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E.C. TO RETALIATE ON LEMONS AND WALNUTS

The European Community said today it will retaliate against the U.S. decision to raise duties on E.C. pasta imports by increasing duties on lemons and walnuts from the United States.

"The U.S. has thus taken responsibility for setting in motion a process that needlessly aggravates an already tense trade situation," said Willy De Clercq, E.C. Commissioner for External Relations, in a statement released in Brussels. "This escalation does not make sense. It can only damage the two parties involved."

The U.S. announced yesterday that it would raise ad valorem import duties today on pasta with egg to 25 percent and on pasta without egg to 40 percent—up from previous duties of less than 1 percent for both products. The action arises from a dispute over the Community's preferential treatment of citrus imports from certain Mediterranean countries.

In response, the Community will increase its ad valorem duties on U.S. lemons from 8 percent to 20 percent, and on U.S. walnuts from 8 percent to 30 percent. Community pasta exports to the United States are valued at about \$30 million a year. Annual American exports of lemons and walnuts to the E.C. amount to \$1 million and \$32 million respectively.

Mr. De Clercq said the U.S. action clearly violates General Agreement on Tariffs and Trade rules. He described it as a "quasi-embargo striking harshly against a Community industry particularly important for one of our member states, Italy."

The E.C.'s Mediterranean citrus arrangements entirely conform to the Community's international obligations, he added. "We can't repeat often enough that these accords are a contribution by the Community to the development of the Mediterranean region, and do not bring the Community any commercial advantage."

Mr. De Clercq said the U.S. decision is "particularly regrettable because it was taken despite progress made in exploratory contacts and despite the Commission's considerable efforts to find a reasonable and balanced solution to the citrus problem."