STATEMENT BY HIS EXCELLENCY YOSHIO SAKURAUCHI,
MINISTER FOR FOREIGN AFFAIRS OF JAPAN

I have come to Geneva backed by the strong faith of the Japanese people that the open multilateral trading system as embodied in the GATT is the only viable alternative available to world trade. At the same time, I am concerned that our responses to the serious problems confronting us today can either make or break the system. If we allowed the weight of the current economic challenges to consign us to pessimistic fatalism, we would be plunged into the vicious circle of low growth and protectionism. More than ever before, we are called upon to move with concrete actions with a firm determination to seek what one might call a virtuous circle of expansion of free trade and economic recovery.

Let me focus on what I consider to be the key issues in relation to this Ministerial meeting.

Firstly, we must be alert to the dangers lurking in the deep and prolonged recession of the world economy. In developed countries, though inflation is subsiding and high interest rates are showing signs of improvement, low growth and growing unemployment perpetuate a climate of uncertainty which seriously inhibits investment and structural adjustment. Many developing countries confront balance-of-payment difficulties, and not a few of them are carrying increasingly serious debt burdens as a result.

Under these circumstances, we live today in an increasingly protectionist environment. I am deeply concerned that, in some countries, pressures for various protectionist legislations are mounting on governments or governments themselves are tending towards trade restrictive measures.

If we resigned ourselves to saying that there is nothing we can do when economic chips are down and accepting the status quo, we would be faced with the danger of sliding into the morass of short-sighted protectionist measures on the part of everybody. We must learn from the lessons of history and strengthen anew our resolve not to repeat the nightmarish experience of the 1930s.

Secondly, no country can solve its trade or economic problems alone. It is essential that each country chip in and pay the cost to maintain and strengthen the free-trading system. In doing so, efforts on the part of each are called for in appropriate economic management and structural adjustment policies as well.
As for Japan, we are firmly committed to continued efforts to contribute to world trade and economic recovery. Since last year, we have undertaken a series of measures to open our market further. We implemented such measures as across-the-board reduction of the tariff rates two years ahead of the scheduled staging under the Tokyo Round Agreement, improvement of import testing procedures and establishment of institutional arrangements for settling grievances. Further, last May, we decided on substantial reduction and elimination of tariffs on important trade items. Japan is today one of the most open markets in the world. One evidence of this is that the implementation of the Tokyo Round Agreement will bring Japan's average tariff rate on mineral and industrial products down to 3 per cent. For all that, we have taken the measures I mentioned unilaterally without asking for matching measures from the countries concerned. We are exerting our maximum efforts to follow up on these measures so that they fully achieve the expected results.

Further, I am encouraged to see the improvement since early this month in the value of the yen, the undervaluation of which has long posed a great impediment to the management of Japan's economy. I strongly hope that this trend for improvement will come to stay.

We will also continue to engage in active discussions with our trading partners with a view to reaching solutions of outstanding issues in pursuit of basic GATT objectives. Whatever positive impetus this Ministerial meeting can provide will have an important bearing on our discussions.

Though it is true that the recent acute economic strains are posing difficult problems for every country, some contracting parties are, for reasons of their pain, over-emphasizing the problem of bilateral trade balances or tending towards unilateral trade-restrictive measures. Such moves clearly run counter to the essence of the GATT which is to reject bilateralism and to ensure sound competition under the principle of unconditional most-favoured-nation treatment, thereby seeking expansion of trade. Further, we should be alert to the fact that these moves are fraught with the danger of triggering the spread of protectionism and bringing about a contraction of trade.

Thirdly, as we look to the future, we should recognize the potential and dynamism of the developing countries in achieving the expansion of the world economy. We should make continued efforts to explore how best we can meet the desires and aspirations of these countries. We also continue to hope that they will participate more fully in the world trading system. Japan intends to work actively in this regard.

Fourthly, in response to the changes in trade relations in the 1980s, we should move forward to address actively hitherto unexplored areas. GATT provides an appropriate forum for this. The work programme in services, for example, can provide a fertile ground for injecting new vigour into the GATT. I am convinced that our efforts for freer trade in this area, taking into account the positions of the developing countries, can benefit developed and developing countries alike.
On this important occasion, I believe that the CONTRACTING PARTIES should exert their utmost efforts to achieve the following in the Ministerial Declaration:

Firstly, the essence of the Political Declaration should be a strong manifestation of collective political will to stem the increasing trend toward protectionism. In particular, there should be a forceful commitment not to take new protectionist measures. Further, with adequate considerations to the special economic or social characteristics of certain sectors, existing protectionist measures should be progressively eliminated. Japan is determined to work to that end.

Secondly, in order to ensure the credibility of the GATT, we must recognize the vital necessity of achieving a comprehensive solution on safeguards in line with the objectives of the General Agreement. Japan has firmly maintained the principle of MFN application of safeguard measures, but has come to the conclusion that we have no choice but to recognize consensual selectivity as an exception which provides a realistic way to resolve this long-vexing problem and that it will enable us to respond appropriately to the issue of measures outside GATT disciplines. Japan is concerned that the introduction of unilateral selective application would lead to a negation of GATT rules and bring about a contraction of world trade, and is therefore opposed to it. In this Ministerial meeting, we should exert our efforts to the very end for the solution of this problem of safeguards.

Thirdly, we should discover the ways which will help meet the desires of the developing countries and enable them to further their dynamic rôle in international trade. Special attention should be given to this important area in the GATT.

Fourthly, the effective working of the dispute settlement procedures is an essential element in ensuring the continuing validity of the GATT system. We should build on the progress to be achieved at this meeting in seeking smooth settlement of disputes.

Fifthly, stability of trade in agricultural products is a matter of important concern to Japan. In view of the urgent need to find lasting solutions to the problem of trade in agricultural products, we should focus our attention on the positive examination of the whole broad range of measures taken in this field, taking into account the interests of agricultural exporters and importers as well as the circumstances peculiar to each country.

Sixthly, we should explore and study how we can address the variety of problems in new areas. They include, in addition to services which I mentioned earlier, trade-related performance requirements and high technology.
I am convinced that these are achievable goals if we collectively exercise our political will. We should not be daunted by the difficulties confronting us, but should forge our way ahead. Let us draw encouragement and inspiration from the fact that the GATT, as the bulwark against protectionism and as the promoter of free trade, has worked over three decades. Let us move forward in ensuring that it continues to work in the decades ahead. Japan, for her part, will continue to exert her utmost efforts to that end.