

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

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UNITED STATES: IDENTIFICATION OF TRADE LIBERALIZATION PRIORITIES  
FOR JAPAN UNDER SECTION 301 OF THE OMNIBUS TRADE  
AND COMPETITIVENESS ACT OF 1988

Communication from Japan

The following communication dated 26 May 1989 has been received from the delegation of Japan with the request that it be circulated to contracting parties.

Statement by the Foreign Minister on the Identification of  
Priority Foreign Countries and Priority Practices  
based on the US Omnibus Trade Act Super 301

1. It is extremely regrettable that on 25 May (Japan time: 26 May) the US Administration, in implementing the so-called Super 301 provisions of the Omnibus Trade and Competitiveness Act of 1988 (Omnibus Trade Act) decided to identify Japan as one of the "Priority Foreign Countries", with practices in satellites, supercomputers, and forest products as being those practices which should be eliminated within a short period of time.
2. As a result of many market-opening measures which have been taken to date, the Japanese market has now become a widely open market. None of the identified "Priority Practices" can be considered to constitute trade barriers. I strongly regret the lack of fairness because the United States has unilaterally made such a decision on the trade practices of other countries including Japan, despite the fact that the United States itself maintains import restrictive measures and practices to a considerable degree.
3. At a time when the Uruguay Round negotiations are entering into the full-scale negotiation stage, what is important for both Japan and the United States is to make efforts to maintain and strengthen the multilateral and open trading system through the Uruguay Round negotiations. I am concerned that this decision and the recent unilateral approach pursued by the US Government on telecommunications issues would undermine such efforts in the Uruguay Round. I strongly hope that the United States will not take measures inconsistent with the GATT.

4. It is reported that in the background of this decision by the US Government is the Japan-United States trade imbalance. In this connection, I would like to point out that Japan has been making great efforts to increase its imports. At the same time, it is widely recognized even in the United States, that the present trade imbalance between Japan and the United States is in large part attributable to macro-economic policies and that in this regard it is important for the United States to reduce its huge budget deficit. In this sense, I am obliged to comment that the implementation of the Super 301 provision is an attempt to divert attention from the major cause of the trade imbalance and to eschew the responsibilities of the United States in macro-economic policies.

5. Japan and the United States, as the two major economic powers of the world, share the responsibility to cooperate in order to realize and maintain non-inflationary sustained growth of the world economy. Bearing this in mind, and from the standpoint of maintaining and developing friendly economic relations with the United States, the Government of Japan is of the view that efforts should be made to solve whatever problems may arise between the two countries through quiet talks and joint cooperation with the United States. There is no change in this basic position of the Japanese Government, hence, it is all the more regrettable in light of the causes of Japan-United States relations that the US Government had made this decision on Japan on the basis of "the priority countries and practices" clause of the Omnibus Trade Act. The Government of Japan will decide how to act, fully looking into this decision.