

SUBJECT: ACCESSION OF JAPAN

THE CHAIRMAN OF THE CONTRACTING PARTIES HAS RECEIVED THE FOLLOWING COMMUNICATION WHICH HAS BEEN TRANSMITTED TO HIM BY THE JAPANESE MINISTER IN BERN ON BEHALF OF HIS GOVERNMENT. THE CONTENTS OF THIS COMMUNICATION ARE TO BE TREATED AS CONFIDENTIAL.

"UNDER INSTRUCTION FROM MY GOVERNMENT, I HAVE THE HONOUR TO COMMUNICATE TO YOU AS FOLLOWS WITH REGARD TO THE QUESTION OF JAPAN'S REQUEST TO ACCEDE TO THE GENERAL AGREEMENT.

"1. THE QUESTION OF JAPAN'S ACCESSION INTO THE GENERAL AGREEMENT ON TARIFFS AND TRADE HAS BEEN PENDING FOR A CONSIDERABLE PERIOD OF TIME. IT IS RECALLED THAT JAPAN'S FORMAL REQUEST, MADE ON 18 JULY 1952, TO ENTER INTO NEGOTIATIONS WITH CONTRACTING PARTIES WITH A VIEW TO ACCEDING TO THE GENERAL AGREEMENT, COULD NOT BE DEALT WITH UNDER THE SIMPLIFIED PROCEDURES AND WAS REFERRED TO THE SEVENTH SESSION OF THE CONTRACTING PARTIES. ALTHOUGH THE GENERAL REACTION AT THEIR SESSION TO JAPAN'S APPLICATION WAS FAVOURABLE, IT WAS REFERRED TO THE INTERSESSIONAL COMMITTEE TO MAKE A DETAILED EXAMINATION OF THE MATTERS INVOLVED IN THE APPLICATION.

"2. THE INTERSESSIONAL COMMITTEE LAST FEBRUARY RECOMMENDED TO THE CONTRACTING PARTIES SOME SPECIFIC PROPOSALS WHICH, IF ADOPTED, WOULD, IT WAS HOPED, ERADICATE APPREHENSION EXPRESSED BY SOME GOVERNMENTS AS TO POSSIBLE CONSEQUENCES OF JAPAN'S ACCESSION. THE INTERSESSIONAL COMMITTEE RECOMMENDED THAT ITS 'REPORT BE COMMUNICATED TO THE CONTRACTING PARTIES WITH A VIEW TO ARRIVING AS SOON AS POSSIBLE IN SPECIAL SESSION AT DECISIONS AS TO THE CONDITIONS UNDER WHICH THE ACCESSION OF JAPAN SHOULD BE PROCEEDED WITH AND AS TO THE NATURE AND TIMING OF THE TARIFF NEGOTIATIONS'. IT WAS VERY DISAPPOINTING THAT THE SPECIAL SESSION DID NOT TAKE PLACE AS FORESEEN IN THE REPORT OF THE INTERSESSIONAL COMMITTEE. IN THESE CIRCUMSTANCES, THE MATTER HAS BEEN DEFERRED UNTIL THE EIGHTH SESSION AND THE JAPANESE GOVERNMENT FEEL IT NOT UNREASONABLE TO EXPECT POSITIVE ACTION AT THAT SESSION.

"3. THE INTERSESSIONAL COMMITTEE ALSO NOTED THAT A SUBSTANTIAL MAJORITY FELT THAT THE MATTER MIGHT BETTER BE DEALT WITH AS PART OF A FURTHER GENERAL LOWERING OF TARIFF BARRIERS. THE COMMITTEE AT THAT TIME HAD IN MIND THAT ANOTHER ROUND OF TARIFF NEGOTIATIONS MIGHT BE ARRANGED TO TAKE PLACE IN A RELATIVELY NEAR FUTURE. THE COMMITTEE FELT THAT WHILE THE LINKING OF JAPANESE ACCESSION WITH FURTHER GENERAL NEGOTIATIONS 'MIGHT IMPLY SOME DELAY IT WOULD NOT BE SUBSTANTIAL, AND WOULD BE MORE THAN COMPENSATED BY THE ADDITIONAL ADVANTAGES TO BE DERIVED FROM THE WIDER SCOPE OF THE GENERAL NEGOTIATIONS CONTEMPLATED'.

"4. FOR VARIOUS REASONS, HOWEVER, A FURTHER ROUND OF GENERAL NEGOTIATIONS SEEMS NOT TO BE IN SIGHT IN THE IMMEDIATE FUTURE, AND IT IS FEARED THAT EVEN AN ANNECY-TYPE NEGOTIATION, WHICH IS THE NORMAL PROCEDURE FOR ACCESSION, AND WHICH WOULD HAVE AFFORDED JAPAN AN OPPORTUNITY TO NEGOTIATE FOR CONCESSIONS OF PARTICULAR INTEREST TO ITS EXPORT TRADE, COULD NOT BE HELD AT THE PRESENT TIME. THEREFORE THE JAPANESE GOVERNMENT IS DEEPLY CONCERNED AS TO THE WAY IN WHICH THE CONTRACTING PARTIES WILL NOW DEAL WITH THE LONG PENDING QUESTION OF JAPAN'S ACCESSION. IN THE VIEW OF THE JAPANESE GOVERNMENT, THE

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ONLY WAY TO MEET JAPAN'S APPLICATION WITHOUT UNDUE DELAY WOULD BE TO FIND SOME FORMULA BY WHICH JAPAN WOULD BE PROVISIONALLY ADMITTED TO PARTICIPATION IN THE GENERAL AGREEMENT ON TARIFF AND TRADE, WITH ALL THE RIGHTS AND OBLIGATIONS OF THE AGREEMENT.

"5. IT IS TRUE THAT IN THE PAST THE ACCESSION OF A COUNTRY TO THE GENERAL AGREEMENT WAS USUALLY PRECEDED BY TARIFF NEGOTIATIONS BETWEEN THE ACCEDING COUNTRY AND EXISTING CONTRACTING PARTIES. THE JAPANESE GOVERNMENT HAS EXPRESSED REPEATEDLY ITS DESIRE TO ENTER INTO TARIFF NEGOTIATIONS AND THEY STAND ALWAYS READY TO DO SO. JAPAN SHOULD THEREFORE NOT BE HELD RESPONSIBLE FOR, NOR SUFFER THE CONSEQUENCES OF, THE DELAY IN ARRANGING TARIFF NEGOTIATIONS. UNDER THE CIRCUMSTANCES, THE JAPANESE GOVERNMENT SUGGEST THAT THE CONTRACTING PARTIES MIGHT AGREE TO AN ARRANGEMENT OR FORMULA WHEREBY DURING THE PERIOD BEFORE TARIFF NEGOTIATIONS CAN BE ARRANGED, JAPAN'S COMMERCIAL RELATIONS WITH CONTRACTING PARTIES WOULD BE REGULATED BY THE GENERAL AGREEMENT. IT IS UNDERSTOOD THAT ANY SUCH INTERIM ARRANGEMENT WOULD IN NO WAY PREJUDICE THE FREEDOM OF AN INDIVIDUAL CONTRACTING PARTY TO DEFINE ITS ATTITUDE TOWARDS THE ACCESSION OF JAPAN IN THE LIGHT OF THE RESULTS OF THE TARIFF NEGOTIATIONS TO BE HELD IN THAT CONNECTION. THE JAPANESE GOVERNMENT RECOGNIZES THAT IT WOULD BE APPROPRIATE THAT JAPAN SHOULD MAKE SOME COMPENSATION FOR THE BENEFITS OF EXISTING GATT TARIFF SCHEDULE DURING THIS PROVISIONAL PERIOD. THE JAPANESE GOVERNMENT THEREFORE WOULD BE PREPARED TO CONSIDER, AS PART OF THE PROVISIONAL ARRANGEMENT PROPOSED FOR THE PERIOD BEFORE TARIFF NEGOTIATIONS CAN BE ARRANGED, THE BINDING OF A SUBSTANTIAL NUMBER OF TARIFF POSITIONS, IN THE SAME MANNER AND SUBJECT TO THE SAME CONDITIONS AS MAY BE ACCEPTED BY THE CONTRACTING PARTIES WITH RESPECT TO THE CONCESSIONS EMBODIED IN THE PRESENT SCHEDULES. IN VIEW OF THE MODERATE LEVEL OF THE POST-WAR JAPANESE TARIFF, THE JAPANESE GOVERNMENT CONSIDERS THAT THIS ACTION WOULD REPRESENT A SUBSTANTIAL CONTRIBUTION, PARTICULARLY IN THE LIGHT OF THE GATT NEGOTIATING RULE THAT 'THE BINDING AGAINST INCREASE OF LOW DUTIES OR OF DUTY-FREE TREATMENT SHALL IN PRINCIPLE, BE REGARDED AS A CONCESSION EQUIVALENT IN VALUE TO THE SUBSTANTIAL REDUCTION OF HIGH DUTIES OR THE ELIMINATION OF TARIFF PREFERENCES'. THE JAPANESE GOVERNMENT WOULD LIKE TO ADD THAT THEY ARE READY TO ACCEPT THE INTERPRETATION OF ARTICLE XXIII SET FORTH IN THE DRAFT DECLARATION RECOMMENDED BY THE INTERSESSIONAL COMMITTEE (REFERENCE: DOCUMENT L/76, PARAGRAPH 11).

"6. AT THE SAME TIME, IT IS RECALLED THAT THE JAPANESE GOVERNMENT PROPOSED TOWARDS THE END OF LAST YEAR TO ENTER INTO BILATERAL NEGOTIATIONS WITH INDIVIDUAL CONTRACTING PARTIES ON THE UNDERSTANDING THAT THE RESULTS THEREOF WOULD LATER BE INCORPORATED INTO THE GENERAL AGREEMENT UPON JAPAN'S ACCESSION AND A NUMBER OF CONTRACTING PARTIES EXPRESSED READINESS TO UNDERTAKE SUCH NEGOTIATIONS. IN THE LIGHT OF THE INTERSESSIONAL COMMITTEE'S RECOMMENDATION, HOWEVER, THE JAPANESE GOVERNMENT LATER ASKED THE GOVERNMENTS WHICH RESPONDED IN THE AFFIRMATIVE TO DEFER SUCH NEGOTIATIONS PENDING FURTHER DEVELOPMENTS. IF A PROVISIONAL ARRANGEMENT ALONG THE LINES SUGGESTED ABOVE WERE ADOPTED, THE JAPANESE GOVERNMENT WOULD BE PREPARED TO NEGOTIATE RECIPROCAL TARIFF CONCESSIONS WITH ANY CONTRACTING PARTY WHICH WISHES TO DO SO, WITH THE IDEA THAT THE RESULTING CONCESSIONS WOULD EVENTUALLY BE INCORPORATED IN THE GATT SCHEDULES.

"7. THE JAPANESE GOVERNMENT HAVE COMMITTED THEMSELVES IN THE PEACE TREATY SIGNED IN SEPTEMBER 1951 TO ACCORD TO EACH OF THE ALLIED POWERS MOST-FAVOURED-NATION TREATMENT WITH RESPECT TO CUSTOMS DUTIES TO THE EXTENT THAT THE ALLIED POWERS CONCERNED ACCORD JAPAN THE SAME TREATMENT. WHILE ACTUALLY GIVING

SUCH TREATMENT TO ALL COUNTRIES, THE JAPANESE GOVERNMENT FEEL THAT IT IS NOT EQUITABLE TO CONTINUE FOR TOO LONG A PERIOD THIS PRACTICE WHICH FAVOURS THE COUNTRIES DISCRIMINATING AGAINST JAPANESE TRADE. THE JAPANESE GOVERNMENT CONSIDER IT APPROPRIATE TO RECALL ALSO THAT ALL THEIR TARIFF AND TRADE POLICIES SINCE THE END OF THE WAR HAVE BEEN DESIGNED TO COMPLY VOLUNTARILY WITH THE PROVISIONS OF THE GENERAL AGREEMENT BECAUSE THEY DESIRED AND EXPECTED TO BE ADMITTED IN THE GENERAL AGREEMENT TARIFFS AND TRADE IN AS LITTLE LAPSE OF TIME AS POSSIBLE. IF NO POSITIVE ACTION ON THIS QUESTION IS TAKEN AT THE EIGHTH SESSION OF THE CONTRACTING PARTIES, IT IS FEARED THAT THE JAPANESE GOVERNMENT WILL BE MUCH CRITICISED AND DISCOURAGED IN CONTINUING THESE POLICIES.

"8. THE JAPANESE GOVERNMENT THEREFORE REQUEST THE CHAIRMAN OF THE CONTRACTING PARTIES TO BE GOOD ENOUGH TO CONVEY THE AFOREMENTIONED VIEWS OF THE JAPANESE GOVERNMENT TO THE CONTRACTING PARTIES SO THAT THE INTER-SESSIONAL COMMITTEE COULD TAKE ACCOUNT OF THEM IN ITS CONSIDERATION OF THE AGENDA FOR THE EIGHTH SESSION."

E. WYNDHAM WHITE