

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

RESTRICTED

L/7199

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### GERMAN UNIFICATION: TRANSITIONAL MEASURES ADOPTED BY THE EUROPEAN COMMUNITIES

#### Request for extension of waiver under Article XXV:5

#### Communication from the European Communities

The following communication, dated 8 April 1993, has been received from the Permanent Delegation of the Commission of the European Communities, with the request that the matter be inscribed on the Agenda of the Council meeting on 12 May.

The CONTRACTING PARTIES, at their Forty-Sixth Session on 13 December 1990, decided that:

"... the provisions of paragraph 1, Article I of the General Agreement shall be waived as from 3 October 1990 and until 31 December 1992 to the extent necessary to permit the European Communities to grant duty-free treatment and derogations from certain norms and standards to certain imports from Bulgaria, Czechoslovakia, Hungary, Poland, Romania, the USSR and Yugoslavia within the limits of the maximum quantities and values foreseen in agreements between the former German Democratic Republic and the above-mentioned countries, without the European Communities being obliged to extend the same duty-free treatment or derogations from norms and standards to like products of any other contracting party."

This Waiver, recorded in document L/6792, was accorded subject to certain terms and conditions set out therein.

The reasons which led the Community to ask for the Waiver are set out in L/6759.

In conjunction with the above-mentioned decision, the CONTRACTING PARTIES established a Working Party on "German unification: Transitional measures adopted by the European Communities", with the following terms of reference:

"To examine the matter in the light of the relevant provisions of the General Agreement and in the light of the waiver decision in L/6792, and to report to the Council."

The report of the Working Party is set out in L/7119 and was adopted by the GATT Council at its meeting on 9-10 February 1993. The report noted, inter alia, that the use of the Waiver was minimal and that the overall trade impact of these measures appeared not to have been significant.

In spite of the minimal overall impact of the Community's transitional measures, the precarious situation of the economies of the former German Democratic Republic and the countries which had been its trading partners, and notably their high unemployment rates, require that particular attention be paid to the survival of small and medium-size firms. The Community considers that the survival of such firms could be facilitated by maintaining traditional flows of trade.

The Community has, therefore, decided to extend certain of the measures which were the subject of the Waiver for a further year, from 1.1.93 to 31.12.93.

The trade impact of this extension can be expected to be even less than in the two previous years because the product coverage is reduced by the exclusion of products of Chapters 7, 8 and 20 of the Harmonized System.

The European Community therefore requests the CONTRACTING PARTIES to decide that the provisions of paragraph 1 of Article I of the General Agreement shall be waived as from 1 January 1993 until 31 December 1993 to the extent necessary to permit the European Community to grant duty-free treatment and derogation from certain norms and standards to certain imports from Bulgaria, the Czech Republic, the Slovak Republic, Hungary, Poland, Romania, Estonia, Latvia, Lithuania, Ukraine, Belarus, Moldova, Russia, Georgia, Armenia, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan, the Republics of Bosnia-Herzgovina, Croatia and Slovenia and the former Yugoslav republic of Macedonia, within the limits of the maximum quantities and values foreseen in agreements between the former German Democratic Republic and the above-mentioned countries, without the European Community being obliged to extend the same duty-free treatment and derogation from certain norms and standards to like products of any other contracting party.

The European Community is, of course, prepared, upon request, to enter into consultations with any interested contracting party with respect to any difficulty or matter that may arise as a result of the duty-free treatment for certain imports from the countries mentioned above and covered by this waiver.