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JAPAN: EXTERNAL ECONOMIC MEASURES

On 9 April 1985, the Japanese Government's Ministerial Conference for Economic Measures issued an announcement "External Economic Measures - Recent Decisions and Future Policy Direction". On the same date, the Prime Minister of Japan made a statement on the External Economic Measures.

At the request of the Permanent Mission of Japan in Geneva, the text of the announcement, and of the Prime Minister's statement, are attached.

Copies of the Report of the Advisory Committee for External Economic Issues, to which reference is made both in the announcement and in the Prime Minister's statement, are available to delegations, on request, from the Japanese Mission (Mr. Akasaka: telephone 34 84 00, extension 19).

EXTERNAL ECONOMIC MEASURES

Recent Decisions and Future Policy Direction

Ministerial Conference
for Economic Measures
9 April, 1985

In view of the recent developments surrounding us and the position we occupy in the world economy, it is our important responsibility to seek an achievement of economic growth led by domestic demand and to make vigorous efforts for the maintenance and strengthening of the free trading system, the promotion of harmonious external economic relations and the vitalization of the world economy.

It is with this perspective that we have implemented a series of external economic measures. The Government has just received a report from the Advisory Committee for External Economic Issues composed of informed people in the private sector. The Committee report gives a comprehensive evaluation of the measures taken so far and examines the medium-term issues to be considered in our future external economic policy.

The Government has taken this report into consideration to the fullest extent possible in view of the difficult international environment presently surrounding the Japanese economy, and, while seeking to tackle external economic issues from the medium-term viewpoint in order to discharge Japan's responsibilities, it has recognized the importance of carrying out the measures more forcefully for the improvement of market access, encouragement of imports, liberalization of financial and capital markets, increased economic assistance, promotion of mutual investment, etc. It has accordingly decided upon the following as measures to be implemented in the present context.

I. Response to the Report of the Advisory Committee for External Economic Issues

1. In managing its policies toward the future, the medium-term policy recommendations put forward in the Report of the Advisory Committee for External Economic Issues will be taken into full consideration by the Government. These include recommendations for the further improvement of market access, sustained economic growth led by domestic demand, increased investment and industrial co-operation as well as measures toward the developing countries.

2. The action programme for improving market access which was included in these recommendations will be prepared and implemented along the following basic guidelines.

(1) The Government will prepare an action programme as proposed in the Report of the Advisory Committee for External Economic Issues and follow up its implementation.

(2) The action programme will, in principle, be implemented for a period up to three years. It will be drawn up as soon as possible, and its outline will be decided by July this year.

(3) In preparing the action programme and following up its implementation, opinions of informed people at home and abroad will be heard as part of an effort to ensure transparency.

II. Immediate Measures and Policy Programme

1. Improvement of Market Access and Encouragement of Import

(1) Reduction of tariff rates, etc.

(1) Japanese tariff levels are already lower than those of other countries due to such factors as reduction of tariff rates by successive external economic measures. Measures such as reduction of tariff rates on certain items, advanced implementation of staged reduction of tariff rates in the Tokyo Round Agreements, and improvements in the Generalized System of Preferences, all of which were announced last year, have been implemented since 1 April this year. Furthermore, in accordance with an agreement between Japan and the United States, mutual elimination of tariffs on semiconductors has been implemented since 1 March this year.

(2) For the purpose of recovering vitality of domestic forests, forestry, and wood forest industries, budgetary, financial and other necessary measures will be especially taken for the next five years for the time being, with particular emphasis on aiming at (I) increasing the demand for wood products, (II) strengthening the structure of forest industries, and (III) revitalizing domestic forests and forestry through thinning, tendering, and other methods. While observing the developments of such measures, the Government intends to positively consider reduction of tariffs on softwood and hardwood plywood and other panel products, approximately from the third year.

(3) Decision on reduction of tariff rates on other items will be made within the first half of this year.

(2) Improvement of standards and certification systems and import testing procedures, etc.

(1) In order to contribute to the improvement of standards and certification systems, the Government will continue its review on the actual state of implementation of the measures of 26 March 1983,

taken by the Liaison and Co-ordination Headquarters on Standards and Certification Systems, etc. and endeavour for the improvement of the standards and certification systems.

(2) When pharmaceuticals and medical equipment are submitted for the examination for approval under the Pharmaceutical Affairs Law, foreign clinical test data shall be accepted for medical equipment and in vitro diagnostic reagents in case they are immune to ethnic differences. Also, in order to ensure transparency of the process of the examination for approval, firms applying for approval, including foreign firms, shall be given opportunities to hear instructions directly from and explain their comments directly to the Central Pharmaceutical Affairs Council.

(3) Standards and certification systems and import testing procedures for individual issues will be further improved, and passage of high-cube containers will be permitted under certain conditions. (See appendix).

(3) Encouragement of manufactured imports

The Japanese economy cannot attain further development without increase in imports from abroad including manufactured goods. Encouraging imports including manufactured goods is indispensable for achieving balanced trade expansion and the harmonious formation of external economic relations and is important in internationalizing the Japanese economy.

For these purposes, the Government has been making such efforts as promoting understanding of the general public on imported goods as well as providing relevant information to them, increasing opportunities for foreign firms to export manufactured goods to Japan, improving import conditions through import finance by Export-Import Bank of Japan, etc. In view of the present situation, the Government will further strengthen and expand the various measures it has been taking to date, and will widely ask the enterprises concerned and the general public for their efforts to encourage manufactured imports.

(1) Request to enterprises concerned for their efforts to import manufactured goods, etc.

The business community is requested to extend its co-operation in the efforts to increase imports including manufactured goods, with a full recognition that export alone can neither expand trade nor form harmonious external economic relations.

(2) Holding and supporting of import fairs and other events

Large-scale import fairs will be held in various parts of the nation through such means as active use of JETRO, and necessary support will be provided to trade-fair activities sponsored by foreign governments.

(3) Promotion of the Specified Products Trade Expansion Program

In FY 1984, research on sales promotion strategy in Japan with regard to wine and furniture was already made in accordance with the Specified Products Trade Expansion Program (STEP). Promotion of the STEP will be continued in FY 1985.

(4) Expansion of import credit on manufactured goods

In order to encourage further import of manufactured goods, the Export-Import Bank of Japan will reduce the interest rate for the import credit on manufactured goods.

(5) Implementation of campaign to encourage import

An intensive campaign through advertisements in newspapers, magazines, posters and on the streets and in TV programmes will be carried out for appeal to the Japanese people and firms to encourage their efforts to expand import of foreign manufactured goods.

2. Improvement of market access in the high-technology sector

(1) Telecommunications

On 1 April 1985, the Telecommunications Business Law, Nippon Telegraph and Telephone Corporation Law and other related legislation entered into force, and the Japanese telecommunications market which had been under monopoly control for more than a century, has come under a new system on the same day with the fully-fledged introduction of the competitive principle.

In view of the objectives of the institutional changes, which is to inject vitality into the telecommunications business by mobilizing the creative originality and ingenuity of the private entrepreneurs, the new system shall be implemented under the principles of non-discrimination, simplicity, transparency and market opening.

(1) Procurement by Nippon Telegraph and Telephone Corporation (NTT)

While the Nippon Telegraph and Telephone Public Corporation has been privatized, the GATT Government Procurement Code and the Japan-US NTT Procurement Arrangements will remain applicable to NTT procurement for the life of the said Arrangements, i.e. through 31 December, 1986.

Furthermore, efforts will be made on the continual basis so that there will be increased opportunities for foreign enterprises to participate in the procurement.

(2) Type II telecommunications business

Type II telecommunications business is free from foreign capital restrictions with the adoption of the non-discrimination principle. The procedures of registration and notification have been made simple and transparent.

Data processing using telecommunications lines had been free, not requiring notification or other procedures. This remains unchanged after the Telecommunications Business Law entered into force and thus neither registration nor notification is required.

(3) Fair competition in telecommunications business

As safeguards against cross-subsidization by Type I telecommunications carriers including NTT, necessary provisions have been included in the Accounting Regulations.

(4) Standards and certification of telecommunications terminal equipment

Technical standards for terminal equipment have already been very much simplified, but a study will take place promptly with a view to simplifying these standards aiming mainly at prevention of harm to the network.

The technical standards compliance approval of terminal equipment shall be conducted by an impartial, neutral and independent approval agency, on the basis of foreign test data, in cases of foreign supplies, and by document inspection.

(5) Transparency

In drafting technical standards etc., transparency shall be secured by announcing the schedules as early as possible to interested parties both domestic and foreign, and through various means including soliciting of views on the drafts from interested parties both domestic and foreign, and participation of a Japanese national serving in a foreign-affiliated firm in the Telecommunications Advisory Council.

(6) Purchase of communications satellites

With the entering into force of the Telecommunications Business Law, private enterprises can now purchase communications satellites and engage in telecommunications business. The Government has made available import financing by the Export-Import Bank of Japan with regard to purchase by private enterprises of foreign communications satellites. The Government will also address the question of frequency allocation as expeditiously as possible.

(2) Electronics

(1) To ensure appropriate protection of intellectual property rights in the field of electronics, the Government of Japan has decided at Cabinet meetings to propose to the Diet a bill concerning the legal protection of semiconductor chips and an amendment of the Copyright Law concerning the legal protection of computer programmes. The Government will make its best efforts to seek their legislation in the present session of the Diet.

(2) On 1 March 1985, mutual elimination of semiconductor tariffs was implemented, in accordance with the agreement between Japan and the United States. In order to promote free and open trade in electronics products, further consultations shall be held with the United States and other industrialized countries with a view to expanding this concept of mutual tariff elimination in the field of electronics.

3. Promotion of the liberalization and financial and capital markets and the internationalization of the Yen.

(1) With a view to promoting liberalization of Japan's financial and capital markets and internationalizing the Yen, such measures have already been taken as licensing foreign banks to deal in public bonds, relaxing regulations on Euroyen CDs and announcing the criteria of participation of foreign banks in the trust banking activities.

(2) By the beginning of April this year, further measures had been taken such as introduction of Money Market Certificates (MMC), further relaxation of conditions for issuing CDs, of Euroyen bond issues and Euroyen lending, and of Yen-denominated bonds issued by non-residents.

(3) At present, concrete schemes for the establishment of Yen-denominated banker's acceptance market and bond forward market are in the course of preparation.

(4) The liberalization of financial and capital markets and internationalization of the Yen shall be steadily promoted, along with adjustments of the financial environment, in line with the Ministry of Finance report "Current Status and Future Prospects for the Liberalization of Financial and Capital Markets and the Internationalization of the Yen" and the "Yen/Dollar Meeting Report".

4. Ensuring moderate exports

With the basic policy of promoting balanced expansion of trade, efforts will continue to be made to ensure moderate exports to avoid concentration of specific products in specific regions while expediting the improvements in market access.

5. Enhancement of economic co-operation

In order to secure harmonious development of world economy and to positively contribute to the international community, Japan will continue its efforts to steadily increase its Official Development Assistance (ODA), setting a new medium-term target for the period after 1986. In so doing, it will endeavour, to the greatest extent possible, to improve the quality of ODA through such steps as expanding bilateral grant aid and technical assistance and responding positively to requests for contributions to international financial institutions.

6. Promotion of mutual investment, etc.

Mutual investment will be encouraged in order to further internationalize the Japanese economy, to deepen the interdependency with other countries, and to vitalize other economies.

(1) On industrial co-operation, the Headquarters for Promotion of Industrial Co-operation have been established within the Japan External Trade Organization (JETRO) in order to strengthen its role to provide information. Starting financial year 1985, special service on industrial co-operation will be provided by the JETRO.

(2) In order to encourage foreign enterprises to directly invest in Japan, vigorous support will be extended on a continued basis to local administrative bodies for their efforts in inviting foreign investments.

7. Foreign lawyers' activities in Japan

On the question of foreign lawyers' activities in Japan, the Japan Federation of Bar Associations made a basic policy decision on 15 March 1985, to accept foreign lawyers subject to the principle that reciprocity be practically maintained and the principle that the foreign lawyers will subscribe to the autonomy of the Japan Federation of Bar Associations. The Government will work to have an appropriate solution materialized as early as possible through full exchange of views with the Federation.

Appendix

Improvement in Standards and Certification Systems,
Import Testing Procedures, etc.

1. Permission for passage of high-cube containers

With regard to marine containers forty feet long and nine feet six inches high, permission shall be granted for their passage through the predesignated routes, with such conditions attached as are necessary to secure safety, while taking account of the state of the roads and the volume of traffic involved.

2. Simplification of procedures for the notification of imported foods, etc.

(1) Necessary steps shall be taken to introduce a prior notification system.

(2) Necessary steps shall also be taken to extend the validity time of certificates for continued imports of tableware, cooking utensils and food-producing machines.

(3) Accompanying documents for the import notification shall be simplified.

3. Simplification of the methods of indication of foodstuffs used solely as processing materials

Necessary steps shall be taken to simplify the methods of indication of food sanitation with respect to foodstuffs used solely as processing materials.

4. Establishment of standards for mineral water

Necessary steps shall be taken to establish food sanitation standards for mineral water.

5. Simplification and expedition of approval and licensing procedures for pharmaceuticals, etc.

(1) Application documents shall be simplified when the applicant for an import licence is a holder of a licence for manufacture.

(2) With regard to approvals for manufacture and import, the scope of approval authority to be delegated to the Prefectural Governors was expanded on 1 April 1985, in order to expedite examination.

6. Permission for use and sale of high-priced medical devices imported for the purpose of clinical trials

In case medical devices imported for the purpose of clinical trials are high-priced or their disposal or recovery may cost much, their use and sale shall be permitted on the condition that they conform to the requirements for approval.

7. Simplification and rationalization of licensing procedures for cosmetics

With regard to licensing procedures for cosmetics, simplification and rationalization such as issuance of licences allowing some latitude in the rate of combination of colouring agents were made on 1 April 1985.

8. Permission of joint use of testing facilities for import licences for cosmetics

Joint use of testing facilities shall be permitted.

9. Institution of plant quarantine on holidays at New Tokyo International Airport

Necessary steps are being taken to institute plant quarantine on Saturday afternoons and holidays at New Tokyo International Airport from April 1985, by increasing the number of quarantine officers.

ANNEX

Japan - United States Four-Sector Consultations

A Progress Report

The four-sector, high-level consultations between Japan and the United States, initiated pursuant to the meeting between Prime Minister Nakasone and President Reagan in January, have been vigorously pursued. Although there are differences in the degree of progress among the sectors, this is mainly because the telecommunications consultations have been conducted in an expeditious manner in view of the fact that the telecommunications business was scheduled to be opened to the private sector from 1 April. The fruits of the consultations will benefit not only the United States but also a broad spectrum of other foreign countries. A description of the progress hitherto made and the stance of the Japanese Government concerning future consultations follows.

1. Telecommunications

(1) Various issues between Japan and the United States concerning telecommunications have been resolved under the spirit of equity in market opportunity and equitable regulatory process, and as from 1 April the Telecommunications Business Law and the related Cabinet and Ministerial Ordinances are being enforced, the prime purpose of which is to introduce non-discriminatory competition in the Japanese telecommunications market. Following are the main points of understanding between Japan and the United States:

(i) The distinction between General Type II and Special Type II telecommunications businesses has been made clear-cut, and the notification/registration procedures have been made simple and transparent. Data processing using telecommunications lines had been free, not requiring notification or other procedures. This remains unchanged after the Telecommunications Business Law entered into force and thus neither registration nor notification is required.

(ii) With regard to technical standards and requirements of terminal equipment, a study by experts of Japan and the United States will be started promptly so as to obtain earliest possible conclusions within sixty days with a view to further simplifying the present items of technical standards and requirements. This will be done with an aim of making the regulatory process equitable between Japan and the United States, and will be based on the principle that the choice of terminal equipment and telecommunications protocols should be left to the users.

(iii) The technical standards compliance approval of terminal equipment shall be conducted by an impartial, neutral and independent

approval agency, on the basis of foreign test data, in the case of foreign suppliers, and by document inspection.

(iv) In drafting technical standards etc., transparency shall be secured by announcing the schedules as early as possible to interested parties both domestic and foreign, and through various means including soliciting of views on the drafts from interested parties both domestic and foreign, and participation of a Japanese national serving in a foreign-affiliated firm in the Telecommunications Advisory Council.

(v) In order to prevent cross-subsidization by Type I telecommunications carriers including NTT, necessary provisions have been included in the Accounting Regulations, thereby safeguarding fair competition.

(vi) Should there be aspects identified in the process of implementation of the new Law as serious and actual barriers to market entry, we would propose, if necessary, amendments to the Diet in accordance with the provision of the Law. If there are aspects of the Cabinet and Ministerial Ordinances which are identified as barriers to entry to the market, the relevant Ordinances will be amended to correct these deficiencies.

(2) The Government of Japan will ensure that the system will be implemented in the enforcement phase of the Law with full respect to non-discrimination, simplicity, transparency and market-opening.

(3) With regard to purchase by the private sector of foreign communications satellites, import financing by the Export-Import Bank of Japan has already been made available. In addition, the question of frequency allocation will be addressed as expeditiously as possible.

2. Electronics

(1) Nine points of interest have been raised by the United States side, and productive discussions have taken place. In relation to these issues, the Government of Japan has already decided upon in Cabinet meetings (i) a bill concerning the legal protection of semi-conductor chips and (ii) an amendment of the Copyright Law concerning the legal protection of computer programmes (N.B. fifty year copyright protection and no compulsory licensing), and will do its utmost to seek their legislation in the present session of the Diet. In addition to these, (iii) the Government of Japan has proposed to the United States side that the two governments consider the possibility of mutual elimination of tariffs in the electronics sector.

(2) With regard to the other issues, too, the Government of Japan will actively promote the free exchange of trade, investment and technology in the area of electronics, recognizing that this area holds a great deal

of promise and, therefore, that the existence of a free market in and between Japan and the United States is of utmost importance.

3. Pharmaceuticals and medical equipment

Seven points of interest have been raised by the United States side as questions to be addressed for the time being, and serious studies are under way to make the approval and licensing procedures simple and transparent. Accordingly some progress is in the making. Among them:

(1) Foreign clinical test data shall be accepted for medical equipment and in vitro diagnostic reagents in case they are immune to ethnic differences; and

(2) In order to secure transparency of the approval/examination process, companies applying for approval, including foreign companies, shall be given opportunities to hear instructions directly from and explain their comments directly to the Central Pharmaceutical Affairs Council.

(3) As for other issues, too, study is in progress and the Government of Japan will positively address them at the next consultation with the United States side.

4. Forest products

Following the first consultation, a working-level meeting was held and information exchanged concerning broad issues related to forest products both in Japan and the United States. The Government of Japan wishes to hold the second consultation as soon as possible and to discuss from a broad perspective every problem related to forest products.

For the purpose of recovering vitality of domestic forests, forestry, and wood forest industries, budgetary, financial and other necessary measures will be especially taken for the next five years for the time being, with particular emphasis on aiming at (i) increasing the demand for wood products, (ii) strengthening the structure of forest industries, and (iii) revitalizing domestic forests and forestry through thinning, tendering, and other methods. While observing the developments of such measures, the Government intends to positively consider reduction of tariffs on softwood and hardwood plywood and other panel products, approximately from the third year.

It is the policy of the Government of Japan to further push forward the internationalization and efficiency of the Japanese economy through market opening and other measures, while urging the United States to make necessary efforts in rectifying the high value of the dollar and in increased exports to Japan. The Government will actively address the issues with the understanding and co-operation of related industries and of the broad spectrum of the Japanese people.

STATEMENT OF PRIME MINISTER NAKASONE
ON EXTERNAL ECONOMIC MEASURES
9 April 1985

1. In the course of the four decades following the War, our economy has developed its strength to such an extent that it now shares as much as one-tenth of the world economy.

This has been an achievement derived from the wisdom and efforts of the people, and also the result of receiving greatest benefits from the free-trading system based on the IMF and GATT.

Today, however, we see that there is an unprecedented rise of protectionism caused by delays in structural adjustment, bringing high levels of unemployment and accompanying large imbalances in the current account, and which threatens to undermine the free-trading system.

Although the powerful waves of technological innovation are leading the world economy into a new age of development, this rise of protectionism threatens to deprive us of the possibilities which can bring such new development. In order to strengthen the free-trading system and to lead the world economy into this new stage of development, Japan will need to play a rôle both important and commensurate with its status in the world economy.

2. Today the Government received a report from the Advisory Committee for External Economic Issues consisting of informed people in the private sector which contains medium-term policy recommendations for the further internationalization of the Japanese economy, and has decided upon external economic measures.

As for the report of this Advisory Committee, the Government intends to take fullest account of its policy recommendations and seeks to carry out their implementation.

Especially, on the improvement of market access, the Government accepts the basic approach of "freedom in principle, restrictions as exceptions" and will follow the recommendation that "exceptions" be limited to a necessary minimum. Accordingly, it will prepare an action programme as soon as possible and seek its implementation without delay in order to minimize government intervention and to "leave the options as well as the responsibility to the consumers".

3. We have seriously conducted continuing consultations with the United States in the four sectors of telecommunications, electronics,

pharmaceuticals and medical equipment, and forest products in accordance with the agreement reached in the Japan-United States summit meeting held in January this year.

In the telecommunications sector, the liberalization of telecommunications business has been carried out following the privatization of the Nippon Telegraph and Telephone Public Corporation (NTT) as of 1 April 1985.

In addition, there will be simplifications made on a large scale for technical standards of terminal equipment and transparency will be ensured in the creation of standards by allowing members of foreign affiliated firms to participate in the Telecommunications Council.

The fact that this liberalization has been carried out in a most advanced sector which promises to lead our economic progress into the next century is indeed dramatic, and I believe that it will contribute immensely to the expansion of world trade and increased exchange in technology.

In the electronics sector, Cabinet decisions have been made approving a bill for the protection of rights in semiconductor chips, and an amendment of the Copyright Law for the protection of computer program rights so that intellectual property may be appropriately protected.

Also, following the mutual elimination of tariffs on semiconductors implemented between Japan and the United States as of 1 March, this year, the Government will enter into consultations with the United States and other industrialized countries with a view to extending the idea of mutually eliminating tariffs in the electronics sector.

As for pharmaceuticals and medical equipment, when they are submitted for the examination for approval, we have decided to accept foreign clinical test data for medical equipment and in vitro diagnostic reagents in case they are immune to ethnic differences. We will continue to seek further simplified and expedited procedures in granting approval and licensing in these areas.

As for forest products, the Government will, for the next five years for the time being, take special measures for the revitalization of the domestic forestry and the forest industries. While taking such measures, the Government intends to positively consider reduction of tariffs on softwood and hardwood plywood and other panel products, approximately from the third year.

Although these consultations covering the above four sectors have been conducted with the United States, the results obtained will not only benefit the United States but also benefit countries all over the world.

4. Concerning other measures, we will give full consideration to the industrialized countries including the United States and the developing

countries, including the countries in Asia with which Japan has close ties. We have decided in particular to carry out the decisions to lower the tariff of particular items in the early part of this year.

We will also seek the further improvement of standards and certifications and import testing procedures among others and encourage the import of manufactured goods and exchange in the field of investment.

As for the liberalization of financial and capital markets and the internationalization of the Yen, the Government has been making continued efforts in accordance with the agreement reached in the Japan-United States Yen Dollar Committee, and will steadily continue such efforts.

As for Official Development Assistance (ODA), we will set new mid-term objectives for the period after 1986, make efforts to increase our ODA and at the same time seek improvement in terms of quality to the fullest extent possible.

5. These measures announced today have been the result of intensive studies made on the basis of discussions in the Advisory Committee as well as requests by other countries, and were decided after overcoming various domestic difficulties. Needless to say, the Government intends to attain economic growth led by the expansion of domestic demand, and seeks a balanced expansion of trade through further improvement of access to our market and vigorous encouragement of imports. We will constantly review domestic institutions including administrative procedures in particular from the viewpoint of simplicity, transparency, non-discrimination between nationals and non-nationals as well as the opening of markets and make efforts to improve them so they may better benefit a country called upon to play a leading rôle in the free and open international economic system.

As for the difficult domestic problems which may arise in this process, it will be necessary to tackle them vigorously with an awareness that we need to bear responsibilities and costs in order to maintain and strengthen the free-trading system which is in fact the very basis of our economy. We will make further efforts to promote the GATT New Round from the same considerations.

6. I wish to take this opportunity to make an appeal to the nation. Japan's important and long-standing external economic measures after the War have been aimed at the promotion of exports. However, export promotion is not the only means to enrich the national economy. To have more choice of goods through the encouragement of imports can also be a means to this end.

I ask all of you, therefore, to be willingly receptive toward foreign products for the purpose of enriching your livelihood. And I hope that people in business circles will fully realize the fact that export alone cannot bring about a balanced expansion of trade nor harmonious external economic relations and will endeavour for the increased import of manufactured goods.

Finally, I should like to appeal to the international community. Whether or not we will be able to pass on the world's present state of progress and prosperity to the next generation depends on our resolve. Japan is firmly determined to play a rôle and discharge responsibilities befitting its economic strength. It is my ardent hope that the international community will continue to progress along the path of stability and prosperity through free and ever-increasing exchange and co-operation, never yielding to the temptation of protectionism.