

WORLD TRADE ORGANIZATION

RESTRICTED

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COUNCIL FOR TRADE IN GOODS
19 September 1996

FORMER TRUST TERRITORY OF THE PACIFIC ISLANDS

Draft Decision

Taking note of the request of the Government of the United States for an extension of the waiver from its obligations under paragraph 1 of Article I of the General Agreement¹ which was granted by the CONTRACTING PARTIES of the GATT 1947 on 8 September 1948 for provision of preferential treatment for eligible imports into the United States from the Marshall, Caroline and Mariana Islands (other than Guam);

Recognizing that these islands were formerly held by Japan under mandate and by agreement with the Security Council of the United Nations approved on 2 April 1947, were placed under the trusteeship system of the United Nations with the United States as the Administering Authority;

Recognizing further that, with the entry-into-force in 1986 of the Covenant establishing the Commonwealth of the Northern Mariana Islands, and the Compacts of Free Association with the United States for the Republic of the Marshall Islands, the Federated States of Micronesia, and in 1994 of the Compact of Free Association with the United States] for the Republic of Palau, the Trusteeship of the Pacific Islands was terminated;

Considering further that, since the establishment of the trusteeship under the administration of the United States, and continuing under the Covenant and Compacts of Free Association, the exports of such islands have been entitled to preferential treatment in the market of the United States, upon which such exports are substantially dependent;

Considering also that the preferential treatment provided to these islands is designed to promote the expansion of trade and economic development of the beneficiaries in a manner consistent with the objectives of the GATT 1994 and with the trade, financial and development needs of the beneficiaries, and not to raise barriers or to create difficulties for trade of other Members;

Considering further that system of preferential entry into the market of the United States has not, in view of the nature and small volume of the production and trade involved and of the underlying economic factors affecting such production and trade, resulted in substantial injury to the trade of any of the members and is not likely to do so in the future;

Recognizing that, as provided for in paragraph 2 of the Understanding in Respect of Waivers of Obligations under the General Agreement on Tariffs and Trade 1994, unless extended, the waiver of 8 September 1948 will expire on 31 December 1996;

¹G/L/101

Noting, furthermore, the assurances given by the United States Government that it will, upon request, promptly enter into consultations with any interested Member with respect to any difficulty or matter that may arise as a result of the implementation of preferential treatment for the beneficiaries; and

Having regard to the Guiding Principles to be followed in considering applications for waivers adopted on 1 November 1956, the Understanding in Respect of Waivers of Obligations under the General Agreement on Tariffs and Trade 1994, and paragraphs 3 and 4 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization (hereinafter "WTO Agreement");

Members, acting pursuant to the provisions of paragraph 3 of Article IX of the WTO Agreement,

Decide that:

1. Subject to the terms and conditions set out hereunder, the provisions of paragraph 1 of Article I of the GATT 1994 shall be waived until 31 December 2006, to the extent necessary to permit the United States Government to accord preferential treatment to eligible products of the Republic of the Marshall Islands, the Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, and the Republic of Palau imported into the customs territory of the United States without obligation thereby to extend the same treatment to the like products of the other members.
2. Such preferential treatment shall be designed not to raise barriers or create undue difficulties for the trade of other Members.
3. The Government of the United States will submit to the General Council an annual report on the operation of these preferences with a view to facilitating the annual review provided for in paragraph 4 of Article IX of the WTO Agreement.
4. The United States Government will, upon request, promptly enter into consultations with any interested Member with respect to any difficulty or matter that may arise as a result of the implementation of these preferences; where a Member considers that any benefit accruing to it under the GATT 1994 may be or is being impaired unduly as a result of such implementation, such consultation shall examine the possibility of action for a satisfactory adjustment of the matter. This Decision does not affect Members' rights as set forth in the Understanding in Respect of Waivers of Obligations under the GATT 1994.