

**ARGENTINA - COUNTERVAILING DUTY INVESTIGATION
CONCERNING IMPORTS OF CANNED PEACHES FROM
THE EUROPEAN COMMUNITIES**

Request for Consultations by the European Communities
under Article 13.2 of the Agreement

The following communication, dated 24 September 2001, has been received from the Permanent Delegation of the European Commission.

The European Community (EC) requests consultations with Argentina on the countervailing duty review procedure concerning canned peaches from the European Union. These consultations are requested in accordance with Article 13.2 of the WTO Agreement on Subsidies and Countervailing Measures.

The purpose of the consultations is to enable the EC to clarify a number of issues arising in the context of the review procedure and prior to any decision to extend the measure currently in force.

The EC has serious concerns about this case. Argentina's findings regarding production, capacity, capacity utilization rate, the development of the market shares, etc., clearly indicate that there is no injury in accordance with Article 15.4 of the ASCM.

As regards a possible finding of threat of injury, the Commission considers that the conditions of Article 15.7 ASCM are not fulfilled. As indicated in our submission, the subsidies will decline considerably in the next five years and the effects on trade will be minimal.

Furthermore, the EC is concerned at the findings concerning subsidy and at the way the subsidy amount has been determined.

This measure also has to be examined in relation to other trade restrictions which Argentina has in place on imports of this product. Argentina recently introduced a definitive safeguard measure to be applied to imports of the same products, which takes the form of an additional specific duty of US\$0.50 per kg. net of imported products. In addition, a recent decision by the Argentine Government has raised the applied custom tariff on these products to 35 per cent. In fact, all these measures must be considered as addressing the same alleged injury and as such some of them appear to be incompatible with Argentina's WTO obligations.

The Community looks forward to agreeing a suitable date for these consultations. It is provisionally suggested that the consultations take place in Geneva, together with the planned consultations between the EC and Argentina under Article 12(3) of the WTO Agreement on Safeguards.
