

Original: French

UNITED STATES - DETERMINATION UNDER SECTIONS 304 AND 305
OF THE TRADE ACT OF 1974 IN RESPECT OF THE
EUROPEAN ECONOMIC COMMUNITY'S SUBSIDIES FOR
PRODUCERS AND PROCESSORS OF OILSEEDS AND ANIMAL-FEED PROTEINS

Request for Consultations under Article XXIII:1
by the European Economic Community

The following communication, dated 7 July 1989, from the Permanent Delegation of the Commission of the European Communities to the Office of the United States Trade Representative in Geneva, is circulated in accordance with paragraph C.3 of the CONTRACTING PARTIES' 1989 Decision on Improvements to the GATT Dispute Settlement Rules and Procedures (L/6489).

On 5 July 1989, acting under the United States Trade Act (Sections 304 and 305), the USTR made a determination that there was reason to believe that the rights to which the United States was entitled under a trade agreement (the General Agreement) were affected by the Community's system of aid in the oilseeds and high-protein products sector. In accordance with Section 301 of the United States Trade Act, this determination means that unilateral and discriminatory trade measures may be taken against the Community. The determination refers to the application of such measures.

The Community rejects this unilateral determination; a panel is currently studying the United States' complaint under Article XXIII with respect to the aid system concerned.

The Community considers that such action taken by a contracting party - because it considers unilaterally, under its own legislation, that there are reasons to believe that the rights to which it is entitled under a trade agreement have been denied or its rights under the General Agreement have been impaired - is incompatible with the provisions and procedures of the General Agreement, and in particular those of Article XXIII. According to the GATT dispute settlement procedures, the only actions permitted are those explicitly authorized by the CONTRACTING PARTIES.

The Community therefore requests the Government of the United States to enter into consultations under Article XXIII:1 of the General Agreement. The improvements to the GATT dispute settlement rules and procedures set forth in the CONTRACTING PARTIES' Decision of 12 April 1989 are applicable.