

ENLARGEMENT OF THE EUROPEAN UNION

Schedule CXL - European Communities

Communication from Argentina

The following communication, dated 1 April 1996, has been received from the Permanent Mission of Argentina.

On 14 March 1996, the Secretariat of the World Trade Organization (WTO) circulated a communication from the Permanent Delegation of the European Commission in Geneva<sup>1</sup>, concerning which the Argentine Government wishes to make, *inter alia*, the following comments:

1. In the introductory paragraph, the EU proposes that the reference prices linked with the provisions of Article 5(1)(b) of the Agreement on Agriculture (Special Safeguard for prices) be considered an integral part of its WTO Schedule, through the notification in question.

It is not clear what provisions form the basis for the EU's request for what is, in practice, a formal modification of the Schedule, and we are concerned about the method of communicating that request, since it does not appear to be envisaged in Article XXVIII of the General Agreement, in the Agreement on Agriculture or in other relevant procedures. Of course, before the conclusion of the Uruguay Round, the EU announced that the reference prices for the SSG were part of its Schedule, but, as far as can be judged from the information available, it does not appear to have completed in due form the notifications and procedures necessary for those prices to become an integral part of that Schedule. This formal omission could establish a bad precedent.

It is also true that the EU addressed subsequent communications concerning the Special Safeguard to the Committee on Agriculture which, even though the Argentine delegation viewed these communications as taking precedence over certain commitments in the Schedule concerning entry prices, is the natural forum for dealing with these matters. We would urge the EU to continue submitting these notifications exclusively to that Committee.

2. In paragraph 3 of the same document, the EU proposes that its Schedules be modified by virtue of the agreements relating to the Article XXIV:6 negotiations without those negotiations, as acknowledged in the note in question, having been concluded with all the parties involved. We do not know why the EU chose to disregard the requirements of Article XXVIII:4 by notifying negotiations which have not yet been concluded.

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<sup>1</sup>G/L/65.

3. In the same paragraph, the EU refers to the commitments which it is prepared to bind in its new 15-country Schedule. The EU already has commitments bound under the Uruguay Round, so that it is impossible to know under what provision, in the context of the WTO disciplines, it is requesting comments on these commitments. We also find it unacceptable that it should do so while announcing the finalization of negotiations under Article XXIV:6 which can only relate to the renegotiation of tariff concessions, not commitments. Neither should this be a route for the verification of commitments.

Accordingly, it would be desirable to know what is the precise significance of the above-mentioned communication, what is the legal basis for making it and under what legal format the EU proposes to bind its commitments in its new Schedule. The Argentine Government considers that, as follows from the Official Journal of the European Communities No. L 334/42 of 30 December 1995, circulated on 22 February 1996, the EU has in any case acknowledged that "the appropriate legal modalities of implementation remain to be agreed". Thus, it does not seem reasonable to propose a time-limit for comments when these legal modalities have still not been agreed.

The renegotiation of commitments being a matter of direct commercial interest for Argentina, as well as a fundamental systemic problem and one of the central themes of the Agreement on Agriculture, any decision in this respect should be adopted by the Working Party examining the enlargement of the EU, which could propose a decision to the Council for Trade in Goods.

Argentina therefore objects to the entry into force of the European Union's new Schedule until consultations can be held and agreement reached concerning the scope of each of the procedures for notifying the various aspects covered by that Schedule and the WTO body which will have to make the notifications official and approve them.