

EC TO CHALLENGE US TRADE RETALIATION IN CONNECTION WITH OILSEEDS DISPUTE

EC Commissioner for Agriculture Ray MacSharry warned yesterday that the European Community will challenge the United States decision to impose prohibitive import duties on certain EC products as "illegal" in the next Council of the General Agreement on Tariffs and Trade (GATT), which meets June 19 in Geneva to discuss the oilseeds dispute from which the US retaliation stems. The Commission position was endorsed unanimously by the EC's national agriculture ministers.

The ministers, meeting for the June 15-16 EC Agricultural Council, also heard from Commissioner MacSharry on the Uruguay Round of GATT negotiations. They expressed their disappointment that the US continues to be intransigent in spite of the major contribution which the recent reform of the EC's agricultural policy has made to advancing the negotiations.

The US decision, published June 9 with a preliminary list of products for retaliation, targets about \$ 2 billion worth in EC exports to the US (to be reduced to about \$ 1 billion after public hearings in the US). The present "shopping list" includes grape wines, cordials, liquors, gins and grape brandies, tobacco, cheese and casein. In terms of export loss, the hardest hit EC member states are France (30.4 %), Italy (15.8%), Germany (11.7 %) and Ireland (10.4 %). In comparison with its total trade, Ireland is the most severely hit.

MacSharry described the US action as "a further illustration of the basic incompatibility of their section 301 with the elementary rule of a multilateral free and fair trade system."

He continued: "Such a unilateral action is a blatant violation of GATT rules. There is no GATT disposition allowing unilateral discriminatory measures against one contracting party, and the GATT dispute settlement provisions foresee that any retaliatory measure (like suspension of trade concession) must be duly authorized by the Contracting Parties. The US has not even presented a request for such an authorization."

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