

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(75) 328 final

Brussels, 2 July 1975

## RECOMMENDATION FOR A

### COUNCIL DECISION

on the conclusion of an Agreement between the  
European Economic Community and Japan  
negotiated under Article XXVIII of the General Agreement  
On Tariffs and Trade

(submitted to the Council by the Commission)

COM (75) 328 final

Report on the results of the renegotiations on ski boots

1. On 4 November 1974 the Japanese Government informed the GATT Secretariat of its intention to open negotiations with the European Community under Article XXVIII(5) of the General Agreement with a view to modifying the tariff concession on

ex 64.01 Ski boots Bound rate of duty 10%,

the Community being the principal supplier and, since this concession was granted during the Kennedy Round, the initial negotiator of the concession.

2. To take account of the difficulties facing the national ski-boot industry and the resulting plans for its reorganization, the Japanese authorities decided to raise the tariff level to 27%; in their opinion, this rate should simply maintain the present level of national production, with no growth, thus allowing imports to profit from the expanding market.

3. On the basis of the average over 1971-72-73, the direct injury to the Community caused by the modification of this concession on ski boots amounted to ¥ 1 069 million in terms of the volume of trade and to ¥ 182 million in terms of customs receipts (raising of duty from 10% to 27%).

4. In order to offset the damage done to the Community, Japan had originally offered reductions in bound rates on eight products (including marble, musical instruments, lighters (for cigarettes, etc.) and furniture), covering a volume of trade with the Community of ¥ 1 879 million and involving an improvement in terms of customs receipts of ¥ 49 million. In making this offer of compensation, Japan in particular pointed out that pursuant to Article XXVIII the comparison should be made in terms of volume of trade.

5. The Commission felt that this offer was clearly inadequate, particularly from the qualitative point of view, and noted that customs receipts are one of the factors to be taken into account here; the Commission has therefore asked the Japanese authorities to reconsider their initial standpoint and make a more

balanced offer. To this end, the Commission has made additional requests involving reductions in customs duties and the binding of an unbound rate of duty. Also, though it appreciates the difficulties facing the Japanese industry in question, the Commission has requested that the new customs duty on ski boots be fixed at a level of less than 27% and that the new rate be re-bound to avoid any uncertainty as to the future.

6. A series of negotiations with the Japanese authorities was held between December 1974 and the beginning of March 1975 and the Article 113 Committee was kept regularly informed of progress in the negotiations. Although some of the additional headings of interest to the Community were able to be included in Japan's final list for compensation, others were rejected for economic and social reasons and replaced by other products (notably knitted or crocheted fabrics, tractor engines and lighters plated with precious metals). It should be stressed that the Japanese authorities have on several occasions mentioned that, if the Community refused the improved offer, they might not modify the concession at this stage but, after examining the trend of Japanese imports of ski boots next autumn, might instead adopt other measures under the GATT (in particular under Article XIX) whose effects would possibly not have had the same consequences for Community exports.

7. The improved and final offer of compensation made by Japan consists of the following:

- (a) re-binding of the concession on ski boots at the rate of 27%;
- (b) reduction in bound rates of duty on fourteen products (Annex II) covering a volume of trade with the Community of ¥ 4 483 million (392% of compensation for harm) and involving an improvement in terms of customs receipts of ¥ 160 million (88% compensation for harm).

8. Taking these factors into account, the Commission feels that the final offer of compensation is satisfactory and fair and proposes to conclude the renegotiations with the Japanese Government on this basis.

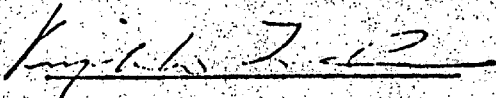
9. During its meeting of 6 March 1975 the Article 113 Committee delivered an opinion corresponding to the Commission's proposal, a provisional reservation by one Member State being lifted a few days later.

10. The document recording the results of the renegotiations (Annex II) was initialled on 15 April 1975.

11. The new rate of 27% on ski boots entered into force in the Japanese tariff on 5 June, 1975, at the same time as the reductions in the rates on the products offered in compensation.

NEGOTIATIONS RELATING TO SCHEDULE XXXVIII - JAPAN

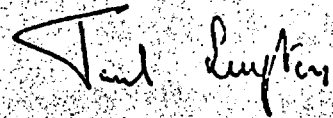
The Delegations of Japan and of the Commission of the European Communities have concluded their negotiations under Article XXVIII for the modification or withdrawal of concessions provided for in Schedule XXXVIII - Japan as set out in the report attached.



For the Delegation of  
Japan

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For the Delegation of  
the Commission of the  
European Communities



15 April 1975

RESULTS OF NEGOTIATIONS WITH THE EUROPEAN ECONOMIC COMMUNITY  
UNDER ARTICLE XXVIII FOR THE MODIFICATION OR  
WITHDRAWAL OF CONCESSIONS IN THE SCHEDULE OF JAPAN

CHANGES IN SCHEDULE XXXVIII - JAPAN

B. CONCESSIONS TO BE MODIFIED

Tariff Item Number	Description of Products	Rate of Duty bound in Existing Schedule	Rate of Duty to be bound
ex 64.01	Footwear with outer soles and uppers of rubber or artificial plastic material:  Ski boots	10%	27%

C. NEW CONCESSIONS ON ITEMS IN THE EXISTING SCHEDULES

Tariff Item Number	Description of Products	Rate of Duty bound in Existing Schedule	Rate of Duty to be bound
ex 60.01	Knitted or crocheted fabric, not elastic nor rubberised:  1. Plain or rib (other than goods specified in 2 below):  (3) Of man-made fibres:  A. Containing more than 50% by weight of synthetic fibres or acetate fibres	12.5%	10%



Tariff Item Number	Description of Products	Rate of Duty bound in Existing Schedule	Rate of Duty to be bound
68.02	<p>Worked monumental or building stone, and articles thereof (including mosaic cubes), other than goods falling within heading No. 68.01 or within Chapter 69:</p> <p>1. Marble, polished, and articles of marble:</p> <p style="padding-left: 40px;">Slabs and sheets of marble, polished</p> <p style="padding-left: 40px;">Other</p> <p>2. Other</p>	<p>6.25 %</p> <p>7.5 %</p> <p>2.5 %</p>	<p>Free</p> <p>Free</p> <p>Free</p>
70.09	Glass mirrors (including rear-view mirrors), unframed, framed or backed	12.5 %	10 %
ex 70.14	<p>Illuminating glassware, signalling glassware and optical elements of glass, not optically worked nor of optical glass:</p> <p style="padding-left: 40px;">Illuminating glassware for electric lamps, excluding those for filament lamps</p>	10 %	8 %
ex 84.06	<p>Internal combustion piston engines:</p> <p>1. Engines:</p> <p>ex (1) For motor vehicles:</p>		

Tariff Item Number	Description of Products	Rate of Duty bound in Existing Schedule	Rate of Duty to be bound
ex 84.06 (con.)	Intended for use in tractors falling within heading No. 87.01:  Other than gasoline engines	30%	15%
ex 84.52*	Calculating machines; accounting machines, cash registers, postage-franking machines, ticket-issuing machines and similar machines, incorporating a calculating device:  ex 2. Electric calculating machines other than those specified in 1 above:  Other than those with 3 rules or more calculating mechanisms	7.5%	6%
ex 85.13	Electrical line telephonic and telegraphic apparatus (including such apparatus for carrier-current line systems):  Apparatus for carrier-current line systems	7.5%	6%

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RECOMMENDATION FOR A  
COUNCIL DECISION

on the conclusion of an Agreement between the European Economic Community and Japan negotiated under Article XXVIII of the General Agreement on Tariffs and Trade.

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof;

Having regard to the Council Decision of 25 May 1970 authorizing the Commission to enter into negotiation or consultation in specific circumstances with third countries which are Contracting Parties to the GATT;

Having regard to the Recommendation of the Commission;

Whereas, in accordance with Article XXVIII of the General Agreement on Tariffs and Trade, the Government of Japan has notified its wish to modify a concession affecting the European Economic Community; whereas that modification has been the subject of negotiations for compensatory adjustment;

Whereas the concessions offered by Japan in compensation for the modified concessions are satisfactory,

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement negotiated with Japan under Article XXVIII of the General Agreement on Tariffs and Trade is hereby concluded on behalf of the European Economic Community. The text of the Agreement is annexed to this Decision.

Article 2

The Contracting Parties to the General Agreement on Tariffs and Trade shall be notified of the conclusion of this Agreement.

Done at Brussels

For the Council

The President