

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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ACTION BY THE UNITED STATES UNDER ARTICLE XXIII:2
OF THE GENERAL AGREEMENT

The Director-General has received the following communication from the United States mission for the information of the CONTRACTING PARTIES.

I have been instructed by my authorities to invoke the provisions of Article XXIII:2 of the General Agreement with respect to the application to imports from the United States by the European Economic Community of compensatory taxes in excess of rates of duties bound in the GATT.

The salient facts of the matter are as follows. Pursuant to Regulation 974/71 of the Council of the European Communities, compensatory taxes in excess of GATT bindings are being collected on United States exports to the European Economic Community. Some \$40 million of United States exports appear to be affected. The United States considers that collection of these taxes without regard to bindings nullifies or impairs benefits accruing to it in the sense of Article XXIII and violates the provisions of Article II of the General Agreement.

These taxes were first authorized by the Community in May 1971. In January 1972 the list of items to which they were applied was greatly expanded. The United States made written representations to the Commission of the European Communities in accordance with the provisions of Article XXIII:1 on 14 April 1972 asking for the withdrawal of authorization for the imposition of these taxes when they result in breaches of the GATT bindings. This action was preceded by several informal representations beginning 23 February 1972. Having failed to attain a satisfactory adjustment of the matter, the United States is referring the matter to the CONTRACTING PARTIES for investigation and appropriate action in accordance with the provisions of Article XXIII:2.

In so far as the United States has been able to ascertain, it appears that the tariff classifications listed below are those where GATT bindings are being breached. The United States reserves the right to add or subtract from the list. Under seventeen tariff positions, products are subject to fixed duties bound in GATT (positions and sub-positions of GXT Nos. 02.01 AIIa2; 03.01 BIA; EX 03.02 AIA and BI; 21.07 FIa1; and 22.05 C1b).

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Under thirty-one tariff positions, products are subject to variable levies or fixed duties plus variable charges, but the total for all import charges is bound in GATT (positions and sub-positions of CXT Nos. 01.02 AIIb, IIbb; 02.01 BIIc1, 2, 3, 4, 5 and 6; 02.03 A and B; 04.04 AI; 04.04 B; 07.06A; 15.01 AI; 15.01 B; 16.01 A; 16.02 AII; 16.02 BI; 17.04 B; 35.05 BII, III, and IV; and 38.12 AI).

Under 197 tariff positions, products are subject to a fixed duty plus one or more variable charges, and the duty and part of the variable charges are bound in the GATT (positions and sub-positions of CXT Nos. 17.04 C and D; 18.06 A, B, C and D; 19.01; 19.02; 19.04; 19.05 A and C; 19.06; 19.07 A, B, C and D; 19.08; 20.03 A; 20.04 BI; 20.05 AI; 20.05 BI and II; 20.05 CII; 20.06 BIIa2, 3, 4, 5aa, 6aa, 7 and 8; 20.06 BIIb2, 3, 4, 5aa, 6aa, 7 and 8; EX 20.07 B; 21.01 AII; 21.07 C, D, E and F; 22.02 B).

It is requested that this subject be included in the agenda of the next appropriate meeting of the Council before the summer holidays (i.e., presumably the next meeting after the meeting of 27 June).