

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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COUNCIL

22 February - 3 March 1961

## APPLICATION OF ARTICLE XXXV TO JAPAN

### Review of the Operation of Article XXXV by the CONTRACTING PARTIES

(Proposals by the Executive Secretary)

The question of the scope and the timing of the review requested by the Government of Japan under paragraph 2 of Article XXXV was referred to the Council and is included in the Council's agenda for the meeting commencing on 22 February. The statement by the Leader of the Japanese delegation at the seventeenth session, requesting this review, has been distributed in document L/1391.

The following notes are intended to give an indication of the possible scope of the review:

1. The effects on trade

The existing trade relationships between Japan and each of the fourteen countries which have invoked Article XXXV, with special reference to:

- (a) The effects on Japan's trade.
- (b) Repercussions on the trade of other countries.

2. The causes

The circumstances which have led the fourteen countries to invoke, and to maintain their invocation of, Article XXXV.

3. Japan's application of the GATT

The effects on Japan's application of the General Agreement and in particular the effect on the ability of Japan to dismantle restrictions in pursuance of GATT obligations.

4. Invocation by new contracting parties

The tendency for governments acceding to the GATT under Article XXXIII of Article XXVI:5(c) to invoke Article XXXV vis-à-vis Japan. (The fact that so many countries have invoked Article XXXV exposes new acceding countries to

pressures to do likewise or to refrain from doing so only in exchange for special conditions or concessions on the part of Japan. The situation is aggravated by the fact that the number of contracting parties invoking Article XXIV is periodically swollen as territories, to which the GATT was hitherto applied by contracting parties which have invoked Article XXIV to Japan, acquire independence. These new contracting parties inherit the right to apply Article XXIV and some of them have difficulty in renouncing this right except in exchange for special conditions or concessions.)

5. Administration of the GATT

Any procedural or technical problems arising in the application and administration of the General Agreement.