GENERAL AGREEMENT ON TARIFFS AND TRADE

Fourteenth Session of the CONTRACTING PARTIES

APPLICATION OF ARTICLE XXXV TO JAPAN

STATEMENT BY MR. ICHIRO KAWASAKI, LEADER OF THE JAPANESE DELEGATION IN PLENARY SESSION ON 25 MAY 1959

Once again it is my painful duty to have to remind the CONTRACTING PARTIES of the anomalous situation still obtaining in the General Agreement in respect of Japan, namely the application of Article XXXV vis-à-vis Japan by no fewer than thirteen countries.

During the six months since the last session of the CONTRACTING PARTIES there has unfortunately been no notable change in the situation. I should, however, like to report very briefly on the bilateral conversations that have taken place with some of the governments which still invoke Article XXXV towards my country.

The Chancellor of Austria, H.E. Dr. Raab visited Japan in January this year and on that occasion my Government took the matter up with the distinguished Austrian visitor. As the result of our conversation, Dr. Raab was good enough to promise to study the matter further upon his return home. It is our fervent hope that Austria will find it possible soon to enter into formal GATT relations with Japan.

Another country we have dealt with during the period under review is Haiti. The Haitian Government informed us in November of last year of its decision to repeal the application of Article XXXV, the step we fully appreciated. We are confident that the Haitian Government will in the very near future give effect to the decision it had already taken on the matter.

During the current session of the CONTRACTING PARTIES many a delegate has stressed the imperative necessity of greater liberalization of world trade both in the context of the convertibility of currencies and in respect of individual countries. The fact that my country, alone of all other contracting parties, is still subject to the discriminatory treatment, clearly runs counter to the generally expressed desire for liberalization of world trade.

Unfortunately, there still seems to be a certain amount of misunderstanding and distrust of Japanese business practices in many countries which regard Japan as a dangerous price-cutting rival. At the same time there is a strong sentiment for protectionism which dies hard in certain countries. Both these factors combine to make some countries reluctant to enter into full GATT relations with Japan.

It is heartening to know, therefore, that there are always some well-informed and fair-minded persons in any country. Mr. Roy Harrod, one of the top British economists who recently returned from a trip to Japan declared that expanding exports from Japan should be judged as a contribution to the balanced growth of the whole free world. Writing in the recent issue of the "Director" magazine Mr. Harrod said:

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"The first tendency of other industrial countries is to regard Japan as a rival, even a dangerous one. This is particularly so since her wage structure may allow her to do severe price under-cutting.

"But more and more it becomes plain that it is incumbent upon us to look at the problems of each separate country in relation to the whole world's economy. Within this world picture we should favour the continued expansion of Japan.

"If the European increase is less great in the coming period this will be because her need to that extent is satisfied. But the increase of imports that Japan needs will continue to be very great.

"Thus Japan could make a substantial contribution to sustaining the growth of under-developed countries. The corollary of this is that we should favour an expansion of Japanese exports. In an expanding world there is probably room for a rising level of exports from all the mature countries, reckoning Japan as one of them."

Thus it can be said that much of the misunderstanding concerning Japanese trade is due to ignorance and lack of correct information. Of particular interest to the CONTRACTING PARTIES is our effort - our very serious effort at orderly marketing. With many of our trading partners who maintain normal GATT relations our efforts have proved satisfactory and whatever difficulties that may crop up from time to time have been solved by mutual consultations. Clearly there is no cause for many countries to take shelter under the escape clause of Article X.lXV, thereby detracting much from the effectiveness of that great international instrument.

In this connexion my Government is gratified that the CONTRACTING PARTIES have accepted its invitation to meet in Tokyo this autumn. We should like the distinguished delegates to see for themselves what Japan is like and what are the conditions there. My delegation requests that the item of the application of Article X.lXV be placed again on the agenda of the fifteenth session and I can assure you that the discussion of this particular item will take place in the spirit of the utmost cordiality and mutual understanding.

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