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GENERAL AGREEMENT ON TARIFFS AND TRADE

WORKING PARTY 10

FUTURE TARIFF NEGOTIATIONS

STATEMENT CIRCULATED TO THE CONTRACTING PARTIES
BY THE GOVERNMENT OF THE UNITED STATES OF AMERICA ON
SEPTEMBER 22, 1949

"At Amcey the Working Party reached substantial agreement on plans for the third round of tariff negotiations in September, 1950, except for the inclusion of Western Germany, Korea and Japan. It is expected that the forthcoming London session of the Working Party will be principally occupied with the issue of whether invitations should be sent to these three countries. The President has approved the U.S. position that these countries be invited to the next session.

"The United States believes that the inclusion of these countries in the next round of tariff negotiations is in the mutual interest of these countries and of the Contracting Parties. Failure to bring them into international arrangements for the conduct of trade on a mutually advantageous and expanding basis retards the achievement of a self-supporting position of these countries and hampers world economic recovery.

"Re-establishment of their foreign economic relations as promptly as possible on an orderly and sound basis would be helpful to all trading countries, particularly to those in Western Europe and the Far East whose economies traditionally and naturally are dependent on Germany and Japan as markets or as sources of supply, or both. Accession now would assure the development of the post-war trade policies of Western Germany, Korea and Japan along sound lines in conformity with the principles for the conduct of trade set forth in GATT, and would tend to retard the development, after occupation controls are ended, of unfair competitive practices. It would also contribute to political stability, while a contrary course would tend to breed serious resentment and political dissatisfactions, which are particularly dangerous in present circumstances.

"U.S. negotiations with these countries would involve important segments of the tariff not yet touched (due to traditional adherence to the principal supplier rule), which would benefit not only West German, Korean and Japanese exports to the United States, but also those of other countries, thus contributing to the general expansion of dollar-earning exports.

"The natural position of Germany and Japan in the world community is so important that association in GATT is imperative if the broad purposes for which that organization stands are to be realized. The U.S. believes that our invitation to join should not be postponed further. In the case of Japan particularly it should form part of the comprehensive economic stabilization program now under way, in connection with which the establishment of a single general exchange rate has already been arranged.

"In the case of Japan, also, participation in the next round of negotiations would make the conclusion of separate MFN agreement unnecessary."

