

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Surveillance Body

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STANDSTILL

Notification

1. <u>Participant notifying:</u> United States
2. <u>Participant maintaining the measure:</u> European Community
3. <u>Description of the measure</u> (including date of entry into force and reference to any relevant legislation or other document): The European Community (EC) has established an apple import quota system (Commission regulation 1040/88 of 20 April 1988) for the period 22 February - 31 August 1988. Under the system, apple import licences will be denied after country import levels exceed certain limits: South Africa, 166,000 mt; New Zealand, 115,000 mt; Australia, 11,000 mt; Argentina, 70,000 mt; Chile, 142,131 mt; other countries, 17,600 mt. A complementary import surveillance scheme for apples was established on 6 February (Commission regulation 346/88). This system requires import licences and a 15 ECU/MT deposit for all apples imported into the Community through 31 August 1988.
4. <u>Products covered, including tariff headings</u> (CCCN where applicable, otherwise national tariff lines): Dessert apples HS ex 0808.10
5. <u>Country or countries to which the measure applies:</u> The measure established a licensing-quota with country quotas allocated for South Africa, New Zealand, Australia, Argentina, Chile, and other countries.

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6. Relevance of the measure to the standstill commitment:

The European Community is introducing a new trade distorting and restrictive measure which is inconsistent with its commitment not to take any new GATT inconsistent measures. The unilateral introduction of a quota on apples is inconsistent with GATT Article XI which prohibits import restrictions other than duties, taxes and other charges. The quota system is adversely affecting US exports to the EC and is likely to result in the diversion of third country apple exports from the EC to the US market.

7. Comments by the participant maintaining the measure:

The European Economic Community considers that this measure is not in breach of paragraph (i) of the standstill commitment. On 22 April 1988 (document L/6337) it notified that the measure would apply erga omnes until 31 August 1988, and that it had been taken under Article XI:2.

This measure is currently the subject of Article XXIII dispute settlement proceedings.

The Community furthermore recalls that, as stated in paragraph 3 of its notification, it remains prepared to enter into discussions with any contracting party having a substantial interest in exports to the Community.