WORKING PARTY ON ARTICLE XXXV REVIEW

Secretariat Paper on Trade Relationships between Japan and Contracting Parties Invoking Article XXXV against Japan

Part I

Terms of reference

1. Article XXXV of the General Agreement is invoked at present by the following countries in their trading relationships with Japan:

   - Australia
   - Austria
   - Benelux
   - Cambodia
   - Cuba
   - France
   - Ghana
   - Haiti
   - Luxemburg
   - Kingdom of the
   - Netherlands
   - New Zealand
   - Nigeria
   - Federation of Rhodesia and Nyasaland
   - Tunisia
   - South Africa
   - United Kingdom

2. At the seventeenth session the Government of Japan requested the CONTRACTING PARTIES to review the operation of Article XXXV with a view to improving existing trade relationships between Japan and contracting parties invoking Article XXXV against Japan. After consideration by the Council (C/M/4) the CONTRACTING PARTIES at their eighteenth session decided to establish a working party to review and report to the CONTRACTING PARTIES on the operation of Article XXXV, as provided for in paragraph 2 of the Article, with particular reference to:

   (a) the existing trade relationships between Japan and each of the countries which have invoked Article XXXV,

   (b) the effects of the invocation of Article XXXV on Japan's trade and repercussion on the trade of other contracting parties,

   (c) the widespread invocation of Article XXXV against Japan by the governments of countries acceding to the GATT under Article XXVI:5(c) and Article XXXIII.2

1Cambodia, which participates in the work of the CONTRACTING PARTIES under a special arrangement, and Tunisia, which has acceded provisionally to the General Agreement, indicated that they might want to invoke Article XXXV against Japan when they accede to the General Agreement.

2For the composition of the Working Party and the full terms of reference of the Working Party, see document L/1482.
The Executive Secretary was requested to prepare a report on the origins of Article XXXV\(^1\) and a factual account of its application in the case of Japan.

**Part II**

**Existing Trade Relationships Between Japan and Contracting Parties Invoking Article XXXV against Japan**

**General**

**Bilateral agreements**

3. With the exception of Austria, Ghana, Haiti, Nigeria and South Africa, trade relationships between Japan and contracting parties invoking Article XXXV against Japan are governed by trade agreements or trade arrangements.

**Customs treatment**

4. Except for Haiti, France, and South Africa, other contracting parties invoking Article XXXV against Japan grant imports from Japan, either on a de facto basis or as provided under the respective bilateral agreements, the same customs treatment as imports from other contracting parties to the General Agreement.

**Import restrictions and control measures**

5. Only seven contracting parties invoking Article XXXV, namely Australia, Cambodia, Cuba, Haiti, New Zealand, Nigeria and South Africa, do not maintain restrictions in their import licensing policies applying particularly to imports from Japan.

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\(^1\)See document L/1466.
Part III

Import Treatment Granted to Japanese Products by Contracting-Parties Invoking Article XXXV

Australia

Bilateral agreements

6. Trade relations between Australia and Japan are governed by the "Agreement on Commerce between Japan and the Commonwealth of Australia" which entered into force on 4 December 1957. The basic concept underlying the trade agreement is the exchange of GATT treatment between the two countries, as far as practicable.

Customs treatment

7. In accordance with the provisions of the Agreement referred to above, Australia applies most-favoured-nation rates to imports from Japan.

Import restrictions

8. Japan receives the same import treatment as the other contracting parties.

Development of trade

9. Australian imports from Japan have increased from $50.5* million in 1956 to $132* million during the first ten months of the year ended 30 June 1961. Australian exports to Japan have increased from $194* million in 1956 to $282* million during the first ten months of the year ended 30 June 1961.

Austria

Bilateral agreements

10. There is no bilateral arrangement between Austria and Japan.

Part III of the paper is based on information already available to the secretariat and on replies received from governments of countries invoking Article XXXV to the request by the secretariat for:

(i) a detailed account of the treatment accorded to imports from Japan (customs treatment, import control measures, etc.)

(ii) a description of any bilateral arrangements governing trade relations with Japan,

(iii) an indication of the effect of the invocation of Article XXXV by their respective countries on Japan's trade, and repercussions on the trade of other contracting parties, and

(iv) any other relevant information.

The statistical data included in this paper are based on data supplied by governments (those marked with an asterisk) or based on official Japanese statistics. All data have been converted into US dollars; import figures are c.i.f., export figures are f.o.b. Due to differences in definition, time lag, etc., these figures are not necessarily in complete agreement with data compiled by different countries for their national trade statistics.
Customs treatment

11. Austria applies m-f-n rates to imports from Japan.

Import restrictions

12. With the exception of the "free commodities" enumerated in the Austrian Foreign Trade Law, all imports from Japan are subject to import licensing.

Development of trade

13. The Austrian reply to the secretariat's request for information states that:

"imports from Japan in 1960 were three times as high as in 1955 ..."

"Japan is Austria's second supplier among the non-European countries trading with Austria in the sector of finished and semi-finished goods, the first place being held by the United States ..."

"During five years of the six-year period 1955-61 Austrian exports to Japan did not reach the level of Japanese exports to Austria ..."

Benelux

Bilateral agreements

14. Trade relations between Japan and the Benelux countries are governed by the "Agreement on Commerce between Japan and the Kingdom of the Netherlands and the Belgo-Luxemburg Economic Union" which was signed on 8 October 1960. The agreement provides for reciprocal most-favoured-nation treatment.

Customs treatment

15. Under the provisions of the Agreement Benelux countries apply m-f-n rates to imports from Japan.

Import restrictions

16. In accordance with the provisions of the Agreement, Benelux countries grant most-favoured-nation treatment to all Japanese goods except for the products enumerated in the negative list annexed to the Benelux/Japan trade agreement of 8 August 1960.

Development of trade

17. Imports from Japan into Belgium/Luxemburg have increased from $11* million in 1955 to $21* million in 1960. Imports into the Netherlands from Japan have increased from $17.7* million in 1955 to about $23.8* million in 1960.

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1. The Agreement has not yet been ratified.

2. Twenty-eight products are included in the negative list annexed to the Agreement and one group of products (bolts, nuts and screws of iron and steel) is found in an exchange of letters. A list of the items involved and of the quotas established for the initial one-year period of the Agreement may be seen at the secretariat.
Cambodia

Bilateral agreements

18. Trade relations between Cambodia and Japan are governed by the "Trade Arrangements between the Government of Japan and the Government of Cambodia" which entered into force on 15 February 19^0. The Arrangements provide for reciprocal most-favoured-nation treatment.

Customs treatment

19. Under the provisions of the Arrangements, Cambodia applies minimum rates (one-third as high as general rates) to imports from Japan.

Import restrictions

20. Cambodia exercises no discriminatory import restrictions against imports from Japan.

Development of trade

21. Exports from Japan to Cambodia have increased from $9.4 million in 1959 to $11.1 million in 19^0.

Cuba

Bilateral agreements

22. Trade relations between Japan and Cuba are governed by the "Agreement on Commerce between Japan . and the Republic of Cuba" which was signed on 22 April 19^0 and entered into force on 20 July 1951.

Customs treatment

23. In accordance with the provisions of the Agreement referred to above Cuba applies m.f.n. rates to imports from Japan.

Import restrictions

24. Under the provisions of the Agreement referred to above, Cuba does not apply discriminatory restrictions to imports from Japan.

Development of trade

25. Exports from Japan to Cuba amounted to approximately $10.0 million in 1959 and to approximately $6.0 million in 1960.
France

Bilateral agreements

26. Provisional trade arrangements between France and Japan were signed on 10 July 1959. The Arrangements were extended on several occasions thereafter with certain amendments. The present Arrangements will remain in force until 30 September 1961.1

Customs treatment

27. In principle, Japanese imports are subject to "general" tariff rates. In practice, however, Japan benefits from the application of the m.f.n. rate for imports into Metropolitan France for (i) the products listed in the "liberalization list for certain countries" (about 600 tariff items), (ii) the products under quotas specifically included in the Franco/Japanese Agreement regardless of whether the products are admitted under bilateral or global quotas (about 90 tariff items). About 400 other tariff items are subject to the "general rate".

Import restrictions

28. Certain categories of goods which have been liberalized for imports from OEEC countries, the United States and Canada, are restricted when coming from other contracting parties, including Japan. Among the items which remain subject to restrictions when coming, for example, from Japan are such major Japanese export commodities as textiles, optical goods, toys, radios, ceramics, sewing machines and canned food products.2

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Ghana

Bilateral agreements

29. No bilateral agreement exists between Ghana and Japan.3

Customs treatment

30. No difference is made in customs treatment between imports from Japan and from other contracting parties.

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1Negotiations between the two countries with a view to concluding a new agreement are in progress.

2A list of products which have been liberalized when imported from OEEC Member countries, the United States and Canada, and which are provisionally under quota in France with respect to the "other contracting parties" (including Japan), may be seen at the secretariat.

3Negotiations are at present being held between the two countries with a view to concluding an agreement on trade and commerce.
Import restrictions

31. For all goods imported from Japan, except for industrial machinery, single licences are required, but licences are issued liberally.

Development of trade

32. Imports from Japan have increased from $24* million in 1959 to $30* million in 1960. Exports to Japan from Ghana have increased from $1.7* million in 1959 to approximately $2.5* million in 1960.

Haiti

Bilateral agreements

33. An "Agreement on Commerce between the Republic of Haiti and Japan" was signed on 17 December 1958. Haiti has, however, not yet ratified this Agreement.

Customs treatment

34. Imports from Japan are subject to the maximum tariff rates (twice the minimum rate).

Import restrictions

35. No import restrictions relating particularly to imports from Japan are applied.

Luxemburg

See Benelux

Netherlands

See Benelux

New Zealand

Bilateral agreements

36. Trade relations between Japan and New Zealand are governed by the "Agreement on Commerce between Japan and New Zealand", signed on 9 September 1958 which entered into force on 26 November 1958.

Customs treatment

37. In accordance with the provisions of the Agreement referred to above, New Zealand applies m.f.n. rates to imports from Japan.
Import restrictions

38. In accordance with the provisions of the Agreement referred to above, New Zealand accords most-favoured-nation treatment to imports from Japan.

Development of trade

39. Exports from Japan to New Zealand have increased from $11.74 million in 1959 to $23.72 million in 1960. Imports into Japan from New Zealand have increased from $23.09 million in 1959 to $31.65 million in 1960.

Nigeria

Bilateral agreements

40. No bilateral arrangements exist between Nigeria and Japan.

Customs treatment

41. The customs treatment accorded to imports from Japan does not differ from that accorded to other contracting parties.

Import restrictions

42. With the exception of "singlets" no import restrictions are applied on Japanese goods which do not also apply to imports from other contracting parties.

Development of trade

43. Imports into Nigeria of Japanese products have risen from just over $21.0 million in 1957 to about $78.0 million in 1960; imports into Japan from Nigeria amounted to $6.9 million in 1959 and to $8.1 million in 1960.

Rhodesia and Nyasaland

Bilateral agreements

44. Present trade relations between the Federation of Rhodesia and Nyasaland and Japan are governed by the "Trade Arrangements between the Federation of Rhodesia and Nyasaland and Japan," concluded on 5 April 1961.

Customs treatment

45. The Federation applies m.f.n. rates to imports from Japan.

Import restrictions

46. With the exception of a limited number of goods whose importation is permitted under Open General Licences, all goods from Japan are subject to import restrictions.
Development of trade

47. Exports from Japan to the Federation have increased from $3.25 million in 1959 to $5.28 million in 1960. Imports into Japan from the Federation have increased from $10.74 million in 1959 to $22.15 million in 1960.

Tunisia

Bilateral agreements

48. Trade relations between Tunisia and Japan are governed by the "Trade Arrangements between the Government of Japan and the Government of Tunisia", signed on 3 March 1960. The Arrangements entered into force on 1 April 1960 and are scheduled to remain in force until 31 March 1962.

Customs treatment

49. Tunisia exercises no discriminatory treatment against imports from Japan.

Import restrictions

50. The liberalization list announced by Tunisia on 22 October 1959 has been applied to Japan since 1 April 1960. For nineteen other tariff items a global quota has been established for imports from Japan. For remaining items, not in the liberalization list nor under global quota, specific licences are generally required. For certain imports single quotas have been established for imports from Japan in accordance with the provisions of the Arrangements.

South Africa

Bilateral agreements

51. No bilateral arrangements exist between South Africa and Japan.

Customs treatment

52. Maximum rates are applied to imports from Japan.

Import restrictions

53. No distinction is made in import licensing, for items subject to restriction, between imports from Japan and from other contracting parties.

Development of trade

54. Exports from Japan to South Africa have increased from $51.76 million in 1959 to $55.84 million in 1960. Imports into Japan from South Africa have increased from $34.6 million in 1959 to $56.86 million in 1960.
United Kingdom

Bilateral agreements

55. Trade relations between the United Kingdom and Japan are governed by the "Trade Arrangements between the Government of Japan and the Government of the United Kingdom of Great Britain and Northern Ireland". The current Arrangements concluded on 15 July 1960, originally covered the period 1 April 1960 to 31 March 1961; subsequently, they were extended, with certain modifications, for a further period of six months until 30 September 1961.

Customs treatment

56. The United Kingdom accords the same tariff treatment to imports from Japan as to imports from other contracting parties not receiving Commonwealth preference.

Import restrictions

57. Import restrictions on Japanese products in the United Kingdom have been progressively relaxed but a substantial number of Japanese products still remain subject to import restrictions.

Development of trade

In 1958 the United Kingdom became the third largest customer of Japan and Japan's largest European customer. Imports into the United Kingdom from Japan have increased from $100.5* million during the period July 1959 - April 1960 to $110.3* million during the period July 1960 - April 1961.