

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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CANADA - IMPORT RESTRICTIONS ON ICE CREAM AND YOGHURT

Follow-up on the Panel report

Communication from Canada

The following communication, dated 9 July 1990, has been received from the delegation of Canada with the request that it be circulated to contracting parties in connection with the Council meeting scheduled for 11 July 1990.

In its communication L/6494 of June 29, the United States indicated that Canada had not complied with the recommendations of the GATT Panel report on ice cream and yoghurt, and that the United States considered the circumstances in this case to be serious enough to justify the United States to suspend the application of appropriate concessions or other obligations under the General Agreement.

It is a principle of the GATT that parties are allowed a "reasonable period of time" to adjust measures found inconsistent with their GATT obligations. The United States has claimed, in its communication, that Canada has indicated it will wait for the outcome of the Uruguay Round before even "deciding on implementation". This is not the position of Canada. Canada has indicated its intention to implement the Panel's recommendations in the light of the outcome of the Uruguay Round negotiations.

It is the view of Canada that this position is reasonable, in view of the fact that the Panel itself had noted, in paragraph 60, that "there exists dissatisfaction with Article XI:2(c)(i) and its revision was under discussion". Canada has tabled proposals in the MTN to revise this article. Contrary to the position expressed by the United States, Canada considers this an entirely proper course of action. It is one which the United States itself has decided to follow on other matters, including Section 337.

Given the imminent conclusion of the multilateral trade negotiations, Canada considers its decision to await the results of the MTN before implementing the Panel's recommendations to be in keeping with the dispute settlement procedures of the GATT. Under these circumstances, we do not consider that there is justification to grant authority to withdraw concessions from Canada.

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