The following communication, dated 23 September 1992, has been received from the Office of the United States Trade Representative in Geneva, with the request that it be circulated to contracting parties in connection with Agenda item 8 of the 29 September Council meeting.

In the course of consultations with the European Economic Community on measures the Community will take to implement the two GATT panel findings involving Community oilseed subsidies, the United States and the Community have been deeply divided on the issue of how much damage the subsidies have caused oilseed exporters. The United States has estimated the global damage at US$2 billion; the Community estimate is far lower.

The United States believes that an early resolution of this issue would lead to a more rapid solution to this dispute. Therefore, at the meeting of the Council on 29 September the United States will propose that the Council establish an arbitration panel solely to determine the total value to be ascribed to the nullification or impairment. We further will propose that the arbitration panel be composed, if possible, of the two surviving members of the original oilseeds panel and that a third member be selected by the Director-General. The arbitration panel would render its determination within 30 days, and its determination would be binding on both parties.

Regardless of the outcome of the arbitration panel and even while it is ongoing, the United States wants to continue negotiations with the Community to arrive at a settlement of this dispute. Should we fail to reach agreement on mutually acceptable compensation, the determination of the arbitration panel will provide a basis for the withdrawal of concessions, if any.

We have advised the Community of the above proposal, and we hope that on 29 September we can inform the Council that the Community has agreed to pursue this course of action.