

No. 17/1985
June 6, 1985

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E.C. 'REGRETS' U.S. WHEAT SALES TO ALGERIA

The U.S. plan to subsidize wheat sales to Algeria could destabilize world markets and hurt the prospects for a new round of multilateral trade negotiations, the European Community warned yesterday.

In a statement released in Brussels, the E.C. Commission said it would study the U.S. initiative to determine whether it violates General Agreement on Tariffs and Trade (GATT) rules covering "price undercutting."

Agriculture Secretary John Block announced this week that the Algerian wheat deal will be the first transaction under the U.S.'s new "export enhancement program." It will involve sales of up to 1 million metric tons of wheat, including bonus wheat from government surplus stocks.

The text of the Commission statement follows:

The Commission is studying the initiative announced to the press by U.S. authorities. When more detailed information is available (on conditions of sale, for example), it will be necessary to determine whether this action is compatible with GATT rules, notably those relating to price undercutting.

The Commission regrets this action, which threatens to destabilize the international agricultural market and to make it more difficult for a new round of GATT trade negotiations to take place.

The difficulties of the U.S. on international agriculture markets result from the evolution of the dollar and declining world demand, not from the Community's agricultural policies.

The Commission reaffirms its intention to defend the Community's interests in international agricultural trade. The 1985-86 marketing year is expected to produce very satisfactory results for the Community's cereals exports.