GENERAL AGREEMENT ON TARIFFS AND TRADE

Intersessional Committee

SUMMARY RECORD

of the Meeting held at the Palais des Nations, Geneva, on 11 February 1953.

Chairman: Mr. Johan Melander (Norway)

Subject discussed: Accession of Japan

ACCESSION OF JAPAN — The Question of Timing

Mr. CORSE (United States) pointed to the difficulty of giving separate consideration to the two main points in their terms of reference, namely the questions of conditions and timing. Any consideration of the timing of tariff negotiations for the accession of Japan was in any case premature. Different problems presented themselves in this connection to several delegations. Some were concerned with the stability of the concessions, others, as was the case with the United States, could not predict the outcome of the legislative process for the renewal of the authority under which they operated. In spite of the eagerness of the United States Government that Japan should accede to the General Agreement with the least possible delay, he was not at present in a position to commit his Government to any particular course.

He suggested that the contracting parties be asked their views on the question of timing as soon as possible. If this was felt to be too indefinite then it could be followed by the words "in any event not later than spring or early summer of this year". He hoped that by then the issues would be sufficiently clear for the CONTRACTING PARTIES to proceed in the matter at present under discussion and in allied matters.

Mr. SANDERS (United Kingdom) said that there were two aspects of this question of timing. First, the CONTRACTING PARTIES had to consider when they could reach a decision on the conditions under which Japan's application could be pursued so that trading interests might as soon as possible know that the way was open in principle for Japan to enter into tariff negotiations with a view to accession. He appreciated Japan's desire for a prompt decision.
This desire was shared by all but account had to be taken of the difficulties facing some member countries. Secondly, there was the question of timing of tariff negotiations. The views of his Government in the matter of tariff negotiations were already known. In view of the importance of Japan as a major trading nation it seemed to them that other contracting parties with direct or indirect interests in the results of tariff negotiations with Japan would feel that piece-meal negotiations were not appropriate. Furthermore, he felt that CONTRACTING PARTIES would inevitably wish to consider this question in relation to the other major questions affecting tariffs which would be likely to demand their attention. While appreciating the Japanese desire for speed in this matter, he was, in view of the broader aspects of the matter, in agreement with the United States view that a decision would at the present stage be premature.

Mr. LECUYER (France) expressed his full agreement with the views of the representative of the United Kingdom. He agreed that a decision on the conditions and timing of Japan's accession should be reached as soon as possible, in the interests both of Japan and of the contracting parties, but it was evident that not all contracting parties could at the present time fix a date for the tariff negotiations with Japan. He also agreed that in view of Japan's importance as a trading nation, tariff negotiations should be multilateral, as this course would permit the solution of other important questions of a tariff nature.

Mr. PARBONI (Italy) agreed fully with the views of the two previous speakers.

Mr. CISNEROS (Cuba) felt that until the report of the Intersessional Committee on Japan's accession had been considered by the contracting parties it might be difficult to arrive at any conclusion in regard to the timing of tariff negotiations with Japan. In view, however, of Japan's importance in international trade, he agreed with previous speakers that a decision should not be delayed too long. He favoured the indication in the report of the Intersessional Committee of a date by which the contracting parties should submit their answers to the questions raised therein. He thought the attitude of the contracting parties could be best expressed in a special session rather than by post.

Mr. CORSE (United States) referred to his earlier statement and wished to confirm that the question of a general round of tariff negotiations was one that had to be considered. He wanted, however, to point out that no adequate consideration could be given to this and allied matters until the numerous uncertainties had been removed.
Mr. COUILLARD (Canada) spoke as follows:

"The main question of substance involved in any discussion on timing is, in our view, the question of the nature of the negotiations in which Japan would take part with a view to its accession to the General Agreement. This question is of fundamental importance; it is one to which we attach great importance. Contrary to the question of the date at which the CONTRACTING PARTIES decide to hold tariff negotiations, the question of the nature of the negotiations can be discussed in substance and a recommendation by this Committee might be made now to the CONTRACTING PARTIES.

"The members of the General Agreement will be facing this year a number of important issues and problems in the field of tariffs. Not the least of these issues, but only one of them, will be the negotiations which it is hoped will be held and in which Japan will take part with the view to joining the General Agreement. Another important issue which must be dealt with before the end of this year is the question of extending the assured life of the existing concessions under the Agreement. Still another group of important issues relate to the need for further progress towards a general lowering of tariff barriers. In this connection the CONTRACTING PARTIES have been and are still considering a number of plans such as the Benelux and the French plans for the lowering of tariffs.

"All these issues are closely related. They can all contribute to the attainment of one of the basic objectives of the Agreement - namely, the reduction of barriers to world trade. Further progress towards that basic objective would increase the volume of world trade, it would strengthen the General Agreement and add to the value of the tariff concessions exchanged under it. It would help to bring greater tariff stability in international trading relations from which, we all hope, other forms of trade barriers will be gradually eliminated. We must recognize that our individual governments, in working out their position on any one of these issues which are or will be at the CONTRACTING PARTIES' doorstep this year, will be bound to consider each issue in relation to the other related issues. For example, in the case of some countries the question of the rebinding of existing tariff concessions cannot be divorced from the question of the accession of Japan and the prospects of further progress in effectively opening up world markets. It is these considerations which have led us to the conclusion that it would be strongly advisable to link the major issues, consider them as part and parcel of one common problem and deal with them in one common programme. It is, therefore, our view that the negotiations envisaged must be general negotiations.

"I think that members of the Committee are generally agreed that the negotiations which are envisaged and as a result of which Japan is expected

(1) Reproduction of this statement in full has been specially requested.
to accede to the General Agreement, should be multilateral — multilateral in the sense that existing members of the Agreement would have an opportunity to conduct all in one place bilateral negotiations with Japan. But by general negotiations we mean more than that. We mean a general round of tariff negotiations in which it would be open to all contracting parties to negotiate with all other contracting parties which wish to negotiate, as well as with Japan.

"I should like to expand a bit more on some of the reasons which, in our view, make such general negotiations highly desirable not to say essential. Many of these reasons are based on the importance of Japan as a world trader. One reason of real practical significance is that in the past, namely in Geneva in 1947 and in the case of major accessions since, the procedure of general negotiations was, and indeed had to be, followed. Japan is a major accesser. The procedure of general negotiations followed in the past is for that reason all the more important in the case of Japan. Another reason results from the principal-supplier rule which again circumstances have imposed on members of the General Agreement in their tariff negotiations procedures in the past. This is not so much a rule as a matter of real practical significance. In the case of a large number of contracting parties, their trade with Japan extends over a wide range of products although Japan is the principal supplier to them of very few of these products. Similarly, many contracting parties are not the main supplier of many, if any, products to Japan. It follows that such contracting parties, and indeed Japan, must, if their negotiations are to be broad as well as mutually advantageous, negotiate with the principal supplier, that is with other contracting parties. Another reason relates to the question of extending the assured life of the existing concessions which must, in any event, be dealt with before the end of this year. We consider that this question also should be taken up and absorbed in general negotiations. We are all aware, of the difficulties which certain countries have had in the past and might have in the future in extending for another number of years their existing tariff concessions. With the accession of another major trading country like Japan, the possibility of extensive withdrawals of existing concessions cannot be ignored. On the other hand, should the question of the extension of existing concessions form part and only part of another major effort to reduce world tariffs, the pressure towards a general increase in tariffs would be greatly reduced.

"Still another group of reasons for general negotiations relates to the difficulties and fears which a number of countries have put before this Committee in our discussions on the conditions which might be attached to Japan's accession. Such difficulties and fears would be reduced if Japan's accession were to form part of general negotiations. Firstly, from a presentational point of view the difficulties inherent in Japan's accession would be lessened for a number of countries which would then be able to present Japan's accession as part of the broader tariff negotiations out of which
other opportunities for expanding trade would emerge. Secondly, and what is more important, is the fact that such general negotiations would provide more room - if I may put it that way - more room in the General Agreement for the entry of a major trading country like Japan. It would make it economically and commercially easier for most countries to make the adjustments which Japan's accession will inevitably require. The concessions which countries could expect to receive from other countries would help those countries in an appreciable way in finding new markets and expanding existing ones to replace those in which the accession of Japan might worsen their competitive position. Furthermore, it is to be hoped that countries may not find it necessary to have recourse to the safeguards which we have been discussing under the Agreement.

"I would submit also that it would be of real, not to say of vital, importance to Japan itself to accede to the Agreement on a wave of a general expansion of trade in which Japan's position, as well as that of existing contracting parties, would be more easily adjusted. I should think that negotiations limited to the exchange of concessions between Japan and certain other countries would be arid: they would be more difficult, to say the least, and certainly would not be entirely satisfactory, either from Japan's point of view or from the point of view of those countries which would negotiate with Japan alone.

"I might add a word on another question to which I know the Japanese Government attaches importance. It is the question of the time it would take to complete the negotiations. In my judgement the time required to carry out the general negotiations, of the nature I have outlined, would not be appreciably longer than the time which in any event would be occupied in the more limited negotiations between Japan and other countries. It goes without saying that all I have said about the strong desirability of a new round of tariff negotiations assumes that the major trading countries participating in these negotiations will be in a position to participate effectively in a further effort towards opening up the channels of world trade. I feel certain that most members of the Committee will agree with us on the importance of the matters which we have raised. I would welcome a statement on the views and comments of other members of the Committee on these matters. In our view general negotiations would serve the best interest of the General Agreement, of its present members, of Japan, and of world trade generally."

Mr. NAGAI (Japan) recalled that Japan's request for accession to the General Agreement had been before the CONTRACTING PARTIES for a long time. His Government had placed considerable hope in the simplified procedure adopted at the Sixth Session. They had then expected a decision in principle to be taken at the Seventh Session. In coming to the present session of the Intersessional Committee his delegation had thought that a decision would be arrived at to the satisfaction of all concerned which would clearly indicate to them the course they would have to follow for accession to the General Agreement.
It was of the greatest importance to them to have a clear decision on the question of the conditions, so that they might know whether they would ultimately be able to accede to the General Agreement. They hoped to be in a position, as soon as possible, to assure their public that their attempts towards co-operation in the international economic domain would regain the confidence of the free nations, and enable them to find their just place in world trade. A clear indication as to the possibility of their accession to the Agreement was of the greatest importance to them in framing their commercial and customs policy, particularly in relation to Article 12 of the San Francisco Peace Treaty. That Article authorised Japan to withhold most-favoured-nation treatment from those countries which discriminate against Japan. Up to the present Japan had not used this right, but he asked whether they should have to wait without taking action on this point until they had been admitted to GATT, when even their accession was certainly not a foregone conclusion. He hoped the approval by the CONTRACTING PARTIES of the Report of the Intersessional Committee on the proposed conditions would be obtained as soon as possible by some precise procedure or at a special session of the CONTRACTING PARTIES. Once this question was settled, the Committee could more easily proceed to the consideration of the practical questions concerning the negotiations such as dates of the different stages and place.

Admitting that some delay might still be necessary for the situation to be clarified as regards the negotiating powers of some governments, he stated that it was the desire of the Japanese Government firstly, that a decision should be taken within some two months on the principle of Japanese accession and on the proposals of the Intersessional Committee with regard to Article XXIII. Secondly they desired that a decision be then taken by the CONTRACTING PARTIES regarding the date and other arrangements for tariff negotiations, and, thirdly, that preparatory measures be promptly initiated so that the earliest possible date might be fixed for the tariff negotiations and that, in any event, this date should not be later than the Eighth Session.

With regard to preparatory measures, Mr. Nagai mentioned that, in his understanding, the ordinary tariff negotiations procedure provided for the exchange of statistics and preliminary and final request lists. To the extent that the competent administrative authorities could enter into such preparatory stages without committing in any way their respective governments, it seemed to him that there was no reason why the preparatory measures should not be initiated before the final decision was taken with regard to the timing of the formal negotiations.

At the Seventh Session it had been recognized that Japan could at any time enter into bilateral negotiations with a view to incorporating the results in the final tariff negotiations. A certain number of contracting parties had already agreed to enter into bilateral negotiations in the near future and the Japanese Government hoped to be able to conduct them as a preliminary step to their tariff negotiations for accession.
The CHAIRMAN said that although an early decision on the question of conditions and timing under which Japan's application for accession would be pursued was certainly desirable, he realised that there were still important questions to be solved and difficulties of one country in particular which had to be removed. A decision of the CONTRACTING PARTIES could therefore not be expected before the late spring or early summer. It was the feeling of certain delegations that a decision on the timing of tariff negotiations was dependent on other decisions regarding such issues as the continuation of the assured life of existing schedules and the desirability of further reductions in tariffs, which the CONTRACTING PARTIES should make by the end of the year. Therefore it was not possible at present to make any definite recommendation to the CONTRACTING PARTIES on the time and place of the negotiations with Japan. Referring to the point raised by the Japanese delegate, the Chairman stated that any contracting party could enter into bilateral negotiations with Japan with a view to their eventual integration into the General Agreement or to make any technical arrangements to prepare for bilateral and, if opportune, for future multilateral negotiations with Japan.

Mr. COUILLARD (Canada), referring to the questions which he had raised, asked that, although they might perhaps fall outside the Committee's terms of reference, members should be given, in view of their importance, an opportunity to discuss them.

Mr. SANDERS (United Kingdom) said that the Canadian delegate had set out forcibly and lucidly the considerations which he and others had had in mind in saying that the timing of tariff negotiations could not be considered in isolation from the issue of Japan's accession. He agreed that these considerations pointed almost inescapably to the conclusion that only by taking the tariff negotiations with Japan along with another major round of tariff negotiations, could the most advantageous results for all parties, including Japan, be secured. As pointed out by the Canadian representative this rested on the assumption that other countries would be able to make effective contributions and on that the position could not at present be known. While the conclusion reached by the Canadian delegate might well prove the conclusion to which the CONTRACTING PARTIES generally would wish to come, he felt that it was for consideration by the Committee whether they would think appropriate to go on record, here and now, with a definitive decision.

The CHAIRMAN said that the representative of Canada, in discussing the interdependence of tariff negotiations with Japan and of other tariff matters, had drawn attention to a very important issue. As the United Kingdom representative had said, the question was whether the Committee should endeavour at this stage to reach conclusions or to postpone the discussion of the point to a later occasion. He had not thought that this was one of the tasks of the Committee, but he was prepared to have the matter discussed.
if the Committee so wished. In his view it would be more appropriately discussed in a special session in the summer by which time the problems might be considerably clarified.

Mr. CORSE (United States) said that his delegation agreed with the Chairman's view that a definite settlement of the questions raised by the Canadian delegation should and could wait until some later date. He was aware of the importance of these issues but feared that his delegation was not yet fully prepared to discuss them. His Government would be able to supply answers to the various questions with a greater degree of precision at a later date.

Mr. CINNERS (Cuba) said that it might be advisable for the Intersessional Committee to consider more fully the matters which had been raised by the Canadian delegation. He was doubtful, however, whether it would be possible for the Committee to reach a conclusion at this session as to the advisability of holding general tariff negotiations in conjunction with tariff negotiations with Japan. In this connection he mentioned two difficulties: the length of the present session of the Committee and, much more important, the risk that any determination on the allied matters might prejudice their proceedings on the specific question of Japan's application for accession. He thought it would be difficult for the contracting parties to state their position on the nature of future tariff negotiations before having had the opportunity to consider the report of the Committee on the question of conditions of Japan's application. The Committee's report should refer to the matter and governments should be asked to make their views known on this subject. He had no instructions from his Government as to whether they would be agreeable to the holding of general tariff negotiations in conjunction with the negotiations with Japan. However, he felt that on the points raised by the Canadian representative, which would require consideration before the end of the year, the conclusions of most governments were not likely to differ greatly from those of Mr. Couillard.

Mr. QUERTON (Belgium) said that his delegation was so convinced of the need for a further lowering of tariffs that they could not fail to give their closest attention to Mr. Couillard's statement. He did not know however, what position his Government might want to take on these issues. He thought that the matter could probably be best dealt with at a special session of the CONTRACTING PARTIES.

Mr. COUILLARD (Canada) wished to make it clear that he could not at present indicate to what extent his Government would feel bound to take part in any future round of tariff negotiations. He hoped that after some informal conversations among the members, the discussion would be continued at expert level. He observed that the procedure of a general round of tariff negotiations was the most suitable to deal with the problems of Japan's accession and effectively to settle the other broad policy issues in the
field of tariffs which the governments of the CONTRACTING PARTIES would be facing before the end of the year. The report of the Intersessional Committee to the CONTRACTING PARTIES should contain some reference to the problems he had raised as these were undoubtedly involved in the conditions and timing of the Japanese accession.

Upon the suggestion of Mr. CORSE (United States), accepted by Mr. COUILLARD, the drafting committee was asked to prepare a text for insertion in the Committee's report.

The CHAIRMAN said that although an agreement on the timing of tariff negotiations with Japan was difficult to reach at present, the Committee could recommend that a decision be made as soon as possible and not later than 30 June. As it would not be possible at the present stage to arrive at a decision on the matters raised by the Canadian representative, he hoped that the drafting committee could agree to a satisfactory text for the report.

Mr. IHARA (Japan) said that the Japanese delegation appreciated the difficulty of fixing a precise date for tariff negotiations at present but hoped that the CONTRACTING PARTIES would be able to reach a decision at the earliest opportunity and, possibly, before the late spring or early summer as had been suggested. With regard to the suggestion that tariff negotiations with Japan should take place in a general tariff conference, he said that, if such a procedure should cause undue delay to the accession of Japan, his Government would prefer piecemeal negotiations. He hoped that the Committee would be successful in finding a formula which would be acceptable to all parties concerned.