

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## STATEMENT BY REPRESENTATIVE OF JAPAN ON 3 MAY 1977

In respect of the first grouping of related issues you have just enumerated, I would like to recall that Japan's basic views have been circulated in Japan's View, document MTN/SG/W/16. I therefore do not propose to go over the same ground but I would like on this occasion to address myself to the question of criteria and to review and at the same time expand what we have stated on this issue in the past meetings of the Group.

What I attempt in my present intervention would be an elaboration of Japan's position or views on the question of criteria. They are not necessarily complete and we may thus wish to return to the subject in greater detail at an appropriate future meeting of this Group.

Let me begin by reiterating Japan's basic position or objectives in this discussion of a multilateral safeguard system. To quote from Japan's View, "In Japan's view it is of vital importance to secure the correct and appropriate use of the safeguard provisions. In our view this would be essential in preserving the results of liberalization achieved through the MTN and in preventing their erosion through possible abusive invocation of safeguard measures". We would regard that these are the basic objectives that we should address ourselves to in this exercise, and in our view these general remarks have a vital relevance to the examination of the criteria for the invocation of safeguard measures. In examining the criteria for the invocation of safeguard measures, it is our view that it is most important to direct our efforts towards the prevention of an arbitrary invocation of safeguard measures and also to contain the abusive use of safeguard measures. We believe by an effort in that direction we would fulfil the important purpose of this Group of preserving the results of liberalization achieved through the MTN and at the same time we may minimize the occurrence of possible disputes arising from the invocation of safeguard measures. To quote once again from our basic View, "... in our view it is not necessarily a realistic approach to try to define in (objective quantitative) terms the criteria referred to in Article XIX:1(a)". In this respect we feel it is inappropriate and unrealistic to try to establish precise definitions in respect of the injury concept, automatically applicable quantitative criteria for the determination of injury, or priority amongst the elements to be taken into account for determining

the existence of serious injury. We feel that a more realistic and productive approach in this respect would be to attempt to enumerate the elements or factors which should be taken into account and considered in determining the existence of serious injury. Listening to past discussions in this Group on this subject, my delegation senses a convergence of views in this direction and it would be useful if we can have some confirmation as to whether our reading of the situation is an accurate one.

We have spent some time in considering what elements or factors should be looked at in determining the existence of serious injury. We have come, at this stage, to the view that perhaps eleven elements might be of relevance in this exercise. I would like to say that these elements may not necessarily be exhaustive, there may be other appropriate ones that may be added. To enumerate these elements, they are: output, turnover, inventories, market share, profits, prices, export performance, employment, imports, utilization of capacity of domestic industry and productivity. We would suggest that we would need to look at and examine the development and prospects of these elements, and that the existence of serious injury should be determined by examining all these elements together.

You would note that most of the elements I have enumerated are also listed in Article 3 of the Anti-Dumping Code and this is the basis on which in Japan's View we have made reference to Article 3 of the Anti-Dumping Code.

Secondly, in our view, in order to establish whether imports have caused injury, all factors other than imports which individually or in combination, may be adversely affecting the industry should also be examined. Once again, without attempting to be exhaustive, we would suggest that these factors may be competition between the domestic producers themselves, contraction in demand due to substitution of other products or to changes in consumer tastes.

If I may, at this stage, make a short reference to the relationship of the general issue with that of the developing countries, I would like to recall that in the last meeting we tried to emphasize that Japan and the developing countries do share some of the same approaches to some of the elements of a multilateral safeguard system. But, at the same time, given the nature and purpose of the safeguard measures, no country, I believe, could forego a priori resort to safeguard measures against imports from particular sources. From the same point of view, we could not subscribe to the suggestion that we establish a more rigid rule on the criteria for invocation of safeguard measures against imports from one source of countries differentiated from imports of other groupings of countries. Having said that, I would like to emphasize that this delegation continues to hold the view that an agreement, if reached in line with what I have now suggested, will respond to a very large extent to the concerns expressed by the developing countries.

In concluding my remarks, I would like to say that we feel that there is a broad recognition on the usefulness of elaborating, in the general lines I have suggested, on elements and factors to be taken into account and considered in determining the existence of serious injury. As I have already said, I wonder whether this assessment is right and I would wish to invite comments on this point from other delegations. We would also appreciate any comments other delegations may have on the elements and factors which I have suggested in respect to the question of criteria.