It is right that I should begin by referring to Australia's trading relations with Japan as we are one of the countries invoking Article XXXV. Since the signing of our Trade Treaty in 1957 there is no doubt that a solid relationship has developed, with resulting expansion in trade for both countries. Australia under the Treaty removed its discrimination and now extends most-favoured-nation tariff and licensing treatment to Japan and in return Japan has moved towards a practical interpretation of m.f.n. treatment to Australia. I say "practical" because Japan is a case where State Trading methods and its system of allocating foreign exchange have required a rather concrete spelling out of market opportunities in non-tariff terms. In addition Japan has managed to develop larger markets in Australia without serious damage to sensitive Australian industries. This she has done through voluntary restraint, on her own initiative, on the rate of growth of exports. For example, despite this restraint and as a result of the Treaty, Australia is now ahead of the United States and all other markets except Hong Kong as a buyer of cotton fabrics from Japan. Hong Kong leads on a volume basis only. In fact, on a value basis Australia as a high quality market substantially exceeds Hong Kong.

The Trade Treaty is an important experiment as will be understood by all with a knowledge of our past relations with Japan. If I may refer to the United States Representative's remarks about trade with Japan, the Treaty is also an important experiment in dealing with the fear some countries have of, and I quote Mr. Dillon, "the adverse effects of an abrupt invasion of established markets while continuing to provide steadily enlarged opportunities for trade".

Finally, the Treaty provides that Australia will enter into discussions before July 1960 with a view to exploring the possibility and examining the basis of applying GATT between the two countries. This commitment, as our Japanese colleagues know, will be met. In the meantime it is fair to say that both countries are being guided, in their trading relations, by the fundamental concept of GATT, particularly the concept of effective reciprocal m.f.n. treatment.

Full text of Statement to be issued later.

Tokyo, 28 October 1959

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