

FIVE-YEAR REVIEW OF THE EXEMPTION PROVIDED UNDER PARAGRAPH 3 OF THE GATT 1994

Communication from the European Communities

The following communication, dated 11 May 2000, has been received from the Permanent Delegation of the European Commission with the request that it be circulated to Members.

QUESTIONS FROM THE EU DELEGATION TO THE US CONCERNING THE JONES ACT EXEMPTION

Question 1

The figures provided by the US concerning the operation of the Jones Act show that during the 1994-1998 period the production has doubled and the expected deliveries (new orders) have been multiplied by four, compared with the period 1990-1994. The US now represents 2 per cent of the world market. This tends to demonstrate that the operation of the Jones Act is benefiting to the US industry to the detriment of other Members that have no access to the US market. Does the US have a market share target to be reached before repealing its protective legislation?

Question 2

In document WT/GC/W/397 (responses by the US to the questions posed concerning the Jones Act), the US, in replying to the question 7 recognized that the notified legislation has been subject to changes since 1994.

Could the US inform the Members of these changes in detail and explain why it considers that they do not alter the conformity with Part II of GATT 1947?

Question 3

The reason invoked by the US to justify the existence of such protection is the need to maintain a naval capability for security reasons. Could the US give a break down of the figures between commercial and naval ships built under the Jones Act provisions?
