On 28 October, Mr. T. Takasaki, Japanese representative to the Tenth Session of the Contracting Parties, made a statement referring to the problems raised for his Government and to the disappointment of his Government following the invoking of Article XXXV by fourteen governments in respect of Japan's accession. Mr. Takasaki's statement is reproduced in press release GATT/247. (Article XXXV permits a contracting party to withhold application of the Agreement from another contracting party with which it has not entered into tariff negotiations.)

Opening the discussion of the Japanese statement, Dr. C.M. Isbister, Canada, said that Canada was not among the countries which had invoked Article XXXV and had supported Japan's accession without qualifications. He recognized that individual countries have the right to invoke Article XXXV but he agreed with Japan that a problem was created for GATT by reason of so many countries having invoked it. Because the problem was so important he had little doubt that a solution could be found. But such a solution should not impair the existing rules of GATT.

Mr. G. Aziz Ahmad, Pakistan, said that Pakistan had to consider the proposed accession of Japan and the grant to her of GATT relationship against the background of Pakistan's very recently set up new industries. Pakistan started to industrialize in 1948-1949; until then it had been a purely agricultural country. Against this background Pakistan had decided that, even though Japan had been highly industrialized for many years, Japan must become a full member and Pakistan must grant full GATT treatment. He fully appreciated the deep difficulties of other contracting parties, although he was sorry and disappointed to realize that 14 contracting parties who are responsible for a substantial proportion of world trade, were unable to give Japan full GATT treatment. It was essential that another effort (following the attempt to find a solution in 1953) should be made to see how the political, psychological and economic difficulties could be overcome. He suggested that a small group of interested countries might undertake discussions with Japan on an informal basis.

Baron C.A. Bentinck, Netherlands, whose Government had invoked Article XXXV, stated that his Government had supported Japan's application for accession so as to permit Japan to take part in the economic cooperation which has been and will further be developed under GATT. He welcomed Japan as a full member. But in view of certain aspects of Japanese competition in the field of trade his Government had not been able to find in the GATT sufficient guarantees in order to extend to Japan, immediately and without any reservations, the full GATT treatment. He expressed the hope that another attempt might be made to overcome the difficulties. He was optimistic and believed that there were other countries which might be prepared to see that Japan was granted full GATT treatment.
and unconditional application of the provisions of the GATT. His Government wishes to make it clear, however, that its recourse to Article XXXV was temporary and would be terminated as soon as possible. His Government felt there were reasons for hoping that the development of the Japanese economy and economic policy would after a certain time permit the Netherlands to withdraw its present reservations. Baron Bentinck made it clear that in the meantime the Kingdom of the Netherlands continues to accord most-favoured-nation treatment to Japan in the field of tariffs and applies most of the obligations of the GATT, despite the invoking of Article XXXV. He concluded by stating that his Government would at all times be interested to hear any specific ideas which the Japanese delegation might deem useful in order to arrive at full GATT relationships with all contracting parties.

Mr. J.A. Barboza-Carneiro, Brazil, regretted that his Government, which was opposed to all forms of discrimination, found it necessary to resort to Article XXXV, but this was unfortunately unavoidable because Brazil was still conducting tariff negotiations with Japan. He hoped that a satisfactory outcome would soon be reached in which the present situation would disappear. He appreciated the difficult position of the Japanese delegation and considered that everything possible should be done to facilitate their task.

Shri L.K. Jha, India, said how pleased he was to see Japan as a full contracting party and how sorry he was that India was not able to assume full GATT obligations to Japan immediately. He hoped that it would be possible in the not distant future to find a way to get over the difficulties which had led India to invoke Article XXXV. These views had been expressed in public by his Minister in Parliament. Turning to the wider aspects of the problem, he said that one was apt to think of Article XXXV being invoked against Japan, whereas legally both sides were free from obligations. Not only had a number of countries denied GATT benefits to Japan; they had also lost their GATT rights in their trade with Japan. Mr. Jha then made the point that the situation that had arisen did not involve a group of countries on the one hand and Japan on the other. It had arisen between Japan and individual countries. The right solution would therefore emerge through direct discussions between individual contracting parties and Japan, for each party had its own problems, and a country by country approach was more likely to be fruitful. In India, he said, the consideration of the problem had been influenced not by pre-war but by post-war experience. Although only small items had been affected and there was no serious damage to the economy, the industries concerned had good reason to ask the Government to be cautious before accepting the full GATT obligations towards Japan. In spite of this experience India had refrained from doing anything inconsistent with GATT obligations, but India had reserved the right to do so when no other solution was workable. The Indian Government would be very happy if the application of Article XXXV could be withdrawn and he suggested that frank discussions might be held between some delegations and Japan to see in what conditions some governments could change their positions.

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M. P. Fortho, Belgium, said that his delegation wished to maintain contact with the Japanese delegation to study possible solutions. The problem was complicated for his country by the fact that so many others had had recourse to Article XXXV. There was as a result a definite danger of an excessive pressure of imports on the Belgian market. His Government, like the Netherlands Government, would continue to apply in practically all aspects GATT treatment towards Japan. He said that the invoking of Article XXXV implied no disrespect towards Japan.

M. A. Duhr, Luxembourg, said that the position of his Government was in common with that of the Netherlands and Belgium.

Dr. H. Standenart, Austria, said that his country granted most-favoured-nation treatment to Japan but was obliged to invoke Article XXXV as a provisional measure to safeguard certain aspects of the Austrian economy. In her present condition Austria was obliged to avoid all perturbations in her economic life. He agreed that the best method of proceeding would be through informal contacts.

Ambassador J. O. H. Bonbright, United States, referred to his comments at the beginning of the Session (press release GATT/245) and reaffirmed the interest and concern of the United States Government and of its willingness to participate in finding a solution.

Mr. G. W. Sanders, United Kingdom, said that the United Kingdom had never disguised the difficulties they had foreseen in connexion with Japanese accession to GATT and that the United Kingdom position had been fully set out in the carefully considered Statement of Policy issued by Her Majesty's Government in April 1955, in which they announced their decision to invoke Article XXXV. This had explained why the United Kingdom could not now accept the unconditional obligations of the GATT towards Japan, had expressed the hope that United Kingdom trading relations with Japan and Japan's Trading relations with the rest of the world might so develop as to enable the United Kingdom and their colonies in due course to accept the full application of the provisions of the General Agreement to their trade with Japan and had indicated the methods by which Her Majesty's Government hoped meantime, on the basis of mutual interest, to regulate their trading relations with Japan.

M. A. Philip, France, said that although France had invoked Article XXXV, this did not imply any lack of sympathy for Japan's economic difficulties. France had worked towards Japan's accession and he was personally glad to see Japan sharing in the work of GATT. He appreciated the moderation and tact of the Japanese delegation. The French Government had decided to invoke Article XXXV after thorough study, because GATT does not give sufficient safeguards against granting full most-favoured-nation treatment. M. Philip said that today Japan's export prices are on the average lower than world prices. This, he said, is not the result of pre-war trade practices. They result from a special social situation, namely that Japanese standards of living are lower than in the European industrialized countries, while their industrial techniques are
advanced. Everyone appreciated that Japan must import food for her existence and must pay for it through exports. But Japanese standards of living are not equal to those of her competitors. This was no reproach to Japan, he added. M. Philip said that the problem called for action on a broad front at the international level. The Contracting Parties were limited by their terms of reference to dealing with trade matters and were not the competent organ for examining this problem as a whole. M. Philip said that the main difficulties for France were caused by a combination of two factors; first, the industrialization of overseas territories and secondly the structural crisis of the textile industry in Metropolitan France. With the rapid industrialization the young industries in under-developed territories need protection. At the same time the metropolitan textile industry which was a great exporter in the 19th century is now trying to find markets by extending in the domestic sphere. In France's case the textile problem is particularly serious. Japanese statistics show, he said, that in 1951 in the Japanese textile industry 90 per cent of the workers are females; of those, 73 per cent are between 15 and 20 years of age; the nominal monthly wages in 1951 were 15,600 yen for males and 6,800 yen for females. France, he said, had signed the ILO Convention guaranteeing equal wages for both sexes. A difference of more than 50 per cent between male and female wages in an industry employing 90 per cent female labour provides a type of competition beyond anything envisaged in the GATT. In conclusion, M. Philip congratulated the Japanese Government on the elimination of pre-war trading difficulties. In the commercial framework of GATT France was obliged to invoke Article XXV, but this attitude was not final and the French Government was ready to study any satisfactory formula in the interest of both parties.

The Chairman, Mr. L. Dana Willgoss, summarizing the discussion, said that there was a general desire to examine the situation that had arisen and an effort should be made to find a solution. Time would be required for reflexion both at Genoa and in the national capitals. The problem could be informally explored between the Japanese and other individual delegations. He regarded this discussion as a first round and would revert to the matter later in the Session.

Mr. T. Haguiwara, Japan, thanked the delegates who had taken part in the discussion and agreed with the Chairman's suggestion for informal discussions between the Japanese and other delegations.