Mr. Chairman,

1. As representative of Japan, I am very happy to welcome such a large number of distinguished Ministers and delegates to my country. I attribute a very special significance to the fact that Tokyo has been chosen as a site of the session of the CONTRACTING PARTIES to be held for the first time outside Europe. A mere glance at world economy is sufficient for us to realize the variety and the vastness of the problems with which it is confronted: liberalization of trade, elimination of discriminatory treatment, economic development of the less-developed countries, regional economic integrations, to list only a few. And I am sure that my own country, Japan, presents in many respects a number of problems which are of concern to the world. It is for this reason, that I wish to take this opportunity to try and explain to you some of the fundamental characteristics of Japan's economy and her trade, and also, some of the more important and difficult problems which she is facing at the moment.

2. As you all know, Japan is not a large country, and poorly endowed with natural resources, but having to support a very large population - we are gradually approaching the 100 million mark. It seems hardly necessary for me to state, therefore, that trade is of vital importance to our economic survival.

Now let us take a look at the actual state of our economy. The Second World War left in its wake a total devastation of our land and the complete destruction of our industries. Fortunately, our post-war recovery has progressed with considerable rapidity, and, more recently, the foundation of our national economy has been greatly consolidated, with a higher degree of productivity attained through the rationalization of enterprises on the one hand, and the innovation of industrial techniques on the other. As an example, I might cite the case of the mining and manufacturing industries, where actual production has now become about 2.5 times that of the pre-war period. The per capita income in Japan has been increasing steadily and real wages have also risen considerably. Real wages in this country today, therefore, are in fact not as low as it is alleged by many countries. In the field of trade, however, we are only just regaining the pre-war level, and there are ample possibilities for further expansion.
However, in comparison with the economy of other highly industrialized countries, the Japanese economy presents a very particular characteristic. Namely, besides a group of highly developed industries, there is another group of very small enterprises in the manufacturing industries, in agriculture and in mining, with extremely weak or practically no competitive power in world markets.

Moreover, the working population is increasing yearly, for which additional employment has to be provided. While the rate of increase in the population has recently shown a marked decrease, the number of persons attaining the working age will be considerably large for the next ten years, because of the effects of the particular circumstances prevailing in Japan at the end of the war and the few years which followed. This phenomenon, we believe, is of a transitional character, since Japan would be expected to possess a well-balanced economy by that time. Nevertheless, for the next ten years at least, we would have to be prepared for, and cope with, a yearly increase of over a million in the working population.

It would be necessary to modernize Japan's economic structure and to provide employment to the increasing population, and at the same time, to raise the standard of living through the increase in national income. However difficult this might be, it is a task which has been imposed on Japan's economy and every effort must be made towards its accomplishment. For this purpose, it would be necessary to maintain economic growth at a very high rate for several years to come. Obviously, this could not be accomplished by depending only on domestic markets. The expansion of trade, therefore, becomes an increasingly important factor. Since Japan's foreign trade depends to a large extent upon the continued growth of world trade, I wish to emphasize strongly, in this connection, that Japan's trade be accorded opportunities for fair and equitable competition. So long as Japan could be assured of such opportunities, I firmly believe that she will be able, in spite of the unfavourable economic conditions which I have already mentioned, to reach a stage of development befitting any modern industrialized country and consequently, will be in a position to contribute her full share toward the prosperity of the world economy as a whole.

3. The world today is rapidly moving toward liberalization of trade. I need hardly add that in view of the vital importance which this country attaches to international trade, we are determined to accelerate trade liberalization in accordance with such a trend. I am well aware of the fact that, in view of the improvement in our economy and particularly in our balance-of-payments position which has been achieved since the end of last year, we have been urged to relax our present import restrictions. I should like to reiterate on this occasion that, in spite of the many difficulties still facing Japan, the Japanese Government is determined to eliminate our existing discrimination and, in the light of our present favourable balance-of-payments position, to relax the restrictions on the importation of finished products as well as certain kinds of raw materials, at the earliest possible date.
4. I explained earlier, that what Japan desired was an opportunity for fair competition in, and non-discriminatory access to, the world market, and I am convinced that this is fully consistent with the ideals of the GATT. Nevertheless, the fact remains that, in certain cases, the GATT ideal appears to have been conveniently shelve., if not completely ignored. It is to be regretted that there are certain countries which are under GATT obligations with Japan and which continue to apply discriminatory treatment to Japanese goods, and it should be added that, as many as fourteen contracting parties invoke Article XXXV. I need hardly explain here that Japan's trade is always in a precarious condition, due to these unfavourable circumstances and such a situation would in fact have a detrimental effect on Japan's trade. The Honourable Delegates may have already noticed that this problem is becoming a matter of great concern to the Japanese public. I wish to confine myself at this time to pointing out that this regrettable situation constitutes a formidable obstacle to the smooth administration of the GATT. I sincerely hope that this issue will be settled at the earliest possible date.

Furthermore, we cannot overlook the mounting pressures for import restrictions against Japanese goods in some of the highly industrialized countries. It would be difficult for us to eliminate the anxiety that our exports would be affected adversely, should such pressures have a specific effect on the policy of the governments of such countries.

In the course of the economic reconstruction in the post-war period, the quality of our products has improved greatly. At the same time, through close cooperation between the Government and business circles of Japan, every effort has been made to prevent unfair practices.

Furthermore, Japan has been exercising voluntary export control to prevent the flooding of foreign markets with some tangible results, and in some cases, this has even involved unease sacrifices to her economy. In view of these circumstances, it would not be improper for me to point out that this apprehension against Japanese goods which still exists in certain parts of the world is no longer justified.

5. Another problem to which I should like to refer, concerns the problem of economic integrations on a regional basis such as the European Economic Community and the European Free Trade Association, etc.

Such regional economic integrations, accoriding to the spirit of the GATT, can only be justified as a process toward total liberalization of world trade, and we believe consequently, that the advantages which would result from the elimination of obstacles to trade within such integrations should extend to countries excluded from these integrations. So long as the above principles are observed, Japan would not oppose the fundamental purpose of these economic integrations to contribute to the expansion of world trade through promotion of economic prosperity among themselves. Japan, however, is not favoured, due to economic and geographical reasons, with an environment which would permit her to proceed on the path toward trade liberalization on the basis of pro pro quo with her neighbouring countries. In these
circumstances, we are apt to be under the apprehension that these integrations might develop in pursuit of prosperity among themselves at the cost of third countries like Japan. I am confident that Japan's apprehension will be appreciated by the Honourable Delegates present.

6. Finally, I would like to refer to the problem of the less-developed countries. This is perhaps one of the most important and complex problems with which the world is confronted today. The discrepancy between the rate of economic growth of the highly industrialized countries and of the less-developed countries is widening in spite of various efforts which have so far been made. I am aware that the problem has to be approached from various angles, such as technical and financial assistance and devices to stimulate the inflow of private capital and the promotion of exports of primary products. In this connection, I am happy to note that a series of effective and appropriate steps have been taken outside the GATT such as the increase of capital in the IDRD and the decision to establish the International Development Association. It is no less a cause for satisfaction to note that a very elaborate survey has been made in the GATT of the trend in international trade, with special reference to the improvement of the terms of trade of the less-developed countries; and in conformity with the recommendation of this survey, the CONTRACTING PARTIES are now discussing such measures as would ensure the stabilization of prices of primary commodities, expand market for these commodities, give these countries an adequate outlet for their industrial products and provide them with the opportunity to participate in tariff negotiations with the industrialized countries. I earnestly hope that an early agreement will be reached among the CONTRACTING PARTIES.

Japan, which directs approximately half of her exports to the countries of Asia, Africa and Latin America has naturally a special interest in the economic development of the less-developed countries and is prepared to join in the world-wide efforts within the GATT and other international organizations to solve this highly important problem.

7. I have so far tried to describe some features of the Japanese economy, and also expressed my views as to the more important questions with which the world is confronted today, such as the liberalization of trade, elimination of discrimination, regional economic integrations and economic progress of the less-developed countries. I believe that these problems are of great concern to all the contracting parties to the GATT.

I trust that the distinguished delegates of the CONTRACTING PARTIES will attempt during the discussions at the present session to seek satisfactory solutions to these problems, through mutual understanding and co-operation.

Finally, I hope that your stay in Japan will be a pleasant one and that you will make full use of it to observe the actual conditions pertaining in this country.