

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## APPLICATION OF ARTICLE XXVIII TO NEW PRODUCTS

The following communication, dated 2 December has been received from the Permanent Mission of Japan with the request that it be circulated to contracting parties.

1. The Government of Japan has been informed that the Council of the European Communities at its meeting of 29 November has decided to raise the tariff rate on Digital Audio Disc (or Compact Disc Players) from the current duty of 9.5 per cent to 19 per cent. The new rate will be applied from 1 January 1984 for three years, and then gradually be reduced to the current level in the course of the next three-year period.
2. The Government of Japan is of the view that the pre-emptive raising of tariff rates by invoking Article XXVIII on new products such as Digital Audio Disc whose trade is expected to expand in the future raises serious problems in the light of the basic objectives of the GATT to expand trade. This view is clearly stated in Japan's previous communications (L/5522, C/W/424).
3. At the Council meeting of July, the Government of Japan drew the attention of other contracting parties to the problem of application of Article XXVIII to new products, and at its October meeting, the Council agreed to refer this matter to the Committee on Tariff Concessions for further consideration. The Council also took note that the Committee would in due course report to the Council. Currently, this matter is under examination by the Committee. Under these circumstances, the Government of Japan regrets that the Council of the European Communities has unilaterally decided to raise the tariff rate on Digital Audio Disc.
4. The Government of Japan is not in a position to accept such a decision, and reserves its rights under the General Agreement.
5. The correct application of Article XXVIII is a matter of common concern for all contracting parties. The Government of Japan wishes that the matter should be thoroughly examined on a priority basis by the Committee on Tariff Concessions with the positive participation of other Committee members with a view to reaching a satisfactory solution.