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EXTENSION OF WTO WAIVERS

Communication from the European Communities

The following communication has been received from the Permanent Mission of the European Communities.

1. As provided for in paragraph 2 of the Uruguay Round Understanding in respect of Waivers of Obligations under GATT 1994, any waiver in effect on the date of entry into force of the WTO Agreement shall terminate, unless extended, on the date of its expiry or two years from the date of entry into force of the WTO Agreement, whichever is earlier. As a result, the following waivers pertaining to the European Communities are due to expire by the end of this year, unless they are extended:

- Waiver granted in connection with the ECSC (BISD 1S/17);
- Special problems of dependent overseas territories (BISD 3S/21);
- Items traditionally admitted free of duty from countries of the Commonwealth (BISD 3S/25);
- Trading arrangements with Morocco (BISD 9S/39);
- Fourth ACP-EEC Convention of Lomé (L/7604).

2. The European Communities have decided not to request an extension of the first three waivers mentioned above.

At the time of its establishment, it was necessary to request a waiver for the ECSC because its limited product scope did not meet the requirement in Article XXIV:8 GATT that "substantially all the trade" should be covered. A waiver was duly granted in 1952, without any time limit. Now that the need for extension of this waiver has to be considered, it is evident that its "raison d'être" no longer exists. Nowadays, the European Communities, i.e. the ECSC, the European Community and Euratom together, are a single WTO Member and customs union, covering "substantially all the trade" within the meaning of Article XXIV:8 GATT. Enlargements of the European Communities have always been notified to GATT in a single notification as enlargements of "the European Communities", again covering all three Treaties as one. The most recent enlargement with Austria, Finland and Sweden was notified as an enlargement of "the European Union". It has thus never been necessary to request any amendment to the waiver, and in fact the only reason why the waiver is still formally on the books is that it was never felt necessary to actively revoke it. There is, however, no

further need for this waiver. As part of the customs union formed by the European Communities, steel and coal products are covered in GATT terms by the customs union exception of Article XXIV GATT in the same way as all other products are.

The waivers for special problems of dependent overseas territories and items traditionally admitted free of duty from countries of the Commonwealth, granted in 1955 to the United Kingdom for an unlimited period of time, have been overtaken and can also be allowed to lapse.

3. The European Communities do, on the other hand, wish to request an extension of the last two waivers mentioned above. The waiver for trading arrangements with Morocco, granted in 1960 to France, is still being used and will continue to be necessary until the entry into force of the Euro-Mediterranean Agreement establishing an association between the EC and their Member States, of the one part, and the Kingdom of Morocco, of the other part. The waiver grants France a derogation from the provisions of paragraph 1 of Article I of the General Agreement (now GATT 1994) to the extent necessary to permit the application on importation into France of duty-free tariff quotas to a number of products originating in parts of the territory of the Kingdom of Morocco not covered by the provisions of paragraphs 2 and 4 of Article I of the GATT 1947 (now the GATT 1994). These special advantages have been taken into account in the new Euro-Mediterranean Agreement with Morocco. Entry into force of this Agreement is expected to occur this year or at the latest next year. As all waivers should henceforth have a clear time limit attached to them, the extension would run until the entry into force of the Agreement or until 31 December 1997, whichever is earlier. If necessary, a renewal of the waiver could be asked toward the end of 1997. The request¹ for extension of this waiver and a draft of the WTO Decision² to be taken in this regard have been attached.

4. Finally, the waiver for Lomé IV should be extended until 29 February 2000, the date of the Convention's expiry, to which date it had also originally been granted. This is therefore a simple re-confirmation of the original waiver, with no amendments. The request³ for extension of this waiver and a draft of the WTO Decision⁴ to be taken in this regard have been attached. This request is submitted jointly by the European Communities and the Governments of the ACP States which are also Members of the WTO.

¹Circulated in document G/L/109

²Circulated in document G/C/W/59

³Circulated in document G/L/108

⁴Circulated in document G/C/W/58