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GPS 350
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FRAME EXTERNAL
DESKBY 190830Z
FM LUXEMBOURG 181953Z JUN 85
TO IMMEDIATE FCO
TELEGRAM NUMBER 160 OF 18 JUNE 1985
AND TO IMMEDIATE UKREP BRUSSELS, DTI
INFO IMMEDIATE TOKYO, PRIORITY BRUSSELS, COPENHAGEN, THE HAGUE,
ROME, DUBLIN, PARIS, BONN, ATHENS, WASHINGTON, UKMIS GENEVA.

G FM UKREP BRUSSELS

NIPT
EC/JAPAN

1. FOLLOWING IS THE DRAFT COUNCIL DECLARATION REFERRED TO IN MIPT:

(1) THE COUNCIL EXPRESSED ITS CONCERN OVER THE OUTCOME OF RECENT DISCUSSIONS BETWEEN THE COMMISSION AND THE JAPANESE AUTHORITIES WHICH RESULTED YET AGAIN IN ONLY VERY LIMITED PROGRESS IN ADDRESSING VARIOUS LONG STANDING REQUESTS MADE BY THE EUROPEAN COMMUNITY TO OPEN UP THE JAPANESE MARKET.

(2) THIS LACK OF RESPONSE TO THE CONCERNS OF THE COMMUNITY HAS TO BE ASSESSED AGAINST THE BACKGROUND OF THE RESPONSIBILITIES WHICH JAPAN PREEMINENTLY SHARES WITH HER OTHER WESTERN PARTNERS TO PRESERVE AND STRENGTHEN THE MULTILATERAL TRADING SYSTEM, FROM WHICH JAPAN HAS SO GREATLY BENEFITTED BUT TO WHICH SHE HAS HITHERTO FAILED TO MAKE A CONTRIBUTION CORRESPONDING TO HER ECONOMIC AND COMMERCIAL STRENGTH.

(3) THE COUNCIL RECALLED THE COMMUNITY'S DECISION TO SUSPEND EARLIER GATT PROCEEDINGS AGAINST JAPAN WHILE BILATERAL DISCUSSIONS CONTINUED AND THE JAPANESE AUTHORITIES PROCEEDED WITH THEIR INTENDED MARKET OPENING MEASURES.

(4) HOWEVER, JAPAN CONTINUES TO REMAIN OUT OF STEP WITH HER TRADING PARTNERS IN TERMS OF PROPENSITY TO IMPORT MANUFACTURES. FURTHERMORE MOUNTING TRADE AND CURRENT ACCOUNT SURPLUSES APE NOW BEING ACCUMULATED BY JAPAN AND CAN BE EXPECTED TO CONTINUE TO INCREASE FOR THE FORESEEABLE FUTURE. IN CONSEQUENCE, THE MULTILATERAL TRADING SYSTEM FINDS ITSELF UNDER INCREASING STRAIN, AND PROTECTIONIST PRESSURES ARE MOUNTING.

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(5) THE COMMUNITY ACCORDINGLY LOOKS TO THE GOVERNMENT OF JAPAN TO PUT INTO EARLY AND CONCRETE EFFECT ITS VARIOUS RECENT TRADE POLICY DECLARATIONS, AND NOTABLY THAT OF 9 APRIL 1985. THE THREE YEAR ACTION PROGRAMME CURRENTLY UNDER ELABORATION IN TOKYO WILL BE CREDIBLE ONLY IF IT EMBRACES A CLEARLY VERIFIABLE COMMITMENT TO A SIGNIFICANT, SUSTAINED INCREASE IN IMPORTS INTO JAPAN OF MANUFACTURERS AND PROCESSED AGRICULTURAL PRODUCTS. SIMILAR IMPORTANCE IS ATTACHED TO THE PROPOSED LIBERALISATION OF JAPANESE FINANCIAL MARKETS AND THE INTERNATIONALISATION OF THE YEN.

(6) THE COUNCIL INVITES THE COMMISSION TO PREPARE A COMPREHENSIVE REVIEW OF COMMUNITY/JAPAN RELATIONS WITH APPROPRIATE RECOMMENDATIONS FOR ACTION, AS A BASIS FOR DISCUSSION AND DECISION IN THE AUTUMN OF 1985.

FCO ADVANCE TO:-

FCO - SHEPHERD

DTI - WILLIAMS, LANE, PRYOR, NADELIN (ITP), HUTTON, DUNNING
WINDEYER (OT2)

(ADVANCED AS REQUESTED)

UKREP DIST - LOUGHEAD, SPENCER / ECON, EXTERNAL, INDUSTRY

MILES

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