

No. 26/86
September 11, 1986

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E.C. AND U.S. WITHDRAW PUNITIVE TRADE MEASURES; SETTLE TWO MAJOR DISPUTES

Semifinished Steel

The United States will withdraw its 400,000-ton annual limitation on E.C. semifinished steel exports when an E.C.-U.S. agreement on those products takes effect September 15. In return, the Community will drop its import quotas on U.S. fertilizer, animal fats and coated paper.

The E.C. Commission signed the semifinished steel agreement in July, but the U.S. signature was delayed until this month because of a separate trade conflict over E.C. citrus imports and pasta exports. The two parties settled the citrus-pasta dispute in August, with final approval by the E.C. Council of Ministers expected soon.

The new steel accord sets quotas for E.C. semifinished steel exports to the United States until September 30, 1989, at the following levels in net tons: The remainder of 1986--300,000; 1987--620,000; 1988--640,000; January 1 to September 30, 1989--502,500. In addition, the U.S. will continue to allow British Steel Corporation to export 200,000 tons of semifinished steel a year to a steelmaking plant in Tuscaloosa, Alabama.

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Citrus-Pasta

The citrus-pasta dispute involved U.S. opposition to the Community's preferential treatment of citrus imports from certain Mediterranean countries, and to its refunds for pasta exports.

The August accord includes the following elements:

--The United States agreed to withdraw the increased duties it imposed on E.C. pasta products in November 1985. The Community agreed to drop its similar, retaliatory action against U.S. walnut and lemon exports. These withdrawal measures took effect August 21 on both sides.

--The United States agreed to lodge no more challenges against the Community's Mediterranean citrus arrangements, recognizing that they "provide important opportunities for economic development and stability" in the Mediterranean region.

--The Community agreed to lower import duties on sweet oranges, lemons, grapefruit, grapefruit hybrids, almonds, groundnuts and frozen concentrated orange juice. The United States agreed to do the same for anchovies, some cheeses, canned mandarin oranges, olives, capers, cider, paprika and olive oil. It also agreed to increase its import quota for certain E.C. cheeses from Portugal.

--The parties set a deadline of July 1, 1987, and a "modus operandi" for resolving the U.S.'s complaint that export refunds for pasta violate international trading rules. The U.S. agreed to refrain from taking unilateral action or pursuing the issue in the General Agreement on Tariffs and Trade during this period.