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E.C. COUNCIL APPROVES FARM-TRADE ACCORD WITH U.S.

The E.C. Council of Ministers yesterday formally approved an agreement between the European Community and the United States designed to prevent an agricultural trade war over the Community's recent enlargement to include Spain and Portugal.

E.C. and U.S. negotiators announced last week they they had found a temporary solution to a trade dispute involving Spanish imports of U.S. farm products.

The agreement calls for the U.S. to suspend its plans to increase tariffs on European wine, cheese, brandy, gin, canned ham and other products on July 1, and for the Community to drop its planned countermeasures against U.S. corn gluten feed, rice and wheat.

The Community also agreed to monitor U.S. exports to Spain of corn, sorghum, corn gluten feed, brewing residues and citrus pellets from July to December. If those exports fall below an average of 234,000 metric tons a month, the Community will enable the shortfall to enter the E.C. market by reducing import levies.

The figure of 234,000 tons corresponds to the average monthly U.S. exports of those products to Spain in 1985.

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The dispute arose from a provision in the enlargement treaty that replaced Spain's import duty on corn and sorghum with the Community's variable levy.

Both sides stressed that the six-month accord will give them time to negotiate a permanent solution to issues raised by the E.C. enlargement. They said their objective is to complete those negotiations, which have begun under Article XXIV/6 of the General Agreement on Tariffs and Trade, by December 31.

The agreement does not call into question the provisions of the enlargement treaty or the principles of the E.C.'s Common Agricultural Policy.

Frans Andriessen, Vice-President of the E.C. Commission, said the temporary settlement "is of great importance as it prevents the outbreak of a major trade conflict at a moment in which we should engage in negotiation rather than in confrontation."