I am writing to you in relation to the panel established by the Committee on Anti-Dumping Practices, at the request of Japan, to examine the Community's anti-dumping proceedings on imports of audio tapes in cassettes from Japan.

You will recall that the Community had not been able to agree on the terms of reference for this panel, because we felt that greater precision was needed as to the questions, both of fact and of law, to be asked of the panel, and that the documents tabled by Japan (ADP/85 and ADP/85/Add.1) did not allow us to understand properly these questions.

In connection with this issue, the Community and Japan have held several rounds of bilateral consultations, with a view to clarifying the questions which the panel will be required to examine, and we understand that Japan has sent you a letter concerning this matter. We further understand that you will transmit the clarifications you have received to the panel, once its composition will have been agreed upon.

It is only on this basis, in a spirit of compromise, and in the interest of an expeditious settlement of this dispute, that the Community is ready to set aside its many remaining doubts and criticisms, and can accept standard terms of reference based on the request from Japan contained in the above mentioned documents.

I must point out, however, that this procedure does not prejudge the position that the Community has taken in the Committee as to the need for extreme clarity in a request for the establishment of a panel, and therefore should not be taken as constituting a precedent in future panel cases.

93-0541