

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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LIMITED B  
GATT/CP.6/SR.18  
9 October 1951  
ORIGINAL: ENGLISH

CONTRACTING PARTIES  
Sixth Session

## SUMMARY RECORD OF THE EIGHTEENTH MEETING

Held at the Palais des Nations, Geneva  
on Wednesday, 3 October 1951, at 10.30 a.m.

Chairman: Mr. Johan MELANDER (Norway)

Subject discussed: Attendance of Japanese observer.

Request by the government of Japan to be represented by an observer (GATT/CP.6/  
8/Add. 1)

The CHAIRMAN referred to the telegram that had been received from the Japanese government and to the note suggesting that the invitation should be considered under Rule 9 of the Rules of Procedure.

Mr. LECKIE (United Kingdom) thought that, although a decision on this matter might be thought a purely procedural one, there were wider implications which should be considered. The attendance of an observer did not of course commit the Contracting Parties nor the country represented by the observer on the question of its possible future accession. Nevertheless if the Contracting parties agreed to invite a country to send an observer there must be a tendency to presume that, should that country apply to accede to the Agreement, the parties to the Agreement would have no difficulty in principle in agreeing. If there were any case where this presumption was not well founded, an invitation to send an observer might lead to considerable embarrassment both for the Contracting Parties and for the non-member country concerned. In such circumstances an invitation, and particularly an invitation given precipitately, would give a false impression, and increase the inherent difficulties of the situation. He therefore felt that the Contracting Parties should give themselves time to consider such an invitation very seriously.

The question of Japanese accession to the General Agreement would cause considerable difficulties to a number of governments. The United Kingdom had recently made a carefully considered statement defining their attitude on the question of most-favoured-nation treatment for Japanese goods which could be broadly summed up as follows: firstly, the United Kingdom recognised the need for Japan to develop her export trade in order to pay for necessary imports and to maintain a reasonable standard of living; secondly, the United Kingdom government at present gave de facto most-favoured-nation treatment to Japan and hoped to be able to continue to do so; but, finally,

in view of the special problems which Japanese trade had presented in the past and might again in the future, the United Kingdom was not prepared to commit itself to continue to extend most-favoured-nation treatment at least until the future course of Japanese economy and commercial policy had become clearer. Naturally such a view carried implications as to the attitude of his government towards any suggestion that might be made that Japan should accede to the Agreement.

Mr. Leckie wished to make it quite clear that he was not proposing that the Contracting Parties reject the Japanese request. There was, however, real need to give governments time to consider this complicated question fully and he proposed postponing any decision on the matter until the beginning of the Seventh Session. The present Session was so far advanced and the notice of the matter so short that he thought this could be done with no discourtesy to the Japanese government.

Mr. PHILLIPS (Australia) agreed with the views of the United Kingdom delegate. An invitation to send an observer might be a small matter but in this case there were wider implications and the Contracting Parties should be allowed more time to consider the matter. He therefore supported the proposal to defer a decision until the opening of the Seventh Session, while making it perfectly clear that this involved no decision on the substance of the matter and no intended discourtesy to Japan.

Mr. DHARMA VIRA (India) was not convinced by the considerations put forward by the United Kingdom and Australian delegates. This was a purely procedural matter. In the past countries had asked to send observers and there was no case where such a request was refused or discussed at any length. To single out one country would inevitably then be discourteous. Even if the attendance of an observer carried any implication as to accession, he saw no reason why contracting parties should be afraid of this. In the past, some countries who sent observers had joined the Contracting Parties and some had not, and in no case had the contracting parties either urged or stood in their way. The stage of advancement of the session was a matter for the country sending an observer to take into account and not for the Contracting Parties. None of the reasons advanced, in fact, seemed to him valid ones to prevent the Contracting Parties from deciding now on this question. The question of the future commercial policy of Japan had been raised. He pointed out that most governments represented in the Contracting Parties had recently entered into a peace treaty with Japan which must mean that they had no objection to Japan taking its place in the political field. What possible objection then could there be to Japan taking its place in the economic field, and under the General Agreement there would be greater assurance regarding the future course of the economic policies of Japan. In his view the Agreement had had a salutary influence on the commercial policies of most contracting parties and pressure had been brought to bear by the Contracting Parties from time to time on several governments. It would be an excellent idea to have as many countries contracting parties to the Agreement as possible. He strongly urged the Contracting Parties not to delay in agreeing to the Japanese requests.

M. BONHOMME (Haiti) supported the view of the delegate of India and fully agreed with his reasons. It would be discourteous not to accede to the

request of Japan. As to the implications of such an invitation, if the Agreement was universal in character then contracting parties should make an effort to include all countries therein, and if contracting parties considered the Agreement effective against violations of the code of commercial ethics and thought that Japan might one day violate this code, they had an interest in Japan's trade being regulated by the provisions of the Agreement.

Mr. LEDDY (United States) agreed with the delegate of India. He did not see how it was possible to defer a decision on this matter to the Seventh Session without in fact rejecting the request to participate in the Sixth Session. He was also concerned at the precedent that might be established if the Contracting Parties departed from the tradition of treating the question of observers as a purely procedural one. The United Kingdom delegate had said that the attendance of an observer carried no commitment on the question of accession. Mr. Leddy considered that the attendance of an observer carried no implications whatsoever. To deny a country the right to send an observer, however, would carry the distinct implication that any future request to accede to the Agreement would be rejected.

It was true that certain countries were not at the present time in a position to negotiate with Japan. The question of negotiation with Japan was not, however, before the Contracting Parties, and if a discussion on this questions were to be avoided at the present time, Japan's request to send an observer must be granted. The invitation could perhaps make it clear that no commitment as to accession was implied.

Mr. ISBISTER (Canada) said that he had received no instructions from his government.

Mr. TOWNLEY (Southern Rhodesia) supported the United Kingdom proposal and explained that Southern Rhodesia also extended de facto most-favoured-nation treatment to Japan.

Mr. PERERA (Ceylon) agreed unreservedly with the delegates of India and Haiti that an invitation should be issued immediately.

M. CASSIERS (Belgium) stated that his country had maintained friendly relations with Japan and he had no objection to their being invited immediately to send an observer to the Session. However, he understood perfectly the difficulties of the countries who opposed this course, and agreed that it would not be unreasonable to point out to the Japanese Government that it was rather late in the Session to send an observer. The Indian delegate had argued that if countries feared a repetition of Japanese pre-war commercial practices, the General Agreement offered the possibility of control. M. Cassiers considered the Agreement particularly weak precisely in the provisions concerning dumping, from which practice countries had mainly suffered before the war. If the cost of production and prices in Japan continued to be infinitely lower than elsewhere, they could still dump their products in other countries and those countries would have absolutely no recourse against them under the General Agreement. He therefore repeated that he had no objection to inviting Japan to be represented at this Session

but that it would not be unreasonable to postpone a decision on this matter.

Mr. HASNIE (Pakistan) said that his country had made a bilateral agreement with Japan as early as it was possible to enter into commercial relations with that country; the agreement was both large and successful. He favoured an invitation being sent to Japan immediately. Without necessarily subscribing to the view that the General Agreement was a particularly good instrument - that was a matter which his Government would have to weigh in the light of experience - he did not think that any country should be denied the possibility of considering whether they wished to accede thereto. He asked the United Kingdom delegate to reconsider his position, particularly in view of the fact that the matter of sending observers had always hitherto been treated as a completely procedural one. It would be more graceful if the invitation to Japan could be given with the consent of all the contracting parties.

M. LECUYER (France) had no objection to the presence of a Japanese observer and thought that this could in no way pre-judge the question of the application by any country of most-favoured-nation treatment of Japan. He understood the difficulties of the countries who were opposed to their attendance, and unless there were general consent by the Contracting Parties to the attendance of a Japanese observer, he would prefer the question to be deferred to the next session.

Mr. DI NOLA (Italy) thought that Japan should be invited to send an observer to this session. This question should be considered purely on procedural grounds. Reasons of courtesy, the tradition that no country had ever been refused the right to send an observer, and the importance of the trade of Japan all made it particularly difficult to refuse the Japanese request. He thought that the United Kingdom delegate exaggerated the implications of such an invitation. If Japan wished to accede to the Agreement, there would first be negotiations with all the contracting parties followed by a decision of the Contracting Parties on the accession of Japan which would presumably involve approval not only of the results of the negotiations, but a judgment on the commercial policy of that country. It would, in any case, be useful to have Japan's commercial policy subject to the General Agreement. He wished also to mention that Italy accorded de facto most-favoured nation treatment to Japan.

Mr. Di Nola agreed with the French representative that any decision to invite Japan should be with the general consent of the Contracting Parties and if there were strong opposition would think it perhaps wiser to postpone a decision until the next Session.

Mr. TAUBER (Czechoslovakia) considered this a question of great importance and substance. He opposed the admission of a Japanese observer although his Government was ready to give Japan the opportunity to develop its political and economic independence and its commerce. He referred to the arguments advanced by the Indian delegate, in which he saw a certain inconsistency. India had refused to sign the San Francisco Peace Treaty with Japan, presumably for both political and economic reasons. The economic reasons were surely that the so-called treaty as drafted gave no protection against Japanese pre-war commercial practices and contained clauses which

would result in the continuance of privileges gained during the occupation by certain foreign monopolies. As to the argument that as a contracting party Japan would be subject to the control of the Agreement, it seemed to him illogical to advocate the accession of a country when contracting parties already assumed that this country would violate the Agreement.

Mr. Tauber referred to the question of procedure. The Resolution of the Economic and Social Council of 1947 stated that observers of the Allied Control Authorities in Japan should be invited to the Havana Conference. He could not agree with the conclusion in the Secretariat paper that the Japanese Government was thereby represented. Furthermore, the Final Note to Annex I of the Agreement expressly stated that the applicability of the Agreement to areas under military occupation was not dealt with but reserved for later study. The San Francisco Treaty provided for the maintenance of foreign troops on Japanese territory, and one must conclude that Japan continued under military occupation and should be treated according to the rules of the Agreement for areas under military occupation and Article 71 of the Havana Charter.

To conclude, neither from the point of view of substance nor of procedure could he see any reason to accord Japan the right to send an observer.

Mr. SVEINBJÖRNSSON (Denmark) said that he had not expected this long debate on what seemed a purely procedural matter. He thought that the request should be accorded now as he saw no possibility of coming to any but an affirmative decision at the Seventh Session. As to possible implications regarding accession, the Japanese Government would certainly be entitled to say that the request was to send an observer and should be considered quite simply as that.

Mr. ARGYROPOULOS (Greece) said he had no feelings one way or the other on the matter, but it did seem that to refuse to agree to Japan's request would be a gratuitous affront to a government with whom most of the contracting parties had just concluded a Peace Treaty. The presence of an observer was purely a formal matter and could have no implications as to any eventual negotiations with Japan.

Mr. BØRRESEN (Norway) agreed with the Danish representative and was in favour of inviting Japan to send an observer.

Mr. SAHLIN (Sweden) saw no reason to depart from the tradition of agreeing to the attendance of observers on procedural grounds and favoured inviting Japan.

Mr. HAGEMANN (Germany) supported inviting Japan to this Session.

Mr. VARGAS GOMEZ (Cuba) supported inviting Japan, and thought it would be incorrect to defer a decision on this matter even if there were not general consent to the invitation.

Mr. MELLO (Brazil), Mr. SCHNAKE (Chile) and Mr. PEDRO VILLALON (Dominican Republic) supported the extending of an invitation to Japan to send an observer to this Session.

Mr. LECKIE (United Kingdom) thought there had been some misunderstanding of his proposal. He only asked that the request by Japan should lie longer on the table in order that governments could give it full consideration and deal with the very real difficulties that this request raised for some of them, in the hope that at the Seventh Session a unanimous decision to invite Japan to send an observer could immediately be reached. He thought it would be unfortunate if an invitation were issued by the contracting parties when they were seriously divided on the question, and the debate had shown serious division. He assured the Contracting Parties that the difficulties of his Government were genuine ones and they would like further time to deal with them. However, if it were the feeling of the majority that an invitation should be issued for this Session, he would not press the matter to a vote. In those circumstances he would ask that the position of his Government be placed clearly on record and that he should be free to state publicly that he had suggested deferring the matter until the Seventh Session and had agreed not to carry the matter to a vote in the interests of harmony. In fairness to Japan it seemed that the Executive Secretary should advise the Japanese Government that the invitation he was extending on behalf of the Contracting Parties carried no implications with regard to the possible future accession of Japan.

Mr. DHARMA VIRA (India) thanked the United Kingdom delegate for his accommodating attitude and wondered if he could not also withdraw the suggestion that Japan be informed in the invitation that the invitation had no bearing on its possible future accession. As the Danish delegate had pointed out, the Japanese Government had not mentioned accession and to raise the matter in the invitation of the Contracting Parties would be gratuitous discourtesy.

Mr. HASNIE (Pakistan) also thanked the United Kingdom delegate. He agreed with the Indian delegate that the type of invitation suggested by the United Kingdom delegate would be unfortunate, but since the latter's difficulties were undoubtedly genuine, he wondered whether they could not be met by coming to some formal and general declaration in the records that requests to send an observer to meetings of the Contracting Parties would be dealt with as procedural matters and that invitations to send observers could in no way effect the question of possible future accession.

The CHAIRMAN explained that if a Japanese observer attended the meeting he would have access to the summary record and it seemed unnecessary to refer specially to the matter.

Mr. LEDDY (United States) thanked the United Kingdom delegate for his concession to the views of other contracting parties and said that he understood that the invitation would be sent to Japan along with a copy of the summary record.

Mr. LECKIE (United Kingdom) said that this suggestion was acceptable to him and that he would not insist that the invitation specifically referred to accession. He wished it to be clear however that it was the view of the Contracting Parties that the issue of an invitation did not commit the Contracting Parties on the question of accession.

The CHAIRMAN said that was certainly the case.

Mr. TAUBER (Czechoslovakia) wished it to be clear that he still opposed the extension of an invitation to Japan.

The CHAIRMAN said that, with the exception of Czechoslovakia, there was general agreement that an invitation, together with the summary record of the meeting, should be sent to Japan to be represented by an observer.

The meeting adjourned at 1.20 p.m.