

officials expressed the opinion that if the Japanese application to GATT were rejected, the United States would probably then be willing to hold bilateral discussions with the Japanese.

3. The other major factor contributing to the United States unwillingness to hold bilateral talks now is the status of the Trade Agreements Act. This act expires on June 12th next and it remains to be seen whether and in what form it is renewed. The State Department officials whom we consulted on this matter made a personal guess that the next Congress will approve a Trade Agreement Act at least as liberal as the current act, if not more so.

1032.

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*Le sous-secrétaire d'État aux Affaires extérieures
au sous-ministre du Commerce*

*Under-Secretary of State for External Affairs
to Deputy Minister, Department of Trade and Commerce*

CONFIDENTIAL

Ottawa, December 31, 1952

Attention: Dr. C.M. Isbister

Mr. Inagaki, Counsellor of the Japanese Embassy, called on this Department on December 30th to discuss further the proposal of his Government that we enter into bilateral tariff negotiations in advance of Japanese accession to the GATT.

2. Mr. Inagaki said that he had reported to Tokyo his previous talk with us and that his authorities recognized the important practical difficulties in holding such negotiations on a purely bilateral basis. However, it was assumed that we were not opposed in principle to tariff negotiations with Japan in advance of Japanese accession to GATT. His Government, therefore, hoped that, in replying to the Japanese proposal, we would not do so in an entirely negative manner. Mr. Inagaki said that, for political reasons at home, it was hoped that our reply would indicate our willingness to enter into negotiations provided that certain (possibly unattainable) conditions were met. For instance, we might indicate our readiness to negotiate provided that it would be possible for us to negotiate at the same time with other major trading countries. (The impracticability of such simultaneous negotiations between Canada and such an important supplier as United States in the near future appeared to be recognised by Mr. Inagaki when he said that Japan had not proposed bilateral negotiations between the United States and Japan for the reason that the new Administration was not yet in office and its views concerning the future of the Reciprocal Trade Agreements Act were not yet known.)

3. Mr. Inagaki realized that, in the absence of general tariff negotiations, Canadian concessions of benefit to Japan would have to be confined to commodities of which Japan was the "principal supplier". He thought that there were a few such commodities and that there were also some goods (e.g. wheat and certain non-ferrous metals) of which Canada was Japan's principal