

16 March 1979

JAPANESE MEASURES ON IMPORTS OF LEATHER

*Report of the Panel adopted on 6 November 1979
(L/4789 - 26S/320)*

1. The Council at its meeting on 24 July 1978 authorized its Chairman to take the necessary steps for the establishment of a panel with appropriate terms of reference if the matter under dispute between the United States and Japan had not been settled satisfactorily on a bilateral basis by 20 September 1978 (C/M/127, paragraph 7). As no agreement had been reached by that date (see C/M/128, paragraph 9), the Council Chairman in consultation with the two delegations concerned established a panel with the following terms of reference:

"To examine, in the light of the relevant GATT provisions, the matter referred to the CONTRACTING PARTIES by the United States, relating to quantitative restrictions maintained by Japan on certain leather goods, and to make such findings as will assist the CONTRACTING PARTIES in making recommendations or rulings, as provided for in Article XXIII:2."

At its meeting of 29 January 1979, the Council was informed (see C/M/132, paragraph 6) about the establishment of the Panel, its terms of reference and its composition which was as follows:

Chairman: Ambassador Nettel (Austria)

Members: Mr. Furulyas (Hungary)
Mr. Ostenfeld (Denmark)

2. The Panel met on 26 January and 26 February 1979.

3. The Panel based its deliberations on the following

measure under Article XII. Since that time, Japan has continued to maintain the restrictions because of the difficulties the Japanese leather industry has experienced due to the small size and the backward character of its enterprises and above all due to the Dowa problem.

(b) The United States, considering that the Japanese restrictions were unjustifiable and inconsistent with Japan's obligations under the General Agreement and that they constituted a nullification or impairment of United States rights under the General Agreement, entered into consultations with Japan, which did not bring about a solution. The United States accordingly sought recourse to the provisions of Article XXIII:2 and asked that a panel be established (L/4691, C/M/127 and 128).

4. In the course of its work the Panel heard statements by representatives of the

the complaint filed with the GATT under Article XXIII:2. The two parties have reserved their rights under the GATT; should the conclusions of the bilateral consultations not be put into practice to the mutual satisfaction of both governments, it was understood that the matter may be further subject to GATT proceedings.

6. The Panel was advised by the two parties that they were prepared, upon request and on a bilateral basis, to provide the substance of the conclusions