

WORLD TRADE ORGANIZATION

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Committee on Safeguards

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IMMEDIATE NOTIFICATION UNDER ARTICLE 12.5 OF THE AGREEMENT ON SAFEGUARDS TO THE COUNCIL FOR TRADE IN GOODS OF PROPOSED SUSPENSION OF CONCESSIONS AND OTHER OBLIGATIONS REFERRED TO IN PARAGRAPH 2 OF ARTICLE 8 OF THE AGREEMENT ON SAFEGUARDS

The following communication, dated 29 July 1998, has been received from the Permanent Delegation of the European Commission.

Pursuant to Article 12.5 of the Agreement on Safeguards, and in accordance with the agreed format for notifications (G/SG/1, 1 July 1996), the European Communities provides the immediate notification to the Council for Trade in Goods of proposed suspension of concessions and other obligations referred to in paragraph 2 of Article 8.

1. Which Member is proposing suspension of concessions and other obligations referred to in Article 8.2

The European Communities.

2. Specify the measure, the product subject to the measure, the WTO document that notified the safeguard measure, and the Member imposing the measure in relation to which the Member is proposing suspension of concessions and other obligations referred to in Article 8.2

The measure imposed by the United States is a quantitative limitation on imports of wheat gluten (provided for in subheadings 1109.00.10 and 1109.00.90 of the Harmonized Tariff Schedule of the United States), for a period of just over three years starting 1 June 1998. It was notified in WTO document G/SG/N/10/USA/2-G/SG/N/11/USA/2 dated 8 June 1998.

3. Describe the proposed suspension of concessions and other obligations referred to in Article 8.2, and the proposed date from which it will come into effect

The proposed suspension of the application of substantially equivalent concessions or other obligations under GATT 1994 to the trade of the United States takes the form of an annual tariff quota, from 1 June to 31 May, for the import of the 2,730,000 tonnes of residues from the manufacture of starch from maize (corn gluten feed) falling within CN codes 2303 10 19 and 2309 90 20 originating in the United States. The rate of duty applicable within the quota shall be 5 ECU/MT. Until the quota is filled, the out of quota duty rate shall be 50 ECU/MT. Any quantity imported within a quota year above 2,730,000 tonnes shall be duty free. The substantially equivalent concessions or other obligations under GATT 1994 were calculated as follows:

Predicted EC trade loss in the crop year starting 1 June 2001 based on average EC exports into the US for the crop years ending 30 June 1995, 30 June 1996 and 30 June 1997, increased by 6 per cent per year (the same rate as applied by the US for the progressive liberalization of the measure):

Average 1995/97 EC exports into the US	32,544 MT
1998 (+ 6%)	34,497 MT
1999 (+ 6%)	36,566 MT
2000 (+ 6%)	38,760 MT
2001 (+ 6%)	41,086 MT
Minus US quota for EC imports in last quota year increased by 6%	29,196 MT
Loss to EC exports into US in 2001	11,890 MT
Loss in value terms (95/97 unit value)	13,664,906 ECU

A tariff quota at 5 ECU/MT applied to imports of 2,730,000 tonnes of corn gluten feed, which is a product in the same sector as the products subject to the measure, results in 13,650,000 ECU.

The proposed suspension of substantially equivalent concessions or other obligations referred to in Article 8.2 would be applied from 1 June 2001 or five days after the date of a decision from the WTO Dispute Settlement Body that the safeguard measure imposed by the United States is incompatible with the WTO Agreements, whichever is earlier, and until the United States' safeguard measure is lifted.
