17 October 1984

PANEL ON NEWSPRINT

Report of the Panel adopted on 20 November 1984
(L/5680 - 31S/114)

I. INTRODUCTION

1. At the request of the delegation of Canada (L/5628), the Council agreed, at its meeting of 13 March 1984, to establish a Panel to examine the Canadian complaint relating to imports of newsprint into the European Community and authorized its Chairman, in consultation with the parties concerned, to draw up appropriate terms of reference and to nominate the chairman and the members of the panel (C/M/176).

2. On 5 June 1984, the Council was informed of the following (C/127):

Composition of the Panel

Chairman: Mr. G. Patterson
Members: Mr. A. Dumont
Mr. M. Shaton

Terms of reference

To examine, in the light of relevant GATT provisions, the complaint by Canada that:

(a) the opening by the EEC of a duty-free quota for newsprint, as established by EEC Council Regulation No. 3684/83 of 22 December 1983, is not consistent with EC obligations under Article II of the GATT;

(b) this action has nullified or impaired benefits accruing to Canada under the GATT; and

To make such findings as will assist the CONTRACTING PARTIES in making recommendations and rulings as appropriate.

3. The Panel met on 4 June, 9-11 July, 23-24 July, 1 August and 21-22 August 1984.

4. In accordance with the requests they had made in the Council, the delegations of New Zealand and the Nordic countries were heard by the Panel. The two other delegations which had also expressed an interest in the matter i.e. Austria and Chile, informed the secretariat that they did not wish to appear before the Panel.

5. In the course of its work the Panel heard statements by the delegations of Canada and the Commission of the European Communities. Arguments and relevant information submitted by both parties, replies to questions put by the Panel, as well as all relevant GATT documentation, served as a basis for the examination of the matter.

II. FACTUAL ASPECTS

6. In 1963, the EEC of Six established a tariff concession on newsprint (CET No. 48.01 A) at 7 per cent within an annual quota of 625.000 tonnes, with initial negotiating rights granted to Austria and Norway. This concession was improved in the Kennedy Round to a bound duty-free quota of

625,000 tonnes and a bound duty rate at 7 per cent on imports exceeding that level. This tariff quota was negotiated with the EEC's principal suppliers, i.e. the Nordic countries, but guaranteed access to all third country suppliers; no initial negotiating rights were granted. In view of the possible accession of Norway to the EEC, the following footnote was added to the concession:[1]

> "Aux fins d'éviter des difficultés dans l'application eventuelle des procedures prévues à l'article XXVIII, il est précisé qu'au cas ou le territoire douanier d'un pays tiers deviendrait partie intégrante du territoire douanier de la CEE, ce contingent serait réduit au prorata de la part de ce pays tiers dans les importations admises au bénéfice du contingent en cause, cette part étant définie sur la base des trois dernières années pour lesquelles des statistiques annuelles sont disponibles."

7. With the accession of Denmark, Ireland and the United Kingdom to the EC in 1973, the existing GATT Schedule had to be renegotiated to take account, in particular, of the GATT commitments of the United Kingdom, which for newsprint had provided duty-free entry from m.f.n. sources. The EFTA Countries had duty-free access under the EFTA Agreement. In these negotiations under Article XXIV:6, Canada had asserted a claim, which the EC had accepted, to principal supplier status for newsprint in respect of the United Kingdom. The result of the negotiations was a new tariff quota of 1.5 million tonnes, duty-free, leaving the bound duty rate at 7 per cent for imports exceeding that quota. This concession was open to all non-Community suppliers, with scope for additional duty-free imports under an autonomous régime.

8. In order to guarantee the necessary imports of newsprint to the newspaper industry at zero tariff, the Community had, since 1968, operated an autonomous system of imports for newsprint in parallel with the GATT quota. Under this autonomous régime (which was first put into practice by the Community of Six and which, in 1973, became part of the Instrument of Accession for the enlarged Community) the Community had always had the means to ensure the additional quantities of non-Community newsprint could be acquired at zero tariff once Community production had been absorbed. As in the case of the GATT tariff quota, this facility had been available to imports from Canada, the EFTA countries and other sources on a first-come-first-served basis. In practice, the Community policy had been to open an autonomous duty-free quota at the beginning of each year in addition to the GATT quota; a supplementary quota would be opened after a review of the supply/demand situation in the autumn. As an example of this pattern, in 1978 a duty-free quota (including the GATT tariff quota of 1.5 million tonnes) totalling 2.3 million tonnes was opened on 1 January 1978, and a further 200,000 tonnes were made available the following autumn. A similar pattern could be observed in other years (see Annex 1). This resulted in a situation where <u>total</u> duty-free imports throughout the period 1968-1983 were consistently far in excess of the level bound under the GATT concession.

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[1]Unofficial English translation: "In order to avoid difficulties in the event of application of the procedures of Article XXVIII, it is stipulated that if the customs territory of a third country were to become an integral part of the customs territory of the EEC, this quota would reduced <u>pro rata</u> to the share of that third country in imports admitted under the quota under reference, that share being determined on the basis of the three most recent years for which annual statistics are available."

9. During the Tokyo Round negotiations the European Communities reduced the bound tariff rate from 7 per cent to 4.9 per cent for imports exceeding the tariff quota. The concession resulting from the Tokyo Round reads as follows:

Item 48.01 A		Newsprint[1]	
	-	within the limits of an annual tariff quota of 1,500,000 metric tonnes	Free
	-	other (at 1.1.84)	5.7%
		(at 1.1.87)	4.9%

[1]Entry under this heading is subject to conditions to be determined by the competent authorities.

10. In a communication dated 23 December 1983 (L/5599), the Commission of the European Communities pointed out that as from 1 January 1984, imports of newsprint from EFTA countries would, in accordance with the free-trade agreements between the EEC and those countries, become free of customs duties. The European Communities were of the view that some adjustment had to be made to the existing tariff régime on newsprint to reflect the fact that the EFTA suppliers had been by far the largest beneficiaries of the concession in recent years; they recalled that an appropriate reduction in the level of the bound quota had been decided in certain similar cases in the past which had been notified to contracting parties in document L/4537, paragraph 5. The Community informed the contracting parties that, pending the completion of consultations with their trading partners, they had opened a provisional duty-free quota of 500,000 tonnes from 1 January 1984, without prejudice to the GATT rights of the EC or of their trading partners. The import régime for newsprint for the year 1984 is contained in the EEC Council Regulation No. 3684/83 of 22 December 1983 (Official Journal of the European Communities of 29 December 1983, No. L 368/7-9, see Annex 2).

11. Before the transmission of this notification, informal consultations had taken place between the Communities and certain trading partners having negotiating rights, in particular with Canada. The Canadian delegation, in a communication of 12 January 1984 (L/5589), advised that, notwithstanding extensive bilateral consultations, the EC had decided to open a duty-free quota for newsprint at a level of 500,000 tonnes as of 1 January 1984. Canada considered that this action impaired the concession granted by the EC and it requested consultations pursuant to Article XXIII:1. The Canadian delegation further advised, in a communication of 2 March 1984 (L/5628), that the consultations had been held but had not achieved a satisfactory adjustment of the matter.

12. Information on imports of newsprint for the period 1967-1983 was provided by the European Communities in their written submission; this table is reproduced in Annex 3. Under the Community system, since virtually all imports of newsprint have in the past entered duty-free, EC import statistics make no distinction between imports under the GATT tariff quota and those resulting from the operation of the autonomous régime noted in paragraph 8 above. Canada's share of total EC imports had never exceeded 25 per cent in any year since 1975.

III. MAIN ARGUMENTS

The main arguments put forward by the parties are divided into four sections: (a) General, (b) Article II, (c) Article XIII and (d) Article XXIII.

(a) General

13. The Government of Canada based its complaint on the fact that the Council of the European Communities had for the year 1984 opened an import quota of only 500,000 tonnes (EEC Regulation 3684/83) instead of the bound quota of 1,500,000 tonnes as described in Schedule LXXII and that this action was inconsistent with the obligations of the European Communities under Article II of the General Agreement. Canada's position was that the action by the European Communities had no basis in GATT or in the negotiating history of the concession in question. This action therefore constituted prima facie nullification of benefits accruing to Canada under Article II within the meaning of Article XXIII.

14. The Canadian delegation emphasized that the essential issue of this dispute was the security and predictability of GATT bindings. The bound tariff concession was a central obligation of the General Agreement which conveyed to exporters the right to compete, subject only to the payment of the tariff inscribed in the GATT schedule of the importing contracting party. As such, the tariff concession provided exporters and importers with a firm basis upon which to assess their competitive positions in the market and to take decisions relating to trade and investment. The unilateral EEC decision to implement a duty-free tariff quota of 500,000 tonnes for 1984, which impaired its GATT binding to open a tariff quota of 1.5 million tonnes, was in the Canadian view destructive of the principle of the security and predictability of access. The EEC not only offered no justification in terms of GATT provisions for this action but it ignored the principles and procedures of Article XXVIII for the modification of bound concessions. The Community's unilateral action in establishing a quota of only 500,000 tonnes was tantamount to a decision not to negotiate within the framework of its GATT obligations. Canada rejected the EC claim that action taken in 1977, notified in L/4537, could serve as a precedent for the reduction of the duty-free tariff quota for newsprint. Canada noted that it had advised the EC of its objection to the assertion of a capacity to adjust bound tariff quotas in circumstances related to the conclusion or completion of a free-trade agreement. Canada also maintained that the assertion of a capacity to adopt a measure did not establish the consistency of such a measure with GATT obligations. Canada further referred to the report of the Panel on quantitative restrictions affecting imports from Hong Kong (L/5511) in support of its argument that the lack of a challenge of any specific action by other contracting parties did not render that action consistent with GATT obligations.

15. Prior to 1 January 1984, Canadian exporters had sold newsprint in the European Community in the secure knowledge that they could compete in a duty-free environment with other suppliers up to 1.5 million tonnes. The recent Community action deprived Canadian exporters of this assurance, an assurance which was based upon a GATT binding bought and paid for by Canada in previous negotiations. The Community action had jeopardized the essential bargain on which the GATT rested - the balance of concessions exchanged between contracting parties and the security of access represented by bound tariff schedules guaranteed by the provisions of Article II of the General Agreement.

16. Canada underlined the importance of newsprint exports and bound terms of access to the Canadian economy. Newsprint exports accounted for 4.4 per cent of total Canadian exports and 5 per cent of Canadian exports to the EEC. Canada pointed out that newsprint was produced in forty-three mills in Canada employing some 34,000 people. Twenty-two of these mills were located in single-industry communities, for the most part in Eastern Canada. Any reduction in market opportunities such as that caused by the impairment of a bound tariff concession had a potentially devastating effect on employment in these communities. Sales to the EC accounted for some 8 per cent of total Canadian

newsprint exports. The EEC was an important market for those mills, many of which had been recently modernized to meet the particular quality requirements of European publishers. The security of the duty-free binding in the GATT Schedule of the EEC was an important factor in those costly investment decisions and indeed in the continued operation of a number of mills. This was especially true in times when slow consumption growth and adverse exchange rates had made competitive conditions in the EC market difficult for Canadian exporters. Canada explained that the detailed negotiations concerning prices, delivery schedules and precise quantities occurred between exporters and importers in the autumn of each year. The implementation of the 500,000 tonnes tariff quota in January 1984 (as would any amount less than the GATT binding) had introduced uncertainty in the market not only for 1984 but for 1985 and beyond until this matter was resolved. In circumstances where the annual duty-free access hitherto guaranteed by a GATT binding had become subject to modification by unilateral EEC decision and where high bound rates of duty existed on imports exceeding whatever level may be decided by the EEC, the basic access assumptions which underlied the traditional buyer-seller relationships were no longer valid.

17. Those considerations made readily apparent the rationale for Canada's invocation of paragraph 20 of the Framework Understanding and the request in the Canadian submission for the complaint to be examined and a ruling rendered in the shortest possible time. Canada drew the attention of the Panel to the fact that efforts had been initiated by Canada early in 1983 to avoid a dispute with the EEC on newsprint. Through several bilateral meetings Canada had indicated its willingness to seek a satisfactory bilateral solution which would, consistent with the GATT and notably Article XXVIII:2, maintain "a general level of reciprocal and mutually advantageous concessions not less favourable to trade …". There had been no change in the Canadian position. In the absence of a reasonable, fair and GATT-consistent settlement, the maintenance by the EEC of a tariff quota less than the amount bound in its Schedule invalidated the principle of the security and predictability of access, seriously damaged the Canadian newsprint industry and justified an expeditious examination and early ruling.

18. The Community representative disagreed with the Canadian view that it was obliged to maintain the same level of concession irrespective of any change in circumstances. In this context it was essential to distinguish between two concepts covered by the phrase "maintain the same level of concession": this might refer to the level of tariff quota bound in GATT, or it might refer to the level of Canada's rights in relation to the concession. On this second point the Community had attempted to maintain the status quo as regard Canada's rights; bound access for non-preferential suppliers beyond the level of 25 per cent of the bound quota would represent an improvement of such GATT rights (see further argument in para. 29 below). On the first point the Community view was that, because of the exclusion from the tariff quota after 1 January 1984 of the major supplying countries using the bulk of the quota - and thus a drastic change in the competitive situation of the remaining suppliers - it had become necessary to make an adjustment to the level of the tariff quota. This could be done either by agreement with the main m.f.n. suppliers or by appropriate quota management in accordance with Article XIII. This approach in no way diminished the benefits that m.f.n. suppliers were entitled to expect. The EC had, in the absence of an agreement with Canada, proceeded to change the administration of the tariff quota and had made an allotment of the shares, based upon trade in a previous representative period which was perfectly permissible under Article XIII.

19. The Community stated that two options had been at its disposal in order to take account of the changed circumstances:

(a) To divide the tariff quota into two parts, taking into account the pre-1984 respective shares of imports from EFTA and non-EFTA countries, and in the administration of the quota from 1 January 1984 to open an amount equivalent only to the non-EFTA share. As mentioned above, no statistics were available to distinguish by origin imports under the bound quota and imports under the autonomous régime. Accordingly, one objective method to determine the shares had

been to adjust the quota pro rata, reflecting the respective shares of total imports from these two groups of countries. Using this method, imports from Canada under the bound quota had been estimated at about 25 per cent in recent years, i.e. approximately 375,000 tonnes;

(b) To maintain a bound quota of 1.5 million tonnes. Imports from all sources, including the EFTA countries, would be recorded against that quota, and, once it had been filled, the Community's formal contractual obligations would have been met.

20. Under both these options the binding of 1.5 million tonnes would remain unmodified - and this would have also safeguarded the GATT rights of EFTA countries, which continued to exist and on which these countries could fall back in case the free-trade agreements were to be denounced. In choosing option (a), the EC had sought agreement with Canada on an annual quota at a reduced level. This was in effect equivalent to the negotiations and consultations provided for under Article XXVIII; but since there was no modification of the GATT concession, formal Article XXVIII procedures had not been necessary and the Community could therefore not accept that in any sense there had been an error in procedure.

21. The discussions with Canada did not result in any agreement. It was, however, important for the Community to take some decision, even of a provisional nature, to establish a duty-free régime for 1984. It was accordingly decided to open a provisional quota of 500,000 tonnes for the year 1984.[1] This decision, contained in EEC Regulation 3684/83, was duly notified to the GATT Contracting Parties in December 1983 (L/5599).

22. The EC spokesman stated that the major reasons for choosing option (a) as more appropriate than option (b) were the following:

- the technique of pro rata sub-division had valid precedents in similar cases in the past, and also seemed to be the most objective way of assessing Canada's GATT rights;

- the establishment of a particular quota reserved for non-EFTA countries appeared to safeguard their legal GATT rights more effectively than a free-for-all arrangement which would have followed under option (b).

23. The Community further stated that through successive enlargements of the Community from the original Six to a Community of Ten, and through changing circumstances in the Community's overall commercial relations with the EFTA countries, the Community had maintained an approach designed to obtain duty-free imported newsprint as and when domestic production had been absorbed by the newspaper industry. The GATT tariff quota and the mechanism for supplementary supplies under the Community's autonomous régime had remained available to Canadian and EFTA exporters alike until 1984 because EC-EFTA free trade had not been due to be achieved in this sector until that date. Prior to that, EFTA partners had been treated on an m.f.n. basis within the GATT quota and had benefited from it equally on a first-come-first-served basis. With the establishment of free trade in newsprint between the Community and EFTA on 1 January 1984, it had become necessary to take the new circumstances into account.

24. Referring to the remark made by Canada on the "access" problem (see paragraph 14 above), the Community pointed out that the central issue in the dispute was the level of the guaranteed duty-free access which the GATT quota provided for the various suppliers. As the statistical information in the Annex demonstrated, the total duty-free import level had always been far above the level required

[1]By EEC Regulation No. 2152/84, published in the Official Journal of the European Communities of 27 July 1984 (L 197), the provisional quota has been increased to 570,000 tonnes.

by the tariff quota. In the Community's view this phenomenon, however, could not in any way increase the level of guaranteed access, nor could it alter the GATT rights of the suppliers involved. Since in the period 1975-1983 both the GATT tariff quota and the autonomous duty-free quota had been operated in parallel, Canada's total export performance of 690,000 tonnes could not confer on it, in GATT terms, a right to maintain its past level of exports. Predictability of duty-free access for the totality of Canadian newsprint exports, in the sense that this was guaranteed under the GATT concession, never existed because the autonomous. system was never intended to give any guarantee for a particular level or for growth. Since the Canadian exports to the EC were spread more or less evenly over the year, about one-half of this trade must be considered as having entered under the autonomous quota. The opening of a tariff quota in 1984 of 500,000 tonnes for Canada and a few other, minor m.f.n. suppliers of newsprint therefore fully preserved Canada's GATT rights.

25. The representative of Canada, in referring to the possibility of the Community applying option (b), i.e. to continue to operate a tariff quota of 1.5 million tonnes but to count all imports, including those from EFTA countries, against this quota, claimed that the Community could not operate a system whereby EFTA countries could be considered at the same time as m.f.n. suppliers for purposes of the tariff quota and as preferential suppliers under the free-trade agreements; only if these agreements were to be discontinued could they revert to an m.f.n. relationship with the EC. The EC practice in administering the newsprint quota over the years had been to exclude imports already benefitting from duty-free access under other preferential agreements.

(b) Article II

26. The Canadian delegation stated that the central issue of the dispute was the obligation a contracting party had under Article II. The fact that the Community had on 1 January 1984 opened a quota limited to 500,000 tonnes for newsprint imports under the concession which was bound free within the limits of 1.5 million tonnes was clearly inconsistent with its obligations under Article II. In Canada's view, the suggestion that the autonomous quota regime (paragraphs 23-24 above) had operated favourably as regards third countries was irrelevant to the central issue of the case.

27. Canada stressed that it could not accept the EC position that a contracting party's rights to Article II treatment was related to its trade performance under the concession. The admission of such a principle would entitle a contracting party to modify unilaterally the scope of a concession without recourse to the procedures of Article XXVIII. The motivations which had led the Community to limit the quota to a level representing only a third of its contractual obligations were irrelevant to the Canadian position that a contracting party had an obligation, under Article II, to accord treatment no less favourable than that provided for in its Schedule. In Canada's view, contracting parties were entitled to the reasonable expectation that the treatment so provided for would be maintained unless modified according to the procedures specifically established by the GATT for such actions.

28. In the view of Canada, the negotiating history of the concession did not provide a basis for the Community's assertion that developments pursuant to the free-trade agreements between the EC and the EFTA countries required an adjustment in the bound tariff quota. Following the first enlargement of the EC, Canada had in the Article XXIV:6 negotiations accepted, as part of an overall settlement, an EC offer of a 1.5 million tonnes duty-free tariff quota. At that time, the EC had made no reservation or qualification as to the scope or duration of the concession, such as the reservation made in the Kennedy Round relating to Norway (paragraph 6 above), although the concession was made in full knowledge that the EFTA countries would have full duty-free access for newsprint imports from 1 January 1984. Nor did the EC attempt to make such a reservation in the Tokyo Round when negotiations on this concession were again conducted with Canada. This negotiating history, according to Canada, made it clear that the EC had established the concession in question in full knowledge of the rights of its EFTA suppliers pursuant to their agreements with these countries. Canada was therefore fully justified in expecting that the concession would not be modified due to developments in the EC-EFTA agreements

and that the EC would continue to accord the treatment provided for in its Schedule. Canada also rejected the EC contention that Canada's request for unlimited duty-free access during the Tokyo Round might be taken to mean Canada did not consider that the tariff quota of 1.5 million tonnes offered sufficient legal security. This, in the Canadian view, was a proposition that the purpose of trade negotiations was to protect previously negotiated bindings and not to improve bound terms of access.

29. The European Communities denied that they had violated their obligations under Article II. First of all, the EC Schedule had not been modified; it remained unchanged. Furthermore, it was the nature and purpose of a tariff quota to set a limit to the size of the concession and to the level of commitment of the country granting it. The Community believed that it was not reasonable to expect that this commitment would subsequently be increased by a change in circumstances of a kind that had occurred in the case under consideration. Since the Community was under no obligation under Article II to improve the benefits which Canada and other m.f.n. suppliers had enjoyed as measured by their past trade performance, it seemed necessary for the Community to make an adjustment, as had already been done in similar cases in the past. If the tariff quota had been simply maintained at the existing level, this would have clearly altered the status quo as regards the legal rights of third countries such as Canada because the EFTA countries had until 1 January 1984 utilized about 75 per cent of the quota. The solution which the Community had chosen neither prejudiced the GATT rights of its partners nor did it create additional rights for them.

30. The Community representative underlined that the quota of 500,000 tonnes had been set in accordance with normal GATT practice. For a simple tariff binding, the actual export performance of each supplier in the last three years would be relevant in determining the rights in an Article XXVIII negotiation. In the present case, the only fair and equitable way to determine the rights under the concession was to examine the share of each supplier within the bound quota, an approach which was also consistent with the provisions and principles of Article XIII.

31. As to the negotiating history of the concession, the EC pointed out that the tariff quota of 1.5 million tonnes had been established, following the first EC enlargement, in the light of Canada's previous access rights into the United Kingdom and of the total duty-free trade into the Community including that from EFTA sources. This also took account of the fact that EFTA countries would continue, in the period 1973-83, to be in full competition with Canada and other suppliers and would be participating in the quota in order to obtain duty-free access. In this way the status quo would be maintained as far as possible. There was no evidence that Canada had bought and paid for this concession; indeed the Community had put forward arguments to demonstrate that Canadian negotiators had assessed the offer on newsprint by reference to Canada's past trade and found it to be of limited value and inadequate to provide Canadian exporters with the certainty that their exports would in all cases in future be duty-free. It was also important to note that both in the Article XXIV:6 negotiations in 1973-74 and in the Tokyo Round, Canada had requested unlimited duty-free access for newsprint, a request which had been rejected by the EC. In the Community view the conclusion must be that Canada did not, when making these requests, consider that the tariff quota of 1.5 million tonnes offered its exporters sufficient legal security notwithstanding its size, which was more than double Canada's total current exports to the EEC, including those under the tariff quota and the autonomous régime. Conversely, if Canada were considered to have a right of access of 1.5 million tonnes after 1984, this would be equivalent in practical terms for Canada to unlimited duty-free access which the EC had already twice refused.

32. Moreover, the EEC stated that if the bound tariff quota of 1.5 million tonnes were now to be available in its totality to the remaining non-preferential suppliers, primarily Canada, this would in practice have the effect of giving Canada the same free access as the EFTA countries now enjoyed. It went without saying that such an important improvement in Canada's GATT rights would have to be paid for. In view of all these circumstances, Canada could not have had any reasonable expectation that the total tariff quota would be open to Canadian exporters after 1 January 1984.

(c) Article XIII

33. The European Community representative stated that the action taken in early 1984 was fully justified under Article XIII which, according to paragraph 5, also applied to tariff quotas. He requested the Panel to take Article XIII into consideration since it was the only provision in the General Agreement which dealt with the administration of tariff quotas. Under Article XIII, the following possibilities for the administration of quotas existed: (1) global quotas to be used on a first-come-first-served basis, a formula which the Community had used for the past ten years in the case of newsprint; (2) country quotas, to be established preferably by agreement with the substantial suppliers. In the absence of such an agreement which the Community had sought to reach with Canada in consultations in the course of 1983, the third possibility left to the Community had been to allocate country quotas based on the proportion of total imports supplied by contracting parties during a previous representative period which would, in the view of the Community, be consistent with Article XIII: 2(d). Through the EC Regulation 3684/83, a quota of 500,000 tonnes was opened to m.f.n. suppliers, bearing in mind that this represented more than a fair share of the EC market for Canada and a few other m.f.n. suppliers. Imports from preferential suppliers such as EFTA countries were specifically excluded from this quota. The balance of the GATT quota (i.e. 1 million tonnes) had been kept in reserve as an allocation for EFTA suppliers, but no formal measures in this context were necessary because such imports already enjoyed duty-free access.

34. The Community further explained that in changing the method of administering the quota, its objective had been to maintain as closely as possible the relative shares of the quota achieved by each group of beneficiaries prior to 1 January 1984 without infringing Canada's rights; on the contrary, Canada's rights had increased slightly at the expense of EFTA countries. According to the Community, under the new system more predictability was offered to non-preferential suppliers, since a part of the tariff quota was now reserved for their use to the exclusion of the EFTA countries which, it was emphasized, were by far the largest suppliers of the Community.

35. The Community further stated that Schedule LXXII contained no commitment to any particular method of management of the tariff quota and that, in the absence of a specific agreement, it had to be assumed that the provisions of Article XIII would apply. Nothing prevented the EC from applying, due to changed circumstances, in 1984 a method different from the one used until then so long as the method was consistent with the provisions of Article XIII. Nor did this GATT article stipulate that there must be negotiations and compensation if a country changed from one system of quota administration to another.

36. The representative of Canada stressed that, although the Panel could consider the provisions contained in Article XIII as being relevant GATT provisions, the subject of its complaint related to the infringement of the Community's obligations under Article II and not Article XIII. Canada repeatedly stressed that the concession on newsprint clearly described a tariff quota of 1.5 million tonnes, thereby establishing a legal right to compete within the limits of this quota. For the past ten years the Community had administered its newsprint concession as a global quota on a first-come-first-served basis and it was the reasonable expectation of Canada that this method would be continued.

37. Canada did not accept that the Community could justify its action under Article XIII which, according to Canada, established provisions for the administration of tariff quotas. In Canada's view, however, the EC was asserting a capacity to reduce the scope of a bound concession by changing fundamentally its nature through the imposition of a fixed quantitative limit for individual suppliers. Canada asserted that to effect a change from a global to a country quota system after the establishment of the concession, the EC must negotiate and pay for any change which reduced the value of the bound concession to contracting parties. Canada claimed that during the bilateral consultations which took place in the course of 1983, the Community had never proposed to replace the global quota of 1.5 million tonnes by a country quota. In addition, what the Community had in fact done, in the

Canadian view, was to open a global quota of 500,000 tonnes for 1984 for m.f.n. suppliers, equivalent to one-third of its contractual obligation. In doing so, Canada was of the view that the Community had not respected its obligations and that its action constituted a serious impairment of the rights of Canada and other m.f.n. suppliers, because there was no longer any possibility of growth which would have existed within a duty-free quota of 1.5 million tonnes.

(d) Article XXIII

38. The Canadian delegation considered that the establishment of a limited duty-free quota of 500,000 tonnes constituted a clear infringement of the provisions of the General Agreement and thus, in accordance with paragraph 5 of the Annex to the Framework Agreement, a prima facie case of nullification or impairment. It requested the Panel to recommend to the EC to take action immediately to open a duty-free quota of 1.5 million tonnes as provided for in the EC Schedule and further to find that the circumstances were serious enough to authorize Canada to suspend the application of appropriate concessions or other obligations under the GATT to the EC should the latter not expeditiously implement the above-noted recommendation.

39. The Community delegation, in maintaining the view that its action was in full conformity with the provisions of the GATT, did not address this question in any detail. In its written submission it did, however, disagree with the view that benefits accruing to Canada had been impaired and considered as a factual matter that such a claim could not be demonstrated. Based on the statistical data available, the Community's view was that

(i) total duty-free imports would be considerably in excess of the level of the GATT concession;

(ii) Canada's exports would be considerably in excess of its legal entitlement, i.e. 375,000 tonnes;

(iii) Canada's trade in 1984 would be broadly at the level of its traditional exports, taking into account the relevant factors in the market-place (consumption and production trends).

IV. STATEMENTS BY OTHER DELEGATIONS

40. The delegate for New Zealand stated that as a nation significantly involved in trade in forestry and paper products, including newsprint, it was particularly concerned that the disciplines and rules applicable to trade in those products would be used in a way which would foster the stability and security of international trade. One should keep in mind the potentially disruptive effects which might result from the imposition of trade restrictive measures, not only for the exporters directly concerned but also for those who might be affected by the trade diversionary implications. In light of the sensitivities of world markets, it was particularly important that any parties taking important investment decisions involving assessment of international market conditions, should be assured that those GATT provisions aimed at providing a stable and orderly approach to the handling of important modifications to the conditions of the trading environment would be fully supported, respected and, where appropriate, strengthened.

41. In New Zealand's view, Article XXVIII embodied the principle that any alteration to concessions should be carried out only with the prior consent of the principal affected parties. This principle was deemed to be so important that Article XXVIII:3(a) and (b) provided that, should negotiations and consultations fail and the proposing party decided to modify the concession without agreement, affected parties might withdraw substantially equivalent concessions. However, there was no sanction that would require a country to initiate Article XXVIII procedures if it were contemplating the withdrawal of a concession. In this situation there might be a temptation for contracting parties to ignore Article XXVIII altogether. The implications of such a situation could scarcely be exaggerated. Should the principle of advance consultation and consent be threatened, no party could remain confident that the terms of

access for its exports would not be subject to alteration without prior warning. It was of course true that parties could have recourse, after the event, to Article XXIII but it would have serious implications for the security of concessions if resort to Article XXIII became the rule for handling cases of modification to tariff concessions. By the same token, if contracting parties had to rely on retaliation in every case of a proposed modification to a concession, this would represent a breakdown of the GATT provisions.

42. The case before the Panel had potentially important implications both for traders in the product concerned and in respect of the security of expectations by parties that prompt and effective action would be anticipated when parties had reason to believe that their trade interests were at stake.

43. The representative of Finland, on behalf of the delegations of Finland, Norway and Sweden, stated that they were of the view that the EC had the right to adjust a bound tariff quota so as to take into account the establishment of the free-trade agreements between the EFTA countries and the EC. He pointed out that a precedent had been set in 1977 (see L/4537, paragraph 5) when duty-free treatment under the EFTA-EC free-trade agreements had been introduced for certain other tariff items which had been covered by EC bound tariff quotas. In that case, as free trade had been achieved for most products on 1 July 1977 between the EEC and the EFTA countries, the EC bound tariff quotas for some headings (54.03, 70.19 and 73.03) had been reduced by the share formerly taken up by the EFTA countries. The decision of the EC had entered into force without objections from any contracting party.

44. He further said that the principles of the administration of quotas were laid down in Article XIII. The basic principle was that if agreement with the supplying countries could not be reached, the allocation of the quota should be based on past performance. An arrangement based on Article XXIV with one or more supplying countries should be taken into account in a way which would maintain the balance of rights and obligations between the contracting parties in question.

45. The tariff quota of 1.5 million tonnes for newsprint had been established in 1974 for all suppliers to the EC. Free trade between the EEC and the EFTA countries for newsprint had started on 1 January 1984. In this particular case, the EC could have continued after this date to apply the original duty-free quota, allocating shares thereof according to Article XIII to all exporters, including the EFTA countries. In practice, the effect of such a calculation method would have been equal to the solution the EC had actually chosen. In both alternatives, Canada would continue receiving the benefits agreed upon under the binding. The method followed by the EC had, however, the merit of offering maximum transparency vis-à-vis all exporters.

46. In conclusion, the spokesman for the delegations of Finland, Norway and Sweden said that they were of the opinion that, in line with established practice, the EC was entitled to reduce its bound tariff quota from currently 1.5 million tonnes by the share of newsprint imports from the EFTA countries as the latter were subject to the EC import régime under the EFTA-EEC Free Trade Agreements. He finally added that the Governments of Finland, Norway and Sweden had not given up their GATT rights with respect to the EC tariff binding in question after the full implementation of their free-trade agreements with the Community.

V. FINDINGS AND CONCLUSIONS

47. The Panel considered the matter referred to it by the CONTRACTING PARTIES regarding the complaint by Canada, in accordance with its terms of reference, set out in paragraph 2 above, which are limited to the duty-free quota of 1.5 million tonnes within the EC tariff concession on newsprint (see paragraph 9 above). It considered the arguments put forward by the parties to the dispute, as well as the points made by the delegations of the Nordic countries (Finland, Norway, Sweden) and New Zealand which appeared before the Panel.

48. The Panel noted that in its Regulation No.3684/83 of 22 December 1983, the European Communities have, for the year 1984, opened a duty-free tariff quota of 500,000 tonnes for newsprint, whereas the commitment of the EC in its GATT Schedule LXXII provides for an annual duty-free quota of 1.5 million tonnes. The Panel also noted that in an introductory paragraph to the Regulation as well as in the EC communication to the contracting parties (document L/5599), reference is made to the volume of 500,000 tonnes to be fixed "at a provisional level"; Article 1:1 of the Regulation itself, however, makes no reference to the provisional nature of this quota.

49. The Panel also noted the EC statement that Schedule LXXII had not been modified, that the action taken by the EC was merely a change in the administration or management of the tariff quota which was permissible under Article XIII of the GATT, and that therefore renegotiations under Article XXVIII were not called for.

50. The Panel could not share the argument advanced by the EC that their action did not constitute a change in their GATT tariff commitment. It noted that under long-standing GATT practice, even purely formal changes in the tariff schedule of a contracting party, which may not affect the GATT rights of other countries, such as the conversion of a specific to an ad valorem duty without an increase in the protective effect of the tariff rate in question, have been considered to require renegotiations. By the same token, the EC action would, in the Panel's view, have required the EC to conduct such negotiations. The Panel also noted that in granting the concession in 1973, the EC had not made it subject to any qualification or reservation in the sense of Article II:1(b) although at the time the concession was made, it was known that agreement had already been reached that the EFTA countries would obtain full duty-free access to the Community market for newsprint from 1 January 1984 onward. The Panel therefore found that although in the formal sense the EC had not modified its GATT concession, it had in fact changed its GATT commitment unilaterally, by limiting its duty-free tariff quota for m.f.n. suppliers for 1984 to 500,000 tonnes.

51. The Panel considered the arguments advanced by the EC relating to Article XIII, but concluded that the conditions for its application had not been fulfilled. In examining the EEC Regulation 3684/83, the Panel found that it did not in fact constitute a change in the administration or management of the tariff quota from a global quota system to a system of country shares, as had been asserted by the EC. The Regulation in its Article 1.1 simply opens a quota of 500,000 tonnes and stipulates in Article 1.3 that imports shall not be charged against this quota if they are already free of customs duties under other preferential tariff treatment. It does not provide an allocation of country shares to individual m.f.n. suppliers, nor has a separate quota (global or otherwise) for the EFTA countries been established, as Article XIII requires. The Panel also noted that the EC Regulation contains no basis for the contention that it was simply meant to bring about a change in the management of the quota. Rather, in one of its introductory provisions, the Regulation, in referring to the tariff quota of 1.5 million tonnes, states that this volume must be reduced to allow for imports from EFTA countries which by virtue of the free-trade agreements can be effected duty-free as from 1 January 1984. In this connection the Panel found relevant the wording of the text of the EC communication (contained in document L/5599) in which the EC stated: "An appropriate reduction in the level of the bound quota was decided in certain similar cases in the past (L/4537, paragraph 5), and the European Community considers that this could also be the right approach in the case of newsprint".

52. Taking all factors mentioned above into account, the Panel concluded that the EC, in unilaterally establishing for 1984 a duty-free quota of 500,000 tonnes, had not acted in conformity with their obligations under Article II of the GATT. The Panel shared the view expressed before it relating to the fundamental importance of the security and predictability of GATT tariff bindings, a principle which constitutes a central obligation in the system of the General Agreement.

53. In light of the foregoing and in accordance with established GATT practice (paragraph 5 of the Framework Understanding, BISD 26S/216), the Panel found that the EC action constituted a prima facie

case of nullification or impairment of benefits which Canada was entitled to expect under the General Agreement.

54. While holding that the right of Canada to compete within a duty-free tariff quota of 1.5 million tonnes has been impaired by the EC action, the Panel recognized, however, that as a result of newsprint imports from EFTA countries entering the EC marked duty-free since 1 January 1984 under the terms of the free-trade agreements, the value of the EC concession had greatly increased for non-EFTA suppliers and especially for Canada as the most important m.f.n. supplier. The Panel concluded that this increased value of the concession justifies the EC engaging in renegotiations under Article XXVIII, in accordance with the customary procedures and practices for such negotiations, with the objective of achieving some reduction in the size of the tariff quota. In the view of the Panel, such a reduction would, in a case like the one before the Panel where the increased value of the concession derives from an action by the EC to grant duty-free access to newsprint imports from the EFTA countries, be without payment of compensation. In this connection, the Panel found that although the statistical data before it did not differentiate between imports entering duty-free under the GATT quota and those under the autonomous régime, the fact that the GATT quota was filled while total Canadian exports never exceeded half that quota is evidence that the EFTA countries did participate in the GATT quota up until the end of 1983.

55. The Panel carefully noted and examined the statement by the EC that, should the Panel consider the action taken by the EC as not being in conformity with the GATT, they might proceed to option (b) under which the tariff quota would be maintained at 1.5 million tonnes but that imports from all sources, including the EFTA countries, would be recorded against that quota; once the latter had been filled, the Community's formal contractual obligations would have been met. While the Panel could find no specific GATT provision forbidding such action and no precedents to guide it, it considered that this would not be an appropriate solution to the problem and would create an unfortunate precedent. It is in the nature of a duty-free tariff quota to allow specified quantities of imports into a country duty-free which would otherwise be dutiable, which is not the case for EFTA imports by virtue of the free-trade agreements. Imports which are already duty-free, due to a preferential agreement, cannot by their very nature participate in an m.f.n. duty-free quota. The situation in this respect could only change if the free-trade agreements with the EFTA countries were to be discontinued; in this case these countries would be entitled to fall back on their GATT rights vis-à-vis the EC, which rights continue to exist.

56. On the basis of the findings and conclusions reached above, the Panel suggests that the CONTRACTING PARTIES recommend that the European Communities engage promptly in renegotiations under the procedures of Article XXVIII of the GATT with regard to the tariff quota on newsprint in Schedule LXXII. Further, the Panel suggests that the CONTRACTING PARTIES recommend to the European Communities that, pending the termination of such renegotiations, the duty-free tariff quota of 1.5 million tonnes for m.f.n. suppliers be maintained.

57. In light of the suggested recommendations contained in paragraph 56 above, the Panel saw no need to express itself on the request by Canada that it be authorized to suspend the application of appropriate concessions or other obligations under the GATT.

ANNEX 1

Newsprint Imports by EEC of Ten

('000 tons)

Origin	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982*	1983*
Norway	213.3	261.7	354.4	358.1	337.7	371.7	391.2	383.7	278.1	312.5	289.4	307.4	374.4	396.7	404.9	389	
Sweden	299.8	354.7	410.7	500.5	495.3	568.9	664.8	718.0	637.2	692.5	696.1	730.9	833.0	849.2	877.8	778	
Finland	564.4	570.9	671.7	693.7	759.7	939.9	1023.3	1104.1	855.7	954.8	785.0	848.5	918.4	940.4	935.3	918	
Switzerland	0.1	-	-	-	0.l	1.5	3.3	2.8	8.7	24.6	29.5	27.6	30.9	26.9	37.9	36	
Austria	60.3	55.1	73.7	67.3	56.1	56.2	45.0	28.2	37.4	42.5	55.4	49.2	50.9	50.7	52.1	61	
Portugal	0.l	-	-	-	0.l	-	-	-	0.2	10.2	-	-	0.5	-	-	-	
EFTA																	(2206)
Spain	-	-	-	-	-	-	0.7	0.2	-	1.8	0.3	0.l	1.1	1.0	0.1	-	-
Canada	402.1	459.4	540.3	492.6	423.4	583.9	530.3	518.7	392.7	538.6	621.1	628.3	580.9	605.0	749.1	703	(635)
South Africa	-	-	-	-	-	-	-	-	-	-	0.7	0.8	9.4	9.9	3.6	13	(20)
Other countries	17.9	15.9	23.0	31.3	31.2	35.4	38.8	38.9	23.9	53.1	65.1	77.0	65.1	54.9	54.5	43	(43)
Total	1558.0	1717.7	2073.8	2143.5	2103.6	2557.5	2697.4	2794.6	2233.9	2630.6	2542.6	2669.8	2864.6	2934.7	3115.3	2941	2904

Source: OECD - The pulp and paper industry 1967, … 1981

*Estimated figures: South Africa included in other countries for the United Kingdom in 1982.

ANNEX 2

COUNCIL REGULATION (EEC) No. 3684/83,
of 22 December 1983

opening, allocating and providing for the administration of a Community tariff quota for newsprint falling within subheading 48.01 A of the Common Customs Tariff (1984) and extending this quota to include certain other types of paper

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 28 and 113 thereof,

Having regard to the proposal from the Commission,

Whereas the Community has undertaken to open an annual duty-free Community tariff quota of 1,500,000 tonnes of newsprint falling within subheading 48.01 A of the Common Customs Tariff; whereas this volume must, however, be reduced to allow for imports from the countries of the European Free Trade Association (EFTA) since these imports can be effected duty free as from 1 January 1984 by virtue of the agreements concluded with these countries; whereas, in accordance with Protocol 13 annexed to the 1972 Act of Accession, each year an autonomous Community tariff quota is to be opened at zero duty when it has been established that all possibilities of supply on the internal market of the Community have been exhausted during the period for which the quota is opened; whereas, pending evaluation of volume of requirements to be covered by the quota in question on the basis of trade flows, this volume should be fixed at a provisional level made up of a contractual part and an autonomous part, which might be as much as 500,000 tonnes in view of past imports; whereas fixing at this level does not rule out a readjustment during the quota period; whereas a duty free Community tariff quota of 500,000 tonnes should therefore be opened for 1984 for the product in question;

Whereas provision should be made for extending the tariff quota in question to include certain types of paper fulfilling all the conditions set out in the Additional Note to Chapter 48 except those relating to watermarks;

Whereas equal and continuous access to the quota should be ensured for all Community importers and the rate of duty for the tariff quota should be applied without interruption to all imports of the product in question until the quota is exhausted; whereas in the light of these principles, arrangements for the utilization of the Community tariff quota based on an allocation among Member States would seem to be consistent with the Community nature of the quota; whereas, in order that it may correspond as closely as possible to the actual trend of the market in the product in question, allocation of the quota should be in proportion to the requirements of the Member States as calculated by reference to statistics on imports from third countries which do not benefit from a similar preference, during a representative reference period, and to the economic outlook for the year covered by the quota in question;

Whereas, for the past three years for which complete statistics are available, the imports of each of the Member States sharing in the above allocation amounted to the following percentages of total imports of the products in question:

	1980	1981	1982
Benelux	9.12	8.43	8.08
Denmark	0	0	0.03
Germany	15.96	13.25	15.02
Greece	0.36	0.81	0.05
France	3.14	1.22	1.00
Ireland	1.65	0.85	1.34
Italy	0.04	0.19	0.52
United Kingdom	69.73	75.25	73.96

Whereas, in view of the above and of the foreseeable trend on the market in newsprint, in general, and of Community production in particular during 1984, the initial quota may be allocated approximately in the following percentages:

Benelux	11.32
Denmark	0.14
Germany	12.74
Greece	0.03
France	0.57
Ireland	1.42
Italy	0.14
United Kingdom	73.64

Whereas to take account of import trends for the product concerned, the quota should be divided into two tranches, the first being allocated among the Member States and the second held as a reserve to cover subsequently the requirements of Member States which have exhausted their initial shares; whereas, to give importers some degree of certainty and yet enable Community production to be disposed of on satisfactory terms, the first tranche of the quota should be fixed at 90 per cent of the full amount;

Whereas Member States may exhaust their initial shares at different rates; whereas, to provide for this eventuality and avoid disruption of supplies, any Member State which has almost used up its initial share should draw an additional share from the reserve; whereas each time its additional share is almost exhausted a Member State should draw a further share, and so on as many times as the reserve allows; whereas the initial and additional shares should be valid until the end of the quota period; whereas this form of administration requires close collaboration between the Member States and the Commission, and the latter must be in a position to keep account of the extent to which the quota has been used up and to inform the Member States accordingly;

Whereas if at given date in the quota period a considerable quantity of a Member State's initial share remains unused it is essential, to prevent a part of the Community tariff quota from remaining unused in one Member State while it could be used in others, that such State should return a significant proportion thereof to the reserve;

Whereas, since the Kingdom of Belgium, the Kingdom of the Netherlands and the Grand Duchy of Luxembourg are united within and jointly represented by the Benelux Economic Union, any transaction in respect of the administration of the shares allocated to that economic union may be carried out by any one of its members,

HAS ADOPTED THIS REGULATION:

Article 1

1. During the period 1 January to 31 December 1984, a Community tariff quota of 500,000 tonnes shall be opened in respect of newsprint falling within subheading 48.01 A of the Common Customs Tariff.[1]

2. Member States may charge against this tariff quota the other types of paper complying with the definition of newsprint contained in the Additional Note to Chapter 48, except as regards the criteria governing watermarks.

3. Imports of newsprint shall not be charged against this tariff quota if they are already free of customs duties under other preferential tariff treatment.

4. The Common Customs Tariff duty shall be totally suspended within the limit of the above quota.

Within the limits of the above quota, Greece shall apply duties calculated in accordance with the relevant provisions laid down in the 1979 Act of Accession.

Article 2

1. The Community tariff quota referred to in Article 1 shall be divided into two tranches.

2. A first tranche of 450,000 tonnes shall be allocated among the Member States. Member States' shares, which subject to Article 5 shall be valid from 1 January until 31 December 1984 shall be as follows:

	(tonnes)
Benelux	50,960
Denmark	620
Germany	57,350
Greece	120
France	2,550
Ireland	6,380
Italy	620
United Kingdom	331,400

3. The second tranche of 50,000 tonnes shall constitute the reserve.

Article 3

1. If 90 per cent or more of a Member State's initial share as fixed in Article 2 (2), or of that share minus the portion returned to the reserve where Article 5 has been applied, has been used up, it shall forthwith, by notifying the Commission, draw a second share, to the extent that the reserve so permits, equal to 10 per cent of its initial share, rounded up as necessary to the next whole number.

2. If, after its initial share has been exhausted, 90 per cent or more of the second share drawn by a Member State has been used up, that Member State shall, in the manner and to the extent provided in paragraph 1, draw a third share equal to 5 per cent of its initial share.

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[1]Entry under this subheading is subject to conditions to be determined by the competent authorities.

3. If, after its second share has been exhausted, 90 per cent or more of the third share drawn by a Member State has been used up, that Member State shall, in the manner and to the extent provided in paragraph 1, draw a fourth share equal to the third.

This procedure shall apply until the reserve is exhausted.

4. Notwithstanding paragraphs 1, 2 and 3, Member States may draw lesser shares than those specified in those paragraphs if there are grounds for believing that those specified may not be used in full. They shall inform the Commission of their reasons for applying this provision.

Article 4

Additional shares drawn pursuant to Article 3 shall be valid until 31 December 1984.

Article 5

The Member States shall return to the reserve, not later than 1 October 1984, the unused portion, of their initial share which, on 15 September 1984, is in excess of 20 per cent of the initial amount. They may return a greater portion if there are grounds for believing that such portion may not be used in full.

Member States shall, not later than 1 October 1984, notify the Commission of the total quantities of the products in question imported up to and including 15 September 1984 and charged against the Community tariff quota and of any portion of their initial shares returned to the reserve.

Article 6

The Commission shall keep an account of the shares opened by the Member States pursuant to Articles 2 and 3 and shall, as soon as it has been notified, inform each Member State of the extent to which the reserve has been used up.

It shall inform the Member States, not later than 5 October 1984 of the amount still in reserve after amounts have been returned thereto pursuant to Article 5.

It shall ensure that when a quantity exhausting the reserve is drawn, the amount so drawn does not exceed the balance available, and to this end shall notify the amount of that balance to the Member State making the last drawing.

Article 7

1. Member States shall take all appropriate measures to ensure that additional shares drawn pursuant to Article 3 are opened in such a way that imports may be charged without interruption against their accumulated share of the quota.

2. Member States shall take all measures necessary to ensure that the types of paper referred to in Article 1 included in this tariff quota are in fact intended for the printing of newspapers, weekly papers or other periodicals of heading No. 49.02, published at least 10 times per year.

In such a case, the control of the use of the goods for the prescribed end-use shall be carried out by applying the relevant Community provisions.

3. Member States shall ensure that importers of the products in question have free access to the shares allocated to it.

4. The extent to which a Member State has used up its shares shall be determined on the basis of imports of the products in question entered with the customs authorities for free circulation.

Article 8

At the Commission's request, the Member States shall inform it of imports actually charged against their shares.

Article 9

Member States and the Commission shall co-operate closely to ensure that this Regulation is complied with.

Article 10

This Regulation shall enter into force on 1 January 1984.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 22 December 1983.

For the Council

The President

C. VAITSOS

ANNEX 3

Year	Volume of quotas opened:			Actual use
	Initial volume	Additional volumes	Total	
1970	1,025,000	150,000	1,175,000	1,139,365
1971	1,193,000	-	1,193,000	1,109,672
1972	1,141,000	20,000	1,161,000	1,135,647
1973	1,160,000	183,500	1,343,500	1,306,034
1974	3,053,000	15,000	3,068,000	2,497,131
1975	3,000,000	-	3,000,000	2,257,099
1976	2,250,000	150,000	2,400,000	2,383,891
1977	2,311,000	200,000	2,511,000	2,384,278
1978	2,300,000	200,000	2,500,000	2,500,000
1979	2,500,000	200,000 + 40,000	2,740,000	2,659,595
1980	2,800,000	-	2,800,000	2,721,414
1981	2,650,000	350,000	3,000,000	2,858,021
1982	2,700,000	100,000	2,800,000	2,747,532
1983	2,500,000	180,000	2,680,000	2,680,000