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## WINE EQUITY ACT: E.C. REACTION

The European Community's Commission has noted with concern that the House Ways and Means Committee has approved a section of the Wine Equity Act which would amend U.S. regulations on anti-dumping and countervailing duties to extend the definition of the wine industry to include the producers of grapes. Noting the fact that the section is now more narrowly drafted, the E.C. Commission like the U.S. Administration, is still opposed to this amendment because it would clearly be in breach of the international obligations to which the United States and its main trading partners have subscribed in the General Agreement on Tariffs and Trade (GATT) codes.

The new provisions are clearly designed to encourage the imposition of protective measures on wine imports from the E.C. even if the conditions for such action stipulated in the GATT codes on anti-dumping and countervailing duties are not fulfilled. The European Community would not hesitate to make full use of its GATT rights. Faced with such measures, the Commission would propose to the E.C. Council of Ministers to act immediately so as to offset the injury that would be caused. We cannot of course in these circumstances anticipate which imports would be affected. Clearly, given the huge agricultural trade surplus which the United States has with the Community, agricultural goods would be a candidate - but this field is not of course limited to major staple commodities - it also includes such items as citrus fruit, almonds, raisins and walnuts.