

**GENERAL AGREEMENT ON  
TARIFFS AND TRADE**

RESTRICTED

L/6129

20 February 1987

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Original: French

JAPAN - TRADE IN SEMI-CONDUCTORS

Recourse to Article XXIII:2 by the European Economic Community

The following communication dated 19 February 1987 has been received from the Commission of the European Communities with the request that it be circulated to contracting parties and that the matter be placed on the Agenda of the Council meeting scheduled for 4 March 1987.

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On 20 November 1986 and 29 January 1987 the European Economic Community held consultations with Japan and the United States under Article XXII of the General Agreement on their arrangement on trade in semi-conductor products, notified to GATT on 6 November 1986 (doc. L/6076). The objective of these consultations was in particular to obtain the revocation of the clause concerning "monitoring" by Japan of prices of semi-conductors exported to countries other than the United States, to ensure non-discriminatory access to the Japanese market for semi-conductors, and to gather information of legitimate interest to other contracting parties in respect of the arrangement, of its functioning and of the relevant parallel agreements.

As no satisfactory settlement was obtained during these consultations, the Community wishes to put the matter before the CONTRACTING PARTIES in accordance with the provisions of Article XXIII, paragraph 2.

The Community considers that the benefits accruing to it from the General Agreement are being nullified or impaired by the very nature of certain provisions of this bilateral arrangement which constitute an unacceptable interference with the trade in and production of semi-conductors of contracting parties which are not parties to the arrangement. Some of the measures so introduced are upsetting international competitive relationships unilaterally and artificially. This is all the more prejudicial in that the sector concerned is one in which the parties to the agreement have at present a dominant position in world production and trade, and is at the same time of fundamental importance to the industrial development of the contracting parties concerned.

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Further, the Community considers that the "monitoring" measures applied by the Japanese Government contravene inter alia the provisions of Article XI and the provisions of Article VI of the General Agreement. The latter aspect is the subject of a special dispute settlement procedure initiated by the Community in the context of the Anti-Dumping Code. As to access to the Japanese market, the operational procedures, so far as they are known, and the lack of transparency which continues to surround this question create the conditions for discriminatory implementation.

The Community requests the Council of Representatives, at its meeting of 4 March 1987, to establish a panel to examine these matters.

In view of the importance of the damage sustained, and of the urgency of obtaining a settlement, the Community asks the CONTRACTING PARTIES to mandate the panel to carry out its work with all possible dispatch.