1. In preparation for the Panel's work, the Chairman of the Panel, in March 1962, sent a note to the Uruguayan delegation requesting certain specific information (Spec(62)103). In response to this request the Uruguayan delegation has submitted (a) a general note setting out its position in regard to all the cases to be considered by the Panel, (see Spec(62)150) to supplement the general statements, etc., already made available by the Uruguayan authorities to the CONTRACTING PARTIES at the nineteenth session and to the Council in February 1962; and (b) certain material concerning its representations to and consultations with individual contracting parties. The present paper summarizes and reproduces such material relating to Japan.

2. According to the material supplied by Uruguay, the Uruguayan delegation wrote on 7 November 1961 to the delegation of Japan, requesting a consultation in terms of paragraph 1 of Article XXIII. The Japanese delegation agreed to enter into such a consultation.

3. Accordingly a consultation took place on 25 November. Appended hereto in Annex I are the notes on that discussion. These notes have been agreed upon by the two delegations concerned. Attached thereto are certain supplementary data concerning individual products, supplied by the Uruguayan delegation.

4. According to the Uruguayan delegation, the list of the restrictions imposed by Japan as given in Document L/1662, has been revised in the light of the consultation.

5. On 11 December the Uruguayan delegation wrote to the Japanese delegation reiterating its Government's request that the Japanese Government should give consideration to the elimination of restrictions and to expand Uruguay's access to that market. The exact terms of this further representation are reproduced in Annex II to this paper.

Spec(62)163
1. By letter dated 7 November 1961, addressed to the head of the Japanese delegation, the delegation of Uruguay advised that the Uruguayan Government was desirous of carrying out consultations with Japan under Article XXIII of the General Agreement in respect of import restrictions applied in Japan to Uruguayan products.

2. The delegation of Japan agreed to engage in such consultations. The consultation took place on 25 November 1961 in the secretariat building.

3. At the outset of the consultation, the Uruguayan delegation explained that the consultation requested was part of a multilateral programme which included similar discussions with a number of other contracting parties and that it should not, therefore, be interpreted as being an action directed solely or mainly against Japan. This multilateral programme adopted by the Uruguayan delegation had been motivated by a desire to seek improvement in the access to foreign markets for Uruguay's staple exports. Stagnation in Uruguayan exports had created serious problems for the Uruguayan economy and pressures from producers, labour and farmers had been placed on the Government for positive action to be taken in order to improve their lot. Uruguay at present applied no restrictions on imports from any country, but its exports were being prevented from entering foreign markets by a welter of restrictions and other measures.

4. In requesting the consultation, the Uruguayan delegation was not primarily interested in whether the restrictions in question were or were not consistent with the provisions of the General Agreement. Whether or not such restrictions happened to be consistent with GATT they all resulted in an adverse pressure on Uruguay's foreign exchange position and its ability to carry out economic development projects. In fact, they had created hardships for large sections of the economy and led to social instability. Urgent action was needed.

5. The Uruguayan delegation had supplied the Japanese delegation with a table showing restrictions and other measures affecting imports of some thirty items into Japan. At the request of the Uruguayan delegation, the two delegations proceeded with a detailed examination of the accuracy of the information contained in that table.

APPENDIX I

CONSULTATION UNDER ARTICLE XXIII:1 BETWEEN

URUGUAY AND JAPAN

Notes on the Consultation

1. By letter dated 7 November 1961, addressed to the head of the Japanese delegation, the delegation of Uruguay advised that the Uruguayan Government was desirous of carrying out consultations with Japan under Article XXIII of the General Agreement in respect of import restrictions applied in Japan to Uruguayan products.

2. The delegation of Japan agreed to engage in such consultations. The consultation took place on 25 November 1961 in the secretariat building.

3. At the outset of the consultation, the Uruguayan delegation explained that the consultation requested was part of a multilateral programme which included similar discussions with a number of other contracting parties and that it should not, therefore, be interpreted as being an action directed solely or mainly against Japan. This multilateral programme adopted by the Uruguayan delegation had been motivated by a desire to seek improvement in the access to foreign markets for Uruguay's staple exports. Stagnation in Uruguayan exports had created serious problems for the Uruguayan economy and pressures from producers, labour and farmers had been placed on the Government for positive action to be taken in order to improve their lot. Uruguay at present applied no restrictions on imports from any country, but its exports were being prevented from entering foreign markets by a welter of restrictions and other measures.

4. In requesting the consultation, the Uruguayan delegation was not primarily interested in whether the restrictions in question were or were not consistent with the provisions of the General Agreement. Whether or not such restrictions happened to be consistent with GATT they all resulted in an adverse pressure on Uruguay's foreign exchange position and its ability to carry out economic development projects. In fact, they had created hardships for large sections of the economy and led to social instability. Urgent action was needed.

5. The Uruguayan delegation had supplied the Japanese delegation with a table showing restrictions and other measures affecting imports of some thirty items into Japan. At the request of the Uruguayan delegation, the two delegations proceeded with a detailed examination of the accuracy of the information contained in that table.
6. The delegation of Uruguay considered that this discussion had contributed to a better understanding of the restrictive measures of Japan. In the light of the information thus obtained it would proceed to compile a new table for inclusion in a revised version of the comprehensive schedule previously circulated. (This has since been circulated to contracting parties as L/1662.) The opportunity was also taken at the consultation to elucidate information on certain other Japanese measures affecting imports, such as customs tariffs, etc.

7. The Uruguayan delegation stressed the view that its exports were unduly affected by import restrictions and other measures affecting trade, including those applied by Japan, as noted in the tables referred to above. It urged in terms of Article XXIII:1 that action should be taken by Japan for the reduction and removal of such restrictive measures so that there might be a better balance in trade.

8. The Japanese delegation expressed the view that import restrictions of Japan were maintained under Article XII of the General Agreement to safeguard balance of payments, and that such restrictions were applied on a non-discriminatory basis to all contracting parties of the GATT.

The Japanese delegation added that certain import restrictions were maintained for sanitary purposes under Article XX, paragraph (b), of the General Agreement.

The Japanese delegation stressed that, accordingly, there was no discrimination against imports from Uruguay.
STUDY OF THE VARIOUS ITEMS OF URUGUAYAN EXPORTS MADE DURING THE
CONSULTATION WITH THE JAPANESE DELEGATION HELD IN GENEVA ON
25 NOVEMBER 1961

Notes Submitted by the Uruguayan Delegation

General remarks:

Article XII (balance of payments) is cited to justify, vis-à-vis GATT, all
the restrictions applied though, in actual fact, the real grounds for such
restrictions are different.

Headings:

02.01 - Meat of the bovine species, chilled and frozen

An import licence (1) is needed, which is issued within the limits of the
quotas opened (8). Furthermore, there is a discriminatory restriction based
on health grounds (5) which prohibits imports of such meat from all countries
except the following: Australia, New Zealand, United States, China, Korea and
Hong Kong. The restriction, which is based, for GATT purposes, on Article XII
of the General Agreement, is really imposed to protect national livestock. Meat
is not included in the liberalization programme set forth in document L/1618.

- Meat of sheep, frozen and frozen offal (bovine and sheep species):
  Imports are free, subject only to discriminatory restriction on health grounds.

- Imports made during the period from 1 April 1960 to 31 March 1961:
  The breakdown of these imports is as follows:

  Meat of the bovine species: production: 141,000 tons
                               imports: 6,000 tons
                               chief suppliers: 1. Australia;
                                                 2. New Zealand.

  Meat of the sheep species:  production: 8,000 tons
                               imports: 18,000 tons
                               chief suppliers: 1. Australia;
                                                 2. New Zealand.

  Meat of the equine species: imports: 5,000 tons
                               chief supplier: Argentina.

The reason why more meat of the sheep species is imported is simply that
imports are free, whereas imports of meat of the bovine species are subject to
restrictions.
16.02 - B.II.c.1 - Other prepared and preserved meat or meat offal

Import licence (1) is required; although Article XII is given as the reason for this restriction, its application is actually linked up with the problem of meat of the bovine species.

16.03 - Meat extracts and juices

Imports are free.

10.01 - Wheat

This product is imported by a State-trading body (2). The State makes its purchases through private importers and has a monopoly over sales of wheat on the domestic market. As a reason for this restriction it is claimed that Japan has acceded to the International Wheat Agreement (type of agreement referred to in sub-paragraph (h) of Article XX of the General Agreement) and Article XII (balance of payments) is also cited. This product will not be liberalized; chief suppliers are: 1. United States; 2. Canada; and 3. Australia.

10.03 - Barley

Same remarks as for wheat.

10.06 - Rice

Same remarks as for wheat. In the case of rice the situation in Japan is as follows:

Domestic consumption, excluding the farming population: 5,400,000 tons of which 200,000 tons are imported;
Production rising and imports falling;
Chief suppliers: 1. Thailand (government monopoly)
2. Burma (government monopoly)
3. Formosa

11.01 - Wheat flour

The remarks on wheat also apply to this product.

15.07 - B.I. (b) - Linseed oil (crude)

15.07 - B.II. (c)(2) - Groundnut and sunflower oils (crude or refined)

15.08 - Animal and vegetable oils, boiled, etc.

Import licence needed (1); this restriction is based on Article XII (balance of payments) but it is expected that the products in question will be liberalized before October 1962 (document L/1618). At the present time imports are mainly of oil seeds which is why no oils are imported.
23.04 - Oil-cake and other residues from extraction of vegetable oils

Groundnut oil-cake: Import licence needed (1), but this product will be liberalized before October 1962 (document L/1618). This restriction is based on Article XII (balance of payments).

41.01 - Bovine hides and sheepskins, salted or dried, and sheepskins in the wool

Imports free. In 1960 imports amounted to 150,000 tons: chief supplier: United States.

41.02 to 41.08 - Hides and skins, etc.

Import licence (1) required up to an annual quota (8) of $200,000 divided into six-monthly quotas. These products will not be liberalized but it is proposed to increase the quotas. Chief suppliers: Germany and United Kingdom.

Imports of half-tanned hides are free.

53.01 - Greasy wool

53.03 - Wool waste, noils

53.05 - Combed wool (tops)

Imports of the products covered by the above headings are free; total imports of combed wool amounted to 165,000 tons in 1960.


53.07 - Wool yarn

53.11 - Woollen fabrics

An import licence (1) is needed up to the amount of a quota (8); it is expected that the products under these two headings will be partially liberalized before October 1962 (L/1618).
ANNEX II

Text of a Letter from the Uruguayan Delegation
to the Japanese Delegation Dated the 11 December 1961

I have the honour to refer to my note No. 530/60/61-II.19 dated 7 November and to the consultation held between our respective delegations on 25 November, as well as to the statements made by the Uruguayan delegation and contained in documents L/1572, L/1647 and L/1679 and the chart which appears in document L/1662 above mentioned. These exchanges have confirmed the existence of certain measures in your country which have the effect of restricting the sale of some Uruguayan export products.

I am hereby reiterating the representations already made to the effect that your Government should be so good as to give its consideration to the convenience of doing away with these measures, which are deemed to have the effect of limiting Uruguay's trade possibilities in your market. In this connexion, we shall be delighted to engage in any further consultations or conversations that you may consider to be of use in attaining the ends which are indicated above.

Although the Uruguayan Government's position has been set out at length in the statements mentioned in paragraph 1 of this note, it may be of use to convey to you the continuing concern felt by the Government - from which new instructions were received today by this delegation - in regard to the widespread restrictions applied by many contracting parties to goods which are of fundamental importance within our export sphere. As you are aware, we are presently admitting goods from all countries, to any volume of value, without any discrimination. It is the Government's desire to move in the direction of equivalent treatment for Uruguayan goods and your Government's co-operation in promoting the effective access of our products to your market will be highly appreciated.