

3 November 1960

CONCLUDING PARAGRAPHS FOR THE REPORT ON THE CONSULTATION
WITH JAPANGeneral

34. The Committee welcomed the progress that had been made since the last consultation in the relaxation of import restrictions and in the reduction of discrimination. It noted the intention of the Japanese Government to pursue liberalization according to a programme providing for the removal of restrictions by stages, and constantly to explore the possibility of accelerating the programme insofar as circumstances might permit. Members of the Committee noted that at present a large section of Japan's imports was still subject to a varying degree of restriction and of discrimination. The Committee recalled the IMF Executive Board decision of 16 September 1960 in which the Fund noted the intention of the Japanese authorities to accelerate that programme as economic conditions permitted and expressed the belief that Japan's external position would permit a speedier liberalization of restrictions. Discussions at the present consultation had shown that the balance of payments of Japan was developing in a healthy manner; not only reserves had reached a record level but an optimistic outlook was warranted by the future prospects for exports. The Committee, consequently, fully endorsed the view of the Fund and urged the Government of Japan to take immediate steps accordingly. Some members noted that, since the introduction of external convertibility of currencies nearly two years ago, there were no longer grounds for the continuation of discrimination, which the Committee urged should be eliminated. Some members also pointed out that the continued maintenance of import restrictions tended to upset the balance of rights and obligations under the General Agreement between Japan and other contracting parties and had given cause for complaints by exporters and importers in other countries and provided ground for arguments in favour of adjustments in their commercial policies towards Japan. The Committee wished that the Japanese delegation would convey to the Government the sense of urgency regarding this matter. Pending the removal of the restrictions, the Government of Japan was urged to give consideration to the possibility of simplifying the control system (e.g. through the adoption of the negative list method) and to reduce the incidence of the restrictions (e.g. by enlarging quotas and by the provision for token imports).

35. Members of the Committee expressed appreciation for the co-operative manner in which the delegation of Japan had participated in this consultation which had proved to be an occasion for an intensive discussion

of the Japanese economic situation and the system of import restrictions. The representative of Japan said that his delegation had taken careful note of the views and suggestions that had been expressed at this consultation and that these would be reported to his Government, which would no doubt give them careful consideration.