

# WORLD TRADE ORGANIZATION

WT/MIN(98)/ST/116  
20 May 1998

(98-2174)

MINISTERIAL CONFERENCE  
Second Session  
Geneva, 18 and 20 May 1998

Original: English

## JAPAN

Statement Circulated by Mr. Masahiko Koumura,  
State Secretary for Foreign Affairs

### JAPAN'S POSITION ON WTO ISSUES

#### THE PRIMACY OF MULTILATERAL TRADING SYSTEM

For the last 50 years the multilateral trading system has been a solid basis for world growth and prosperity. The WTO has functioned well since its foundation to further the objectives underlying the multilateral trading system, and achieved such remarkable success stories as the conclusion of ITA, basic telecommunication and financial services negotiations. The effective role the dispute settlement mechanism has played is also worthy of particular mention. This Second Session of the Ministerial Conference should be an occasion to celebrate the success of the multilateral system as well as to reaffirm its primacy in ensuring global economic growth.

#### Regionalism

Recent years have seen the proliferation of initiatives for further regional integration, in which many major trading partners are engaged. Japan has concern that proliferation of regional agreements may undermine the multilateral trading system. Japan thus maintains that more vigorous efforts are necessary to make sure that all initiatives for regional integration be consistent with the WTO and complementary to the multilateral system, so that they will help strengthen the multilateral system further instead of undermining it. Improving the rules on regional trade agreements is paramount in this regard. Promoting global liberalization is the best means to contain discriminatory regional initiatives.

#### Asian economic crisis

Japan is concerned in this context with the possible emergence of protectionism as a result of the recent Asian economic crisis. In overcoming the present difficulties we underline the importance of continuous liberalization of trade and investment, together with appropriate domestic economic reform, which will lead to subsequent economic recovery. Japan thus calls on all Members at least to maintain the current market access and refrain from taking any restrictive measures inconsistent with WTO rules. For its part, Japan remains firmly committed to multilateral trading system, and is making utmost efforts to achieve a swift recovery of its economy, with the recent comprehensive policy package to be implemented without delay.

#### IMPLEMENTATION OF THE URUGUAY ROUND AGREEMENTS

Faithful realization of what the Members have agreed or decided is a testimony to the effectiveness of WTO. Implementation of Uruguay Round Agreements is a vital part of it, and Japan

would like to call upon all the Members to be cooperative on this. Japan is also keenly aware of the difficulties the developing Members now face in this respect, and intends to further extend its assistance, through various schemes ranging from human resources development to infrastructure building.

#### Review of the Dispute Settlement Understanding

Since the mechanism has functioned effectively, the review should focus on improvements in the selected areas within the current structure of the mechanism with a view to further enhancing its fairness, effectiveness and credibility. Japan also views that due consideration should be given to the increased burden entailed for Members and the mechanism as a whole. Japan will actively contribute to the review process.

#### BUILT-IN AGENDA AND COMPREHENSIVE NEGOTIATION

Although the multilateral trading system has served to a great extent to global growth and prosperity, continuous efforts are needed to secure the benefit of multilateral system. In this context, Japan has stressed the significance of effective implementation of the built-in agenda in accordance with agreed time-frames and advocated comprehensive negotiations for trade liberalization.

#### Agriculture

For Japan, agriculture was the largest domestic issue in the UR negotiation. Japan would thus like to stress first of all that it has implemented the Agreement on Agriculture faithfully and never failed to do so in spite of very strong objections to the Agreement, even with the severe domestic agricultural situation we now face due to our minimum access commitment and current surplus in domestic production.

As to future works, we will enter into negotiation in accordance with the framework stipulated in Article 20 of the Agreement on Agriculture including its agreed time-frame, and take account of all the elements contained therein, including non-trade concerns as well as issues related to developing countries which have not been sufficiently considered in the UR negotiation.

#### Trade in services

Trade in services will remain a driving force of global economy as long as we maintain our commitment to its further liberalization. Japan would like to stress that we should redouble our effort to accelerate the process of information exchange activities so that we will have completed our preparatory work by the time the next round of negotiation will commence.

#### Comprehensive negotiation

Since its accession to the GATT, Japan has been a constant advocate of multilateral system, and has taken numerous initiatives in enhancing the GATT/WTO regime. Against the above background, Japan has decided to advocate comprehensive negotiations for trade liberalization from the year 2000, including industrial tariffs, rules on investment and other new areas in addition to agriculture, trade in services and other areas where negotiations are "built in" the WTO Agreements.

#### NEW ISSUES

Multilateral trade regime must be kept up-to-date to serve its objectives, and in this sense WTO has to tackle new issues that the global economy now face. A number of significant issues are being handled in relevant working groups and other fora in this arena.

Japan's stance on those matters are as follows:

#### Trade and environment

Taking into account intensified debate on trade measures for environmental protection, Japan is of the view that further efforts should be made to ensure that environmental concerns be integrated with WTO Agreements. A certain framework is necessary to ensure the compatibility of trade measures pursuant to Multilateral Environmental Agreements (MEAs) and WTO Agreements. Japan would also like to call on other Members to support comprehensive analysis on the impact of trade liberalization on the environment.

#### Trade and investment

Japan believes that the recent Asian economic crisis highlighted the importance of establishing a multilateral framework for investment. This would further strengthen the stability and predictability of investment environment and thus help ensure growth of developing economies through steady flows of investment. Japan will remain active on this issue and intends to play an important role in examining possible rules on investment within the WTO framework.

#### Trade and competition policy

Japan will also remain proactive on this issue and encourage all the Members to address all relevant issues in the Working Group. Multilateral disciplines of trade measures, particularly those related to anti-dumping measures, must take into account competition policy perspective and the Working Group should further address this issue. Japan also supports the work concerning the impact of competition policy on trade, although establishing multilateral rules in this aspect may be rather premature.

#### Transparency in government procurement

Work on this issue constitutes an important step to extend a basis of multilateral government procurement rules. Japan would call on the Members to set a time-frame to come up with a draft agreement and make the maximum efforts to conclude an agreement by the end of 1999. In this context, Japan also strongly expects Members not party to the Agreement on Government Procurement to join the ongoing work for improving the existing rules and to conclude the work by the commencement of the broad-based negotiations under the WTO.

#### Electronic commerce

While electronic commerce has become widespread rapidly and served speedy cross-border transactions, discussion has not been exhausted on how it is dealt with in WTO context. Japan has thus proposed that we should start a comprehensive work programme of its relation with the WTO Agreements, and that in the meanwhile we should refrain from imposing undue restrictions on electronic commerce and agree to introduce no new measures that would result in application of customs duties on electronic transmission until the Third Session of the Ministerial Conference, without prejudice to the outcome of the programme.

#### Accession to the WTO

In order to enhance universality of the WTO membership, Japan is in strong support of the early accession to the WTO of all the applicants on the basis of adherence to the WTO rules and meaningful market access commitments. Of particular importance is the accession of major trading partners like China and Russia, which Japan wishes will participate in the negotiations scheduled to

start by the end of 1999. Japan is determined to work together with the applicants and other WTO Members to accelerate the substantive negotiations on protocol issues and market access.

---