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BRAZIL - CERTAIN AUTOMOTIVE INVESTMENT MEASURES

Request for Consultations by Japan

The following communication, dated 30 July 1996, from the Permanent Mission of Japan to the Permanent Mission of Brazil and the Dispute Settlement Body, is circulated in accordance with Article 4.4 of the DSU.

Upon instruction from my authorities, I hereby wish to convey the request of the Government of Japan for consultations with the Government of Brazil pursuant to Articles 1 and 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes ("DSU"), Article XXII:1 of the General Agreement on Tariffs and Trade 1994 ("GATT 1994"), Article 8 of the Agreement on Trade-Related Investment Measures ("TRIMs Agreement") and Articles 4.1, 7.1 and 30 of the Agreement on Subsidies and Countervailing Measures ("SCM Agreement") regarding certain automotive investment measures (the "Measures") of Brazil, which have been introduced by the Government of Brazil in December 1995 in accordance with Provisional Measure No. 1,235 and Decree 1,761 and have been successively extended and modified by the Government of Brazil. The Measures have, *inter alia*, established domestic content requirements and requirements for observance of certain proportions between export value and import value for manufactures of motor vehicles, vehicle parts and materials.

The Government of Japan considers that the Measures are inconsistent with obligations of Brazil under the WTO Agreement, including, in particular, GATT 1994, the TRIMs Agreement and the SCM Agreement. The provisions of these agreements with which the Measures appear to be inconsistent include, but are not limited to, the following:

- (1) Article 2 of the TRIMs Agreement;
- (2) Articles I:1, III:4 and XI:1 of GATT 1994; and
- (3) Articles 3, 27.2 and 27.4 of the SCM Agreement.

In addition, the Government of Japan also considers that the Measures may nullify or impair benefits accruing to Japan under Article II of GATT 1994 within the meaning of Article XXIII:1(b) of GATT 1994.

The Government of Japan reserves the right to raise additional factual claims and legal matters during the course of the consultations.

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We look forward to receiving your reply to this request for consultations and to agreeing upon a mutually acceptable date for the consultations. As was expressed by our delegation at the bilateral consultations held in Geneva on 22 and 24 July, we wish to request that they be held on 13 August.