

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED
MTN.SB/SN/7
11 February 1988
Special Distribution

Surveillance Body

Original: Spanish

STANDSTILL

Notification

1. <u>Participant notifying:</u> Chile	<u>To:</u> United States
2. <u>Participant maintaining the measure:</u> United States	
3. <u>Description of the measure</u> (including date of entry into force and reference to any relevant legislation or other document): On 28 December 1987, the United States' Embassy in Santiago, Chile, formally notified the Ministry for External Relations of Chile that the President of the United States had indefinitely suspended Chile from the GSP on 24 December 1987. The Embassy stated that the suspension would enter into force sixty days following its publication in the Federal Register. The United States based this measure on domestic legislation which would prohibit its President from granting the GSP to a country that is not taking measures to grant its workers internationally recognized rights.	
4. <u>Products covered, including tariff headings</u> (CCCN where applicable, otherwise national tariff lines): Obviously, the products covered are all those included in the manual of products for which the United States grants GSP preferences, of which Chile was a beneficiary. We therefore attach to this notification a photocopy of that manual. ¹	

¹ Available for consultation by interested delegations in the GATT secretariat, Office No. 1073 (tel: 39.56.01).

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5. Country or countries to which the measure applies:

Chile

6. Relevance of the measure to the standstill commitment:

Under the standstill commitment, immediately and until the formal completion of the negotiations, countries must not take any trade restrictive or distorting measure inconsistent with the provisions of the General Agreement or the Instruments negotiated within the framework of GATT or under its auspices. By withdrawing Chile from the GSP, the United States has violated the principle of non-discrimination set forth both in the General Agreement and in the CONTRACTING PARTIES' Decisions of 25 June 1971 and 28 November 1979.

The United States measure not only seriously injures Chile's export interests, in flagrant breach of Part IV of the General Agreement on differential treatment for developing countries, but also constitutes discrimination, from whatever legal standpoint the problem is viewed. It is discrimination to apply the GSP to some developing countries and not to others. It is discrimination to brandish as an argument for not applying the GSP situations which have nothing to do with the GATT and its purposes. It is discrimination, even admitting purely for the sake of argument that internationally recognized workers' rights can be applied under the GATT, to withdraw Chile from the GSP when our country fully and completely observes internationally recognized workers' rights, as is acknowledged by the International Labour Organisation, the international body responsible for monitoring those rights. It is discrimination to apply, as does the United States, the GSP to countries which do indeed violate internationally recognized workers' rights, as is likewise recognized by the ILO.

In practising this discrimination, however, the United States is also violating paragraph (iii) of the standstill commitment, namely not to take any trade measures in such a manner as to improve its negotiating positions. Clearly, the United States measure worsens the negotiating situation of the developing country to which it is applied.

7. Comments by the participant maintaining the measure: