

# TRACTATENBLAD

VAN HET

KONINKRIJK DER NEDERLANDEN

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JAARGANG 1965 Nr. 19

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A. TITEL

*Verdrag nopens de Organisatie voor Economische Samenwerking en Ontwikkeling, met Aanvullende Protocollen en Memorandum; Parijs, 14 december 1960*

B. TEKST

De tekst van Verdrag, Protocollen en Memorandum is in *Trb.* 1961, 42, geplaatst.

C. VERTALING

Zie *Trb.* 1961, 60.

D. GOEDKEURING

Zie *Trb.* 1962, 28.

E. BEKRACHTIGING

Zie *Trb.* 1961, 60 en 125 en *Trb.* 1962, 28.

F. TOETREDING

De volgende Staat heeft in overeenstemming met artikel 16 van het Verdrag een akte van toetreding tot het Verdrag en de Protocollen nedergelegd bij de Franse Regering:

Japan ..... 28 april 1964.

G. INWERKINGTREDING

Zie *Trb.* 1961, 125 en *Trb.* 1962, 28.

De bepalingen van het Verdrag en de Protocolen, alsmede die van het Memorandum welke betrekking hebben op de stemming in de Raad van de Organisatie voor Economische Samenwerking en Ontwikkeling, zijn op 28 april 1964 voor Japan in werking getreden.

H. TOEPASSELIJKVERKLARING

Zie *Trb.* 1962, 28.

J. GEGEVENS

Zie *Trb.* 1961, 60 en 125 en *Trb.* 1962, 28.

Voor het Handvest der Verenigde Naties zie ook *Trb.* 1964, 109.  
Voor de Europese Economische Gemeenschap zie ook *Trb.* 1962, 104.

Op 26 juli 1963 heeft de Raad van de Organisatie voor Economische Samenwerking en Ontwikkeling overeenkomstig artikel 16 van het Verdrag de Japanse Regering uitgenodigd tot het Verdrag toe te treden. De Engelse tekst van dit besluit luidt als volgt <sup>1)</sup>:

**Decision of the Council inviting the Government of Japan  
to accede to the Convention on the Organisation for  
Economic Co-operation and Development**

*(Adopted by the Council at its 48th meeting on 26th July, 1963)*

The Council

Having regard to the Convention on the Organisation for Economic Co-operation and Development of 14th December, 1960, (hereinafter called the "Convention") and, in particular, to its Articles 5 (a) and 16;

Having regard to the Memorandum of Understanding between the Organisation for Economic Co-operation and Development and the Government of Japan, signed on 26th July, 1963;

Considering that the Government of Japan is prepared to assume the obligations of membership in the Organisation,

Decides:

The Government of Japan is invited to accede to the Convention.

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<sup>1)</sup> De Franse tekst is niet afgedrukt.

Op 26 juli 1963 is te Parijs tot stand gekomen een „Memorandum of Understanding” tussen de Organisatie voor Economische Samenwerking en Ontwikkeling en de Regering van Japan inzake de aanvaarding door de Regering van Japan van de verplichtingen als Lid van de Organisatie. De Engelse tekst van dit Memorandum, alsmede van de daarbij behorende bijlagen en brieven, luidt als volgt <sup>1)</sup>:

**Memorandum of Understanding between the Organisation for Economic Co-operation and Development and the Government of Japan concerning the assumption by the Government of Japan of the obligations of membership of the Organisation**

The Organisation for Economic Co-operation and Development (hereinafter called the “Organisation”); and

The Government of Japan;

Considering that on 26th July, 1963, the Council of the Organisation has invited the Government of Japan to accede to the Convention on the Organisation for Economic Co-operation and Development of 14th December, 1960 (hereinafter called the “Convention”), and to the Supplementary Protocols No. 1 and No. 2 to the Convention, signed on the same date (hereinafter called the “Protocols”);

Having regard to Article 16 of the Convention, which provides that an invitation to accede to the Convention may be extended to Governments prepared to assume the obligations of membership of the Organisation;

Considering that the procedure of parliamentary approval of the accession of the Government of Japan to the Convention and Protocols has not been completed;

Having regard to the statement by the Government of Japan concerning the Acts of the Organisation, attached hereto as Annex A;

Having regard to the statement by the Government of Japan concerning the Liberalisation of Current Invisible Operations and Capital Movements, attached hereto as Annex B;

Having regard to the examination by the Committee for Invisible Transactions and the Maritime Transport Committee of the proposed accession of Japan to the Codes of Liberalisation of the Organisation;

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<sup>1)</sup> De Franse tekst is niet afgedrukt.

Have agreed as follows:

#### Article 1

The deposit by the Government of Japan of the Instrument of Accession to the Convention shall involve the assumption by Japan of the obligations of membership of the Organisation, including the views and aims resulting from the Report of the Preparatory Committee of the Organisation of December 1960, and the accession to the Acts of the Organisation which will be in force at that time, except as otherwise provided in the present Memorandum.

#### Article 2

*a.* The Council of the Organisation agrees that the Acts enumerated in paragraphs 2 and 3 of Annex A hereto shall not be applicable to Japan.

*b.* The Government of Japan may, within a period of six months after the date of signature of the present Memorandum, inform the Council of the Organisation that it wishes to accede to any of the Acts enumerated in paragraph 3 of Annex A hereto.

#### Article 3

The Council of the Organisation agrees to the reservation by the Government of Japan with regard to items covered by the Code of Liberalisation of Current Invisible Operations and by the Code of Liberalisation of Capital Movements, as enumerated in Part II of Annex B, taking into account the statements of intention of the Government of Japan set forth in the said Annex.

#### Article 4

In the event that the Government of Japan should wish to abstain from or to lodge a reservation to any Act of the Organisation or to any item of the Codes of Liberalisation which it failed by oversight to mention in paragraph 2 or 3 of Annex A, or in Part II of Annex B hereto, the Government of Japan may bring the matter to the Council of the Organisation for decision within a period of six months after the date of deposit of the Instrument of Accession.

#### Article 5

The Secretary-General of the Organisation shall inform the Government of Japan promptly of any Acts adopted by the Organisation between the date of signature of the present Memorandum and the date of deposit of the Instrument of Accession, and the Government of Japan shall notify the Organisation as soon as possible, within 30 days, whether or not it is willing to accede to the Act concerned. If the Government of Japan is unwilling to accede to a particular

Act or if it proposes amendments or reservations thereto, the matter shall be submitted to the Council. However, the Government of Japan shall not be bound by any Act referred to in this Article unless it has signified its readiness to accede to such Act.

IN WITNESS WHEREOF, the undersigned Representatives, being duly authorised to that effect, have signed the present Memorandum.

DONE in Paris, this Twenty-Sixth day of July, Nineteen Hundred and Sixty-Three, in two copies, in the English and French languages, both texts being equally authentic.

For the Organisation for Economic Co-operation and Development:

(sd.) THORKIL KRISTENSEN

For the Government of Japan:

(sd.) TORU HAGUIWARA

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## ANNEX A

### Statement by the Government of Japan concerning the Acts of the Organisation

1. The Government of Japan, having considered the Acts adopted by the Organisation prior to the date of the present statement, declares its intention to accede to such Acts, except as otherwise specified in paragraphs 2, 3 (a) and 3 (b) below.

2. It is proposed that the following Acts of the Organisation shall not be applicable to Japan:

<i>Title</i>	<i>Code No.</i>	<i>Page*</i>
Resolution of the Council on the Situation of the Butter Market.	C(61)74	152
Resolution of the Council on the Establishment of a Mediterranean Centre for Post-Graduate Education in Agriculture.	C/M(61)11(Final) Item 101	156
Resolution of the Council concerning the Report by the Secretariat on the Situation of the Dairy Products Market.	C/M(61)21(Final) Item 181	160
Resolution of the Council Approving the Recommendations of the Oil Committee's Report, C(58)137, on Oil Stocks and Storage Capacity.	C/M(58)21(Final) Item 195	215

\* These numbers refer to the appropriate pages of document OECD/C(61)41 (Acts of the Organisation for European Economic Co-operation Remaining in Force after its Reconstitution).

<i>Title</i>	<i>Code No.</i>	<i>Page*</i>
Recommendation of the Council concerning the Apportionment of Oil Supplies in an Emergency.	C(60)83(Final)	226
Resolution of the Council concerning the Apportionment of Oil Supplies in an Emergency.	C/M(60)20 Item 177	227
Decision of the Council concerning Occasional and Seasonal Supplies of Electric Power between Interconnected Countries.	C(56)183, amended by C(60)217(Final)	236
Decision of the Council Governing the Employment of Nationals of Member Countries.	C(56)258	281
Recommendation of the Council on the Movement and Employment of Foreign Manpower.	C(55)295(Final), C(57)37(Final), C(57)79, C(58)196(Final), C(59)272(Final), C(59)273(Final), C(60)65(Final), and C(60)113(Final)	304
Decision of the Council concerning the Continuation during 1961 of the Joint Publicity Campaign in the United States for the Development of American Tourism in Europe.	C(60)118(Final)	386
Decision of the Council concerning the Continuation during 1962 of the Joint Publicity Campaign in the United States for the Development of American Tourism in Europe.	C(61)124(Final)	400
Decision of the Council concerning the Continuation during 1963 of the Joint Publicity Campaign in the United States for the Development of American Tourism in Europe.	C(62)209(Final)	

\* These numbers refer to the appropriate pages of document OECD/C(61)41 (Acts of the Organisation for European Economic Co-operation Remaining in Force after its Reconstitution).

3 a. The Government of Japan has not completed the examination of the following Acts, but it is prepared to inform the Council within a period of six months from the date of the present statement whether or not it intends to accede to them:

<i>Title</i>	<i>Code No.</i>	<i>Page*</i>
Recommendation of the Council concerning Facilities to Be Granted in the Matter of Visas and Passports.	C(55)149(Final)	351
Recommendation of the Council on the Temporary Importation into Member Countries of Motor Vehicles for Private Use.	C(58)42(Final)	373
Recommendation of the Council concerning Standards of Employment Service Organisation (Employment Market Information).	C(58)197(Final)	287
Resolution of the Council concerning the Administrative and Technical Regulations Hampering Trade: Application and Supervision of National Safety Regulations for Welded Gas Cylinders.	C/M(60)25(Final) Item 239	13
Recommendation of the Council concerning Action in the Field of Energy and the Establishment of an Energy Advisory Commission and an Energy Committee.	C(59)172	218
Recommendation of the Council concerning Action on the Report of the Energy Advisory Commission.	C(61)36	238
Resolution of the Council concerning the Second Interim Report on the Increase in Oil Stocks and Stockpiling Capacity.	C/M(61)16(Final) Item 136	248
Recommendation of the Council concerning the Production of Heavy Equipment for Power Stations.	C(52)137, amended by C(55)139(Final)	253

\* These numbers refer to the appropriate pages of document OECD/C(61)41 (Acts of the Organisation for European Economic Co-operation Remaining in Force after its Reconstitution).

<i>Title</i>	<i>Code No.</i>	<i>Page*</i>
Recommendation of the Council concerning the Effects on Public Health of the Use of the Various Forms of Energy.	OECD/C(61)97	
Recommendation of the Council on Procedure for the Registration of Pharmaceutical Specialities.	C(63)45(Final)	
Recommendation of the Council on Procedure for Labelling Pharmaceutical Specialities.	C(63)57	
Decision of the Council concerning the Scale of Contributions for the Financing of Part I (General Expenditure) of the Budget for the Financial Year 1st January, 1963 — 31st December, 1963.**	C(62)210	

3 b. As to the Acts of the Organisation concerning the European Monetary Agreement and the European Nuclear Energy Agency, their eventual application to Japan will be considered if the Government of Japan should propose to the Council to be admitted as a Member of the European Monetary Agreement or as a Member or Associate Member of the European Nuclear Energy Agency as the case may be.

4. The Government of Japan wishes to make the following remarks regarding some of the Acts to which it proposes to accede:

<i>Title</i>	<i>Code No.</i>	<i>Page*</i>
Resolution of the Council concerning the Annual Economic Review for 1963-1964.	C/M(63)7, Part I (Final) Item 82	

*Remarks.* The Government of Japan agrees to the text of the Directives but points out that Japan may not have the requisite statistical service for supplying all of the information requested. The Government of Japan will, however, endeavour to provide detailed estimates and indications as soon as possible.

\* These numbers refer to the appropriate pages of document OECD/C(61)41 (Acts of the Organisation for European Economic Co-operation Remaining in Force after its Reconstitution).

\*\* It is proposed that the eventual contribution of the Government of Japan to the 1963 Budget shall be determined by common accord after the date of the present statement.



<i>Title</i>	<i>Code No.</i>	<i>Page*</i>
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Recommendation of the Council relating to Labour Force Sample Surveys.	C(52)227(Final)	265
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*Remarks.* The Government of Japan agrees generally with this Recommendation but points out that in view of some differences in the bases employed by its survey and statistical services, it may not be possible to supply all the information requested under the terms specified in the Recommendation.

Recommendation of the Council concerning the Simplification of Formalities Required in the Matter of Passports for Crossing Frontiers.	C(56)131(Final)	357
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*Remarks.* The Government of Japan agrees with the spirit of the Recommendation but wishes to state that in view of the existing Japanese laws and regulations on passports and visas, further study by the competent authorities is required before measures leading to eventual compliance with the Recommendation are initiated.

Recommendation of the Council concerning the Standardization of Registration Papers Issued by Member Countries for Motor Vehicles.	C(60)40(Final)	383
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*Remarks.* The Government of Japan agrees with the Recommendation but wishes to state that at present special registration papers are not issued in Japan. In considering the establishment of a system of registration papers, the Government of Japan will be inspired by the provisions of this Recommendation.

Recommendation of the Council concerning the Avoidance of Double Taxation.	C(59)147(Final), amended by C(60)157(Final)	415
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*Remarks.* The Government of Japan wishes to accede to this Act on the understanding that its acceptance does not constitute acceptance of every Article of the model Convention annexed to this Act. However, the Government of Japan is prepared to provide the Organisation with the text of any new or revised double taxation agreement between Japan and another Member country and to notify the Organisation of the reasons for not adopting some of the provisions of the said Convention.

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\* These numbers refer to the appropriate pages of document OECD/C(61)41 (Acts of the Organisation for European Economic Co-operation Remaining in Force after its Reconstitution).

## ANNEX B

**Statement by the Government of Japan concerning the liberalisation of current invisible operations and of capital movements in Japan**

## PART I

1. It is the intention of the Government of Japan that upon its accession to the Convention on the Organisation for Economic Co-operation and Development, Japan will adhere to the Code of Liberalisation of Current Invisible Operations and to the Code of Liberalisation of Capital Movements. The Government of Japan endorses the objectives of these Codes, has given careful consideration to their provisions and is prepared to accept any obligations and commitments arising therefrom.

2. The Government of Japan notes that liberalisation of current invisible operations and of capital movements in accordance with paragraph (a) of Article 2 respectively of the two Codes means that residents of different Member States shall be free to conclude transactions and to execute transfers between them as specified in the Annex A respectively of the two Codes.

3. The Government of Japan wishes to state that, with regard to the transactions and transfers which have been liberalised, it shall not interfere with the free choice of the parties thereto; provided, however, that it may take steps for the purpose of verifying the authenticity of such transactions and transfers or of preventing evasion of the laws and regulations, as provided for in paragraph (a) of Article 5 respectively of the two Codes. With regard to the form and timing of such verifications and measures, it is the intention of the Government of Japan to adopt practices consistent with the provisions of paragraph (b) of Article 5 respectively of the two Codes.

4. The Government of Japan further wishes to state that, pursuant to Article 11 respectively of the two Codes, it is prepared to submit to the Organisation information with regard to the measures and practices concerning the enforcement of the two Codes in Japan. Relevant information on such measures and practices will be made available to all interested persons.

## PART II

5. The Government of Japan will ensure that upon its accession to the Convention all but ten items in the Code of Liberalisation of Current Invisible Operations and nine items in the Code of Liberalisation of Capital Movements are fully liberalised in accordance with paragraph 3 of Part I above. On seventeen of these nineteen items,

the Government of Japan proposes to lodge reservations in accordance with paragraph (b) of article 2 of the two Codes. The texts of these reservations are set out in Annexes I and II to the present statement.

6. The nineteen items concerned are:

*Code of Liberalisation of Current Invisible Operations* (see Annex I).

- A/3 Technical assistance (limited reservation).
- A/5 Authors' royalties, patents, etc. (limited reservation).
- C/1 Maritime freights.
- D/5 Re-insurance and retrocession (limited reservation).
- D/6 Insurance business operations abroad (full reservation on two paragraphs).
- E/1 Printed films (temporary full reservation on one paragraph).
- F/1 Profits (limited reservation)
- F/2 Dividends (limited reservation).
- G/1 Tourism (temporary full reservation to be followed by limited reservation).
- G/5 Immigrants' remittances (limited reservation).

*Code of Liberalisation of Capital Movements* (see Annex II).

- I/1 Direct investment (no reservation).
- II/1 Liquidation of direct investment (limited reservation).
- III/2 Personal capital of foreign nationals changing their country of residence (limited reservation).
- III/6 Gifts between relatives (limited reservation).
- IV/1 Use of blocked funds (limited reservation).
- VI/7 Purchase by residents of foreign Member States, of domestic securities on domestic markets (limited reservation).
- VI/8 Sale by residents of foreign Member States, of domestic securities on domestic markets (limited reservation).
- VII/1 Commercial credits (less than one year) (limited reservation).
- VII/2 Commercial credits (one to five years) (full reservation).

### PART III

7. The Government of Japan will continue to take further measures of liberalisation in accordance with the spirit of the Codes. Its specific intentions regarding certain of the restricted items are set out below.

(1) I/1 — *Direct Investment*

8. The Government of Japan will in future deal with all applications for inward and outward direct investments in the spirit of the item in question and will disapprove applications only in exceptional cases where serious detrimental effects to the economy are to be feared.

9. Concerning inward investments consideration will be given in particular to the following factors:

- a. co-ordination of industrial development with special regard to small and medium enterprises;
- b. maintenance of full employment;
- c. internal and external financial equilibrium.

Regarding outward direct investments the chief consideration of the Government of Japan will be the balance of payments position, without prejudice to exceptional cases in which detrimental effects for the Japanese economy are to be feared.

10. The Government of Japan will study forthwith concrete measures to facilitate and expedite authorisation procedures.

(2) VI/7 — *Purchase of Domestic Securities by Non-residents*

11. The Government of Japan is prepared to authorise the purchase of stocks by non-residents beyond the limits of automatic approval (see the remark to the reservation on the item VI/7 in Annex II to the present statement) unless such purchase has a very adverse effect on the domestic economy and balance of payments.

In fact, the actual holding of stocks by non-residents has remained substantially below these limits. It is the belief of the Government of Japan that these limits of automatic approval constitute no obstacle to the purchase of stocks by non-residents.

13. If it becomes apparent in the future that these limits are a real obstacle as the result of the increase of equity investment by non-residents, the Government of Japan will consider the easing of these limits with due regard to the impact on Japan's finance and economy, in particular the stability of the Japanese security markets and possible hot money movements.

(3) A/3 — *Technical Assistance*

A/5 — *Authors' royalties, patents, etc.*

14. Since technical assistance largely contributes to the development of the economy, it is the policy of the Government of Japan to authorise contracts as simply and as speedily as possible. The Government of Japan moreover envisages as the ultimate goal complete

liberalisation, taking into consideration problems special to Japan, viz, the widespread existence of excessive competition and the actual situation of small and medium enterprises.

15. However, while the above difficulties remain, cases might arise requiring minimum measures of adjustment thereon. The object of the screening system is to provide for such exceptional adjustments. The Government of Japan, therefore, will study forthwith a substantial reduction in the period required for examination. For the time being it has on 1st and 10th July 1963 introduced new regulations under which contracts relating to technical assistance, patents, etc, are automatically authorised, provided they do not cover a period of more than one year and payments thereunder do not exceed the equivalent of 30,000 u/a.

#### (4) *"Yen Basis" Investment*

- F 1/ — *Profits*
- F 2/ — *Dividends*
- II 1/ — *Liquidation of direct investment*
- VI 8/ — *Sale by residents of foreign Member States, of domestic securities on domestic markets.*

16. Until 1st July 1963 non-residents were free to make so-called "yen basis" investments without any reference to the authorities. They enjoyed this freedom on the clear understanding that they would not be entitled subsequently to transfer either income or liquidation proceeds. Information on the actual situation and on the total volume of such investment is not at present available.

17. Since 1st July 1963 all non-resident investments are subject to approval and the system of "yen basis" investments came to an end.

18. It is the intention of the Government of Japan, after investigation of the actual position of existing "yen basis" investments and giving due consideration to equilibrium of treatment with authorised investments, to consider measures to approve "yen basis" investments after screening them and to make arrangements for the transfer of profits and liquidation proceeds within the means of the balance of payments.

#### (5) *Maritime Transport*

19. The Japanese Government subscribes fully to the fundamental principle of the Organisation that shipping shall circulate freely in international trade in free and fair competition and accepts Note 1 as the basis for its future shipping policy.

20. In the past, however, shipping contracts have been subject to licensing. Since 20.4.1963, all contracts of a duration not exceeding one year are entirely free. In order to eliminate completely the remaining licensing system over contracts of more than one year, a number of adjustments will be necessary. The Japanese Government undertakes to take the necessary steps before the accession with regard to contracts longer than one year covering all commodities but oil and petroleum products, coal and iron ore. For these three commodities a somewhat longer transition period is considered necessary, which shall in any case not exceed one year from the date of accession for coal and iron ore, and two years from the date of accession for oil and petroleum products carried by tankers.

21. Even within this transition period, the Japanese Government is willing to re-examine its position whenever possible and is prepared to pursue its efforts to realise earlier liberalisation for any of these three commodities.

(6) *Other specific items*

22. The Government of Japan intends to take certain other liberalisation measures, notably with regard to the items E/1, Printed films, and G/1, Tourism. The general nature of these measures is indicated briefly in the remarks against the proposed reservations, set out in Annex I to the present statement, which contain definite time limits.

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## ANNEX I

**Reservations to the code of liberalisation of current invisible  
operations to be lodged by Japan**

*Ref. No. Operations*

A/3 . . . . Technical assistance (assistance relating to the production and distribution of goods and services at all stages, given over a period limited according to the specific purpose of such assistance, and including e.g. advice or visits by experts, preparation of plans and blueprints, supervision of manufacture, market research, training of personnel).

*Remarks.* The reservation applies only to contracts:

- (i) with a duration of more than one year; or
- (ii) involving individually payments exceeding the equivalent of 30,000 u/a.

A/5 . . . . Authors' royalties. Patents, designs, trade marks and inventions (the assignment and licensing of patent rights, designs, trade marks and inventions, whether or not legally protected, and transfers arising out of such assignment or licensing).

*Remarks.* The reservation applies only to contracts relating to patents, designs, trade marks or inventions:

- (i) with a duration of more than one year; or
- (ii) involving individually payments exceeding the equivalent of 30,000 u/a.

D/5 . . . . Transactions and transfers in connection with reinsurance and retrocession.

*Remarks.* The reservation applies only to reinsurance and retrocession of 60% of the compulsory third party liability risks in connection with motor car insurance.

D/6 . . . . Insurance business operations abroad. Annex I to Annex A, Part III, paragraphs 5 (b), and 6.

E/1 . . . . Printed films, commercial, documentary, educational, etc. (rentals), dues, subscriptions, reproduction and synchronisation fees, etc.). Annex IV to Annex A, paragraph 1 (a).

*Remarks.* The reservation applies only until 30th June, 1964.

F/1 . . . . Profits from business activity.

*Remarks.* The reservation applies only to the transfer of profits from investments which have not been validated under the Law Concerning Foreign Investment of 1950.

*Ref. No. Operations*

## F/2 . . . . Dividends and shares in profits.

*Remarks.* The reservation applies only to dividends and shares in profits from investments which have not been validated under the Law Concerning Foreign Investment of 1950.

## G/1 . . . . Tourism.

*Remarks.* The reservation applies only until 30th June, 1964. As from 1st July, 1964, the reservation will apply only to the automatic allocation of amounts in excess of the equivalent of 500 u/a per person per journey per year.

## G/5 . . . . Immigrants' remittances.

*Remarks.* The reservation applies only to remittances in excess of maintenance of relatives. The definition of the term 'relative' is subject to the discretion of the Japanese authorities.

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## ANNEX II

**Reservations to the code of liberalisation of capital movements  
to be lodged by Japan**

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|-----------------|---------------------------------------|
| <i>Ref. No.</i> | <i>Transactions<br/>and Transfers</i> |
|-----------------|---------------------------------------|
- II/1.... Liquidation of non-resident owned direct investment and transfer of the proceeds.  
*Remarks.* The reservation applies only to the transfer of liquidation proceeds of investments which have not been validated under the Law Concerning Foreign Investment of 1950.
- III/2.... Personal capital of foreign nationals changing their country of residence.  
*Remarks.* The reservation applies only to transfers in excess of the equivalent of 5,000 units of account per family.
- III/6.... Gifts between relatives.  
*Remarks.* The reservation applies only to the transfer of gifts in other than hardship cases.
- IV/1.... Use of blocked funds in Member States by their non-resident owners.  
*Remarks.* The reservation applies only to the use of blocked funds for investment in listed domestic securities [sub-paragraph (ii) of the Remark].
- VI/7.... Purchase by residents of foreign Member States, of domestic securities on domestic markets.  
*Remarks.* The reservation applies only to purchases of securities in excess of:  
(i) 10 or 15% (according to the type of business) of the total equity capital of any one concern;  
(ii) 5% of the total equity capital of any one concern by a single holder.
- VI/8.... Sale by residents of foreign Member States, of domestic securities on domestic markets.  
*Remarks.* The reservation applies only to the transfer of sales proceeds of domestic securities, the purchase of which has not been validated under the Law Concerning Foreign Investment of 1950.
- VII/1... Commercial credits, in conformity with normal commercial practice, with a currency of less than one year which are related to a commercial transaction in which a resident participates.  
*Remarks.* The reservation applies only to credits related to imports with a currency of more than four months after customs clearance and to credits related to exports with a currency of more than six months after loading.

*Transactions**Ref. No. and Transfers*

VII/2... Commercial credits, in conformity with normal commercial practice, with a currency of between one and five years which are related to a commercial transaction in which a resident participates.

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## Nr. I

Paris, 26th July 1963

My dear Secretary-General,

With reference to our conversation of July 17, 1963, concerning the matter of Japan's accession to the Organisation for Economic Co-operation and Development, I have been instructed by my Government to give you an assurance to the following effect:

During the transition period when any shipping contract of a duration exceeding one year on oil and petroleum products, coal and iron ore, remains under a licensing system, the Japanese Government has no intention to operate this system in such a manner as to reduce the share of foreign vessels under such contracts in the carriage of these three commodities to be imported into Japan.

I avail myself, Sir, of this opportunity to renew the assurance of my highest consideration.

(sd.) TORU HAGUIWARA  
*Ambassador.*

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## Nr. II

Paris, 26th July 1963

My dear Secretary-General,

With reference to paragraphs 20 and 21 of the Statement of the Government of Japan concerning the Liberalisation of Current Invisible Operations and of Capital Movements in Japan, I have been instructed by my Government to confirm that during the transition period when certain shipping contracts will be subject to licensing in Japan, my Government will co-operate fully with the Maritime Transport Committee of the Organisation and is prepared to submit its licensing system to an examination at any meetings which the Maritime Transport Committee might have.

I avail myself, Sir, of this opportunity to renew the assurance of my highest consideration.

(sd.) TORU HAGUIWARA  
*Ambassador.*

## Nr. III

Paris, 11th July 1963

Sir,

I have been informed that, during the discussions on Japan's entry as a member of the O.E.C.D. which have recently been held in the Council and the Executive Committee, questions have been raised in regard to the definition of measures of liberalisation of trade in Japan and to Japanese policy in the field of export subsidies.

I would like, in the first place, to confirm the information on these two points which is contained in Mr. Poincilit's statement at the 45th meeting of the Council on 2nd July 1963, which was circulated on 4th July under reference CES/63.43.

Moreover, because of the importance of these questions, it seems desirable to supplement this information with some further clarification. In this respect, I am instructed by my Government to draw your attention to the following:

1. *Definition of measures of liberalisation of trade*

The Japanese Government regards imports of commodities as being liberalised when the following criteria are met:

- (a) there is no quantitative limitation to imports of the commodity in question;
- (b) the foreign exchange required for imports of the commodity in question is automatically provided;
- (c) if a licence is still required for imports of the commodity in question, such licence is issued automatically and immediately.

The import procedures currently applied in Japan to goods subject to the systems known as "Automatic Approval System" and "Automatic Fund Allocation System" comply with the criteria set out above.

2. *Export subsidies*

The "System of deductions for export income" is the only measure of aid to exports in Japan which might possibly give rise to criticism in the framework of the provisions of Article XVI, paragraph 4, of the G.A.T.T. This system will however be terminated on 31st March 1964 and the Japanese authorities have no intention of replacing it by some other system which would conflict with the provisions of this Article. It will then be possible for Japan to sign the "Declaration giving effect to the provisions of Article XVI, paragraph 4, of the G.A.T.T.", which came into effect on 14th November 1962, and this the Japanese Government will not fail to do after 31st March, 1964.

I should be obliged if you would be good enough to bring the contents of this letter to the attention of the appropriate bodies of the O.E.C.D.

Accept, Sir, the assurances of my highest consideration.

(sd.) TORU HAGUIWARA

*Ambassador for Japan  
in France.*

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Uitgegeven de *negentiende* februari 1965.

*De Minister van Buitenlandse Zaken,*  
J. LUNS.