

European Union Enlargement Compensation Agreement

Geneva, 22.07.96

JOINT LETTER

The Delegation of the United States and the Delegation of the European Communities hereby inform the Director General that they have today signed an Agreement to conclude their negotiations under Article XXIV:6 of the GATT 1994 consequent upon the accession to the European Union of Austria, Finland and Sweden.

They accordingly attach hereto, to be deposited with the WTO Secretariat, two copies of the Agreement, together with an exchange of letters which will be accepted as a basis for any interpretation of the concessions provided for in Schedule CXL of the European Communities.

[signature]

For the Delegation of the

United States [signature]

For the Delegation of the

European Communities

Mr. Renato RUGGIERO

Director-General

WTO

Centre William Rappard

Rue de Lausanne. 154

1211 GENEVA 21

OFFICE OF THE UNITED STATES

TRADE REPRESENTATIVE

EXECUTIVE OFFICE OF THE PRESIDENT

WASHINGTON

20506

22 July 1996

Mr. H.F. Beseler

Deputy Director General

European Commission.

Rue de la Loi 200

1049 Brussels, Belgium

Dear Mr. Beseler,

With reference to the agreement signed today between the United States and the European Community concluding our negotiations under Article XXIV:6 of the GATT 1994 consequent upon the accession to the European Union of Austria, Finland and Sweden, I wish to confirm on behalf of my authorities that our joint understanding with regard to Annex (a) and the footnote thereto is as follows:

Annex (a) incorporates as an integral part thereof the Annexes to Regulation (EC)

No 3093/95, page I of Official Journal L 334 of 30 December 1995.

I also wish to confirm our agreement that a copy of this exchange of letters will be deposited with the WTO Secretariat and will be accepted as a basis for any interpretation of the concessions provided for in Schedule CXL.

I further wish to confirm our agreement that the agreement signed today for conclusion of negotiations under Article XXIV:6, as well as the exchange of letters signed on December 30, 1995 and today on a settlement for cereals and rice, both enter into force today with effect from December 30, 1995.

With best regards,

[signature]

Jeffrey M. Lang

Deputy United States Trade Representative

EUROPEAN COMMISSION

DIRECTORATE GENERAL 1

EXTERNAL RELATIONS: COMMERCIAL POLICY AND RELATIONS WITH NORTH

AMERICA, THE FAR EAST, AUSTRALIA AND NEW ZEALAND

Deputy Director-General (WTO, OECD, sectoral commercial questions, export credits, export promotion and external relations in the research, science, nuclear energy and environment fields)

22 July 1996

Dear Ambassador Lang,

With reference to the agreement signed today between the United States and the European Community concluding our negotiations under Article XXIV:6 of the GATT 1994 consequent upon the accession to the European Union of Austria, Finland and Sweden, I wish to confirm on behalf of my authorities that our joint understanding with regard to Annex (a) and the footnote thereto is as follows:

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With best regards,

[signature]

H.F. BESELER

The Honourable Jeffrey M. Lang

Deputy United States Trade Representative

Executive Office of the President

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AGREEMENT

FOR THE CONCLUSION OF NEGOTIATIONS BETWEEN

THE EUROPEAN COMMUNITY

AND THE UNITED STATES OF AMERICA

UNDER ARTICLE XXIV:6

THE EUROPEAN COMMUNITY and THE UNITED STATES,

DESIRING to bring their GATT Article XXIV:6 negotiations to conclusion on the basis of a reasonable and mutually satisfactory compromise, and

FURTHER DESIRING to strengthen the close partnership in commercial and economic matters between the European Community and the United States,

AGREE TO THE FOLLOWING PROVISIONS:

1. Market access concessions:

A. The European Community shall incorporate in its new Schedule CXL, for the customs territory of the EC-15, the concessions that were included in the previous Schedule LXXX as modified by the European Community Schedule annexed to the Marrakesh Protocol to the General Agreement, 1994 (dated 15 April 1994).

B. As provided in Annex (a) (1) to this Agreement, the European Community shall reduce and bind tariffs effective 1 January 1996 except as noted, shall open tariff quotas as indicated, and shall accelerate the staging of Uruguay Round tariff concessions.

(1) See Annexes to Regulation (EC) No 3093/95, page 1 of Official Journal No L 334 of 30 December 1995.

C. Improvements granted to third countries in the European Community's Article XXIV:6 negotiations shall also be applied to the US.

11. Information Technology Agreement:

The parties to this Agreement approve and endorse the principles and commitments stated in Annex (b) to this Agreement.

III. Agricultural matters:

A. The United States Government accepts the basic components of the European Community's approach to adjusting the obligations of the EC of 12 and those of Austria, Finland and Sweden following the recent enlargement of the Community:

- netting out of export commitments,
- netting out of tariff quotas,

- aggregation of domestic support commitments.

The appropriate legal modalities of implementation remain to be agreed.

B. Both sides agree to the following provisions relating to trade in cheese:

1 The tariff-rate quotas for cheese ("cheese TRQ's") granted to Austria, Finland and Sweden by the United States in its Uruguay Round Schedule XX will be merged as soon as administratively possible, with the cheese TRQ granted to the European Community of the 12 by the United States. During the period between the effective date of that merger and 1 January 1998, the TRQ quantities originally granted to Austria, Finland, Sweden and the EC -1 2 will be reserved for those countries. If, during that period, the United States Government permits access of products of other countries to those quantities, such access will first be granted to products of the EC-15.

2. The cheese TRQ's shall be subject to the terms of paragraphs 3 and 4 of the "Tokyo Round Arrangement Between the US and the Community Concerning Cheeses" and Section 702 of Title VII of US Public Law 96-39 as amended, which establishes certain procedures and remedies in cases where subsidized imported cheese undercuts US domestic prices.

IV. Final provisions:

A. This Agreement shall enter into force on the date of signature.

B. Consultations will be held with regard to the matters in this Agreement at any time at the request of either party.

Signed at Geneva on the twenty-second day of July in the year one thousand nine hundred and ninety-six.

[signature]

For the Government of the

United States [signature]

For the Council of the

European Union

Annex (a)

Agricultural Items (agreed concessions - format to be modified)

-TRQ 63 000 tons ,of "semi-milled and wholly milled rice"

10 06 30 00 at 0 ECU/t (erga omnes)

-TRQ 20 000 tons of "husked (brown) rice"

10 06 20 55 at 88 ECU/t (erga omnes)

Increase in the existing TRQ for almonds

in shell 08 02 11 90, shelled 08 02 12 90 at 2%

from 45 000 tonnes to 90 000 tonnes

a reduction in the duty rate for "petfood" to zero

2309 10 11

2309 1031

"Fresh (sweet) cherries" 08 09 20 10/2

TRQ 800 tonnes (21 May - 15 July) at 4% erga omnes

and a reduction in the, end rate

from 12% to 6% for the period 16 June to 15 July

a reduction in the duty rate for fresh foliage from 21/2 to 2%

060491 50

The management system for the TRQ for 63 000 tonnes of "semi-milled and wholly-milled rice" and 20 000 tonnes of "husked (brown) rice" will include allocation to traditional suppliers. The European Community may also designate ports of entry in order to maintain traditional trade patterns and supply relationships at the request of the exporting country. The United States has requested that European Community imports from the United States of rice under the above two TRQs be for traditional patterns of trade with the new Member States. The European Community will take the actions necessary to meet this US request, within the limits of Community law. Further consultations will take place on how to implement this agreement.

Annex (b)

Information Technology Agreement

The European Community has, in the context of its compensation under Article XXIV:6 of GATT 1994, substantially reduced its tariffs on the whole range of semiconductors and integrated circuits. In addition, all such reductions will be implemented from 1 January 1996, well ahead of the phasing timetable foreseen at the end of the Uruguay Round.

The offers made in the Article XXIV:6 negotiations should facilitate the early discussion of how to approach the proposed ultimate goal of an Information Technology Agreement which includes the elimination of tariffs by the year 2000 in the information technology sector. The European Community and the United States will, once the Article XXIV:6 negotiations have been completed, attempt to conclude such an agreement with Quad partners and with other major producers of such products in the WTO.

TANC offers these agreements electronically as a public service for general reference. Every effort has been made to ensure that the text presented is complete and accurate. However, copies needed for legal purposes should be obtained from official archives maintained by the appropriate agency.