We have all listened with close attention and with sympathy to the speech of the Japanese Delegate on Japan's application for provisional membership of the GATT. He developed the case for such accession with clarity and moderation.

But, as I have indicated at an earlier stage, this application raises serious difficulties for a number of countries, including the United Kingdom. Early in the discussion, I put these difficulties briefly before the Contracting Parties so that they can be considered here or in any Working Party which may be set up.

I would emphasize that I am concerned here with a wide range of commercial, political and economic problems which affect the United Kingdom and the General Agreement as a whole. I appreciate the difficulties which confront the Japanese Government, but I should like to make plain the difficulties which arise for the United Kingdom on the Japanese application. These difficulties are based partly on memories of the past, but they are based also on uncertainty about the future; I should like to say something on both.

A year ago the Contracting Parties examined this matter and it presented difficulties then. On the one hand, there were memories of Japanese competition before the war; and, on the other, fears of recurrence of such competition again. Behind these difficulties looms an even larger problem. The fears of Japanese competition recurring may be justified or not; but the fact is they exist not only in the United Kingdom but also among many other Contracting Parties, and they would be bound to have their effect on the tariff and quota policies of the countries concerned. They are bound to make it not easier but harder to make progress in the lowering of trade barriers.

Nations would be anxious to protect their domestic industry and, if Japan was in GATT, the result would be that they would raise barriers upwards against all nations since concessions which are made to one Contracting Party must be made to all.

Such a situation could only do serious damage to the United Kingdom and other exporting countries and in any case could do nothing but harm to the objectives of the General Agreement.
An Intersessional Committee examined these problems. There were long
discussions to see if suitable safeguards could be introduced. One suggested
safeguard involved Article XIX, but I agree with the Intersessional Committee
that there are substantial objections to the use of this Article in the way
suggested. Another suggested safeguard was based on Article XXIII but while
this would be a step in the right direction, it seems to us inadequate to meet
the problem of association here and now.

Now we have before us this application for provisional association.
I must say that I see little difference between provisional association in this
form and permanent accession. GATT itself is provisional, and will probably go o
on as provisional for quite a time. I feel that all these distinctions between
provisional and permanent tend to be artificial.

I wonder still if it is really wise to press this application. If other
Contracting Parties decide to accept the application they are free to do so, but
I must make it clear that the United Kingdom would then have to stand apart.

I should have thought that it would be easier to look at this matter in
the light of the general review of the GATT which will be taking place in due
course. I would ask the Contracting Parties just to consider the situation as
it is to-day. First, look at tariff structure. The other day we had a
discussion on Article XXVIII in the course of which country after country
pointed out the substantial difficulties which it faced in continuing to bind
its tariffs. They explained that time had had a considerable effect upon a
tariff structure which had been established under different circumstances
some time ago. Many expressed anxiety to modify these rates. It seems
probable or at least possible that after some heart-searching we shall agree
to keep the bound tariffs bound. To introduce now, however, a new low cost
producer would certainly exacerbate these difficulties. The logic of the case
which was put forward by the other countries when we were considering the
difficulties on Article XXVIII is that the time to consider the question of
Japan's entry would be when we have fresh tariff negotiations.

Secondly, let us look at the area of competition. For reasons which we
all know and understand the Eastern markets are much reduced. The United
Kingdom and the United States are fully agreed upon East/West trade policy.
We all know the difficulties and the reasons underlying this but we must face
the facts of the situation. The fact is that Japan had an important market
in China before the war. Japan is not the only country whose trade has been
greatly reduced; the trade of other countries is similarly affected. I am
not seeking here to debate the question of East/West trade, I only ask the
Contracting Parties to face the facts.

If that is the situation in the markets of the East, what about the
markets in the West? Again we must face the facts. Can it be contended that
dollars can be readily earned in the United States market today? For the time
being at any rate the United States remains highly protectionist. Whether we

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like it or not the whole trade of Europe and of Japan is turned inward upon itself and is artificially concentrated on a limited area of the world including, if I may say so, the United Kingdom's traditional Commonwealth markets.

In these circumstances with American commercial policy still uncertain we in the United Kingdom feel that this application is premature. We cannot understand what practical advantages would follow from Japan's association with the General Agreement which could not be obtained by other methods. Japan is faced with no pressing urgent practical problems which are not capable of solution for all practical trading purposes by methods of cooperation and good will outside the legal provisions of the General Agreement. After all, it is practical solutions that count. Paradoxically enough it has been the United Kingdom and her Colonies that have in recent months announced practical steps to assist Japan in her problems. For example, a few months ago we announced certain increases in the quotas for Japanese goods in most of our Colonies; and only a few days ago East Africa announced an early relaxation of the embargo there on imports from Japan.

I hope, therefore, that the Contracting Parties will consider these arguments. They are serious ones. I hope that they will consider whether this issue could not be deferred.

After all, is accession as a result of a majority vote, without a Tariff Agreement and with the Contracting Parties deeply divided, something which will really help Japan? If, however, Japan feels bound to press this application and the majority agree, the United Kingdom will not vote against the application. We will, as I have made clear, abstain from voting and abstain from participation in any new obligations that are undertaken.

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