GENERAL AGREEMENT ON TARIFFS AND TRADE

GATT Intersessional Committee completes
Report on Accession of Japan

1. The GATT Ad Hoc Committee for Intersessional Business met at Geneva from 2 to 13 February to examine the conditions under which the application of the Government of Japan to accede to the GATT could be pursued. The Committee had been instructed by the Contracting Parties at their Seventh Session held in the autumn of 1952 "to undertake a detailed examination of the matters involved in this application" and to report on them to the Contracting Parties. The meetings of the Ad Hoc Committee, which comprises the representatives of the following governments:

Australia        Cuba        Italy
Belgium          Denmark     Pakistan
Brazil           France      Union of South Africa
Canada           Germany     United Kingdom
Chile            India       United States

were attended by observers representing other contracting parties and international organizations. The Government of Japan also sent observers who attended the meetings of the Committee.

2. While the discussions in the Committee do not at present involve commitments by governments, which will now give further consideration to the matters dealt with, important progress has been made in the consideration of the application of Japan to accede to the Agreement. The Committee has clarified the various issues involved and has submitted to the governments which are parties to the Agreement for their consideration a report which contains constructive suggestions.

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3. The Committee recognized the changes which had taken place in the conditions of Japanese production and export and her heavy dependence on export trade. Some countries felt that the question of Japan's accession raised no special problems for them. It was generally accepted that the Contracting Parties could not seek to prevent competition arising from genuine advances in the long-term efficiencies of production. The difficulties felt by certain countries arose from the fears of sudden flooding of certain markets with exports in circumstances producing violent disruption of trading conditions with serious adverse repercussions for large sectors of production. It was the general view that if additional safeguards were found necessary to meet special difficulties these should be of general application, so that Japan would be in a position to accede to the GATT with the same rights and obligations as any other contracting party.

4. Discussion in the Committee turned largely on the adequacy and applicability to the circumstances envisaged of the provisions of the Article XIX escape clause which provides for emergency action in circumstances causing or threatening serious injury, and of Article XXIII under which the Contracting Parties can relieve a country from obligations under the Agreement in a situation which is held to impede the attainment of the Agreement's objectives. Some members considered that action taken under Article XIX, being non-discriminatory in character, would adversely affect the trade of other countries which were in no way responsible for the situation. Thus there would be serious danger that if the circumstances in question did arise a general increase in tariffs and other barriers to international trade could ensue. To meet this point the Committee considered the possibility of amending Article XIX.

It was felt that this suggestion raised serious difficulties. It would mean a radical departure from the basic principles of the General Agreement in that it would authorize discriminatory action on a unilateral basis. Moreover it was widely felt that the situation, if it developed, would be of such a nature as to bring it under Article XXIII under which the Contracting Parties can relieve a country from its obligations in certain circumstances, including a situation in which the attainment of the objectives of the Agreement is being impeded.

5. There was discussion as to whether the procedures under Article XXIII would operate quickly enough to meet the possible need for adequate safeguards in an emergency situation. To meet this possible need the Committee has suggested that the Contracting Parties should establish an emergency procedure under which, if the Contracting Parties failed within thirty days to decide whether emergency action was necessary and if so what measures might appropriately be taken, the country which had resorted to the provisions of Article XXIII would be free to act pending a decision of the Contracting Parties on the issue.

A proposed declaration by the Contracting Parties to the effect that the situation envisaged would fall within the provisions of Article XXIII and providing for an emergency situation of the kind referred to above has been drawn up for submission to the Contracting Parties.
6. The Intersessional Committee was also instructed by the Contracting Parties to consider the timing of tariff negotiations with a view to Japanese accession. On this point the Committee felt that it was not in a position to make any specific recommendations at this time. The Committee noted in this connection that in the view of certain members the question of the accession of Japan could not be isolated from other major tariff issues which would have to be considered before the end of 1953, such as the desirability of further tariff negotiations between the present contracting parties and the question of the extension of the assured life of the tariff concessions agreed upon at Geneva, Annecy and Torquay. A substantial majority of the Committee felt that the inevitable adjustments in trade which would follow from the accession of Japan to the General Agreement could be more easily made in conditions of expanding world trade which would be facilitated by a further general lowering of tariff barriers involving appropriate contributions by major trading countries. While the linking of these various problems to the negotiations with Japan might imply some delay in the negotiations with that country, it was felt that this would not be substantial and would be more than compensated by the additional advantages to be derived from the wider scope of the general negotiations contemplated.

7. The results of the Committee's discussions will now be communicated to the contracting parties with a view to arriving as soon as possible in special session at decisions as to the conditions under which the accession of Japan should be proceeded with and as to the nature and timing of the tariff negotiations.