

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

L/3992

31 January 1974

Limited Distribution

Original: English

RULES OF ORIGIN

United States - Request for Consultations under Article XXII:1

The following communication has been received from the United States mission.

During the meeting of the GATT Council on 19 December 1973 I informed the Council that the United States intended to request consultations with the European Communities and their partners under paragraph 1 of Article XXII with respect to the problem of rules of origin.

United States requests for such consultations have been sent to the Commission and to each of the member States of the European Communities and to the EFTA countries with respect to rules of origin which apply to trade between the European Communities and each EFTA country plus Finland. Copies of these requests are enclosed.

The United States has also requested consultations under paragraph 1 of Article XXII with the seven EFTA countries with respect to rules of origin which apply to intra-EFTA trade. A copy of this request also is enclosed.

In accordance with procedures under Article XXII adopted by the CONTRACTING PARTIES on 10 November 1958 (BISD, Seventh Supplement, page 24), I would appreciate your circulating these notes to all contracting parties so that any contracting party asserting a substantial interest in the matter may advise the consulting countries and you of its desire to be joined in the consultations.

Enclosures:

1. Note addressed to the Commission of the European Communities and the Governments of Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, the Netherlands and United Kingdom.
2. Note addressed to the Governments of Austria, Finland, Iceland, Norway, Portugal, Sweden and Switzerland.
3. Note addressed to the Governments of Austria, Finland, Iceland, Norway, Portugal, Sweden and Switzerland.

ANNEX 1

The Embassy of the United States of America presents its compliments to ...¹ and has the honour to refer to the set of trade agreements recently concluded between the European Communities and Austria, Finland, Iceland, Norway, Portugal, Sweden and Switzerland. These agreements, which have been presented as free-trade areas under GATT Article XXIV, contain virtually identical rules for determining whether individual products are to be considered as originating within the parties and therefore entitled to preferential treatment when exported from one party to another.

When the agreements concluded by Austria, Iceland, Portugal, Sweden, Switzerland and, later, Norway were examined in GATT working parties last year, the United States representative explained why the United States Government considered the Rules of Origin contained therein to be inconsistent with the provisions of GATT and why their operation was likely to nullify or impair benefits accruing to the United States under the General Agreement. Since the working parties did not carry out a detailed examination of this issue, the United States representative indicated that the United States Government would probably revert to the matter when the working party reports were submitted to the GATT Council.

In the Council, the United States proposed the establishment of a new working party to consider Rules of Origin in free-trade areas examined by GATT with special reference to the agreements between the European Communities and the seven countries adhering to the EFTA rules of trade. This proposal was not adopted. The United States Government therefore wishes to avail itself of its right to consult with the member States of the European Communities and the EFTA countries pursuant to the procedures of GATT Article XXII:1 with respect to the Rules of Origin contained in these seven agreements. Since the origin rules are virtually identical, and bearing in mind the procedures adopted by the GATT CONTRACTING PARTIES in their decision of 10 November 1953 relating to consultations under Article XXII, the United States Government proposes that these consultations take place simultaneously at the earliest mutually convenient date.

¹Identical notes addressed to the Commission of the European Communities and the Governments of Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, the Netherlands and United Kingdom.

ANNEX 2

The Embassy of the United States of America presents its compliments to ...¹ and has the honour to refer to the trade agreement recently concluded between Switzerland and the European Communities and to the set of similar agreements between the Communities and the other countries adhering to the EFTA rules of trade. These agreements, which have been presented as free-trade areas under GATT Article XXIV, contain virtually identical rules for determining whether individual products are to be considered as originating within the parties and therefore entitled to preferential treatment when exported from one party to another.

When the agreements concluded by Austria, Iceland, Portugal, Sweden, Switzerland and, later, Norway were examined in GATT working parties last year, the United States representative explained why the United States Government considered the rules of origin contained therein to be inconsistent with the provisions of GATT and why their operation was likely to nullify or impair benefits accruing to the United States under the General Agreement. Since the working parties did not carry out a detailed examination of this issue, the United States representative indicated that the United States Government would probably revert to the matter when the working party reports were submitted to the GATT Council.

In the Council, the United States proposed the establishment of a new working party to consider rules of origin in free-trade areas examined by GATT with special reference to the agreements between the European Communities and the seven countries adhering to the EFTA rules of trade. This proposal was not adopted. The United States Government therefore wishes to avail itself of its right to consult with ...¹, the other countries adhering to the EFTA rules of trade, and the European Communities pursuant to the procedures of GATT Article XXII:1 with respect to the rules of origin contained in these seven agreements. Since the origin rules are virtually identical, and bearing in mind the procedures adopted by the GATT CONTRACTING PARTIES in their decision of 10 November 1958 relating to consultations under Article XXII, the United States Government proposes that these consultations take place simultaneously at the earliest mutually convenient date.

¹ Identical notes addressed to the Governments of Austria, Finland, Iceland, Norway, Portugal, Sweden and Switzerland.

ANNEX 3

The Embassy of the United States of America presents its compliments to ...¹ and has the honour to refer to certain changes recently made in the rules of origin set forth in Article IV of and Annex B to the EFTA Convention. GATT contracting parties were informed of these changes in document L/3916 of 14 September 1973.

The revised rules of origin are essentially the same as those contained in the trade agreement recently concluded between ...¹ and the European Communities and in similar bilateral agreements between the Communities and each of the EFTA countries and Finland. When six of these agreements were examined in GATT working parties last year, the United States representative explained why the United States Government considered the rules of origin contained therein to be inconsistent with the provisions of GATT and why their operation was likely to nullify or impair benefits accruing to the United States under the General Agreement. The revised EFTA rules of origin raise the same types of problems for United States trade. The United States therefore wishes to avail itself of its right to consult with ...¹ and the other countries adhering to the EFTA rules of trade with respect to the revised rules of origin pursuant to the procedures of GATT Article XXII:1. The United States Government proposes that these consultations take place at the earliest mutually convenient date, bearing in mind the procedures adopted by the GATT CONTRACTING PARTIES in their decision of 10 November 1958 relating to consultations under Article XXII.

¹Identical notes addressed to the Governments of Austria, Finland, Iceland, Norway, Portugal, Sweden and Switzerland.