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E.C. OPPOSES WINE PETITIONS

The European Community said today it will oppose the complaints filed by the Grape Growers Alliance for Fair Trade asking U.S. authorities to impose duties on imported French, Italian and German table wines.

These petitions were filed under provisions of the U.S. Trade and Tariff Act of 1984 that clearly violate U.S. obligations under international trading agreements. In the case of wine, the law modifies the definition of "industry" to allow producers of a raw material to file trade complaints against imported finished products. This definition does not conform to General Agreement on Tariffs and Trade (GATT) subsidies and anti-dumping codes.

The E.C. has already challenged the new U.S. trade legislation in the GATT, which has agreed to set up a panel under its dispute-settlement procedure. The Community expects the U.S. to respect fully its obligations under the GATT codes, and will be closely following the wine cases.

"If these petitions were to lead to the adoption of protective measures under conditions inconsistent with GATT rules, this would be in contradiction with the overall objectives of impending trade negotiations," said Willy De Clercq, E.C. Commissioner for External Relations. "It would also lead to a serious deterioration of our agricultural trade relations, bearing in mind that wine is the E.C.'s largest agricultural export item to the U.S., and that our overall agricultural trade is characterized by a \$3.6 billion imbalance in favor of the U.S."

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It is most disappointing that these new petitions revive similar complaints filed against the Community in 1984 by the same group. In that case, not only did the International Trade Commission (I.T.C.) consider the petitioners unrepresentative of the wine industry, but it also determined that there was no reasonable indication that the U.S. wine industry was materially injured or threatened with material injury by imports from E.C. member states.

The Grape Growers Alliance charges that Community producers dump and that the Community unfairly subsidizes wine, and has asked the Department of Commerce and the I.T.C. to impose anti-dumping and countervailing duties on European wines. Anti-dumping duties are applied when a product is sold abroad at below its home market value; countervailing duties are applied to subsidized imports to offset the subsidy.

The Community firmly rejects these allegations. The essential aim of the Community wine policy is to maintain market equilibrium by withdrawing, through storage and distillation, surplus production from the market. These measures are designed to stabilize prices and improve quality. They do not depress prices nor lead to an increase in exports. There are no export refunds for wine to North America.