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Textiles Monitoring Body

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AGREEMENT ON TEXTILES AND CLOTHING

Notification under Article 3.1

Japan

Addendum

The Textiles Monitoring Body has received a further notification from Japan, pursuant to paragraph 1 of Article 3.

The TMB, in accordance with paragraph 5 of Article 3, is circulating this notification to WTO Members for their information.

Permanent Mission of Japan

Geneva, 30 November 1995

Dear Mr. Ambassador,

Upon instructions from my authorities, I am forwarding to the Textiles Monitoring Body the additional information on the operation of the Custom's Confirmation and/or Prior Confirmation System applied on import of silk yarn and silk fabrics, as well as on the programme of progressive phase out of the measures affecting such imports, as was requested by the letter dated 31 October 1995 with references A/TMB/403.1 and A/TMB/403.2.¹

Yours sincerely,

(signed) Hidetaka Saeki
Counsellor

H. E. Mr. András Szepesi
Chairman
Textiles Monitoring Body
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¹The relevant section of this notification will be issued under Article 3.2(b) after its review by the Textiles Monitoring Body.

Operation of the Prior Confirmation System (PCS) and the Custom's Confirmation System (CCS)

In 1974, Japan made the import of raw silk subject to the State trading, pursuant to the Cocoon and Raw Silk Price Stabilization Law. The introduction of this new importation system led to a sharp increase of the price of imported raw silk, and therefore the Japanese domestic industry of silk products significantly lost its international competitiveness. Moreover, as an enormous amount of less expensive silk products began to be imported to Japan mainly from neighbouring countries such as the People's Republic of China (China) and the Republic of Korea (Korea), the industry concerned was brought to the verge of collapse.

Under these circumstances, Japan decided, in 1976, to start government-to-government consultations on trade levels of silk products with China and Korea, and has annually held such consultations ever since.

(Japan and Chinese Taipei also held consultations at the non-governmental level for the period between 1980 and 1985, but they have been suspended since then.)

After the commencement of the bilateral consultations, however, imports of silk products from certain countries and areas suddenly increased, bearing false place-of-origin markings to disguise their true origin such as China. As a result, the Ministry of International Trade and Industry (MITI), urged by necessity to ensure smooth implementation of the measures resulting from bilateral consultations, decided to introduce the PCS and the CCS in accordance with the Foreign Exchange and Foreign Trade Control Law and the Import Trade Control Order, with an aim to prevent such illegitimate trade and to accurately grasp the import trend.

Both the PCS and the CCS have been implemented to confirm the validity of place-of-origin declarations, though by different procedures. Under the PCS, which was introduced for products from those countries and areas where cases of fraudulent declarations of origin were found or such cases would be probable, MITI, prior to the customs clearance, carefully examines necessary documents such as certificates of origin submitted by importers. With the above-mentioned aim of the PCS in mind, it is essential that competent experts with detailed knowledge of textile trade practices should check relevant information on weavers, processors and so on prior to the customs clearance; thus the PCS is operated by MITI officials.

Under the CCS, which was introduced for products from the countries and areas where such fraudulent cases are rarely expected, customs officers check necessary documents attached to the import declaration at the customs clearance.

Entry into Japan of the products with fraudulent origin markings is not allowed under the PCS and the CCS, where the determination of the country of origin is made exclusively based on the rules of origin which Japan has notified to the WTO (G/RO/N/1/Add.1).

Because the aim of the PCS and the CCS is to prevent illegitimate imports in order to supplement effectiveness of measures as a result of the above-mentioned bilateral consultations with regard to the trade levels of silk products, the two systems themselves have by no means quantitatively restrictive effects. Nevertheless, Japan referred to them in its notification made under paragraph 1 of Article 3 of the WTO Agreement on Textiles and Clothing (ATC) and included them in its phase-out programme as provided for in paragraph 2(b) of Article 3 of the said Agreement, given the fact that the two systems are operated to supplement the above-mentioned measures.