JAPAN - MEASURES AFFECTING THE WORLD MARKET
FOR COPPER ORES AND CONCENTRATES

Request by the EEC for the establishment of a working party
under Article XXII:2

The following communication, dated 7 May 1986, has been received from
the Commission of the European Communities.

The European Economic Community wishes to recall that this problem has
been giving it concern for several years. Since 1981 bilateral discussions
- without any satisfactory conclusion - have taken place between the
authorities of the EEC and Japan, and between interested industrial circles
of these two contracting parties.

In May and June 1982, consultations took place under Article XXII:1
at the request of the EEC (see document L/5286 of 29 January 1982).

On 2 March 1984, the EEC requested the establishment of a working party
under Article XXII:2 (see documents L/5627 of 2 March 1984, C/W/439 of

Informal consultations were conducted by the Chairman of the Council,
Ambassador Jaramillo, in May and June 1984.

The Council considered the matter in March, May, June and November 1984
(see documents C/M/176 of 10 April 1984, C/M/178 of 13 June 1984, C/M/179

The Working Party on Trade in Certain Natural Resource Products (non-
ferrous metals and minerals) likewise took note of the problem at its
meeting on 1 November 1984 (see document MDF/5 of 28 January 1985).

Ambassador Chiba, Chairman of the GATT Council, resumed the informal
consultations under Article XXII:1 on 14 November 1985.

Lastly, a further informal consultation in the same context took place
on 6 March 1986 under the chairmanship of the secretariat.
All these actions have failed to yield conclusions satisfactory for the European Economic Community.

The European Economic Community further wishes to underline that its request is based on the Resolution of the CONTRACTING PARTIES of 17 November 1956 regarding particular difficulties connected with trade in primary commodities; that Resolution specifically provides for recourse to Article XXII:2 to examine such problems.

The difficulties encountered by the Community stem from the fact that Japan alone imports two-thirds of total world imports of copper concentrates (see Annex I).

If Japan is able to ensure for itself such a large share of supply, the reason is that it maintains on the Japanese market a domestic price for copper which is 10 to 14 per cent above the world price (see Annex II).

This situation is partly attributable to the tariff protection granted for copper and very probably to other measures accompanying that protection, as indicated in the criticisms made for several years past by users of Japanese copper.

By reason of the fact that Japanese producers sell copper on the domestic market at prices higher than those that their competitors can obtain on their own market or on the international market, they are able to provoke distortions of competition for the purchase of concentrates.

This causes tremendous difficulties for European industry which is dependent on supply of copper concentrate, since it can no longer cover its raw material needs and its existence is thus threatened.

The European Economic Community therefore considers that the gravity of this situation fully justifies the establishment of a working party to make a detailed examination under Article XXII:2, without prejudging, in any way, as to whether or not there is a situation covered by any particular provision of the General Agreement.
Annex I

WORLD IMPORTS OF COPPER CONCENTRATES - 1980-1985

<table>
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<tr>
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<td>Japan</td>
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<td>10.3</td>
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<td>7.6</td>
<td>7.8</td>
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<td>4.0</td>
<td>1.4</td>
<td>2.5</td>
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<td>3.2</td>
<td>4.2</td>
<td>4.3</td>
<td>4.3</td>
<td>2.8</td>
</tr>
<tr>
<td>Total in '000 tons (Copper content)</td>
<td>1.217</td>
<td>1.360</td>
<td>1.510</td>
<td>1.357</td>
<td>1.246</td>
<td>1.235</td>
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