



**European
Community**

PRESS RELEASE

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COMMON MARKET LIFTS COMPENSATORY TAXES ON FARM PRODUCTS

WASHINGTON, D.C., July 30 -- In response to a United States protest, the European Community will tomorrow [Monday] drop compensatory taxes on nearly \$40 million worth of US agricultural trade.

The decision by the European Commission to end the levies came after the United States Government had lodged a protest note with the General Agreement on Tariffs and Trade (GATT) Council in Geneva. The April 14 note said that agricultural products covered by the compensatory taxes involved \$40 million in US trade.

The discontinuance of the taxes on beef, pork, poultry, fish, tapioca, processed fruits and vegetables, and most other agricultural products means that the Community's remaining compensatory taxes will affect only about \$500,000 in US trade. (Taxes remain on certain cheeses, pork pate, tallow for industrial use, and two types of wine.)

The compensatory taxes had been introduced in the Community in May 1971, following the floating of the German mark. The levies represented the difference between official parity and currency quotations in relation to the US dollar. The taxes served either to raise import prices when a

currency appreciated or to lower import prices when a currency depreciated.

At present, all six Common Market member-states except Italy levy compensatory taxes on both intra-Community and third-country agricultural trade.

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