

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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COUNCIL
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EUROPEAN COMMUNITIES - TRANSITIONAL MEASURES TO TAKE
ACCOUNT OF THE EXTERNAL ECONOMIC IMPACT OF GERMAN UNIFICATION

Draft Decision

Revision

Taking note of the request of the European Communities¹ (EC) for a waiver from its obligations under paragraph 1 of Article I of the General Agreement with respect to the establishment of temporary duty-free treatment and the derogation from certain standards and norms for imports of eligible products into part of the European Economic Community from beneficiary Central and Eastern European countries as provided for in the Regulations and Decisions of the European Communities;²

Taking note of the European Communities' view that granting temporary preferential treatment to the above-mentioned countries by the European Communities is necessary to take account both of the residual legal obligations of the former German Democratic Republic (GDR) vis-à-vis these trading partners and of the legitimate expectations with respect to traditional trade flows between the former German Democratic Republic and these countries;

Considering that the duty-free treatment and the derogation from certain norms and standards for goods from the above-mentioned countries imported into the territory of the former GDR is designed to facilitate the adjustment of trade and economic development in the territory of the former GDR and of these traditional trading partners to the situation created by German unity and not to raise barriers or to create difficulties for the trade of other contracting parties;

Considering the exceptional situation resulting from the transition from centrally-planned economies to market economies and the efforts deployed by these countries to overcome the difficulties ensuing from this transition;

Considering that the limitation of the duty-free treatment of goods from the above-mentioned countries imported into the territory of the former GDR to those goods which had been traditionally traded under the so-called annual trade protocols (Warenprotokolle) between these countries make highly unlikely diversion of the EC's imports of products eligible for such duty-free treatment originating in contracting parties which are not beneficiaries;

Considering that the duty-free treatment provided for in the EC measures to be taken in connection with German unity shall not constitute an impediment either to the reduction or elimination of tariffs and other restrictions on a most-favoured-nation basis nor to the maintenance, operation and improvement of the application of the Generalized System of Preferences by the EC;

¹L/7541.

²References are provided in document C/W/821/Add.1.

Noting that the Working Party which had been established pursuant to the waiver Decision in L/6792 had noted, inter alia, in its Report (L/7119) adopted by the GATT Council at its meeting on 9-10 February 1993, that the use of that waiver had been minimal and that the overall trade impact of these measures appeared not to have been significant during the period 3 October 1990 to 31 December 1992;

Noting further that in the view of the Community the trade impact of the extension of certain of the measures which were subject to the waiver pursuant to the Decision in L/7246 would be even less than in previous years because the product coverage is reduced by the exclusion of agricultural products;

Noting, furthermore, the assurances given by the European Communities that it will, upon request, promptly enter into consultations with any interested contracting party on matters falling under the provisions of the General Agreement and related to the application of this Decision;

Having regard to the Guiding Principles to be followed in considering applications for waivers adopted on 1 November 1956:

The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XXV of the General Agreement,

Decide that:

1. Subject to the terms and conditions set out hereunder, the provisions of paragraph 1 of Article I of the General Agreement shall be waived until 31 December 1995 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, 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-Herzegovina, Croatia and Slovenia and the former Yugoslav Republic of Macedonia within the limits of the maximum quantities and values foreseen in the relevant agreements of the former German Democratic Republic, 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.
2. Such duty-free treatment shall be designed not to raise barriers or create undue difficulties for the trade of other contracting parties.
3. The European Communities shall promptly notify the CONTRACTING PARTIES of any changes in the legislation covered by this waiver.
4. The European Communities will, upon request, promptly 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 and derogations from certain norms and standards for certain imports from the countries mentioned under 1) above and covered by this waiver. The purpose of these consultations will be to arrive at a mutually satisfactory resolution of the matter. The results of such consultations should be communicated to the CONTRACTING PARTIES.

In the event the parties cannot reach an agreement during the consultations, it is agreed that a working party shall be established at the request of either party to examine any difficulty or matter that may arise under this decision, and that the Chairman of the Council shall be authorized to appoint a chairman to the working party in consultation with interested parties.

The working party shall report to the Council and formulate any recommendations it judges necessary.

5. The European Communities will submit reports on the use that has been made of this waiver. The data on utilization should be provided in the nomenclature of the Harmonized System.
6. This Waiver shall not preclude the right of affected contracting parties to have recourse to Articles XXII and XXIII of the General Agreement.