

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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STATEMENT MADE BY THE JAPANESE DELEGATION
AT THE MEETING OF GROUP "TARIFFS", MARCH 1976

I would like to make a short statement setting out our basic position in respect of tariff negotiations and also to give our very preliminary reaction to the United States statement yesterday.

The Chairman of the Trade Negotiations Committee in his Conclusions of the meeting held in last December stated that "it was reasonable to expect solid and substantial negotiating progress in 1976", in particular, in respect to tariffs, to reach an "agreement on the major elements of a tariff negotiating plan". As a matter of course the Japanese delegation fully supports this view.

For, we have consistently argued that it was desirable and essential to reach an agreement on the tariff cutting formula as soon as possible. From this view point, my delegation has participated positively in the discussion of tariff cutting formulae in this Group, and as you would recall, has suggested two tariff cutting formulae as possible working hypotheses for the consideration of this Group.

Given this basic position, I would join the other delegates in appreciating that the United States has made a proposal on a tariff cutting formula at this time.

With regard to a tariff reduction formula, we have made known that a tariff cutting formula should be of general applicability, as simple as possible, leading to a substantial tariff reduction. Various working hypotheses so far suggested, in our view, contain some important basic elements: of which we consider the substantial reduction of tariffs and the harmonization of different tariff structures most important. In relation with exceptions, we also think that it is not only desirable but appropriate to adopt a formula that would minimize exception lists to the bare minimum.

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It remains our view that the two possible formulae we have suggested contain elements that respond to some of the concerns voiced by the developing countries, but also combines features of elements of harmonizing different tariff structures as well as substantial but realistic tariff reductions.

It would be the position of my delegation that a formula to be adopted in this Group after full discussion and analysis should sufficiently reflect the ideas I have just outlined.

We have listened with great interest to the United States statement. Considering the time and serious thought that the United States Government has put in preparing its proposal, I believe it should merit a serious contribution by all the participants, as has been the case with other formulae so far put forward, and therefore we would wish to have a full opportunity to study and analyze in depth the implication of the United States proposal. I would, however, make the following tentative observations as part of our very preliminary reaction to the United States proposal.

First, the United States proposal would seem to be basically a 60 per cent linear cutting formula and has limited effects of harmonization of different tariff structure. It does not contain a concept of a floor tariff rate which various working hypotheses already floated in this Group imply. In this sense, there appears to be some difference between the United States formula and the other working hypotheses suggested by participants.

Secondly, given the realities of the economic world in which we now live, the United States proposal, we fear, could lead to a long list of exceptions which in turn could lead to involved and difficult negotiations that could negate the merits of a formula reduction of tariffs.

Thirdly, the United States stated that their formula should be applied for all products. With regard to tariffs on agricultural products, we think it more appropriate that offers, while taking into account the general tariff cutting formula adopted, be tabled in line with the precedent of the Kennedy Round exercise so as to better reflect the special characteristics of the agriculture sector.

In the interest of time, I would like to limit myself to the above brief preliminary observations.