

**NOTIFICATION UNDER ARTICLE 12.1(A) OF THE AGREEMENT ON
SAFEGUARDS ON INITIATION OF AN INVESTIGATION
AND THE REASON FOR IT**

Replies to Questions posed by the United States¹
to Argentina²

The following communication, dated 27 October 1998, has been received from the Permanent Mission of Argentina.

Question Posed by the United States in the Meeting of the WTO Safeguards Committee

According to the notification, Chapter XII "Transitional Provisions" of the Regulation, approved by Decision of the MERCOSUR Council No. 17 of 17 December 1996, "... establishes a transition period lasting up to 31 December 1998, during which States parties will continue to apply their domestic legislation where safeguard measures to be applied by just one of them are concerned ...". If Argentina decides to impose a safeguard measure on toy imports, how would the measure be applied to imports from MERCOSUR partners and from third parties beginning in January 1999?

In accordance with the MERCOSUR Regulation, during the period of applicability of the transitional provisions, the investigation procedure for the adoption of safeguard measures by MERCOSUR on behalf of a State party will be conducted by the competent authorities of the State party concerned, through the application of its relevant domestic legislation. States parties will apply their domestic legislation in accordance with the provisions of the Regulation.

Moreover, when safeguard measures are adopted through the application of domestic legislation, imports from States parties are excluded from such measures.

At the end of the period of applicability of the transitional provisions, the MERCOSUR Regulation will be used for the adoption of safeguard measures by MERCOSUR as a single entity and on behalf of a State party. (This means that the application of the common rules to imports from countries that are not members of MERCOSUR will exclude imports from States parties.)

¹G/SG/Q2/ARG/3.

²G/SG/N/6/ARG/2.

CHAPTER XII

Transitional Provisions

ARTICLE 88. The provisions of this Regulation shall be applied to investigations and to reviews of safeguard measures in force initiated on the basis of applications submitted on or after the date of entry into force of this Regulation.

ARTICLE 89. These transitional provisions shall remain in force until 31 December 1998.

ARTICLE 90. During the period in which these transitional provisions remain in force, the investigation procedure for the adoption of safeguard measures by MERCOSUR on behalf of a State party shall be conducted by the competent authorities of the State party concerned, through the application of the relevant domestic legislation. States parties shall apply their domestic legislations in accordance with the provisions of this Regulation.

ARTICLE 91. While these transitional provisions remain in force, adjustments to the domestic legislation for the purpose of progressively aligning it on this Regulation may be made whenever and to the extent that the States parties deem necessary.

ARTICLE 92. The interested State party shall transmit to the President in office of the Commission communications relating to the decisions taken in an investigation proceeding for the application of a safeguard measure. The President in office of MERCOSUR shall make the notifications to the WTO Safeguards Committee specified in Article 12 of the WTO Agreement on Safeguards. These notifications shall be made within five days of the date of receipt of the corresponding communication from the interested State party.

ARTICLE 93. The notifications referred to in Article 92 shall be made by MERCOSUR on behalf of the interested State party.

ARTICLE 94. The President in office of the Commission shall transmit a copy of the notifications referred to in Article 92 to the other States parties.

ARTICLE 95. The consultations with interested exporting countries following the application of provisional safeguard measures or prior to the application or extension of safeguard measures in accordance with Article 90 shall be held with the participation of the other States parties. The non-appearance of any of the States parties duly notified shall not prevent the holding of the consultations.

ARTICLE 96. When a State party proposes to apply or endeavours to extend a safeguard measure in accordance with Article 90, the consultations with the interested exporting countries with a view to agreeing on adequate means of trade compensation for the adverse effects of the measure shall be held with the coordinated participation of the States parties, for the purpose of defining the nature and scope of the trade compensation.

ARTICLE 97. When a State party agrees on means of trade compensation, in accordance with the provisions of Article 96, it shall do so in such a way as not to involve any impairment of the trade interests of the other States parties.

ARTICLE 98. When safeguard measures are applied in accordance with the provisions of Article 90, imports from States parties shall be excluded therefrom.

ARTICLE 99. States parties shall monitor imports of products which are the subject of a safeguard measure applied by a State party.

ARTICLE 100. During the period of applicability of the transitional provisions, the Commission shall proceed to draw up supplementary rules relating to the application of this Regulation and may propose improvements in its provisions.

ARTICLE 101. During the period of applicability of the transitional provisions, States parties shall consider the possibility of applying this Regulation, as far as safeguard measures are concerned, as a single entity.

QUESTION - BOUND DUTY RATES AND APPLIED TARIFF RATES

REPLY (a) Bound duty rate is 35 per cent *ad valorem* equivalent

(b) Applied tariff rate is 23 per cent *ad valorem*, except in the following cases:

1.	Tariff line	
	95 02 10 10	26%
2.	95 02 10 90	27%
3.	95 03 30 00	26%
4.	95 03 41 00	27%
5.	95 03 49 00	26%
6.	95 03 70 00	26%
7.	95 03 90 10	26%
