

RESTRICTED

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GENERAL AGREEMENT ON
TARIFFS AND TRADE

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JAPANESE RESTRICTIONS ON IMPORTS OF THROWN SILK YARN

Recourse to Article XXIII:2 by the United States

The following communication, dated 25 July 1977, has been received from the delegation of the United States.

In February 1976, Japanese foreign exchange banks were instructed by MITI not to open any new letters of credit for thrown silk yarns from the United States. The Japanese Government did not notify those import restrictions on thrown silk to the GATT.

Since mid-1976, imports of thrown silk yarn from countries such as the People's Republic of China, the Republic of Korea, and the Republic of China have continued to enter Japan under quotas negotiated with those countries. Additional amounts have been licensed for import from other suppliers who did not have a quota arrangement with Japan, but exports from the United States continued to be denied entry into Japan.

In May of 1977, the Japanese Government notified the GATT that it was instituting a "prior permission system" under Article XVII. Imports of thrown silk from the United States continue to be denied entry into Japan under this system.

The United States Government considers that the Japanese restrictions on thrown silk constitute unjustifiable restrictions against United States exports and are contrary to the GATT by: (1) violating the most-favoured-nation provision of Article I; (2) violating the Article XI prohibition against the imposition of quantitative restrictions; (3) applying the quantitative restrictions in a discriminatory fashion contrary to Article XIII, and (4) violating Article XV by using foreign exchange banks to thwart the principles of the General Agreement.

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Since mid-1976 the United States has conducted extended consultations with the Government of Japan, but there has been no satisfactory solution to this problem.

Considering that the Japanese restrictions are unjustified and inconsistent with Japan's obligations under the General Agreement and that they constitute a nullification or impairment of United States rights under the General Agreement, and that consultations between the United States and Japan have yielded no result, the United States requests the CONTRACTING PARTIES to initiate the investigation procedure provided under Article XXIII:2.