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Contact: Ella Krucoff
(202) 862-9540

E.C. COMMISSION PROPOSES PRODUCTS FOR POSSIBLE E.C. COUNTERMEASURES

The E.C. Commission has proposed three lists of U.S. exports that the Community could restrict if the United States raises tariffs and imposes quotas on E.C. products. The U.S. announced last week that it would take those measures in response to a trade dispute involving the Community's enlargement to include Spain and Portugal.

The Commission's lists, which must be approved by the E.C. Council of Ministers, include corn gluten feed, soybean cake, wheat, wine, beer, bourbon, fruit juices and dried fruits.

The Community would prefer to resolve this dispute without confrontation, Willy De Clercq, E.C. Commissioner for External Relations and Trade Policy, said today in Brussels. "But if the United States does decide to take the steps it has spoken of, it must be clear that the Community will firmly defend its lawful interests."

The U.S. objects to provisions in the E.C. enlargement treaty that replace Spain's import duty on corn and sorghum with the Community's variable levy; reserve temporarily 15 percent of the Portuguese grain market for Community suppliers; and maintain an import-control system for oilseeds in Portugal for five years. (See European Community News No. 11/1986.)

The Community insists that the measures conform with General Agreement on Tariffs and Trade (GATT) rules, and has proposed negotiations with the U.S. in the GATT framework.

The text of Mr. De Clercq's statement follows:

"The Community must be able to defend its interests. For this reason, the E.C. Commission today agreed on three lists of products, in response to those indicated by the United States.

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"These are tentative lists. The actual choice of products and the scale of the restrictions will be decided, if they are decided, according to the measures the U.S. adopts. In the Commission's view, the Community should react in complete symmetry with those measures.

"We still feel it should be the common aim of the Community and the United States to resolve this dispute without confrontation and by tightening the rules of GATT. We for our part should be sorry to have to resort to restrictive measures.

"All the more so as the problems the United States fears from enlargement seem considerably exaggerated, and indeed not likely to arise at all in the near future. It can expect to export 20 percent more soya to Portugal this year than in 1985. The reserving of 15-percent of the Portuguese grain market for Community exporters will have no restrictive effect in 1986.

"And American grain exports to Spain have, owing to pre-emptive action by the exporters, grown so substantially that there, too, enlargement will have no adverse implications for the United States in the months ahead.

"Notwithstanding, we have always said we are prepared to discuss these issues with our American partners. I here repeat the Community's proposal that we open negotiations forthwith by the normal procedures laid down in GATT for enlargements.

"But if the United States does decide to take the steps it has spoken of, it must be clear that the Community will firmly defend its lawful interests."

The Commission's lists are attached.

List One corresponds to the American measures relating to the Portuguese arrangements on oilseeds. List Two corresponds to the American measures relating to the 15 percent grain reservation in Portugal. List Three corresponds to the American measures relating to the application of the Common Agricultural Policy to grain on the Spanish market.

LIST ONE

Thousands of dollars

Products subject to controls depending on U.S. measures	E.C. Imports from the U.S. in 1984			
	E.C. 10	Spain	Portugal	E.C. 12
Sunflower seed	126,851	1,920	75,632	204,403
Unrendered fats of bovine cattle	6,655	5,018	6,574	18,247
Honey	1,401	--	--	1,401
Offals of bovine animals other than liver	77,694	189	--	77,883
Wine	7,185	1	--	7,186
Bourbon	11,067	279	17	11,363

LIST TWO

Thousands of dollars

Products subject to controls depending on U.S. measures	E.C. Imports from the U.S. in 1984			
	E.C. 10	Spain	Portugal	E.C. 12
Prunes	28,937	2,905	40	31,882
Ambergris and other animal products used in preparation of pharmaceuticals	16,951	1	2	16,954
Horsemeat	53,170	--	--	53,170
Fresh foliage	17,613	--	--	17,613
Grapefruit juice	4,826	--	--	4,826
Pineapple juice	821	--	--	821
Orange juice	23,075	--	--	23,075
Canned corn	22,848	19	--	22,867
Dried fruits	30,570	2,923	40	33,533
Beer	1,080	--	--	1,080
Cheese fondues	5,402	294	172	5,868

LIST THREE

Thousands of dollars

Products subject to controls depending on U.S. measures	E.C. Imports from the U.S. in 1984			
	E.C. 10	Spain	Portugal	E.C. 12
Soybean cakes	503,786	4,042	--	507,828
Corn gluten feed	525,257	--	2,807	528,064
Almonds	142,514	--	--	142,514
Wheat	233,117	6	117,856	350,979
Rice	137,920	18,057	17,088	173,065

