

GENERAL AGREEMENT ON

TARIFFS AND TRADE

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JAPAN

Statement by H.E. Mr. Yoshio Hatano Ambassador, Permanent Representative

This is my third Annual General Meeting.

Looking back at the developments during this period, it was a time full of change, growth and turmoil for world trade. The GATT system stood the test of repeated trials during this period as a staunch supporter of the powerful growth in world trade. This past year was especially significant in that the reliability and trustworthiness of the GATT system was exposed to unprecedented challenges. There were welcome aspects, which we should value, and on the other hand, we also witnessed events which gave rise to concerns, which need to be dealt with.

I would like to start with the welcome aspects.

First of all, there is the growth in world trade. As noted in the GATT Annual Report, trade is growing at a rate which supersedes the growth rate of the world economy. The growth is global, but the most prominent growth is seen in the Asia-Pacific countries, and as a country situated in this region, Japan imparts this news with pride and joy.

Second, I would like to point out the growing faith in the utility and effectiveness of the GATT. Amid the doubts raised in some quarters on whether the GATT can survive, reality underlines the fact that the GATT usefully and effectively serves its purpose. The number of cases brought to GATT dispute settlement procedures is growing at an ever-increasing rate, showing the basic trust that each contracting party places in the GATT for a fair and just settlement of disputes. Furthermore, an increasing number of countries are seeking membership in GATT. We already have two new members, Bolivia and Costa Rica, and there are working parties for Venezuela and China. This shows that a common understanding is spreading among the nations of the world on the importance and necessity of the "rule of law" established by the GATT in the field of international trade.

Third, there is the progress of the Uruguay Round. We are standing at the end of the third year of the negotiation, and have obtained sure progress. It was especially reassuring to see that agreement was reached at the April Trade Negotiations Committee on the four areas left unsettled at the Montreal Mid-Term Review, and that various constructive submissions have been presented since then in the major negotiating areas by many countries. When we consider that the Uruguay Round is the key to

preserving the free trading system and maintaining its effectiveness in the future, it is most encouraging that the participating countries are engaging in the Round with positive and constructive attitudes and putting in ever-increasing efforts towards facilitating progress in the Round.

However, with this topic of the Uruguay Round, we must also turn to the disquieting aspects.

We have only twelve months left until the end of the Uruguay Round. When we consider the time needed for the drafting and adjustments to be made between the negotiating groups, we have barely eight months left for substantial negotiations. The amount of work to be done by the end of the Round is tremendous in comparison to the time available. Each country must put in greater efforts in their negotiations and change their basic attitude in the negotiation, thinking not of what they can gain from the Uruguay Round but of what they can do to contribute to the success of the Round. Japan will be participating in the coming negotiations with precisely this attitude. We made this clear at the Informal Ministerial Meeting held last month in Tokyo.

I hardly need to stress that the success of the Uruguay Round is the greatest task before us, and constitutes the touchstone of continued effectiveness of the GATT. However, in addition to resolving to address the future and present task, we also need to reconfirm our obligation to observe the existing GATT disciplines and to ensure their proper implementation. We must severely criticize the "unilateralism" of a party resorting to trade-restrictive measures on its own unilateral judgement, and also the "closed regionalism" in which trade barriers vis-à-vis outsiders are effectively raised in comparison to the countries within the regional group.

Neither should countries be allowed to implement protective measures through "clever misuse" of GATT rules, such as those on anti-dumping under the pretext of its legitimate implementation. Tendencies to seek "reciprocity" in results must also be rejected as being inconsistent with the market principle, and denying the dynamism of free trade. Such practices create loopholes in existing GATT rules and disciplines, invite mistrust, and threaten to undermine the authority of the GATT.

Japan firmly believes in the viability of the free trading system; that it is this system alone that promises prosperity to its people in the long run, eases international tension, and helps avoiding disputes.

It is upon this firm belief that Japan is putting in maximum efforts to observe the GATT dispute settlement procedures despite the difficult domestic adjustments needed for the implementation of panel reports. It is also upon this belief that Japan is endeavouring to contribute to the steady development of the world economy by nurturing a steady economic growth led by domestic demand, and by relaxing its domestic regulations to promote imports. This belief and faith in the free-trading system is undoubtedly shared by the contracting parties present here.

On the occasion of this annual meeting of the CONTRACTING PARTIES, let us renew our determination to maintain and strengthen the GATT system, which is the result of many years of wisdom and effort. That is one resolve, and towards 1990, I am sure that with all of us sharing this resolve, the Uruguay Round will culminate in a great success.