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**IMPASSE IN NEGOTIATIONS BETWEEN THE COMMISSION AND THE UNITED STATES ON
COMMUNITY MEDITERRANEAN PREFERENCES AND ON PASTA PRODUCTS**

**STATEMENT BY MR WILLY DE CLERCQ, MEMBER OF THE COMMISSION RESPONSIBLE FOR
EXTERNAL RELATIONS AND COMMERCIAL POLICY**

"On Saturday 2 August and Sunday 3 August, acting on behalf of the European Community, I continued the difficult, detailed negotiations with Mr Clayton Yeutter, United States Trade Representative.

The purpose of these talks was to seek a solution to the dispute arising from the protest by the United States against the trade preferences accorded by the European Community to the Mediterranean countries as part of its policy of aid to the development of those countries. This dispute led the United States to operate reprisals from 1 November last year affecting its imports of pasta products from the European Community. This step took the form of a considerable increase in the American customs duty, which was raised from 1% to 40% for such products not containing eggs and to 25% for those with eggs. In response to this unilateral decision the European Community felt obliged to take counter-measures affecting its imports of walnuts and lemons from the United States.

At the same time the Community constantly reaffirmed its desire to arrive at a negotiated solution to this dispute. In this spirit I have had unceasing contacts almost daily with the American authorities over the last few months. A week ago I suggested that we should conclude a four-month truce on the matter. Last Thursday I proposed meeting Mr Yeutter personally as soon as possible.

Mr Yeutter took up my invitation this week-end but I regret to have to announce that our talks did not lead to a positive overall solution. They came up against the following main stumbling-blocks:

concerning the tariff concessions requested by one side or the other on citrus fruit and other food products;

concerning the problem of pasta products (Community export refunds).

The American side confirmed its rejection of the truce I had proposed.

Each of us is now going to report to his own authorities, in my case the Commission and the Member States.

At this point I wish to:

stress that not inconsiderable progress has been made towards a possible agreement and, notably, that the principle of recognition of the legitimacy of our preferential Mediterranean agreements is no longer contested;

express regrets that, despite our efforts and although concessions have been considered on each side, we have not been able to achieve a definitive solution to the specific points referred to above;

spell out my concern in the face of a real risk of a new major conflict between the European Community and the United States only a few weeks before the Punta del Este meeting, which is to launch the fresh round of multilateral trade negotiations."