

enous coal production but at a lower level. If this protection were removed entirely, estimated U.S. export potential would be considerably greater than indicated.

Apart from coal, the major application of quantitative restrictions on trade among industrial countries relates to Japan. When Japan became a member of the GATT in 1955, France, Belgium, Luxembourg, the Netherlands, the United Kingdom, and Austria (and some nonindustrial countries) invoked Article XXXV of the GATT, thereby declining to apply the most-favored-nation clause and other obligations under GATT to Japanese exports. Of these countries, only Austria continues to invoke Article XXXV against Japan, but as a price for disinvocation, the other countries usually obtained commitments from Japan that permit discrimination against certain Japanese products. Although Italy, Germany, and the Scandinavian countries never formally invoked Article XXXV against Japan, they, too, impose discriminatory quantitative restrictions on many Japanese products.²¹

Japanese exports to the industrial countries are also limited by "voluntary" export controls, which are usually imposed at the specific request of an importing country and are frequently included in negotiated bilateral agreements. Thus, although neither Canada nor the United States applies discriminatory quantitative restrictions to imports from Japan, they, along with other industrial countries, have formally and informally pressured Japan to control exports of a number of products. These controls have the same purpose and effect as discriminatory import restrictions.²² Under the "Long-Term Ar-

²¹ Actions under Article 115 of the Rome Treaty have resulted in still more restrictions against Japan. Under this article, which is a transitional measure to be used until the adoption of an EEC common commercial policy, member countries may deviate from intra-community free trade to deal with trade disruption caused by a third country because of a different commercial policy of another member country. For example, if France limits imports of a product from Japan and Germany does not, France may apply to the EEC Commission for authority to limit imports of the product that are transshipped through Germany. At the beginning of 1964, there were 138 EEC tariff positions subject to Article 115 actions. Most of these actions stemmed from differences in member-country commercial policies toward Japan or the Soviet bloc.

²² Export controls, however, permit the realization of "quota profits" (higher prices resulting from the imposition of quotas) by traders in the exporting country instead of by those in the importing country.