

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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EEC - COUNTERVAILING CHARGE ON APPLES

Communication from Chile

The following communication, dated 3 June 1993, has been received from the Permanent Mission of Chile with the request that the matter be inscribed on the Agenda of the Council meeting on 16-17 June.

On 7 April 1993, the Commission of the European Communities adopted Regulation No. 846/93 introducing a countervailing charge on apples originating in Chile.

The first preambular paragraph refers to Article 25(1) of Regulation (EEC) No. 1035/72 - establishing the common organization of the market in fruit and vegetables - and provides that, if the entry price of a product imported from a third country remains at least ECU 0.6 below the reference price for two consecutive market days, a countervailing charge must be introduced in respect of the exporting country concerned, save in exceptional circumstances; this charge is to be equal to the difference between the reference price and the arithmetic mean of the last two entry prices available for that exporting country.

Initially (on 7 April 1993), this charge was ECU 1.84 per 100 kilogrammes, but only twelve days later, on 19 April it was ECU 5.40 per 100 kilogrammes, and by 6 May it reached ECU 16.97.

The complexity of the system for the determination of the countervailing charge and the lack of transparency in the determination of "entry prices" of apples from third countries, in addition to the calculations on which the application of the charges in question is based, makes it impossible to determine whether the application of this countervailing charge is the result of an arbitrary decision or not.

The rough calculation of the cost of the use of this mechanism for Chile indicates that apple export losses will amount to \$14 million: in other words, it will spell the ruin of many of our apple producers.

The surveillance system applied to apple imports from third countries by the Community in February 1993 and the subsequent imposition of countervailing charges on 7 April 1993 are additional components of a system aimed at the protection of Community markets, as stated in the preamble of Regulation 384/93 itself. These countervailing charges are

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discriminatory, being applied exclusively to apples originating in Chile, through a complex and non-transparent system against which there is no defence. In practice, this system has meant the nullification of a trade flow of the utmost importance for Chile. Regulation 846/93 and subsequent regulations infringe, inter alia, Articles I, II and XXIII of the General Agreement.

We hope that we may rely on the readiness of the European Community to reach an appropriate solution that takes into account the interests of both parties.