

No. 20808

**UNITED STATES OF AMERICA
and
EUROPEAN ECONOMIC COMMUNITY**

Arrangement concerning cheeses, reached on the Tokyo Round of the Multilateral Trade Negotiations (with annexes and related letter dated 28 October 1980). Geneva, 12 April 1979

Authentic text: English.

Registered by the United States of America on 1 March 1982.

**ÉTATS-UNIS D'AMÉRIQUE
et
COMMUNAUTÉ ÉCONOMIQUE EUROPÉENNE**

Arrangement concernant les fromages, convenu lors des négociations commerciales multilatérales dites de Tokyo (avec annexes et lettre connexe du 28 octobre 1980). Genève, 12 avril 1979

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 1^{er} mars 1982.

MULTILATERAL TRADE NEGOTIATIONS

Letter to be exchanged by the United States and the Commission of the European Communities.

Geneva, 12 April 1979

CLAUDE VILLAIN
For the Commission
of the European Communities

A. L. McDONALD
For the United States

ANNEX I

ARRANGEMENT¹ BETWEEN THE U.S. AND THE COMMUNITY CONCERNING CHEESES

1. The U.S. agrees that its import system will be adjusted so that:
 - The cheeses which are listed in Annex 1 will not be subject to quotas;
 - The other cheeses will be freely imported within the limits of fixed quotas.

2. The global volume of the quotas granted to the Community for cheeses subject to the quota system will amount to a minimum of 43,554 tons. The distribution of the quotas between the different varieties is that listed in Annex 2 of the present arrangement. The U.S. commits itself to take all necessary measures so that the management of the quotas by the administration will be such as to permit their maximum utilisation.

3. The Community agrees not to grant restitutions or permit other similar practices in a manner such as to result in the prices for cheeses of Community origin on the U.S. wholesale market below the prices of like U.S. domestic cheeses. Other suppliers of cheese under quota to the U.S. will be subject to the same commitment.

4. The U.S. agrees not to impose countervailing duties on cheese imported from the Community as long as the price condition on the American market, as stated in paragraph 3, is met.

If the American Government considers that the price conditions mentioned in the previous paragraph are no longer respected, it will inform the Community and agree to enter into consultations before undertaking any counteraction.

5. The Community accepts the commitment of the U.S. with regard to the amounts of the quotas, established by virtue of Section 22 and in conformity with the waiver of 1955, without prejudice to its rights under the General Agreement.

- 1) In accordance with the Arrangement, the cheeses covered by the following tariff categories of the tariff schedules of the United States shall not be subject to quota.
 - a) Those provided for in items:

<i>TSUS No.</i>	<i>Description</i>
117.0020	Stilton cheese, in original loaves, product of England
117.0520	Stilton cheese, other, product of England

¹ Came into force on 28 October 1980, with retroactive effect from 1 January 1980, the date on which schedules XX (United States)*, LXXII and LXXII *bis* (European Communities)** to the Geneva (1979) Protocol became schedules to the General Agreement on Tariffs and Trade, in accordance with the provisions of the related letter.

* United Nations, *Treaty Series*, vol. 1189, p. 2.

** *Ibid.*, vol. 1193, p. 201.

<i>TSUS No.</i>	<i>Description</i>
117.1000	Bryndza cheese
117.3000	Gjetost cheese, made from goat's milk whey or from whey obtained from a mixture of goat's milk and not more than 20 percent of cow's milk
117.3500	Gjetost cheese, other
ex 117.4060	Goya cheese, in original loaves
117.4500	Roquefort cheese, in original loaves, product of France
117.5000	Roquefort cheese, other, product of France
117.6060	Gammelost and Nokkelost cheeses
117.6500	Cheeses made from sheep's milk, in original loaves and suitable for grating
117.6700	Pecorino cheese, made from sheep's milk, in original loaves, not suitable for grating
117.7000	Other sheep's milk cheese
117.7575	Other goat's milk cheese valued not over 25 cents per pound
117.8575	Other goat's milk cheese valued over 25 cents per pound

b) Those provided for in an item to be created the wording of which shall be based on the following definition for soft ripened cow's milk cheeses:

"Soft ripened cheese is cured or ripened by biological curing agents such as molds, yeasts, and other organisms which have formed a prominent crust on the surface of the cheese. The curing or ripening is conducted so that the cheese visibly cures or ripens from the surface toward the center. Fat content in the dry matter is not less than fifty (50) percent. Moisture content, calculated by weight of the non-fatty matter is not less than sixty-five (65) percent.

"The term soft ripened cheese does not include cheeses with molds, yeasts and other organisms on the surface which also contain mold blue or otherwise, distributed throughout the interior of the cheese."

2) The following non-comprehensive list is given for illustrative purposes only. Administrative cooperation should be established at the technical level concerning any difficulty related to the classification of these cheeses:

—Bibress	—Munster—from France and Germany along both sides of the Rhine
—Brie	—Pont-l'Évêque
—Camembert	—Reblochon
—Cambré	—St. Marcellin
—Carré de l'Est	—Taleggio
—Chaurce	Examples offered for sale under commercial names):
—Coulommiers	—Boursault
—Epoisses	—Caprice des Dieux
—Hervé	—Ducs (Suprême des)
—Limbourg	—Explorateur
—Livarot	
—Maroilles	

Annex 2

CHEESE QUOTAS

<i>TSUS Appendix item number</i>	<i>Commodity</i>	<i>Annual import quota Jan. 1-Dec. 31 (MT)</i>
950.07	Blue mold (except Stilton produced in England) and cheese substitutes for cheese containing, or processed from, blue mold cheese	2,479
950.08	Ceddar cheese and cheese and substitutes for cheese containing, or processed from, Cheddar cheese	263

<i>TSUS Appendix item number</i>	<i>Commodity</i>	<i>Annual import quota Jan. 1-Dec. 31 (MT)</i>
950.08A	American-type cheese, including Colby, washed cured, and granular cheese (but not including Cheddar) and cheese containing, or processed from, such American-type cheese	254
950.09A	Edam and Gouda cheese	4,011
950.09B	Cheese and substitutes for cheese containing, or processed from, Edam and Gouda cheese. Italian-type cheeses, made from cow's milk (Romani made from cow's milk, Reggiano, Parmesano, Provoloni, Provolette, and Sbrinz)	1,237
950.10	In original loaves	1,763
950.10A	Not in original loaves and cheese and substitutes for cheese containing, or processed from, such Italian-type cheeses Swiss or Emmenthaler cheese with eye formation; Gruyere-process cheese; and cheese and substitutes for cheese containing, or processed from, such cheeses	47
950.10B	Swiss or Emmenthaler cheese with eye formation	6,000
950.10C	Other than Swiss or Emmenthaler with eye formation (reported statistically as Gruyere-process)	3,500
950.10D	Cheeses and substitutes for cheese provided for in items 117.75 and 117.85, part 4 C Schedule 1 of the Tariff Schedules of the United States (except cheese not containing cow's milk; cheese, except cottage cheese, containing 0.5 percent or less by weight of butterfat, and articles within the scope of other import quotas provided for in this part)	20,000
950.10E	Cheese, and substitutes for cheese, containing 0.5 percent or less by weight of butterfat as provided for in items 117.75 and 117.85 of subpart C, part 4, Schedule 1 (except articles within the scope of other import quotas provided for in this part)	4,000

ANNEX II

EXCHANGE OF LETTERS BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE UNITED STATES CONCERNING THE POULTRY SECTOR

The United States and the European Economic Community have agreed as follows:

1. The Commission will take measures so that at the date of the coming into force of the concessions internal procedures will have been completed modifying the coefficients used in the calculation of the sluice-gate price and the levy for certain turkey parts on the basis of those applicable to whole turkeys, so that these will be fixed at the following levels for the positions:

02.02 B II e) 2 aa)	drumsticks: 0,75
02.02 B II e) 2 bb)	thighs: 1,35
02.02 B II d) 2	breasts: 1,60

These modifications are such that they would have entailed at the date of December 1, 1978, other things being equal, reductions of the threshold prices and levies, respectively of

for the tariff line 02.02 B II e) 2 aa)	drumsticks: 17%
02.02 B II e) 2 bb)	thighs: 13%
02.02 B II d) 2	breasts: 3%

2. The E.C. confirms the binding for uncooked seasoned turkey meat under the tariff position 16.02 B I A of the CXT. Uncooked seasoned poultry meat other than turkey meat, now classified under the same tariff position, may be reclassified.

3. If exports of turkey meat from the United States to the European Economic Community exceed the average level realized in the course of the years 1977 and 1978, the United States and the European Economic Community will enter into consultation in order to examine the situation and, if needed, to find a solution to the problem thus created on the Community market for turkey.

A N N E X III

EXCHANGE OF LETTERS BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE UNITED STATES CONCERNING RICE

1. The European Economic Community agrees that at the 1st September 1979 and at the 1st September 1980, internal procedures will be completed in the Community which will reduce, in two stages, the threshold price for long grain rice — which presently exceeds that for round grain rice by 20 UA/MT — to the level of the threshold price for round grain rice including the corresponding modifications of the external corrective amounts used in the calculation of the CIF prices.

2. The European Economic Community agrees to retain the classification of parboiled rice in Chapter 10 of the CXT as provided for in European Economic Community Council Regulation 2800/78 of November 27, 1978. This classification will also be maintained in the future.

3. The European Economic Community agrees that these concessions will not be negated through any changes in the method used for calculating the European Economic Community threshold price and the import levies for rice.

A N N E X IV

EXCHANGE OF LETTERS BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE UNITED STATES CONCERNING THE ELIMINATION OF THE "WINE GALLON ASSESSMENT"

The United States agrees to eliminate the wine gallon method of assessment used in the calculation of the customs duties and of the internal taxes on products imported under the following tariff numbers:

- 168.05 Aquavit
- 168.17 Bitters of all kinds containing spirits, fit for use as beverages
 - Brandy:
 - Pisco and singani:
 - In containers each holding not over 1 gallon:
 - 168.18 Valued not over \$9 per gallon
 - 168.23 Valued over \$9 per gallon
 - Other:
 - In containers each holding not over 1 gallon:
 - 168.28 Valued over \$9 per gallon
 - 168.33 Cordials, liqueurs, kirschwasser, and ratafia
 - 168.34 Ethyl alcohol for beverage purposes
 - 168.35 Gin

- 168.45 Whiskey:
 Irish and Scotch
 Other spirits, and preparations in chief value of distilled spirits, fit for use as beverages or for
 beverage purposes:
 168.55 Other

A N N E X V

EXCHANGE OF LETTERS BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE UNITED STATES CONCERNING DISTILLED SPIRITS

The Commission of the European Communities will do everything within its competence to obtain the elimination of those measures in the Member States which result in discrimination against U.S. distilled spirits.

A N N E X VI a)

EXCHANGE OF LETTERS BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE UNITED STATES CONCERNING HIGH QUALITY BEEF

1. The European Economic Community agrees to establish a levy free quota of 10,000 MT of high quality beef with an a.v. tariff of 20 percent to be bound in GATT.¹ This beef shall be defined by either of the two following definitions and certified to by the exporting country:

i) Beef quarters, wholesale cuts, boneless primal and subprimal cuts or portioned steaks from carcasses possessing the following characteristics:

- A) Minimum external white fat covering over the ribeye muscle at the 12th rib of .4 inch to .9 inch.
- B) Carcass weight of 600 to 850 pounds.
- C) Minimum ribeye area at 12th rib—9 square inches.
- D) Maximum Age—30 months. Carcass must have no visible ossification of cartilage buttons over tips of spinous processes associated with the 1st through 11th thoracic vertebrae.
- E) Minimum intermuscular fat intermingled in lean of longissimus (ribeye) muscle at the 12th rib as shown by photographic standard (equivalent to modest or fat content of lean of 6.0 minimum, wet tissue basis, for longissimus).

NOTE: This will not apply to other muscles of carcass.

F) Color: Lean must be a bright, cherry red color at time of cutting of carcass.

G) Fresh chilled carcasses or cuts must be at a temperature (internal or ribeye muscle) of less than 4 degrees C when packed for shipment.

ii) Carcasses or any cuts from cattle not over 30 months of age which have been fed for 100 days or more on a nutritionally balanced, high energy feed concentration ration containing no less than 70 percent grain, and at least 20 pounds total feed per day.

It should be noted that U.S. beef which is graded USDA choice or prime will automatically meet the definition of one of the above.

2. By 1983 the United States and the European Economic Community will consult about the possibility of further expanding trade in high quality beef.

¹ United Nations, *Treaty Series*, vol. 55, p. 187.

A N N E X VI b)

EXCHANGE OF LETTERS BETWEEN THE EUROPEAN ECONOMIC COMMUNITY
AND THE UNITED STATES CONCERNING FRESH, CHILLED AND FROZEN
BEEF

1. The United States agrees to operate its import system of fresh, chilled and frozen beef in such a manner as to allow access for 5,000 M.T. of E.C. beef from member countries free of foot and mouth disease. The European Economic Community will administer the amount. As regards countervailing duties, the United States will act in conformance with the relevant provisions of the subsidy countervail code.

2. By 1983, the United States and the European Economic Community will consult about the possibility of further expanding trade in fresh, chilled and frozen beef.

UNITED STATES DELEGATION
TO THE MULTILATERAL TRADE NEGOTIATIONS
GENEVA, SWITZERLAND

April 12, 1979

Dear Mr. Villain:

As regards the US/EC Arrangement on Cheeses I wish to refer to our understanding that in the event that the EC is unable to supply a given annual quota the U.S. may authorize a temporary country of origin adjustment for the remainder of the quota year so that U.S. importers and licensees may be able to use their import licenses elsewhere.

Sincerely,

[Signed]

ALONZO L. McDONALD
Ambassador

Mr. Claude Villain
Director General for Agriculture
European Economic Community
Brussels, Belgium

RELATED LETTER

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON

Oct. 28, 1980

Dear Ambassador De Kergorlay:

I refer to my letters of February 4, 1980 and July 7, 1980, regarding the status of various bilateral documents negotiated between the United States and the European

Communities during the Multilateral Trade Negotiations, and to discussions which have since been held concerning matters dealt with in those letters.

I am happy to note your concurrence, during such discussions, with the suggestion that the signed, but undated, documents (1) entitled “Letters to be exchanged by the United States and the Commission of the European Communities”, and (2) relating to beer containers and beer, be dated April 12, 1979, and October 31, 1979 respectively.

I now inform you that, following such discussions, the United States intends formally to treat the following documents as agreements between it and the European Communities entered into in the context of the Multilateral Trade Negotiations among contracting parties to GATT, effective January 1, 1980 when Schedules XX (United States)¹, LXXII and LXXII *bis* (European Communities)² to the Geneva (1979) Protocol³ both became schedules to the General Agreement on Tariffs and Trade: (1) the statement entitled “Letters to be exchanged by the United States and the Commission of the European Communities” (including six annexes, and related letter of April 12, 1979 regarding cheese allocation), (2) the letter from the Communities of July 27, 1979 regarding grapes,⁴ and (3) the document concerning beer containers and beer.⁵ This enumeration is without prejudice to the importance my Government attaches to, and the position it might take in the future regarding, any other document referred to in these earlier letters.

It is intended that the modifications in Schedule XX (United States) to the Geneva (1979) Protocol contained in the agreements of December 21, 1979,⁶ December 27, 1979,⁷ and January 2, 1980⁸ will be added to that schedule by the GATT certification procedure.

Sincerely,

[Signed]

ROBERT C. CASSIDY, Jr.
General Counsel

The Honorable Roland De Kergorlay
Head of the Delegation
Delegation of the Commission of the European Communities
Washington, D.C.

¹ United Nations, *Treaty Series*, vol. 1189, p. 2.

² *Ibid.*, vol. 1193, p. 201.

³ *Ibid.*, vol. 1187, p. 2.

⁴ See p. 281 of this volume.

⁵ See p. 265 of this volume.

⁶ See p. 269 of this volume.

⁷ See p. 273 of this volume.

⁸ See p. 277 of this volume.