

WORLD TRADE ORGANIZATION

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Committee on Subsidies
and Countervailing Measures

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EXPIRY REVIEW BY ARGENTINA CONCERNING MEASURES IMPOSED ON IMPORTS OF OLIVE OIL FROM THE EUROPEAN COMMUNITY

Request for consultations by the European Community under Article 13.2 of the Agreement

The following communication, dated 9 September 2003, has been received from the Permanent Delegation of the European Commission.

The European Communities ("EC") request consultations with Argentina on the expiry (sunset) review concerning measures imposed on imports of olive oil from the EC. These consultations are requested in accordance with Article 13.2 of the WTO Agreement on Subsidies and Countervailing Measures.

Their purpose is to enable the EC to clarify a number of issues arising from the decision to initiate and to point out certain deficiencies in the procedure.

The issues which the EC will raise during the consultations, relate *inter alia* to:

1. Argentina appears to be in breach of Article 13(b)(i) of the Agreement of Agriculture because it initiated a sunset review *ex officio*, i.e. on its own initiative without evidence from the domestic industry. Such self-initiation appears to run counter to the *peace clause* which requires "due restraint".
2. Argentina cannot validly argue that the expiry of the countervailing duty is likely to lead to the re-occurrence of subsidisation and threat of injury without examining the new support programmes of the EU.

Argentina has based the original measures on schemes that have changed completely since the imposition of measures. The only remaining scheme is production aid to olive growers.

Argentina must therefore investigate the new support system. This is all the more necessary given that the existing measures are based on "threat", thus no existing injury was proven. A threat established more than 5 years ago on the basis of an old regime cannot be found to simply "continue" so long after and under substantially changed circumstances.

The European Communities looks forward to agreeing a suitable date for the consultations with the Argentine authorities. It is suggested that the consultations take place in Geneva.