

106TH CONGRESS
1ST SESSION

S. RES. 226

Expressing the sense of the Senate regarding Japanese participation in the
World Trade Organization.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 9, 1999

Mr. BAUCUS (for himself and Mr. GRASSLEY) submitted the following
resolution; which was referred to the Committee on Finance

RESOLUTION

Expressing the sense of the Senate regarding Japanese
participation in the World Trade Organization.

Whereas Japan is the world's second largest economy with
exports and imports together equal to one-fifth of its
gross domestic product;

Whereas Japan is the second largest trading partner of the
United States and sends almost one-third of its exports
to the United States;

Whereas prosperity and growth in Japan, one of the primary
beneficiaries of the liberal international trading system, is
dependent on the maintenance of open markets through-
out the world;

Whereas prosperity in the Asian region and globally requires
open markets in Japan;

Whereas Japan has a profound interest in ensuring that the World Trade Organization continues to thrive and develop, and that world markets are open on the basis of a rules-based system that is widely supported by governments, businesses, nongovernmental organizations, and average citizens throughout the world;

Whereas Japan's dependence on open markets requires Japan to take a leadership role, rather than a defensive posture, in the next round of multilateral trade negotiations;

Whereas support for free trade in the United States and in many other countries has become increasingly fragile;

Whereas the world's major trading nations, including Japan, have a special responsibility to take the measures necessary to strengthen a consensus for free trade;

Whereas Japan's importation of manufactured goods, as a share of its gross domestic product, is considerably lower than that of other industrialized nations and is one of the lowest of all nations reporting data to the World Bank;

Whereas Japan has one of the lowest levels of intra-industry trade in the industrialized world according to the Organization for Economic Cooperation and Development;

Whereas even in the case of rice where some progress was made at the Uruguay Round, the Government of Japan agreed to a tariff-rate quota, yet set the over quota tariff rate at a level that is currently equivalent to approximately a 500 percent ad valorem duty, thus drastically reducing the possible market impact of the concession;

Whereas Japan is protecting its trade-distorting policies in the areas of agriculture, forestry, and fishing and is trying to shift the focus of the next round of multilateral

trade negotiations away from concessions and liberalization of its trade-distorting policies in these areas;

Whereas there is a concern that in the previous rounds of multilateral trade negotiations, the Government of Japan has been able to minimize the commitments it made;

Whereas there is a concern that the Government of Japan may be able to minimize the actual implementation of commitments through formal government measures and informal government guidance to counter the effects of those commitments on liberalization;

Whereas reducing Japanese tariffs and eliminating traditional nontariff barriers appears to have less of an effect than expected on improving market access in Japan in many sectors because of the complex and opaque network of systemic barriers that continue to exist in much of Japan's economic system;

Whereas despite the fact that Japan is a full participant in the WTO Agreement on Government Procurement and appears to be making concessions equal in value to the concessions made by other parties, Japan has not opened the government procurement market to the degree expected by the United States and other trading partners;

Whereas because of the impediments in the Japanese government procurement market that were not addressed by the GATT and the WTO, the United States has had to negotiate bilateral government procurement agreements covering computers, telecommunications equipment, medical products, satellites, and supercomputers;

Whereas the Government of Japan has called for reopening the WTO Agreement on the Implementation of Article VI of the GATT 1994 (the Antidumping Agreement), and

supports similar efforts by other nations, which would result in reducing the effectiveness of United States trade law and the ability of the United States to take action against the injurious and unfair trade practice of dumping;

Whereas the advanced tariff liberalization process would be further along but for the opposition of Japan at the Asia-Pacific Economic Cooperation forum; and

Whereas a focus on Japanese practices and commitments at the next round of multilateral trade negotiations is more important than ever because the trade laws of the United States, such as section 301 of the Trade Act of 1974, section 1377 of the Omnibus Trade and Competitiveness Act of 1988, and title VII of the Omnibus Trade and Competitiveness Act of 1988, have been significantly weakened as a result of agreements concluded during the Uruguay Round: Now, therefore, be it

1 *Resolved*, That it is the sense of the Senate that the
2 appropriate officials in the executive branch—

3 (1) should include, in the United States negoti-
4 ating objectives for the next round of multilateral
5 negotiations, specific expectations as to how the ne-
6 gotiations will result in changes in the Japanese
7 market;

8 (2) should pay special attention to commit-
9 ments required of the Government of Japan in the
10 next round of negotiations and ensure that commer-
11 cially meaningful Japanese concessions equivalent to

1 concessions made by other major trading nations will
2 lead to market change in Japan;

3 (3) should cooperate closely with other major
4 trading nations to ensure that the next round of ne-
5 gotiations results in genuine change in Japan's mar-
6 kets.

7 (4) should consult closely with Congress
8 throughout the next round of negotiations about the
9 specific impact of the negotiations on Japan's mar-
10 kets, and should provide periodic reports, with full
11 input from the private sector, about progress being
12 made in addressing Japanese barriers within the ne-
13 gotiations;

14 (5) should devote the resources needed to ana-
15 lyze market barriers in Japan and to analyze how
16 these market barriers can be addressed in the next
17 round of negotiations; and

18 (6) should work closely with United States
19 manufacturers, service providers, and nongovern-
20 mental organizations to develop the priority areas
21 for focusing United States efforts with respect to
22 Japan in the next round of negotiations and to de-
23 termine the progress being made in meeting those
24 priorities.

○