The Government of the United States strongly supports the application of Japan for provisional association with the General Agreement.

In our view a point has been reached where it is no longer fair, practical or wise to continue to deny to one of the largest trading nations of the free world the right to participate in our councils and share with us the administration of our common rules of equitable trade.

It is now eight years since the close of World War II and more than two years since the conclusion of a treaty of peace with Japan. Throughout the post-war period Japan has sought to frame its commercial policies in accordance with the spirit and objectives of the General Agreement and to avoid reversion to those commercial practices which gave rise to so much difficulty in the years before the war.

The Contracting Parties have consistently shown themselves sympathetic to the political difficulties and urgencies confronting individual member governments. This has been the course of wisdom. As one of the delegates stated the other day, in connection with a matter to which he attaches some importance, governments must not be subjected to too great a strain if we are to avoid the risk that important trading countries may throw up their hands and try to go it alone.

This good advice applies with equal force to our treatment of Japan in the situation in which she finds herself today. Japan has repeatedly sought to participate in the multilateral trading relationships which apply to the rest of us. Repeatedly the Japanese application has been postponed for reasons beyond its control.

In our judgment the time has now come when further delay may prejudice the achievement of stable and fruitful economic relationships between Japan and other free nations which all of us recognize is essential to our common political and security interests.

It has been stated earlier in our debates that countries who live by trade must choose their commercial policies with great care. Japan lives by trade almost as much, perhaps, as any country here represented. And it should be remembered that while the admission of Japan would affect only a segment of the commercial relations of any one of our countries, the continued exclusion of Japan will affect almost the whole of Japan's trade. In our judgment, the difficulties, both political and economic, which would result from another postponement of the Japanese application, far outweigh the special problems which may be created for some countries by Japanese admission.
The present trade position of Japan is precarious. In physical volume the foreign trade of Japan is still less than half of what it was in the years 1934 to 1936. If it had not been for the abnormal dollar expenditures of the United States in Japan in connection with the Korean hostilities, Japan would have had a balance-of-payments deficit in 1952 of $750,000,000.

Clearly, the extraordinary dollar expenditures of the United States in Japan will not continue indefinitely. On this ground alone, a further delay in bringing Japan into the trading community of the free world may prove most damaging.

Before closing, Mr. Chairman, perhaps a word or two would be in order on the details of the Japanese proposal.

Japan, this morning, has clearly staked its awareness of the problems which some governments have felt would be created by its admission to the General Agreement. It has endeavored to meet these problems in various ways, and has, in particular, indicated its willingness to confine its admission to the General Agreement at this time to a provisional and temporary association. It seems to us that this should go far toward dispelling the fears expressed by some countries with respect to undertaking permanent commitments before the expiration of the present period of transition and review.

Moreover, the General Agreement already contains a number of safeguards against injuries arising from trade developments, including the provisions of Article XXIII. We do not wish to express an opinion just yet as to whether it would be right or wrong to accept the interpretation of Article XXIII suggested by the working party which met here earlier this year. However, we should like to point out that even in the absence of such an interpretation, the provisions of Article XXIII are broad enough to cover cases involving competition on the basis of unfair labor conditions which a number of countries complained about.

Turning to the obligations which would be placed upon Japan under the proposed arrangement, it is fair to say that the suggested Japanese tariff commitments are substantial. Although they consist only of bindings of duty, nevertheless they represent an undertaking affecting almost the whole of the Japanese tariff. In addition, of course, Japan would be obligated to carry out the general provisions of the Agreement, and this should be in the interest of all those who have expressed fears as to the possible revival of the Japanese commercial practices and policies of the pre-war era.

Mr. Chairman, my Government firmly believes that the admission of Japan on a provisional basis is urgent, that the arrangement proposed is both equitable and wise and that Japan is deserving of this recognition by the Contracting Parties. It is our earnest hope that the governments here represented will find it possible to join with the United States in giving this proposal their support.

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