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## WINE EQUITY BILL RAISES GRAVE CONCERN IN THE EUROPEAN COMMUNITY

The E.C. Commission is following with attention and concern the development in the U.S. Congress related to the various texts on the "Wine Equity Bill".

On several occasions the Commission has expressed its concern over the recent initiatives to introduce protectionist measures against wine which constitutes in value the most important product in the Community's agricultural exports to the United States. Any such action would inevitably strengthen pressures in the European Community in favor of protectionist measures against agricultural imports from the United States.

The Bill passed by the U.S. Senate on September 20 as an amendment to the Omnibus Trade Act of 1984 and the Wine Equity Bill presently before the House Ways and Means Committee aim at achieving reciprocity in a single product sector.

This so-called sectoral reciprocity approach is contrary to the concept of overall reciprocity which is at the foundation of the open trading system established in the framework of the General Agreement for Tariffs and Trade (GATT). If each country had sought reciprocity sector by sector, it would have been impossible to achieve the reductions in trade barriers that have been achieved over many years through negotiations in the GATT from the Dillon Round to the Tokyo Round.

In addition, if the concept of sectoral balance were to be the norm, it would be detrimental not only to the general process of gradual reduction of trade barriers, but also to U.S. agricultural exports in particular. The United States is a net exporter of agricultural produce world-wide and had in 1983 a net surplus in agricultural trade with the E.C. of some \$5 billion.

These trade bills are not only inconsistent with the basic concept on which the GATT is founded, but, by extending the definition of a "domestic industry", they also extend existing U.S. anti-dumping and countervailing legislation in a way which would make U.S. law in this field inconsistent with the GATT Codes on Dumping and on Subsidies and Countervailing Duties,

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to which the United States is a party.

The definition of a domestic industry provisions are clearly designed to encourage the imposition of countervailing duties on wine imports from the Community. They could oblige the U.S. Government to introduce anti-dumping and countervailing duties on agricultural products even though the conditions stipulated in the GATT Codes for such action were not fulfilled. If adopted, this Bill would burden the GATT with new disputes and would greatly complicate the work in progress in the GATT aimed at improving existing GATT rules and disciplines relating to agricultural trade.