the discipline of the escape clause in U.S. domestic legislation, nor to the international discipline of Article XIX which might have required the U.S. to offer compensatory tariff reductions to pay for restrictions on imports from Japan and Hong Kong, which were the "low-cost" suppliers of textiles and textile products at that time. It is this sort of perverse result of well-meaning efforts at trade liberalization which Bruce Clubb tried to identify in the speech cited above.[5]

Third: Two countries which took the lead in encouraging, even sponsoring, Japanese accession to the GATT, that is, the United States and Canada, opted to accord Japan full GATT treatment (after the conclusion of the tariff negotiations for Japanese accession in 1955) and, in particular, to accord to Japan the same rights of non-discrimination and compensation, with regard to emergency restrictions on imports under Article XIX, as were accorded other GATT signatories.[6] On the other hand, European countries, broadly speaking, and a number of developing countries as well, were not prepared to accept Japan as a trading partner with the same rights as other countries which had bilateral most-favoured-nation rights or GATT rights. They were not prepared to accept Japan as a trading partner on the same basis as others, essentially for two reasons: first, they assumed that Japanese competition would be of the kind sometimes encountered before World War II — massive supplies of very low-priced immitations of western manufactures, which might be highly disruptive in domestic markets. Many countries had had problems of such competition with Japan in the 1930s (e.g. Canada, in the period 1930-35). Second, there was some doubt that the Japanese would give practical effect to their commercial treaty obligations, in terms of increased imports of manufactured goods.

Thus when Japan negotiated for entry into the GATT system (1953-55) a number of countries invoked the GATT provisions (Article XXXV) which authorize individual GATT signatories to deny GATT rights, on a bilateral basis, to a new GATT signatory. Those countries wished to retain the right to discriminate against Japan in any situation in which imports from Japan caused problems in their markets.[7] Within a very few years, this caution appeared to be justified by the appearance of what were held to be "disruptive" imports of cotton textiles from Japan. European countries concentrated, not on securing reductions in Japanese import barriers, but in keeping intact their discriminatory quotas on imports from Japan, and securing their rights to maintain such quotas. They then "sold off" their disinvocation of GATT Article XXXV by negotiating bilateral agreements under which they retained the right to discriminate against imports from Japan, despite the unconditional m.f.n. provisions of GATT Article I. These rights to discriminate against Japan, for the most part, continue to exist, and are obviously an element in negotiations about imports of particular products from Japan which the European countries concerned wish to have restrained or restricted.[8]

However, the difference between the European approach to trade with Japan, and the U.S./Canadian approach, should not be exaggerated. The Europeans retained, formally, and in practice, the right to discriminate against Japan; the U.S. and Canada abandoned the formal right to discriminate but they quickly (by 1959) turned to the development of the system of "voluntary export restrictions" by Japan, initially for cotton textiles, but, in the case of Canada, for other products as well.[9]