

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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EEC - COUNTERVAILING CHARGES ON LEMONS

Communication from Argentina

The following communication, dated 7 September 1993, has been received from the Permanent Mission of Argentina with the request that it be circulated to contracting parties and that the matter be inscribed on the Agenda of the Council meeting of 22 September.

At the Council meeting on 21 July 1993, the Argentine delegation referred to the injury that was being caused to Argentina's lemon exports by the application of countervailing charges by the European Economic Community, and said that it intended to request consultations under Article XXII:1 of the General Agreement.

It will be recalled that on 11 June 1993, under Regulation 1453/93, the Community began to apply a countervailing charge of ECUs 4.71 per 100 kg. This charge was increased a number of times until it reached a maximum of ECUs 46.08 per 100 kg. on 13 July.

The EEC justified the application of this countervailing charge on the alleged grounds that Argentine exporters failed to comply with Article 25, paragraph 1, of Community Regulation 1035/72, whereby, when the entry price of a product remains at least ECUs 0.6 below the reference price for two consecutive market days, a countervailing charge shall be introduced.

Under Article 26, paragraph 1, of that Regulation, the EEC progressively raised the level of the countervailing charge until it reached the level of ECUs 46.08 mentioned above.

Subsequently, the charges were gradually reduced and finally eliminated on 23 August 1993.

During the period when they were in force (11 June to 23 August 1993) they caused serious injury to Argentine lemon exports to the EEC.

Whereas during the three months from June to August of 1992 these exports reached a monthly average of some 17,300 tonnes, for the same three months in 1993 they fell to only 6,000 tonnes, a drop of roughly 65 per cent.

For Argentina, the application of the mechanism of reference prices and countervailing duties provided for in Regulation 1035/72 is clearly incompatible with various provisions of a General Agreement, including Articles XI:1, XIII:1 and X:1.

The measure applied by the Community therefore constitutes a case of nullification or impairment of the rights accruing to Argentina under the General Agreement, within the meaning of Article XXIII:1(a).

Taking the foregoing into account, and as already stated by the Argentine delegation in the Council on 21 July last, on 25 August Argentina formally requested the Commission of the EEC to conduct consultations under Article XXII:1 in order to clarify all aspects relating to the application of the countervailing charges and to try to find a reasonable solution that would be satisfactory to both parties. The Community acceded to the request for consultations on 2 September.