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Council for Trade in Goods
Committee on Safeguards

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**NOTIFICATION UNDER ARTICLE 12.5 OF THE AGREEMENT ON SAFEGUARDS
TO THE COUNCIL FOR TRADE IN GOODS OF THE MEANS
OF COMPENSATION REFERRED TO IN ARTICLE 8.1
OF THE AGREEMENT ON SAFEGUARDS**

ARGENTINA AND COSTA RICA

(Pounded Rice)

The following communication, dated 30 March 2015, is being circulated at the request of the delegations of Argentina and Costa Rica.

In accordance with the obligations laid down in Article 12.5 of the Agreement on Safeguards to notify the Council for Trade in Goods immediately of:

- a. the results of the consultations held with Members having a substantial interest as exporters of the product concerned, prior to the application of a safeguard measure, as referred to in Article 12.3; and
- b. the means of compensation for these interested Members, as referred to in Article 8.1 of the Agreement on Safeguards;

and based on the agreed format for notifications (G/SG/1/Rev.1), Argentina and Costa Rica hereby submit the following joint notification to the Council for Trade in Goods.

1 MEASURE AND PRODUCT SUBJECT TO THE MEASURE REGARDING WHICH THERE WAS AN AGREEMENT ON AN ADEQUATE MEANS OF TRADE COMPENSATION UNDER ARTICLE 8.1, AND REFERENCE TO THE WTO DOCUMENT THAT NOTIFIED THE SAFEGUARD MEASURE

The measure and the product subject to it regarding which Costa Rica and Argentina reached an agreement on trade compensation under Article 8.1 consists of the safeguard measure imposed by Costa Rica on imports of pounded rice (Central American Harmonized System (SAC) tariff subheadings 1006.30.90.91 and 1006.30.90.99), which was notified to the Committee on Safeguards and circulated to all WTO Members in notification G/SG/N/10/CRI/1.

2 MEMBERS THAT AGREED TO TRADE COMPENSATION UNDER ARTICLE 8.1

Trade compensation under Article 8.1 was agreed between Costa Rica and Argentina.

3 TRADE COMPENSATION AGREED BY EACH OF THE MEMBERS INVOLVED

Costa Rica will grant imports from Argentina the following annual tariff quotas:

Annual quota volume (metric tonnes)	Tariff subheadings (description)	Applicable in-quota tariff rate
3,786	1006.30.90 (pounded rice)	35%
2,235	1904.90.10 (precooked rice)	0%

The above quotas will be made available by Costa Rica over the four-calendar year period of application of the safeguard measure, starting upon the entry into force of the decree establishing the quotas and ending in 2018.

As the importing country, Costa Rica will be responsible for the quota administration. In no event will the allocation mechanism be construed as a violation of the spirit of this agreement.

Costa Rica will use the following mechanism for administering the quotas:

The quota volumes will be apportioned among enterprises - including rice processors as well as rice traders - having records of imports from Argentina in 2014 in the case of pounded rice and records of imports from any country of origin in 2014 in the case of precooked rice, and rice processors duly registered with the National Rice Growers' Corporation (CONARROZ) that had no recorded imports in 2014.

If, for any reason, the quota volumes are not used in full by the close of a calendar year, the remaining portions will be added to the volume of the respective quota for the following calendar year. This rule does not apply to unused portions of the quotas in the calendar year 2018.

In 2015, namely the year in which they are opened, the quotas will be allocated as follows:

- a. Quota for pounded rice: 80% of the volume is to be allocated equally among applicants having records of imports of pounded rice from Argentina in 2014. The remaining 20% is to be allocated equally among applicants duly registered with CONARROZ that had no recorded imports of pounded rice from Argentina in 2014.
- b. Quota for precooked rice: 80% of the volume is to be allocated equally among applicants having records of imports of precooked rice in 2014. The remaining 20% is to be allocated equally among applicants duly registered with CONARROZ that had no recorded imports of precooked rice in 2014.

In 2016, 100% of each quota will be allocated in proportion to each applicant's share of imports under the respective quota in 2015.

In 2017, 100% of each quota will be allocated in proportion to each applicant's share of imports under the respective quota in 2016.

In 2018, 100% of each quota will be allocated in proportion to each applicant's share of imports under the respective quota in 2017.

Since the allocation of each quota in 2016, 2017 and 2018 is based on actual utilization of the quota in the immediately preceding calendar year, allocation will take place in the first 30 working days of the year in question. As 2015 is the first year of application of the quotas, the allocation process will start upon the entry into force of the executive decree governing these quotas and must be completed within a period of 20 working days.

In order to encourage full utilization of the quotas, the following penalties will be established:

- a. Applicants that record imports of less than 95% of the apportioned volume in a given year will, in the following year, be allocated a quantity not exceeding that actually imported.

- b. Applicants that have recorded imports of less than 95% of the volume apportioned each year for two consecutive years forfeit the right to participate in the allocation of the quotas for the following years.
- c. Applicants that have received an allocation for a given year without recording any imports forfeit the right to participate in the allocation of the quotas for the following years.

The full quota volume is apportioned each year among eligible importers. Any portions remaining after the initial allocation will be distributed among all interested parties that so request following the resolution stipulating the initial allocation.

Return of allocated volumes: The beneficiary of an import quota may return all or part of the share allocated to it by applying to the Costa Rican Ministry of Foreign Trade (COMEX) in writing before 30 June of the year in which it received the allocation. COMEX will issue a special invitation on the last working day in July with a view to distributing and allocating portions returned, including any portions returned after 30 June of the relevant year. COMEX will publish a notice in the Official Journal La Gaceta and on the Ministry's official website to announce the availability of the remaining portions. However, the full quota volume will be distributed and allocated in the order of submission of applications, i.e. on a first-come, first-served basis. Any subsequent portion that may remain or was not included, for any reason, in the special invitation referred to above will remain available to interested parties until it is fully allocated, and will be assigned by COMEX on a first-come, first-served basis.

4 DATE FROM WHICH COMPENSATION WILL APPLY FOR ARGENTINA

Both Parties have agreed that Costa Rica will incorporate this agreement into its domestic legislation, by means of an executive decree, within a maximum period of 30 working days as from 10 March 2015.
