

GENERAL AGREEMENT ON TARIFFS AND TRADE  
Ninth Session of the Contracting Parties

Speech by Ambassador Shunichi Matsumoto (Japan)  
delivered in Plenary Session on 10 November 1954

As you yourself pointed out, Mr. Chairman, at the opening meeting of this Session of the Contracting Parties, the discussions which are now taking place will determine the pattern of trade and the trends of trade policy of the free world in the years to come. It is a great honour and pleasure for me to submit the views of my Government to this Assembly of distinguished delegates whose task it will be to map out the path to be followed in the sphere of world economic relations.

In the course of the past ten years the world has made great strides, both from the political and economic point of view, towards rehabilitation and recovery after the damage and disruption resulting from the war. Most of the great trading powers now find they have recovered, or are on the point of recovering their normal position. The same cannot be said for my country. The economic problems confronting Japan have been set out by our delegation on several occasions at previous meetings of the Contracting Parties. Political relations with our neighbours have not yet been fully re-established. Compared with the prewar period, we have to feed a population which has increased by several millions on a territory which has been reduced by almost half. We have to import more foodstuffs and more raw materials to keep up our exports - the exports which are indispensable to pay our increasing imports. All these circumstances and many others besides have slowed down the rate of progress of our recovery. For instance, our imports in 1953 amounted to 74 per cent of the volume of our prewar imports, whereas our exports remained at a level of 35 per cent of the prewar volume. The task facing my Government is to endeavour to import more and, consequently, to export more, in order to raise the standard of living of the population. We have no intention of establishing equilibrium in our balance of trade by reducing imports, but we are trying to establish that balance at an ever higher level. My country retains its faith in the principle of the freedom of international trade. Indeed, greater freedom of trade in products and raw materials is of paramount interest for the economy of Japan. It is in this spirit that my Government wishes to take part in the review of the General Agreement.

The review of the General Agreement can be effective only if it represents a fresh effort towards free trade which is the ultimate goal of the Agreement. Japan would be deeply disappointed if the General Agreement to which it seeks to accede were no longer directed towards freedom of trade.

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I shall confine my remarks here to two aspects of freedom of trade. The first is the reduction of customs tariffs. One of the most brilliant achievements of the General Agreement in the past seven years has been the reduction and binding of customs rates of the member nations. Before even acceding to the General Agreement, Japan revised her tariff rates after the war and fixed them at a very low level, and we feel that our efforts in that sense have not been less satisfactory than those carried out by the Contracting Parties during a series of tariff negotiations. However, these efforts should not stop short here. The tariff negotiations planned for 21 February 1955, with a view to the accession of Japan, will, I trust, provide a fresh opportunity for reduction and tariff bindings. It is to be hoped that other efforts will be made within the frame of the new General Agreement. My Government supports the idea of the French Plan. However, if complications of a technical character involved in that plan were to hinder its speedy application, it would be advisable to envisage some procedure whereby a common maximum limitation for customs rates of all member countries could be established.

The second aspect I would like to deal with in the matter of liberalization of trade is the relaxation or elimination of import restrictions. No matter how tariff rates are reduced, quantitative import restrictions may easily affect the free passage of goods. However, any sudden elimination of these restrictions may disrupt the economy of certain countries which are not yet able to abolish these restrictions on account of their balance-of-payments. Japan belongs to that group of countries which still applies restrictions consistent with the regulations of the International Monetary Fund. Following our efforts up to the present, we shall continue to endeavour to relax our foreign exchange restrictions in so far as our economy will permit of this, and my delegation is prepared to co-operate in the debates, with a view to revising the relevant provisions in the Agreement.

The review of the Agreement will be complete only if we succeed in discovering a satisfactory settlement for the problems of insufficiently developed countries within the framework of the General Agreement. The economic development of these countries is essential, not only for the welfare of their population, but also for the peace, economic prosperity and political stability of the whole world. For geographical and historical reasons, economic relations with these countries, especially with those of Southern Asia, are most important for Japan, and we view very sympathetically the problems which these countries are endeavouring to solve. Therefore, when the need for pursuing their plan of development justifies release for these countries from some of their obligations towards the Agreement, we consider it advisable that this should be authorized according to a simpler procedure than that which is applicable in the case of more highly developed countries. I hope the Contracting Parties will succeed in finding a formula which will be satisfactory for all.

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Another subject which should be considered is the technical aspect of customs rates and trade. It is highly desirable that provisions such as the method of valuation for customs purposes, the determination of nationality of imported goods, the elimination of the consular invoice should be adopted by all trading nations of the world. Whereas the present provisions of the Agreement leave these matters to the discretion of the domestic legislation of each contracting party, it would be desirable that the new Agreement take a step forward and establish a procedure which would make these provisions uniformly applicable, as from a date to be determined for the future. I may add that in Japan, legislation and regulations in this field have already been accurately adjusted to the principles set out in the text of the Agreement.

In conclusion, there is the question of organization. We have been associated with the work of the Agreement only for a short time, but have been able to note the efficiency, competence and spirit of co-operation presiding over the work of the Contracting Parties and the secretariat. My delegation considers it appropriate to plan now a permanent basis for the organization. Since the new organization will be responsible for the administration of trade rules, we trust it will have the means for dealing promptly with all problems resulting from rapid changes in the economic situation of the various contracting parties.

I should like to suggest in closing, Mr. Chairman, and recalling the failure to bring the Havana Charter into force, and the wisdom with which the General Agreement has been applied in the course of the last seven years, that while reviewing the General Agreement, and without losing sight of the present realities of world economy, we should continue our efforts to progress beyond these realities.

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