governments of China by CONTRACTING PARTIES, since the only Government of China recognized by the United Kingdom Government was that of the People's Republic of China.

Mr. VON SYDOW (Sweden), Mr. VAN WIJK (Netherlands), Mr. SKAK-NIELSEN (Denmark) and Mr. LANGE LAND (Norway) stated that their views were the same as those of the representative of the United Kingdom.

Mr. ABOU-GABAL (United Arab Republic), Mr. LACZKOWSKI (Poland), Mr. ASTRAWINATA (Indonesia) and Mr. AYUB (Pakistan) said that their Governments recognized only the Government of the People's Republic of China.

Mr. ONYIA (Nigeria) did not think that the question of recognition was relevant to the issue. He hoped that if the Chinese People's Republic also wished to send observers they would not be excluded.

Mr. DONOVAN (Australia) agreed with the Chairman that the question of recognition and representation were distinct. Australia had no objection to the Government in question being invited to attend the session as observer.

Mr. EVANS (United States), Mr. FRANCAVIGLIA (Italy), Mr. AOKI (Japan) and Mr. (Federal Republic of Germany) agreed with the Chairman's ruling that Article 8 and the practice hitherto of the CONTRACTING PARTIES and the United Nations in these matters should be followed.

The CHAIRMAN said the problem had two aspects. The first was the rules regulating the procedures of the CONTRACTING PARTIES; and the second was the fact that a number of contracting parties did not have diplomatic relations with the Government in question. The opinion of those Governments which did not recognize the Taipeh Government as the legitimate Government of China would be recorded in the minutes. He concluded, however, that there was no discrepancy between the rules of the CONTRACTING PARTIES and their application in this instance.

2. European Free Trade Association and the Association Agreement with Finland (L/2377)

Mr. TREU (Austria), the Chairman of the EFTA Council, drew the attention of the CONTRACTING PARTIES to the information contained in document L/2377 on the activities and progress since the twenty-first session. He also drew attention to the Fourth Annual Report of EFTA and the booklet "EFTA Trade" which had been distributed to delegations. He said he would be grateful if the CONTRACTING PARTIES would take note of their contents, and would be happy to answer questions.

Mr. DONOVAN (Australia) enquired whether the bilateral agricultural agreement between Sweden and Portugal was the only one entered into during the period, such agreements being of special interest to Australia. He also asked if it would be possible in future to get the EFTA report earlier. The present one was dated 6 March and this had left little time for consideration.

Mr. EVANS (United States) said that his delegation welcomed the speed with which EFTA was moving forward, and were gratified by the constructive position being taken by the EFTA countries in the Kennedy Round.

Mr. SWARUP (India) recalled that his country had a special relationship with one EFTA country, and hoped that in the Kennedy Round the EFTA members would take into account the interests of less-developed countries such as India which were experiencing a shrinking of preferences, by according them deeper than 50 per cent tariff cuts, or similar concessions.

Mr. TREU (Austria) answered the points raised. He confirmed that the agreement between Sweden and Portugal was the only one of its kind during the period in question. Regarding the late date of the report, this had been due to their desire to convey a full and up-to-date picture. Earlier distribution could take place with the sacrifice of actuality. With respect to the interests of the less-developed countries, these were being constantly borne in mind and had an outstanding place in discussions amongst EFTA countries on problems arising in the Kennedy Round.

The CONTRACTING PARTIES took note of the information submitted.

3. Article XX(j)

The CHAIRMAN recalled that sub-paragraph (j) of Article XX provided that the GATT did not prevent the adoption or enforcement of measures:

"essential to the acquisition or distribution of products in general or local short supply: provided that any such measures shall be consistent with the principle that all contracting parties are entitled to an equitable share of the international supply of such products, and that any such measures, which are inconsistent with the other provisions of this Agreement shall be discontinued as soon as the conditions giving rise to them have ceased to exist."

and that the paragraph went on to say:

"The CONTRACTING PARTIES shall review the need for this sub-paragraph not later than 30 June 1960."

In accordance with this provision the need for the sub-paragraph had been reviewed at the seventeenth session. The CONTRACTING PARTIES had decided that it should be retained for a further period up to 30 June 1965 and that the matter should be reviewed again before that date. The Chairman said that the question should now be considered again and called for comments.

Mr. SAKELLAROPOULO (Canada) said that Canada's position had not changed since the seventeenth session. To his knowledge there had not been any abuse of the paragraph, and its retention for a further period would be as useful as it had been before.

Mr. VON SYDOW (Sweden) said that although Article XX(j) had been intended to take care of a special situation no longer in existence, emergency situations such as occurred in the 1950's could occur again. In view of the fact that the provision did not seem to have been misused, Sweden would not object to its indefinite prolongation.

Mr. DONOVAN (Australia) said it was his understanding that the Article would always be retained unless a review showed it was not necessary or not desirable. He thought the matter could be left on this basis.

Mr. SWARUP (India) pointed out that the Article was intended to take care of situations of short supply, situations which did occur in less-developed countries. Therefore, his delegation supported the views expressed on further retention of the paragraph.

Mr. GILDEA (United Kingdom) expressed agreement with the previous speakers. There had been no evidence that the provision had been abused, and he saw no particular reason for imposing a further time-limit, although he would agree to a limited extension if this were the general wish.

Mr. EVANS (United States) recognized that a concensus seemed to be developing for further retention of the Article. His delegation could accept this, but would like to see a time set for further review, possibly in three years' time.

Mr. RAZAFINDRABE (Madagascar) said that in the developing countries circumstances could arise where it would be necessary to use Article XX(j). He therefore favoured its retention.

Mr. VON SYDOW (Sweden) supported the Australian suggestion that the matter be left as it stood. It would be open to any contracting party to ask for a review at any time.

Mr. ONY A (Nigeria) said that if any countries were likely to benefit from the Article it would be the developing ones. Nevertheless it was not a good principle to adopt indefinite retention, as it was always difficult to put an end to provisions. He preferred adoption for a further five years, after which it would lapse unless otherwise decided.

Mr. DONOVAN (Australia) said that, since questions had been raised about indefinite retention, he would agree to retention subject to review in five years.

The CHAIRMAN proposed that the sub-paragraph be retained for a further five years and that the need for it to be reviewed again at the end of that period. If this was agreed he would ask the secretariat to prepare a draft decision.

It was so agreed.

4. Consular formalities (L/2371)

The CHAIRMAN recalled that it was as long ago as 1952 that the CONTRACTING PARTIES first recommended the abolition of consular fees and formalities, which constituted a barrier to trade not provided for in the GATT. The formalities still maintained had been reviewed by a Panel of Experts in 1962 and the CONTRACTING PARTIES then recommended that the governments concerned should take steps to remove them and report on their future policy in this matter. Statements received from several governments had been reproduced in document L/2371.

Mr. VON SYDOW (Sweden) said that his delegation had several times expressed its view that consular formalities were an important obstacle to international trade. He referred to their proposals made at the last session (L/2201) concerning the desirability that countries abolish the requirement that documents be presented for legalization purposes a long time before the sailing of a vessel. Some progress had been made, but the overall picture was not heartening. Moreover, some countries

applying consular formalities had not reported to this session. He would welcome statements by their delegations, as well as additional information from delegations that had reported. He suggested that the matter be included in the agenda of the next session and urged all contracting parties still applying consular formalities to submit reports.

Mr. LANGE LAND (Norway) associated himself with the statement of the Swedish representative.

Mr. GILDEA (United Kingdom) also supported the Swedish statement. His delegation welcomed the abolition of consular fees by Turkey, saying that fees were the most undesirable of consular formalities, the proper charge on imports being the customs tariff. He hoped that the few countries still maintaining formalities contrary to the Recommendation of the CONTRACTING PARTIES would follow the Turkish example. He hoped also that progress would continue in the abolition of other export documentation, which did not come strictly within the definition of consular formalities.

Mr. DO IAGO (Brazil) said that his delegation had periodically reported on measures being taken by the Brazilian authorities to simplify consular formalities, for example in document L/2202 after the twenty-first session. The Brazilian Government was aware of the need to simplify consular formalities, but this entailed complex problems of a budgetary nature and changes in administrative and fiscal structures. Measures to bring about further simplification were being studied, and his delegation would inform the CONTRACTING PARTIES of their implementation.

Mr. LETTS (Peru) informed the meeting that the problem was being studied by a committee which would submit a report to his Government. It was not at this stage possible to say what would emerge as a result of the study.

Mr. SWARUP (India) pointed out that India did not maintain any consular formalities and his delegation had repeatedly urged the full implementation of the Recommendation of 1952.

Mr. EVANS (United States) said he was very happy to hear the statements by the representatives of Brazil and Peru, and hoped that others of the ten contracting parties which still maintained consular formalities would also be able to tell the contracting parties what consideration was being given by their governments to their removal.

Mr. SKAK-NIELSEN (Denmark) hoped that the consideration of this problem by a number of countries would lead to the abolition or important relaxation of the formalities during the coming year. He supported the proposal that the question should be entered on the agenda for the next session, and that the same reporting procedure should be adopted.

Mr. MASSA (Spain) said that information on the application of consular formalities by Spain had been distributed in document L/2187. In no case did his country require presentation of consular invoices, and when the origin of goods had

in certain cases to be notified the necessary document could be issued by customs authorities, Chambers of Commerce in the country of origin and Spanish consulates. With regard to consular fees for visas, these were so low that they could not constitute an obstacle to international trade.

Mr. FREIRE (Portugal) said that Portugal had been obliged to maintain certain consular formalities for technical fiscal reasons. These formalities were not complicated and did not involve large payments. However the whole subject was under study. He was very conscious of the importance attached to this matter by certain delegates.

The CHAIRMAN noted that definite progress had been made, but that formalities still existed that were contrary to the Recommendation made by the CONTRACTING PARTIES in 1952. He thought that the delegates of those countries still applying consular formalities of the type under discussion had taken note of the views expressed and would endeavour to hasten their removal. He expressed the wish that delegates would inform their governments accordingly, so that at the next session the CONTRACTING PARTIES would receive positive information on the progress achieved. He assumed he was properly interpreting the feeling of the meeting that the matter should be included on the agenda of the next session.

5. Provisional accession of Switzerland (L/2369 and Corr.1)

The CHAIRMAN said that under paragraph 1(b) of the Declaration of 22 November 1958, which provided for the provisional accession of Switzerland, the Government of Switzerland was required to furnish an annual report on measures maintained under the reservation set out in that paragraph. The report submitted by the Government of Switzerland had been distributed in document L/2369.

Mr. LOOSER (Switzerland) said that the report spoke for itself. It brought out the stability of Swiss agricultural policy and the liberal spirit in which measures restricting imports had been applied. In general, imports had benefited from the growth in internal demand. In 1962 Switzerland overtook the United Kingdom and became the world's largest per capita importer of food products and animal feeding-stuffs. Available figures seemed to indicate that this position had been maintained since 1962.

Mr. GILDEA (United Kingdom) said that he had been struck by the fact that Switzerland's import restrictions were no more extensive than the illegal import restrictions reported by many contracting parties in document L/2336. It seemed anomalous that Switzerland had not been able to accede fully to the GATT when her

import policy was more liberal than that of many contracting parties and of others whose accession was being considered. His delegation hoped that when a working party was set up on the accession of Switzerland, it would be able to find a formula under which she could be granted full accession.

The EXECUTIVE SECRETARY said that he considered the existence of this item on the agenda to be an anomaly. In the Procès-Verbal renewing the Arrangement for the Provisional Accession of Switzerland, it had been provided that during the Kennedy Round negotiations, or otherwise, the Government of Switzerland and the CONTRACTING PARTIES would seek solutions which would make full accession possible. If the Kennedy Round negotiations became unduly protracted, he hoped that an earlier solution to the problem would not be excluded.

The CHAIRMAN said that the understood the interventions of the United Kingdom delegate and the Executive Secretary were intended to emphasize the particular situation of Switzerland and to give cause for reflection so that a satisfactory solution could be found in the fairly near future.

Mr. SCHNEBLI (Switzerland) thanked the United Kingdom delegate and the Executive Secretary for their remarks. He drew attention to the fact that a considerable number of countries had not yet signed the Second Procès-Verbal prolonging the Provisional Accession of Switzerland; this prevented legal GATT relations between Switzerland and these countries. He invited the countries which had not yet accepted this instrument to do so, in order to put an end to a rather unhappy situation.

6. Uruguay import surcharges (L/2352)

The CHAIRMAN recalled that, by the Decision of 8 May 1961, the CONTRACTING PARTIES had granted a waiver to the Government of Uruguay to permit the application of certain surcharges on imports of some of the items bound in the Uruguayan schedule. The surcharges had been imposed as a temporary measure as part of and in conjunction with the Government's stabilization and development programme. The Government of Uruguay had now transmitted, for the information of contracting parties, the text of a Decree which provided for the establishment of further surcharges on imports of various products. The Decree had been reproduced in document L/2352 and was before the CONTRACTING PARTIES for consideration. The Chairman

drew attention to the fact that the surcharges had been imposed for balance-of-payments reasons, and that examination of the question by the CONTRACTING PARTIES therefore required consultations on the Uruguayan balance-of-payments situation. Later in 1965 the Uruguayan Government would consult with CONTRACTING PARTIES on quantitative import restrictions maintained for balance-of-payments reasons, and it might be convenient for both aspects of the problem to be dealt with at the same time. The balance-of-payments consultation would be carried out by the Committee on Balance-of-Payments Restrictions, and the Committee could be instructed to examine also the question of surcharges and submit recommendations. The CONTRACTING PARTIES might consider whether the most convenient way to handle the question would be to grant a temporary waiver for the surcharges until a recommendation by the Committee was available.

Mr. BOSCH (Uruguay) described the background to the waiver from the provisions of paragraph 1 of Article II granted to Uruguay by the Decision of 8 May 1961, and its subsequent extensions valid up till 31 March 1965, which allowed the Uruguayan Government to apply import surcharges on items specified in Schedule XXXI. The essence of the problem lay in Uruguay's foreign exchange deficit which now totalled \$336 million. Her exports consisted mainly of meat, wool and derived products, and wool prices had undergone a prolonged decline. About 100 million kgs. of wool had had to be stored instead of sold abroad, and the increase in meat exports had not been sufficient to offset the loss in foreign exchange earnings. With respect to imports there was little elasticity due to Uruguay's essential development needs. Despite measures taken to reduce imports, they had actually increased in 1964 by \$21.5 million over the previous year. In these circumstances the Uruguayan Government was not in a position for the time being to modify its position on import surcharges, and considered it necessary to maintain the measures introduced by the Decree of 24 November 1964, which raised the level of surcharges in order to protect the Uruguayan economy from still graver risks. Nevertheless it once again stated its firm intention of reducing and eventually eliminating the surcharges in question as soon as the adverse factors affecting its balance of payments had been overcome. Meanwhile the Uruguayan Government found itself obliged to request a further extension of the waiver for three years, a period it considered adequate to enable the measures recently taken, as well as those planned for the near future and aimed at organizing the expansion of Uruguay's economy, to yield the beneficial effects hoped for.

Mr. EVANS (United States) said his delegation was gratified to hear the importance attached by Uruguay to the removal of the surcharges at the earliest possible moment. They were happy to support the extension of the waiver for long enough to enable the Council to consider the question after the balance-of-payments consultations, and if deemed appropriate for a further extension of the waiver to be submitted for adoption by the CONTRACTING PARTIES. He was not suggesting a specific termination date for the extension of the present waiver, but thought the Executive Secretary could suggest an appropriate period after the balance-of-payments consultations.

Mr. CISTERNAS (Chile) said they well understood the reasons which had obliged the Uruguayan Government to request an extension of the waiver. His country faced similar problems. They supported all measures the CONTRACTING PARTIES might initiate in order to meet the Uruguayan request and stressed the need for granting the three years' extension.

Mr. LANGELAND (Norway) said that his Government had abstained from voting on this question at the twenty-first session, and would now also refrain from expressing an opinion on the Chairman's proposal concerning the balance-of-payments consultations. They regretted that no measures had been taken which might warrant a change in their position, and drew attention to the fact that the import surcharges entailed different treatment according to the nationality of the ships in which the goods were transported. His Government viewed this discrimination with concern and hoped it would soon be discontinued.

Mr. VON SYDOW (Sweden) recalled that Sweden had also abstained from voting at the last session on the question of prolonging the waiver, because of the background of discrimination in the Uruguayan regulations. It seemed the discrimination in question had since been intensified.

Mr. GILDEA (United Kingdom) said that the information available about the Uruguayan economic situation indicated that Uruguay could not reasonably be asked to remove the import surcharges immediately. The United Kingdom regretted the discrimination against goods brought to Uruguay in British and other foreign ships, but understood the Uruguayan Government was seriously considering a change in the system. Assuming that the discrimination would be removed, the United Kingdom was prepared to support an extension of the waiver for one year or for such lesser period as seemed appropriate to the CONTRACTING PARTIES to enable the balance-of-payments situation to be considered.

Mr. SKAK-NIELSEN (Denmark) recalled that in the previous year's discussion the representative of Uruguay had said that a Committee was studying the element of discrimination in the surcharges and that as a result it might disappear. He hoped the Committee would soon reach a conclusion which would make possible an ending of discrimination and hence, a change in the attitude of the Danish Government on this question.

Mr. LARES (Finland) associated his delegation with the views of the Norwegian, Swedish and Danish representatives.

Mr. LANGLEY (Canada) said his delegation had considerable sympathy for Uruguay's application for a further temporary extension of the waiver. The waiver was disturbing to Canada both in the level of the surcharges and in their administration, which in some cases appeared discriminatory. The Chairman's proposal that the matter be considered by the Balance-of-Payments Committee was reasonable and useful. As to the duration of the extension of the waiver, he could support the views of the United States delegation. He hoped that the evolution of the situation and the Uruguayan Government's measures would permit substantial progress in overcoming Uruguay's difficulties and in action to remove the surcharges.

Mr. CHAUMET (France) said that the countries of the European Economic Community did not oppose the extension of the waiver, but wished in a friendly spirit to draw the attention of the Uruguayan delegation to the difficulties caused by certain discriminatory practices regarding shipping.

Mr. LETTS (Peru) said he was in full agreement with the statement made by the delegate of Chile. Requests like that put forward by Uruguay were the result of a widespread situation affecting developing countries which were suffering from low prices for their export commodities. He had noted that between 1954 and 1964 Uruguay exported less than in 1950, and the consequences of this situation deserved full consideration by the CONTRACTING PARTIES. With respect to fleet discrimination he pointed out that in certain regions of the world this discrimination was operated by companies, not by governments, but it existed nonetheless. This should be borne in mind when considering Uruguay's request.

Mr. DO LAGO (Brazil) pointed out that over the last year Uruguay's situation had worsened. The Brazilian delegation associated itself with all those delegations who were in favour of extending the waiver. At the same time he wished to stress that Uruguay's problem was essentially that of a less-developed country, and the measures taken by Uruguay should be considered within the framework of Part IV of the GATT. Only thus could Uruguay move in a direction which would render discrimination unnecessary. On the question of freight and flag discrimination, he thought that a detailed examination of the problem would be highly desirable. This examination would bring to the CONTRACTING PARTIES some knowledge of current practices.

Mr. MONGHELLY (Argentina) said that the CONTRACTING PARTIES had been given sufficient elements of judgment to be able to accept the extension requested. Even an indefinite extension could be justified. All were aware of the serious problems faced by countries dependent on a few export commodities whose prices they could not control. He did not feel this was the proper forum to deal with alleged discrimination or other measures to give legitimate support to Uruguay's merchant marine. This problem could not be studied in isolation from the general problem of invisible earnings. His delegation agreed to the request for an extension of three years.

Mr. BOGAERT (Dominican Republic) supported the request of Uruguay for an extension of the waiver, even for an indefinite period.

Mr. COLMEIRO (Spain), bearing in mind the reasons presented by the delegate of Uruguay, supported the request for an extension of the waiver for three years, with the hope that the development of trade would enable Uruguay to remove the surcharges by the end of that period.

Mr. BOSCH (Uruguay) said he had listened with attention to the observations made, and expressed his thanks for the statements in support for his request. He felt that clarification of the question of discrimination was not a matter for the CONTRACTING PARTIES. However, his delegation wished to allay fears on this question; as already announced a Commission had been set up to prepare a draft law for the encouragement of a national merchant fleet, and this draft was now being studied by the Government. Details were for the time being confidential, but he could say that the legitimate interests of all the parties concerned had been taken into account.

The CHAIRMAN said that some delegations had expressed reservations, concerning which he was sure the Uruguayan delegation would inform its Government. He had the impression that there was a concensus in favour of the Uruguayan request being forwarded to the Committee on Balance-of-Payments Restrictions, to be studied in conjunction with the consultation on quantitative import restrictions. He suggested that the Executive Secretary be requested to prepare a draft waiver for an appropriate period for consideration by the CONTRACTING PARTIES.

It was so agreed.

7. Application of Article XXXV to Japan

Mr. AOKI (Japan) said that since Japan's accession to GATT a decade ago, his Government had brought the question of Article XXXV invocations to the attention of every session of the CONTRACTING PARTIES. He was pleased to report that, since the twenty-first session, Australia, Belgium, the Netherlands, Luxemburg and Madagascar had withdrawn the application of Article XXXV against Japan. He noted with regret, however, that several countries which, pursuant to paragraph 5 Article XXVI had acceded to GATT since the last session and had inherited the legal status of their metropolitan countries, still retained the invocation of Article XXXV against Japan. While the problem of Article XXXV was approaching a final solution with respect to Japan's developed trade partners, it was a matter of concern that nearly thirty countries, nearly all developing ones, were at present applying the Article. In his view none of them really needed to have recourse to it, and there were many which had expressed their willingness to disinvoke it. He earnestly hoped these countries would take the necessary steps to enter into normal contractual relationships with Japan at an early date.

Japan was fully aware of the importance of trade expansion to developing countries, and had made known its intention to contribute in the largest possible measure to this aim in the context of the Kennedy Round and the Action Programme for eliminating and reducing trade barriers to products of interest to developing countries. The Japanese Government was taking the necessary legislative action to accept the new Chapter of GATT, but it would be difficult for his Government to extend the benefits of increased export opportunities to countries invoking Article XXXV.

Mr. ASTRAWINATA (Indonesia) recalled that his delegation had supported the admission of Japan to GATT in 1953, for they viewed GATT as a world trade organization which could ultimately bring prosperity to all. It was pleasing to note that since that time the Members of the organization had doubled in number. But the objectives of GATT could only be achieved if everyone abided by its rules and spirit. The non-application of the Agreement according to Article XXXV was a total derogation of the spirit of GATT and should be quite exceptional and temporary. It was pleasing to note that some contracting parties had now changed their position toward Japan on this point and he hoped that others would follow.

Mr. MIZZI (Malta) said that Malta still applied Article XXXV to Japan, but that what looked bad was not necessarily so. The quotas were in excess of needs, so that application of the Article was not detrimental to Japan. His delegation hoped nevertheless that Malta would soon be in a position to disinvoke the Article.

Mr. EVANS (United States) said that his Government had consistently urged contracting parties to disinvoke Article XXXV and were gratified that of the original fourteen countries invoking the Article there were only three left. Unfortunately the total number had now risen to twenty-eight. He realized that most of these were less-developed countries and that, given the relatively small size of their establishments and the small number of people in them familiar with GATT, it was difficult for them to take action respecting the Agreement. Nevertheless, he urged representatives to ask their governments to give priority consideration to the removal of this anomaly.

Mr. ONYIA (Nigeria) said the matter was receiving the active consideration of his Government. He thought the matter had only technical significance as, for the last two years, Nigeria had had a trade deficit with Japan of the order of £20 million per year. This tended to slow down the degree of priority given to the matter. But he hoped it would be possible for his Government to come to an agreement on the question at an early date.

The CHAIRMAN appealed to delegates of countries still applying Article XXXV to Japan to reconsider the matter carefully and to tackle it in a constructive spirit, so that the legitimate concern of the Japanese Government could be allayed.

8. Statement by the representative of Burundi

Mr. MANIRAKIZA (Burundi) said that the Kingdom of Burundi had been recognized as an independent State on 1 July 1962, and since then had enjoyed full autonomy in its external commercial relations. During the last few years the GATT Articles had been applied de facto by Burundi. Burundi had now decided to adhere to the GATT according to Article XXVI, paragraph 5(c). However, because Burundi was a developing country it counted on an understanding and flexible attitude towards it by the CONTRACTING PARTIES. Recently, for example, in order to balance its payments, it had had to introduce new tariff rates. Customs duties also accounted for 50 per cent of its ways and means budget. The country's foreign exchange resources, gained principally from the export of coffee, cotton and animal skins, were limited, and had to be judiciously employed in the import of equipment, production goods and essential consumption goods. Legislation on foreign trade compatible with these resources had been introduced. Despite its difficulties, the Burundi Government intended to do all it could to assume its responsibilities under GATT. He emphasized that it was in all countries' interests that poverty disappear from the earth, and the Burundi Government was doing all it could in this direction. They were convinced that within the framework of GATT, and with the support of other multilateral organizations of which they were members, they would be better able to increase their share of world trade. Burundi would support all efforts to make the GATT and its work an ever more efficient instrument for the achievement of world prosperity.

Mr. ROTHSCHILD (Belgium) said that his Government welcomed Burundi to the GATT and hoped that the CONTRACTING PARTIES would show understanding for the difficulties of Burundi's economy and give the country support.