

GENERAL AGREEMENT ON

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TARIFFS AND TRADE

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UNITED STATES - TRADE MEASURES AFFECTING NICARAGUA

The Delegations of Argentina, Brazil, Colombia, Mexico, Peru and Uruguay have requested that the following text of a statement to be read by the Chairman of the Council be circulated to contracting parties.

The report of the Panel is adopted.

This has been a sensitive issue which touches on basic rights and interests of contracting parties. I have consulted intensively and consider there is consensus on the following points:

The embargo has virtually eliminated all opportunities for trade between Nicaragua and the United States and has consequently seriously upset the competitive relationship between embargoed products and other directly competitive products.

It is stated in the Panel report that: "The Panel, noting that it had been given not only the mandate to prepare a decision of the CONTRACTING PARTIES under Article XXIII:2 but the wider task of assisting the CONTRACTING PARTIES in further action in this matter, examined the effects of the embargo on Nicaragua's economy and on the international trading system. The Panel noted that the embargo had brought the trade between two contracting parties to a standstill and that it had a severe impact on the economy of a less-developed contracting party. The Panel further noted that embargoes imposed for security reasons create uncertainty in trade relations and, as a consequence, reduce the willingness of governments to engage in open trade policies and of enterprises to make trade-related investments. The Panel therefore concluded that embargoes such as the one imposed by the United States, independent of whether or not they were justified under Article XXI, ran counter to basic aims of the GATT, namely to foster non-discriminatory and open trade policies, to further the development of

the less-developed contracting parties and to reduce uncertainty in trade relations. The Panel recognized that the General Agreement protected each contracting party's essential security interests through Article XXI and that the General Agreement's purpose was therefore not to make contracting parties forego their essential security interests for the sake of these aims. However, the Panel considered that the GATT could not achieve its basic aims unless each contracting party, whenever it made use of its rights under Article XXI, carefully weighed its security needs against the need to maintain stable trade relations."

With regard to certain views that have been expressed during my consultations, I would note that it is open to any contracting party who wishes to do so to act in accordance with GATT rules and obligations to grant trade concessions to Nicaragua, including under GATT provisions which provide for special and more favourable treatment.