

## II

*(Acts whose publication is not obligatory)*

## COUNCIL

## COUNCIL DECISION

of 22 December 1995

concerning the conclusion of the results of negotiations with certain third countries under GATT Article XXIV:6 and other related matters (United States and Canada)

(95/591/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Whereas it is in the interest of the Community to approve these agreements,

Having regard to the Treaty establishing the European Community, and in particular Article 113, in conjunction with Article 228 (2) first sentence thereof,

HAS DECIDED AS FOLLOWS:

Having regard to the proposal from the Commission,

*Article 1*

Whereas the Community has entered into negotiations under the General Agreement on Tariffs and Trade (GATT) Article XXIV:6; whereas these negotiations have resulted in agreements with the United States of America and Canada;

The following agreements and letters are hereby approved on behalf of the Community:

- Agreement for the conclusion of negotiations between the European Community and the United States of America under Article XXIV:6 (Annex I),
- Exchange of letters between the European Community and the United States of America on a settlement for cereals and rice (Annex II),
- Exchange of letters between the European Community and the United States of America on rice prices (Annex III),
- Agreement for the conclusion of negotiations between the European Community and Canada under Article XXIV:6 and an Exchange of Letters relating thereto (Annex IV).

Whereas it was also in the interest of both Parties to resolve certain outstanding issues in the agricultural sector with Canada;

Whereas the United States of America and Canada had initiated proceedings in the World Trade Organization (WTO) relating to the Community's import regime for cereals and rice;

Whereas the Community entered into discussions with these countries with the aim of resolving the issues in question; whereas the results of these discussions are contained in agreements with the countries concerned;

The texts of the acts referred to in the first indent are attached to this Decision.

*Article 2*

Done at Brussels, 22 December 1995.

The President of the Council is hereby authorized to designate the person empowered to sign the agreements and letters in order to bind the Community.

*For the Council**The President*

L. ATIENZA SERNA

## ANNEX I

## AGREEMENT

for the conclusion of negotiations between the European Community and the United States of America under Article XXIV:6

THE EUROPEAN COMMUNITY and THE UNITED STATES,

DESIRING to bring their GATT Article XXIV:6 negotiations to conclusion on the basis of a reasonable and mutually satisfactory compromise, and

FURTHER DESIRING to strengthen the close partnership in commercial and economic matters between the European Community and the United States,

AGREE TO THE FOLLOWING PROVISIONS:

I. Market access concessions

A. The European Community shall incorporate in its new Schedule CLX, for the customs territory of the EUR 15, the concessions that were included in the previous Schedule LXXX as modified by the European Community Schedule annexed to the Marrakesh Protocol to the General Agreement, 1994 (dated 15 April 1994).

B. As provided in Annex (a) <sup>(1)</sup> to this Agreement, the European Community shall reduce and bind tariffs effective 1 January 1996 except as noted, shall open tariff quotas as indicated, and shall accelerate the staging of Uruguay Round tariff concessions.

C. Improvements granted to third countries in the European Community's Article XXIV:6 negotiations shall also be applied to the US.

II. Information technology Agreement

The parties to this Agreement approve and endorse the principles and commitments stated in Annex (b) to this Agreement.

III. Agricultural matters

A. The United States Government accepts the basic components of the European Community's

approach to adjusting the obligation of the European Community of 12 and those of Austria, Finland and Sweden following the recent enlargement of the Community:

- netting out of export commitments,
- netting out of tariff quotas,
- aggregation of domestic support commitments.

The appropriate legal modalities of implementation remain to be agreed.

B. Both sides agree to the following provisions relating to trade in cheese

1. The tariff-rate quotas for cheese ('cheese TRQ's') granted to Austria, Finland and Sweden by the United States in its Uruguay Round Schedule XX will be merged as soon as administratively possible, with the cheese TRQ granted to the European Community of 12 by the United States. During the period between the effective date of that merger and 1 January 1998, the TRQ quantities originally granted to Austria, Finland, Sweden and the EUR 12 will be reserved for those countries. If, during that period, the United States Government permits access of products of other countries to those quantities, such access will first be granted to products of the EUR 15.

<sup>(1)</sup> See Annexes to Regulation (EC) No 3093/95, page 1 of this Official Journal.

2. The cheese TRQ's shall be subject to the terms of paragraphs 3 and 4 of the Tokyo Round Arrangement between the US and the Community concerning cheeses and Section 702 of Title VII of US Public Law 96-39 as amended, which establishes certain procedures and remedies in cases where subsidized imported cheese undercuts US domestic prices.

#### IV. Final provisions

- A. This Agreement shall enter into force on the date of signature.
- B. Consultations will be held with regard to the matters in this Agreement at any time at the request of either party.

Signed at Brussels this twenty-second day of December in the year one thousand nine hundred and ninety-five.

*For the Government of  
the United States of America*

*For the Council of  
the European Union*

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#### *Annex (a)*

#### **Agricultural items (agreed concessions format to be modified)**

- TRQ 63 000 tonnes of semi-milled and wholly milled rice  
1006 30 00 at 0 ECU/t (*erga omnes*)
- TRQ 20 000 tonnes of husked (brown) rice  
1006 20 55 at 88 ECU/t (*erga omnes*)
- increase in the existing TRQ for almonds  
in shell 0802 11 90, shelled 0802 12 90, at 2 % from 45 000 tonnes to 90 000 tonnes
- a reduction in the duty rate for petfood to zero  
2309 10 11  
2309 10 31
- Fresh (sweet) cherries 0809 20 10/2  
TRQ 800 tonnes (21 May to 15 July) at 4 % *erga omnes* and a reduction in the end rate from 12 % to 6 % for the period 16 June to 15 July
- a reduction in the duty rate for fresh foliage from 2,5 to 2 %  
0604 91 50

The management system for the TRQ for 63 000 tonnes of semi-milled and wholly-milled rice and 20 000 tonnes of husked (brown) rice will include allocation to traditional suppliers. The European Community may also designate ports of entry in order to maintain traditional trade patterns and supply relationships at the request of the exporting country. The United States has requested that European Community imports from the United States of rice under the above two TRQs be for traditional patterns of trade with the new Member States. The European Community will take the actions necessary to meet this US request, within the limits of Community law. Further consultations will take place on how to implement this agreement.

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*Annex (b)***Information technology Agreement**

The European Community has, in the context of its compensation under Article XXIV:6 of GATT 1994, substantially reduced its tariffs on the whole range of semiconductors and integrated circuits. In addition, all such reductions will be implemented from 1 January 1996, well ahead of the phasing timetable foreseen at the end of the Uruguay Round.

The offers made in the Article XXIV:6 negotiations should facilitate the early discussion of how to approach the proposed ultimate goal of an Information technology Agreement which includes the elimination of tariffs by the year 2000 in the information technology sector. The European Community and the United States will, once the Article XXIV:6 negotiations have been completed, attempt to conclude such an agreement with Quad partners and with other major producers of such products in the WTO.

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## ANNEX II

## EXCHANGE OF LETTERS

between the European Community and the United States of America on a settlement for cereals and rice

*A. Letter from the European Community*

Brussels, 22 December 1995

Sir

I have the honour to confirm the following understanding reached between the delegations of the United States and the European Community:

1. The United States and the European Community agree that in the first quarter of 1996 and subsequently at the request of either party, the United States Government and the Commission of the European Communities shall review the functioning of the 'representative price' system for cereals and rice. If it appears to either party that the functioning of the system is materially impeding trade flows between the parties, the Commission in consultation with the United States Government shall promptly examine the problems identified with a view to implementing appropriate solutions. For the marketing year 1996-97 a cumulative recovery system for husked (brown) rice will be developed by the Commission in consultation with the United States Government and introduced on a trial basis.
2. During the review and consultations, the Commission and the United States Government shall share all relevant data in order to ensure transparency and facilitate appropriate solutions to problems raised. The confidentiality of such data will be protected.
3. To ensure accuracy and transparency in administration, the European Community shall ensure that the 'representative prices' it uses for determining the Community duties on imports of rice are based on the most up-to-date and widely available price data.
4. The United States shall withdraw its current request (November 1995) for the establishment of a WTO dispute settlement panel on the European Community's import regime for rice and cereals. The United States shall not reintroduce such request, provided that there is effective implementation of the provisions of this Agreement.
5. The European Community will not undermine United States trade interests in rice and cereals in the ongoing negotiations on these products in the WTO framework.
6. If the market share of EC-origin wheat gluten imports into the United States increases in comparison to their average 1990-92 market share, the European Commission and the United States Government shall consult with a view to finding a mutually acceptable solution.
7. Subject to the terms of this agreement, each party reserves all of its WTO rights.

I have the honour to propose that this letter and your letter in reply will constitute an agreement between our two authorities.

Please accept, Sir, the assurance of my highest consideration.

*On behalf of  
the Council of the European Union*

*B. Letter from the United States*

Brussels, 22 December 1995

Sir

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

'I have the honour to confirm the following understanding reached between the delegations of the United States and the European Community.

1. The United States and the European Community agree that in the first quarter of 1996 and subsequently at the request of either party, the United States Government and the Commission of the European Communities shall review the functioning of the "representative price" system for cereals and rice. If it appears to either party that the functioning of the system is materially impeding trade flows between the parties, the Commission in consultation with the United States Government shall promptly examine the problems identified with a view to implementing appropriate solutions. For the marketing year 1996-97 a cumulative recovery system for husked (brown) rice will be developed by the Commission in consultation with the United States Government and introduced on a trial basis.
2. During the review and consultations, the Commission and the United States Government shall share all relevant data in order to ensure transparency and facilitate appropriate solutions to problems raised. The confidentiality of such data will be protected.
3. To ensure accuracy and transparency in administration, the European Community shall ensure that the "representative prices" it uses for determining the Community duties on imports of rice are based on the most up-to-date and widely available price data.
4. The United States shall withdraw its current request (November 1995) for the establishment of a WTO dispute settlement panel on the European Community's import regime for rice and cereals. The United States shall not reintroduce such request, provided that there is effective implementation of the provisions of this Agreement.
5. The European Community will not undermine United States trade interests in rice and cereals in the ongoing negotiations on these products in the WTO framework.
6. If the market share of EC-origin wheat gluten imports into the United States increases in comparison to their average 1990-92 market share, the European Commission and the United States Government shall consult with a view to finding a mutually acceptable solution.
7. Subject to the terms of this agreement, each party reserves all of its WTO rights.

I have the honour to propose that this letter and your letter in reply will constitute an agreement between our two authorities.'

I have the honour to confirm that the above is acceptable to my Government and that your letter and this letter constitute an agreement in accordance with your proposal.

Please accept, Sir, the assurance of my highest consideration.

*For the  
Government of the United States of America*

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## ANNEX III

## EXCHANGE OF LETTERS

between the European Community and the United States of America on rice prices

*A. Letter from the European Community*

Brussels, 22 December 1995

Sir

During our recent discussions on the operation of the Community rules for calculating the Community import duties for rice, we have reviewed data relating to the market situation during the 1995/96 marketing year.

In the light of these discussions, the European Community will substitute, with effect from 1 January 1996, for the 'representative price' currently used for determining these duties on husked parboiled rice and husked rice for the remainder of the 1995/96 marketing year, the average of the price for No 1 brown parboiled 4/88 % rice and the currently used price (No 2 brown 4/73 % rice) as reported in the USDA weekly *Rice market news*. This 'representative price' will be reviewed with the United States Government during the consultations for establishing the cumulative recovery system as referred to in the exchange of letters on the grains settlement.

I should be obliged if you would acknowledge receipt of this letter.

Please accept, Sir, the assurance of my highest consideration.

*On behalf of  
the Council of the European Union*

*B. Letter from the United States*

Brussels, 22 December 1995

Sir

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

'During our recent discussions on the operation of the Community rules for calculating the Community import duties for rice, we have reviewed data relating to the market situation during 1995/96 marketing year.

In the light of these discussions, the European Community will substitute, with effect from 1 January 1996, for the "representative price" currently used for determining these duties on husked parboiled rice and husked rice for the remainder of the 1995/96 marketing year, the average of the price for No 1 brown parboiled 4/88 % rice and the currently used price (No 2 brown 4/73 % rice) as reported in the USDA weekly *Rice market news*. This "representative price" will be reviewed with the United States Government during the consultations for establishing the cumulative recovery system as referred to in the exchange of letters on the grains settlement'.

Please accept, Sir, the assurance of my highest consideration.

*For the  
Government of the United States of America*



## ANNEX IV

## AGREEMENT

for the conclusion of negotiations between the European Community and Canada under Article XXIV:6

THE EUROPEAN COMMUNITY and THE GOVERNMENT OF CANADA,

DESIRING to bring their GATT Article XXIV:6 negotiations to conclusion on the basis of a reasonable and mutually satisfactory compromise, and

FURTHER DESIRING to strengthen the close partnership in commercial and economic matters between the European Community and Canada,

AGREE TO THE FOLLOWING PROVISIONS:

## I. Market access concessions

- A. The European Community shall incorporate in its new Schedule CLX, which will be valid for the customs territory of the EUR 15, the concessions that were included in the previous Schedule LXXX as modified by the European Community Schedule annexed to the Marrakesh Protocol to the General Agreement, 1994 (dated 15 April 1994).
- B. In accordance with Annex A <sup>(1)</sup> attached to and forming an integral part of this Agreement, the European Community shall reduce and bind tariffs effective 1 January 1996 except as noted, shall open tariff quotas as indicated, and shall accelerate the staging of Uruguay Round tariff concessions.
- C. Improvements granted to third countries in the European Community's Article XXIV:6 negotiations shall also be applied to Canada.

## II. Agricultural matters

- A. The Canadian Government accepts the basic components of the European Community's approach to adjusting the GATT obligations of the European Community of 12 and those of Austria, Finland and Sweden following the recent enlargement of the Community:
- netting out of export commitments,
  - netting out of tariff quotas,
  - aggregation of domestic support commitments.

The appropriate legal modalities of implementation remain to be agreed upon.

## B. Both sides agree to the following:

To the extent that imports of pork and pork products are covered by both GATT TRQs and preferential TRQs at lower than GATT in-quota rates for Central and East European countries (CEECs) the Commission, in consultation with the countries concerned, will ensure that the imports in question from CEECs are counted in the first place against the preferential TRQs.

The sum of the EC TRQs for pigmeat and pigmeat preparations will remain at 75 600 tonnes at the end of Uruguay Round implementation.

As regards bilateral trade in cheese, Canada undertakes to increase the current EC 12 247 tonnes country reserve (60 % of the global tariff rate quota) to 66 % of the global tariff rate quota.

The EC undertakes to increase the existing tariff rate quota of Canadian aged Cheddar to 4 000 tonnes. The Canadian authorities will indicate to the Canadian Dairy Commission that 'certificates of authenticity' for 'aged Cheddar' should only be issued for in-quota quantities.

Canada will only permit imports of cheese from the EC under its tariff rate quota accompanied by an export certificate issued by the European Community.

The EC will limit export subsidies on fresh, chilled or frozen beef and veal destined for Canada to no more than 5 000 tonnes annually. On the basis of this undertaking European beef

<sup>(1)</sup> See Annexes to Regulation (EC) No 3093/95, page 1 of this Official Journal.

exporters may request the Canadian International Trade Tribunal (CITT) to undertake a review under Section 76 of the Special Import Measures Act (SIMA) of the 25 July 1986 finding of the Canadian Import Tribunal in respect of boneless manufacturing beef from the European Economic Community. Section 76 review may be requested by any interested party to the finding in question.

Canada agrees to bind at free its duty on pasta products currently subject to the 'pasta remission order' i.e. the pasta products classified under tariff items 1902 19 91, 1902 19 99 and 1902 19 92.

### III. Final provisions

- A. This Agreement shall enter into force on the date of signature.
- B. Consultations will be held with regard to the matters in this Agreement at any time at the request of either party.

Signed at Brussels, this twenty-second day of December in the year one thousand nine hundred and ninety-five, in two copies in the English and French languages, each language version being equally authentic.

*For the  
Government of Canada*

*For the  
Council of the European  
Union*

## EXCHANGE OF LETTERS

between the European Community and Canada on the conclusion of negotiations under Article XXIV:6

*A. Letter from the European Community*

Brussels, 22 December 1995

Sir

I have the honour to confirm the following understanding reached between the delegations of Canada and the European Community.

1. Taking into account the exceptional market situation which is expected to prevail for the remainder of the 1995/96 marketing year for wheats (common and durum), the European Community agrees to make the following adjustments to its import rules for common and durum wheat, in order to alleviate the current difficult market situation:
  - (a) From 1 January to 30 June 1996 the abatement for high quality wheat will be increased from ECU 8/tonne to ECU 14 /tonne;
  - (b) For the same period the requirement for durum wheat of 73 % of vitreous kernels will be reduced to the standard level of 60 %.

Subject to the foregoing changes being implemented, Canada will terminate its present request for a WTO panel on EC cereals regulations.

Subject to the terms of the preceding paragraphs, each party retains all of its WTO rights. This Agreement is without prejudice to the legal position of either party regarding any matter covered by this Agreement.

It is agreed that the two parties will enter into discussions in the first quarter of 1996 with a view to examining what measures might be necessary for subsequent marketing years.

2. To settle the current WTO Article XXIV:6 negotiations on agriculture and Canada's outstanding XXIV:6 claims on barley arising from past enlargements of the EU, the following has been agreed:
  - reduction in the duty rate for canary seed (1008 30 00) to zero,
  - MFN TRQ of 50 000 tonnes for durum wheat (minimum vitreous kernel content of 73 %) at zero duty,
  - MFN TRQ of 10 000 tonnes for worked oats (1104 22 99) at zero duty,
  - to the extent that imports of pork and pork products are covered by both GATT TRQs and preferential TRQs at lower than GATT in-quota rates for Central and East European Countries (CEECs) the Commission, in consultation with the countries concerned, will ensure that the imports in question from CEECs are counted in the first place against the preferential TRQs,
  - the sum of the EC TRQs for pigmeat and pigmeat preparations will remain at 75 600 tonnes at the end of Uruguay Round implementation.

The Canadian Government accepts the basic components of the European Community's approach to adjusting the GATT obligations of the EUR 12 and those of Austria, Sweden and Finland, following the recent enlargement of the Community:

- netting out of export commitments,
- netting out of tariff quotas,
- aggregation of domestic support commitments.

The appropriate legal modalities of implementation remain to be agreed upon.

3. As regards bilateral trade in cheese, Canada undertakes to increase the current EC 12 247 tonnes country reserve (60 % of the global tariff quota) to 66 % of the global tariff rate quota. The EC undertakes to increase the existing tariff rate quota of Canadian aged Cheddar to 4 000 tonnes. The Canadian authorities will indicate to the Canadian Dairy Commission that 'certificates of authenticity' for 'aged Cheddar' should only be issued for in-quota quantities. Canada will only permit imports of cheese from the EC under its tariff rate quota accompanied by an export certificate issued by the European Community.
4. The EC will limit export subsidies on fresh, chilled or frozen beef and veal destined for Canada to no more than 5 000 tonnes annually. On the basis of this undertaking European beef exporters may request the Canadian International Trade Tribunal (CITT) to undertake a review under Section 76 of the Special Import Measures Act (SIMA), of the 25 July 1986 finding of the Canadian Import Tribunal in respect of boneless manufacturing beef from the European Economic Community. Section 76 review may be requested by any interested party to the finding in question.
5. Canada agrees to bind at free its duty on pasta products currently subject to the 'pasta remission order' i. e. the pasta products classified under tariff items 1902 19 91, 1902 19 99 and 1902 19 92.

I have the honour to propose that this letter and your letter in reply will constitute an agreement between our two authorities.

Please accept, Sir, the assurance of my highest consideration.

*On behalf of  
the Council of the European Union*

#### *B. Letter from Canada*

Brussels, 23 December 1995

Sir

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

I have the honour to confirm the following understanding reached between the delegations of Canada and the European Community.

1. Taking into account the exceptional market situation which is expected to prevail for the remainder of the 1995/96 marketing year for wheats (common and durum), the European Community agrees to make the following adjustments to its import rules for common and durum wheat, in order to alleviate the current difficult market situation:
  - (a) From 1 January to 30 June 1996 the abatement for high quality wheat will be increased from ECU 8/tonne to ECU 14 /tonne;
  - (b) For the same period the requirement for durum wheat of 73 % of vitreous kernels will be reduced to the standard level of 60 %.

Subject to the foregoing changes being implemented, Canada will terminate its present request for a WTO panel on EC cereals regulations.

Subject to the terms of the preceding paragraphs, each party retains all of its WTO rights. This Agreement is without prejudice to the legal position of either party regarding any matter covered by this Agreement.

It is agreed that the two parties will enter into discussions in the first quarter of 1996 with a view to examining what measures might be necessary for subsequent marketing years.

2. To settle the current WTO Article XXIV:6 negotiations on agriculture and Canada's outstanding XXIV:6 claims on barley arising from past enlargements of the EU, the following has been agreed:

- reduction in the duty rate for canary seed (1008 30 00) to zero,
- MFN TRQ of 50 000 tonnes for durum wheat (minimum vitreous kernel content of 73 %) at zero duty,
- MFN TRQ of 10 000 tonnes for worked oats (1104 22 99) at zero duty,
- to the extent that imports of pork and pork products are covered by both GATT TRQs and preferential TRQs at lower than GATT in-quota rates for Central and East European Countries (CEECs) the Commission, in consultation with the countries concerned, will ensure that the imports in question from CEECs are counted in the first place against the preferential TRQs,
- the sum of the EC TRQs for pigmeat and pigmeat preparations will remain at 75 600 tonnes at the end of Uruguay Round implementation.

The Canadian Government accepts the basic components of the European Community's approach to adjusting the GATT obligations of the EUR 12 and those of Austria, Sweden and Finland, following the recent enlargement of the Community:

- netting out of export commitments,
- netting out of tariff quotas,
- aggregation of domestic support commitments.

The appropriate legal modalities of implementation will need to be agreed upon.

3. As regards bilateral trade in cheese, Canada undertakes to increase the current EC 12 247 tonnes country reserve (60 % of the global tariff quota) to 66 % of the global tariff rate quota. The EC undertakes to increase the existing tariff rate quota of Canadian aged Cheddar to 4 000 tonnes. The Canadian authorities will indicate to the Canadian Dairy Commission that "certificates of authenticity" for "aged Cheddar" should only be issued for in-quota quantities. Canada will only permit imports of cheese from the EC under its tariff rate quota accompanied by an export certificate issued by the European Community.
4. The EC will limit export subsidies on fresh, chilled or frozen beef and veal destined for Canada to no more than 5 000 tonnes annually. On the basis of this undertaking European beef exporters may request the Canadian International Trade Tribunal (CITT) to undertake a review under Section 76 of the Special Import Measures Act (SIMA), of the 25 July 1986 finding of the Canadian Import Tribunal in respect of boneless manufacturing beef from the European Economic Community. Section 76 review may be requested by any interested party to the finding in question.
5. Canada agrees to bind at free its duty on pasta products currently subject to the "pasta remission order" i. e. the pasta products classified under tariff items 1902 19 91, 1902 19 99 and 1902 19 92.

I have the honour to propose that this letter and your letter in reply will constitute an agreement between our two authorities.'

I have the honour to confirm that the above is acceptable to my Government and that your letter and this letter constitute an agreement in accordance with your proposal.

Please accept, Sir, the assurance of my highest consideration.

*For the  
Government of Canada*