

No. 20/1985
June 19, 1985

Contact: Ella Krucoff
(202) 862-9540

E.C. WARNS AGAINST UNILATERAL ACTION IN CITRUS DISPUTE

The European Community warned today that it would be forced to take countermeasures if the United States unilaterally restricts imports of E.C. pasta products.

The U.S. is considering curbs on pasta imports because of a dispute over the Community's preferential import arrangements on citrus fruit with certain Mediterranean countries.

In a declaration released in Luxembourg, the E.C. Council of Ministers said the longstanding Mediterranean arrangements comply with provisions of the General Agreement on Tariffs and Trade (GATT), and are comparable to the U.S. Caribbean Basin Initiative.

Unilateral restrictions by the U.S. could undermine confidence in the multilateral trading system at a time when efforts are being made to launch a new round of trade talks, the Council said. "Tension in bilateral trade relations between the Community and the U.S. could only be exacerbated," it added. The Council said it remains committed to seeking negotiated settlements with the U.S. over trade disputes.

The text of the Council declaration follows:

The Council has received reports that the U.S. Government is contemplating unilateral action to restrict the importation into the U.S. of pasta products from the Community, in response to failure hitherto to settle a dispute in the GATT between the Community and the U.S. on the Community's import regime for citrus products.

The Council views this with concern. Resort to unilateral measures by one of the leading GATT Contracting Parties, resulting in the imposition of additional trade restrictions in violation of the GATT, could undermine confidence in the multilateral trading system. Such action would be particularly ill-timed at a moment when efforts are being made on both sides of the Atlantic to bring about the necessary

...../

conditions for the start of a new round of multilateral trade negotiations, intended to reinforce the GATT structure and to promote liberalization of world trade. Such actions also undermine the credibility of declarations on trade policy adopted at ministerial meetings of the Organization for Economic Cooperation and Development and at successive Western economic summits. Tension in bilateral trade relations between the Community and the U.S. could only be exacerbated.

The Council recalls that the GATT dispute at the origin of U.S. concerns arises out of the Community's preferential arrangements in the Mediterranean area. These arrangements are not designed to promote Community exports or secure other advantages, but to give assistance to the development of the Mediterranean partner countries in question. The arrangements are of long standing and consistent with the provisions of the GATT; they were the subject of an understanding with the U.S. Government reached as long ago as 1973 and are comparable in their political and economic purpose to the U.S. Caribbean Basin Initiative, to the approval of which by the GATT Contracting Parties, the Community gave decisive support last year.

Against this background, the Council calls upon the U.S. Government to reconsider any unilateral measures it may contemplate taking in consequence of the citrus dispute, and to weigh carefully the implications of such actions for its bilateral trade relations with the Community and for the multilateral trading system as a whole. Problems of this kind should not be solved by unilateral measures inconsistent with the GATT.

The Council remains attached to the amicable and equitable resolution of all trade issues which divide the Community and the U.S., but, in the event of unilateral action by the U.S., the Community would be obliged to take counteraction.