

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

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JAPANESE MEASURES ON IMPORTS OF LEATHER

Recourse to Article XXIII:2 by the United States

The following communication, dated 24 February 1983, has been received from the delegation of the United States with the request that it be circulated to contracting parties.

The United States wishes to refer to the CONTRACTING PARTIES pursuant to Article XXIII:2 of the General Agreement on Tariffs and Trade, the matter of restrictions maintained by Japan on the importation of certain leather from the United States.

A previous Article XXIII complaint by the United States concerning this matter was withdrawn in February 1979, upon the successful conclusion of consultations between the United States and Japan. At that time, both parties reserved their rights under the GATT and it was understood that Japan's restrictions on leather imports could be further subject to GATT proceedings. The bilateral understanding reached 23 February 1979 between the United States and Japan on this matter terminated on 31 March 1982. As in substance there has been no amelioration of the original situation that was the subject of the United States complaint in 1978/79, the United States is again seeking recourse to its rights under the General Agreement.

The United States believes that benefits accruing to the United States under the GATT are being nullified or impaired, within the meaning of GATT Article XXIII, by Japanese restrictions on the import of leather. As administered under the foreign exchange and foreign trade control law, the Japanese restrictions violate the prohibition in Article XI against quantitative restrictions. The publication requirements in Articles X:1 and XIII:3, and the reasonableness requirement in Article X:3.

We also believe that Japan's restrictions on the import of leather nullify or impair benefits accruing to the United States under Article II by virtue of bindings on leather categories classified under CCCN items 41.03 and 41.04 and part of CCCN item 41.02 in Japan's Schedule XXVIII appended to the General Agreement.

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On 27 and 28 January 1983, the United States and Japan engaged in formal consultations, under Article XXIII:1 of the GATT, regarding the United States complaint. During those consultations, the United States stated its belief that the quantitative restrictions on the import of certain leather maintained by Japan are inconsistent with GATT Articles XI, X:3, XIII:3(b) and X:1, and nullify and impair the tariff bindings on the above-named tariff items. Japan's import restrictions on leather in violation of its GATT obligations furthermore are a prima facie case of nullification or impairment of the GATT.

We were unable to reach a satisfactory adjustment of this matter during the consultations. Therefore, we request the CONTRACTING PARTIES to establish a panel to review this matter pursuant to Article XXIII:2 of the GATT, and we wish to have this request placed on the agenda of the Council Meeting scheduled for 9 March 1983.