

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## JAPAN

Statement by H.E. Mr. Tomohiko Kobayashi  
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This Session of the CONTRACTING PARTIES is the first such Session after the historic Ministerial meeting at Punta del Este, which launched the Uruguay Round of multilateral trade negotiations. The launching of the Uruguay Round was indeed a rejoicing event, but it also created vast expectations, as you, Mr. Chairman, mentioned in the opening statement. It is our responsibility to respond to the expectations by way of keeping up the momentum set out by the Ministers at Punta del Este. The world trade and economic environment today requires us to make an affirmation of the spirit of Punta del Este.

The report on the recent GATT study on world trade (GATT/1392) expects three per cent growth in trade volume this year. However, continued and greater growth will be needed to ensure growth of the world economy.

Many obstacles remain to be overcome, both in developed and developing countries. The economies of the developed countries face many difficulties, such as fiscal deficits, serious unemployment, current account imbalances and persisting protectionist pressures, and there is still uncertainty regarding, for example, oil prices. The developing economies are affected by reduced export income caused by the decline in the prices of oil and primary commodities, and they have not been able to exploit to the full positive factors such as subdued inflation and lower interest rates, and thus have been unable to alleviate their accumulated debt problems substantially.

Regrettably, it cannot be denied that protectionist pressure has been growing stronger throughout this year. Japan feels particularly grave concern about the increase in various protectionist measures intended to circumvent the GATT obligations and about self-initiated measures inconsistent with GATT, as well as the trend towards managed trade and bilateralism, although we understand that countries often feel that the realities of their circumstances compel them to adopt such measures. I feel very strongly that respect for the GATT principles and procedures and the importance of solving these problems within the framework of the non-discriminatory GATT system must not remain mere rhetoric.

Fortunately, looking back over this year, we see that all the news is not such as to make for pessimism. This year has also been an outstandingly positive year, one in which we have clearly demonstrated our firm determination to resist protectionism. Our determination to resist protectionism culminated, of course, last September, in the Declaration in Punta del Este launching the new round. Japan considers the launching of the Uruguay Round, which finally became reality then, three years after Prime Minister Nakasone proposed it in 1983, extremely important and a promising trend toward resisting protectionist pressure, as the result of the strong determination of so many countries individually and collectively. Japan is greatly encouraged by this development.

The Punta del Este Declaration constitutes a starting point from which to restore the credibility of GATT, which once seemed to be in danger of erosion, and to rebuild the GATT system and free trade. It might also be said that the Declaration laid a foundation enabling GATT, as the guardian of free trade, fully to fulfill its functions, responding to new structural changes in world trade and the world economy in general. We have a duty of the utmost importance to implement the Punta del Este Declaration, the fruit of our combined wisdom and efforts.

In order to implement the above, it is indispensable for each contracting party of GATT to promote appropriate economic and trade policies. Japan, for its part, has been proceeding with the implementation of many policies to open its domestic market yet further, expand domestic demand and adjust Japan's economic structure for international harmony, all of which Japan sees as an important part of its contribution to the general effort.

With regard to increasing market access since the Action Programme announced in July 1985, Japan has made considerable efforts for early and complete implementation of the open-market policy, including the advancing of the original dates set for implementation.

With regard to expansion of domestic demand, in September 1986 Japan announced the launching of the Comprehensive Economic Measures, the central pillars of which are expansion of public investment and housing construction and the promotion of capital investment in the private sector and utilization of the momentum of the private sector by means of incentives, such as relaxation of administrative regulations. The combined scale of all these undertakings is in the order of some three trillion six hundred billion yen, or about 1.1 per cent of Japan's GNP.

In the area of adjustment of the economic structure, Japan established in August 1986 the Government-Ruling Party Joint Headquarters for the Promotion of Economic Structural Adjustment, headed by the Prime Minister, in order to promote adjustment of the economic structure along the lines of the report of the Advisory Group on Economic Structural Adjustment for International Harmony (known as the Maekawa Report). With this headquarters at the centre of the adjustment policy effort, Japan will

continue to make positive efforts for the attainment of an economic structure conducive to harmony in the international economy.

Japan is determined to make the maximum contribution to the expansion of the world economy by means of these efforts initiated voluntarily by itself.

The results we shall obtain from the Punta del Este Declaration, or how we give concrete form to our determination depend, needless to say, upon our future efforts. Persistent effort will be needed to curb protectionism. Unless we maintain the momentum of the Uruguay Round, the monster of protectionism will raise its head again. We have to demonstrate by our actions that the stemming of the trend toward bilateralism and managed trade as well as the promotion of the Uruguay Round will lead to real and healthy expansion of world trade and the world economy. Our task in ensuring the success of the Uruguay Round is one of truly vital importance. The fact that the Declaration in Punta del Este was adopted unanimously should encourage us in our future negotiations.

As is implied by the name Uruguay Round, the rôle of the developing countries in the new Round is particularly important. Japan will give full attention to items of interest to developing countries, at the same time strongly hoping that those countries will participate fully in the framework of rights and obligations of GATT, in a manner commensurate with their ability to do so and the phase of economic development of each.

Japan, the country which proposed the Uruguay Round as early as 1983, wishes to affirm again here its determination resolutely to do its utmost in addition to our unilateral efforts mentioned above, to play a very constructive rôle for the success of the new Round.

The task of establishing the negotiating structure and setting a negotiating timetable is now under way.

Japan strongly hopes that this work will be completed by the middle of December, as called for by the Declaration, and that substantive negotiations will be initiated at the beginning of next year. We must not permit delay in the negotiations. Japan believes that we should do everything possible to maintain, and increase, the Punta del Este momentum in order that there shall be no such delay.

Many difficulties lie ahead. Let us, however, renew the resolve made at Punta del Este each time we encounter such difficulties. Let us make the coming year the first year of the "era for the strengthening of GATT and free trade", and let us make renewed efforts to initiate work for important new progress toward these goals.