

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM (80) 75 final

Brussels, 26 February 1980

## CONCLUSION OF AN AGREEMENT RESULTING FROM THE NEGOTIATIONS INITIATED WITH CANADA UNDER ARTICLE XXVIII OF THE GATT

(Commission Communication to the Council)

COM (80) 75 final



EXPLANATORY MEMORANDUM

A satisfactory agreement was reached at the negotiations which Canada initiated with the Community under Article XXVIII of the GATT.

Under this agreement, the Community authorizes Canada to amend certain tariff concessions which the country has bound under GATT in the fruit and vegetables sector. In return, Canada has granted the Community certain new concessions in the same sector and also for other agricultural products.

CONCLUSION OF AN AGREEMENT RESULTING FROM THE NEGOTIATIONS INITIATED  
WITH CANADA UNDER ARTICLE XXVIII OF THE GATT

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(Commission Communication to the Council)

The Commission presents to the Council herewith:

- i. a report on the outcome of the negotiations initiated with Canada under Article XXVIII of the GATT concerning the unbinding by that country of tariff concessions in the fruit and vegetables sector (Annex I);
- ii. a draft agreement and the annexes thereto negotiated by Canada and the Community under Article XXVIII of the GATT (Annex III).

On 16 July 1979 the Article 113 Committee delivered a favourable opinion on the outcome of the above negotiations.

The Commission recommends that the Council approve the agreement and annexes initialled with Canada (Annex III).

To that end it presents a draft decision concerning the conclusion of the agreement (Annex II).

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REPORT

ON THE NEGOTIATIONS CONDUCTED WITH CANADA UNDER ARTICLE XXVIII OF THE GATT  
CONCERNING THE MODIFICATION BY THAT COUNTRY OF CONCESSIONS IN THE  
FRUIT AND VEGETABLES SECTOR

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1. The Canadian Permanent Mission in Geneva notified the Director-General of GATT on 12 April 1978 of its intention to modify, in accordance with Article XXVIII:5 of the General Agreement on Tariffs and Trade, certain concessions contained in List V - Canada relating to a number of products in the fruit and vegetables sector.
2. Canada stated in this communication that it was prepared to enter into negotiations or consultations with Contracting Parties having an interest as the initial negotiator, the principal supplier or a major supplier. The European Community stated its rights and its intention to enter into negotiations with Canada, and Canada declared its willingness to enter into negotiations or consultations with the European Community in accordance with the provisions of Article XXVIII of the GATT.
3. Since the beginning of June 1978, a series of negotiations and consultations has been held with the Canadian authorities in Geneva and the members of the Article 113 Committee have participated in the proceedings or have been kept informed by the Commission.
4. The negotiations covered only the withdrawal of the concessions contained in Part I of List V - Canada (i.e. the MFN concessions) and did not touch upon duties bound by Canada in Part II of List V - Canada (UK preferences).

5. The major problem in these negotiations was the difficulty of finding adequate compensation in sectors which are of real importance to Member States of the Community suffering injury as a result of the withdrawal of Canada's concessions.

After lengthy negotiations Canada finally presented an offer which was satisfactory in terms of both volume and quality, and one that was acceptable to the Community.

The EEC's claims and Canada's offers of compensation can be compared as follows: (see details in Annex 1)

The EEC's claims

	<u>Volume of trade</u>	<u>Difference in amount collected</u>
Total	US\$ 9 993 000	+ US\$ 363 760
of which on the basis of INR or PS (negotiating rights)	US\$ 5 136 000	+ US\$ 235 073
on the basis of SI (consulting rights)	US\$ 4 857 000	+ US\$ 128 687
<u>Compensation</u>	US\$ 22 073 000	- US\$ 366 585
of which within the fruit and vegetables sector	US\$ 2 645 000	- US\$ 129 625
outside the fruit and vegetables sector	US\$ 19 428 000	- US\$ 236 960

6. Accordingly, the Article 113 Committee stated that it was in favour of the negotiations being concluded on this basis.
7. The documents setting out the results of the negotiations were initialled on 16 October 1979.
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RENEGOTIATIONS UNDER ARTICLE XXVIII OF THE GATT/FRUIT AND VEGETABLES

Comparative table of the EEC's claims in respect of Part I  
of List V - Canada and Canada's compensation offers

		EEC's claims			Compensation offer			Difference	
Present	tariff heading	Volume of trade of EEC 9 Av.75-77 US\$-'000	Increase in the import charge relating to the trade in question %	US\$	Volume of trade of EEC 9 Av.75-77	Reduction in the import charge relating to the trade of EEC 9 %	US\$	in account collected	US\$
:a) On the basis of INR or PS (negotiating rights)									
2400-1	EEC 6	5		0				0	
3905-1	Benelux	562	+ 0.5%	2.810				+ 2.810	
8400-1	Netherlands	127	+ 3%	3.760				+ 3.760	
8505-1	France	800		60.000				+ 60.000	
8904-1	Benelux	14	+ 5.9%	0.826				+ 0.826	
8905-1	Italy	1.270	+ 1.3%	16.510				+ 16.510	
8905-2	Italy	341	+ 9.1%	31.031				+ 31.031	
10530-1	France	112	) (91) + 9.2%	8.372				) + 9.254	
			) (21) + 4.2%	882				)	
	UK	1.896	) (625) + 9.2%	57.500				) + 110.882	
			) (1.271) + 4.2%	53.382				)	
10550-1	EEC 6	9		-		- 5%	0.450	- 0.450	
:b) On the basis of SI (consulting rights)									
15201-1	UK	136		-			-	-	
8726-1	EEC 6	135		0				0	
	UK	129	+ 7.3%	9.417				+ 9.417	
									.../...

		EEC's claims			Compensation offer			Difference	
Present tariff heading	Volume of trade of EEC 9 Av.75-77 US\$ '000	Increase in the import charge relating to the trade in question %	US\$	Volume of trade of EEC 9 Av.75-77	Reduction in the import charge relating to the trade of EEC 9 %	US\$	in account collected	US\$	
8906-1	Benelux 639	+ 2.5%	15.975	364	- 2.5%	9.100	+ 6.875		
	) UK 711			309					- 2.5%
9002-1	UK 44			44	- 2.5%	1.100	- 1.100		
9015-1	EEC 6 1.148			1.340	- 5%	67.000	- 67.000		
10500-1	EEC 6 186	+ 10.1%	18.700				+ 18.700		
10520-1	EEC 6 934	+ 5.5%	51.370				+ 51.370		
10525-2	Italy 0			2					
	) France 2		0		- 15%	0.300	- 0.300		
10535-1	EEC 6 482		0			0	0		
15209-1	UK 309	+ 5%	15.450				+ 15.450		
9010-1	-			586	- 7.5%	43.950	- 43.950		
			363.760	-		129.625	+ 234.135		



	Bound basic duty	Duty applied at present	Rate offered	MTN offers		Duty offered	Phasing	Compensation offer outside the fruit and vegetables sector		Carry- over
				Volume of trade of EEC 9 Av. 75-76-77 US\$ '000	Reduction in the import charge in relation to the bound duty			+234.135		
								%	%	
600-1: biscuits; sweetened	12.5%	12.5%	5% (x)	1.1.80=11.5%	11%	844	- 1.5%	12.660	- 12.660	
				81=10.5%			(-1%)	(8.440)	(8.440)	
605-1: biscuits, valued at not less than 20cts per lb	12.5%	12.5%	5% (x)	80=11.5%	11%	10.139	- 1.5%	152.085	-152.085	
				81=10.5%			(-1%)	(101.390)	(-101.390)	
6700-1: macaroni and vermicelli, containing no egg or other added ingredients	62.5 cts/ 100 lbs (= 6.2% eav)	30 cts/ 100 lbs (= 3.3% eav)	0	1.1.80=54.7%	20 cts/ 100 lbs (= 2.2% eav)	1.153	-4.7% eav (-1% eav)	54.191	- 54.191	
				81=46.9%				(11.530)	(-11.530)	
				82=39.1%						
				83=31.3%						
				84=23.5%						
				85=15.7%						
14100-2: chestnut cream or paste, sweetened or not sweetened	7.5%	7.5%	-	-	0	38	- 7.5%	2.850	- 2.850	
825-1: canned snails (genuls HELIX)	20%	20%	15%	-	7.5%	790	-12.5%	98.750	- 98.750	

	MTN offers				Compensation offer outside the: Carry-				
	Bound basic duty	Duty applied at present	Rate offered	Phasing	Duty offered	Volume of EEC 9: Av. 75-76-77: US\$ '000	Reduction in the import charge in relation to the bound duty	over	
						%	%		
16505-1: perry, produced from the fermentation of pears	1 $\text{g}$ /12 bottles (= 3.75 $\text{g}$ /gal = 68% eav)	1 $\text{g}$ /12 bottles (= 3.75 $\text{g}$ /gal = 68% eav)	-	-	$\text{g}$ 1.50/ gal (27% eav)	18	- 41%	7.400	- 7.400
9025-2: paté de foie with truffes	10%	10%	-	-	5%	132	- 5%	6.600	- 6.600
16205-1: vermouth aperitif and cordial wines containing 32% or less of proof spirit whether imported in wood or in bottles	20 cts/ gal (unbound retaliatory: measure, Reg. Art. XXVIII EEC/CDN lead and zinc (= 47% eav)	20 cts/ gal (unbound retaliatory: measure, Reg. Art. XXVIII EEC/CDN lead and zinc (= 4.7% eav)	-	-	15 cts/ gal (3.5% eav)	6.314	- 1.2% (eav)	75.768	- 75.768
							Total:	410.304	-176.163
								(236.960)	(-2.825)

(x) The final duty under the MTN initial offer was 6% on the basis of the reduction in the base rate proposed in the Article XXVIII negotiations (1.5 points), the MTN final duty was reduced by 1 point to 5%.

RECOMMENDATION FOR A COUNCIL DECISION

concerning the conclusion of the Agreement negotiated  
between the European Community and Canada under  
Article XXVIII of the GATT concerning certain products  
in the fruit and vegetables sector

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and  
in particular Article 113 thereof,

Having regard to the Recommendation from the Commission,

Whereas Canada, on the basis of Article XXVIII of the General Agreement on Tariffs  
and Trade (GATT), indicated its intention of unbinding tariff concessions  
on certain products of which the European Economic Community is its principal  
supplier;

Whereas the Commission opened negotiations with Canada under the said  
Article XXVIII of the GATT and has reached an agreement with that country, and  
whereas the said agreement has proved satisfactory,

HAS DECIDED AS FOLLOWS:

Article 1

The Agreement negotiated between the European Economic Community and Canada  
under Article XXVIII of the GATT concerning certain products in the fruit and  
vegetables sector is hereby approved on behalf of the Community.

The text of the Agreement is annexed to this Decision.

Article 2

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

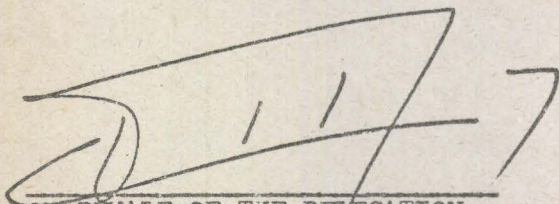
Article 3

The outcome of the negotiations shall be communicated to the Contracting Parties to the General Agreement on Tariffs and Trade.

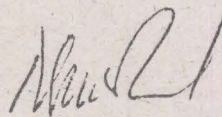
Done at Brussels,

For the Council  
The President

THE ATTACHED PAPERS RECORD THE RESULTS OF NEGOTIATIONS BETWEEN  
THE CANADIAN DELEGATION AND THE COMMISSION OF THE EUROPEAN COMMUNITIES  
UNDER GATT ARTICLE XXVIII FOR THE MODIFICATION OF CONCESSIONS PROVIDED  
FOR IN SCHEDULE V - CANADA



ON BEHALF OF THE DELEGATION  
OF THE COMMISSION OF THE  
EUROPEAN COMMUNITIES

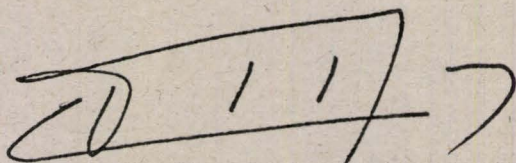


ON BEHALF OF THE  
DELEGATION OF CANADA

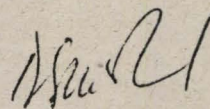
Mr. Olivier Long  
Director-General  
GATT Secretariat  
Centre William Rappard  
Rue de Lausanne, 154  
1211 Geneva.

NEGOTIATIONS RELATING TO SCHEDULE V - CANADA

The Delegation of Canada and the Commission of the European Communities have concluded their negotiations under Article XXVIII for the modification of concessions provided for in Schedule V - Canada as set out in the report attached.



On behalf of the Delegation of the  
Commission of the European Communities



On behalf of the Delegation of  
Canada

RESULTS OF NEGOTIATIONS BETWEEN  
CANADA AND THE EUROPEAN COMMUNITIES  
UNDER  
ARTICLE XXVIII FOR THE MODIFICATION OF  
CONCESSIONS IN SCHEDULE V - CANADA

C H A N G E S I N S C H E D U L E V - C A N A D A

NOTE: THE CONCESSIONS LISTED IN ANNEX "A" SHALL  
BE REPLACED BY THOSE LISTED IN ANNEX "B". UNLESS  
OTHERWISE SPECIFIED ANY ITEM LISTED IN ANNEX "B"  
CONFERS UPON THE EUROPEAN COMMUNITIES INITIAL  
NEGOTIATING RIGHTS.



A N N E X A

Tariff Item Number	Description of Product	Rate of Duty Bound in Existing Schedule
2400-1	Chicory, raw or green ..... per pound	Free
3905-1	Potato starch and potato flour ..... ..... per pound	1.5 cts
8400-1	Onion sets or shallots, in their natural state .....	15 p.c.
8505-1	Mushrooms, preserved n.o.p. ....	12½ p.c.
	Vegetables, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty:	
8904-1	Peas ..... per pound	1½ cts
8905-1	Tomatoes ..... per pound	2 cts
8905-2	Tomato paste ..... per pound	1½ cts
8906-1	N.o.p. ....	15 p.c.
10525-2	Melons, pickled or preserved in salt, brine, oil, or any other manner, n.o.p. ....	15 p.c.
10530-1	Jellies, jams, marmalades, preserves, fruit butters and condensed mincemeats ..... ..... per pound	3 cts
10550-1	Zucca melons, peeled or sliced, sulphured <del>or</del> in brine, for use in Canadian manufac- tures .....	5 p.c.
	Fruit juices and fruit syrups, n.o.p., namely:	
15201-1	Lime juice .....	5 p.c.

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A N N E X B

Tariff Item Number	Description of Product	Rate of Duty to be Bound
EX 825-1	Canned snails (genus Helix)	7½ p.c.
2400-1	Chicory roots, raw or green, with or without leaves ..... per pound	Free
6600-1	Biscuits, sweetened .....	11 p.c.
6605-1	Biscuits, sweetened or unsweetened, valued at not less than 20 cents per pound, said value to be based on the net weight and to include the value of the usual retail package .....	11 p.c.
6700-1	Macaroni and vermicelli, containing no egg or other added ingredients ..... ..... per one hundred pounds	20 cts
8400-1	Onion sets, the weight of the packages to be included in the weight for duty ..... ..... per pound	3 cts but not less than 15 p.c.
	Vegetables, prepared, in air-tight cans or other air-tight containers, n.o.p.:	
8902-1	Baby carrots .....	17½ p.c.
8903-1	Beans, baked .....	10 p.c.
8907-1	N.o.p. ....	12½ p.c.
8905-1	Tomatoes .....	13.6 p.c.
8915-1	Tomato paste .....	13.6 p.c.
9025-2	Pâtés de foie with truffles .....	5 p.c.
	Potatoes, processed, preserved or prepared in any manner and potato products, including potato starch and potato flour, whether or not in air-tight cans or other air-tight containers:	
9036-1	N.o.p. ....	12½ p.c.

*Handwritten signature*

Tariff Item Number	Description of Product	Rate of Duty to be Bound
9061-1	Mushrooms, processed, preserved or prepared in any manner, whether or not in air-tight cans or other air-tight containers:  N.o.p. ....	20 p.c.
10521-1	Fruits, pickled or preserved in salt, brine, oil, vinegar or acetic acid, or in sulphur dioxide or other similar preservatives, whether or not in air-tight cans or other air-tight containers; fruits pickled or preserved in any other manner n.o.p.:  Melons .....	Free
10530-1	Jellies, jams, marmalades, preserves, fruit butters and condensed mincemeat:  N.o.p. ....	10 p.c.
10531-1	Strawberry jam, whether or not containing pectin .....	15 p.c.
10651-1	Fruit juices n.o.p., reconstituted or not, concentrated or not, and fruit syrups, n.o.p.:  Lime juice .....	Free
14100-2	Chestnut cream or paste, sweetened or not sweetened .....	Free
16205-1	Vermouth, apéritif and cordial wines, containing thirty-two percent or less of proof spirit, whether imported in wood or in bottles ..... per gallon	15 cts
16505-1	Champagne and all other sparkling wines:  Perry, produced from the fermentation of pears ..... per gallon	\$1.50

*ASZ*

Canadian Delegation



Délégation du Canada

16 October 1979

Dear Mr. Villain,

Please find attached the results of negotiations between the Canadian Delegation and the Commission of the European Communities under GATT Article XXVIII for the modification of concessions provided for in Schedule V - Canada.

These negotiations have been conducted on the basis of Part I of Schedule V - Canada and are without prejudice to the views of either Canada or the European Communities as to the status of Part II bindings, discussions on which may take place elsewhere.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'M. L. R.' or similar, written in a cursive style.

Canadian Delegation.

Mr. C. Villain,  
Director General,  
Agricultural Directorate,  
Commission of the European Communities,  
200 rue de la Loi,  
1049 Brussels.

Canadian Delegation



Délégation du Canada

16 October 1979

Dear Mr. Villain,

This is to confirm that, in accordance with the settlement worked out between our delegations relating to the modification of concessions in the fruit and vegetable sector of Schedule V - Canada, Canada agrees that the British preferential rate\* on Tariff Item 6605-1 (biscuits, sweetened or unsweetened, valued at not less than 20 cents per pound, said value to be based on the net weight and to include the value of the usual retail package) will not be phased out in such a way that this rate will go above the final MFN concession rate of 5 percent.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'M. D. C.' or similar.

Canadian Delegation.

Mr. C. Villain,  
Director General,  
Agricultural Directorate,  
Commission of the European Communities,  
200 rue de la Loi,  
1049 Brussels.

\* This rate applies to, inter alia, the United Kingdom of Great Britain and Northern Ireland and Eire.

