

**A RESOLUTION EXPRESSING THE SENSE OF THE SENATE WITH
RESPECT TO EUROPEAN COMMUNITIES' RESTRICTIONS ON
PROCESSED FRUIT AND VEGETABLE IMPORTS**

SEPTEMBER 9 (legislative day, SEPTEMBER 8), 1977.—Ordered to be printed

Mr. LONG, from the Committee on Finance,
submitted the following

REPORT

[To accompany S. Res. 76]

The Committee on Finance, to which was referred the resolution (S. Res. 76) expressing the sense of the Senate with respect to certain European Communities' regulations, having considered the same, reports favorably thereon with an amendment to the preamble, an amendment to the text, and an amendment to the title and recommends that the resolution, as amended, do pass.

I. SUMMARY

Senate Resolution 76 expresses the sense of the Senate that the President should seek both through bilateral negotiations and negotiations under the General Agreement on Tariffs and Trade to terminate new restrictions imposed by the European Communities on imports of processed fruits and vegetables.

II. GENERAL EXPLANATION

The Council of the European Communities adopted regulations establishing a Community-wide system to regulate imports of processed fruits and vegetables in July 1975. The import system became effective on September 1, 1975, for tomato products. All other imports of processed fruits and vegetables, except for dried prunes and citrus juices, became subject to the regulations on October 1, 1975. Dried prunes will become subject to the regulations on January 1, 1978.

The European Communities' system consists of three elements. First, a minimum import price for tomato concentrates is set and enforced by import licensing and surety deposits which may be extended by the Council to other products. The minimum import price system prohibits the sale in the Community of tomato concentrates at a price below the minimum import price level. The importer is required to post a bond which he forfeits if he does not supply the appropriate officials with evidence that the tomato concentrates were sold at a price equal to or above the minimum import price.

Second, an import licensing and surety deposit requirement has been established for certain products including canned peaches and dried prunes. Under this system, importers must have an import license before they can enter their products and they must post a bond which is forfeited if the importer does not show proof of actual importation of the product during the 75-day effective period of the import license.

Third, safeguard measures are available permitting the Council to restrict or prohibit all imports of processed fruits and vegetables if processed fruits and vegetables produced within the Community are, or are likely to be, exposed to serious disturbances by the imports.

In the opinion of the Committee on Finance, these regulations impair the benefits accruing to the United States under the General Agreement on Tariffs and Trade (GATT), violate numerous provisions of the GATT, and are a totally unwarranted distortion of international trade in processed fruits and vegetables. The committee believes that the regulations are inconsistent with the spirit of the Downing Street Summit Communique which was agreed to by leaders of the Member States of the European Communities.

The value of U.S. exports of processed fruits and vegetables to the European Communities that will be affected by the regulations averaged \$23.7 million per year over the 5-year period 1971-75. The most important U.S. exports, in terms of value, affected by the regulations are dried prunes (\$19.6 million in 1976) and canned peaches (\$5.3 million in 1976) (see table below). The European Communities' tariffs on both products are bound under the GATT. The Committee on Finance believes that any impairment of the concessions on the tariffs on these products entitles the United States to compensation under the GATT.

VALUE OF U.S. EXPORTS TO THE EUROPEAN COMMUNITIES SUBJECT TO THE EC IMPORT LICENSING AND SURETY DEPOSIT SYSTEM FOR PROCESSED FRUITS AND VEGETABLES, CALENDAR YEARS 1970-76

[In dollars]

Item	1970	1971	1972	1973	1974	1975	1976
Tomato concentrate ¹	80,475	36,581	12,076	351,462	123,706	188,325	32,909
Peeled tomatoes.....	4,814	4,890	246,269	69,648	17,635	59,842	25,736
Tomato juice.....	33,617	41,682	26,396	29,464	22,625	50,219	18,001
Canned mushrooms.....	(²)						
Canned peas.....	2,926	3,970	14,566	3,611	39,750	15,493	108,621
Canned green beans.....	179,578	33,152	20,097	33,114	53,746	70,623	4,529,204
Frozen and canned raspberries.....	(²)						
Canned pears.....	490,573	435,884	964,962	522,567	626,859	240,091	140,940
Canned peaches.....	10,083,592	7,274,376	7,088,217	7,115,652	5,083,795	4,747,490	5,342,481
Subtotal.....	10,875,575	7,830,535	8,372,583	8,125,518	5,968,116	5,372,083	10,197,892
Dried prunes ³	9,229,488	10,042,819	12,115,627	22,791,243	15,367,624	22,690,487	19,583,859
Grand total.....	20,105,063	17,873,354	20,488,210	30,916,761	21,335,740	28,062,570	29,781,751

¹ Excluding sauce.

² Not separately identified in U.S. export statistics.

³ Subject to EC system effective Jan. 1, 1978.

Source: U.S. Department of Agriculture, Foreign Agricultural Service.

Canners of processed fruits and vegetables filed a petition under section 301 of the Trade Act of 1974 alleging, among other things, that the European Communities' regulations are an unjustifiable import restriction on U.S. exports and requesting the President to take all appropriate and feasible steps within his power to obtain the elimination of those regulations. Subsequently, the President's Special Representative for Trade Negotiations held consultations with the European Communities pursuant to GATT article XXIII:1 in March, 1976. These consultations were not conclusive. Thereafter, the United States requested that a panel of experts be established under article XXIII:2 of the GATT to examine the complaint of the United States with respect to the European Communities' regulations and to make findings and recommendations on the complaint. On February 11, 1977, the United States and the European Communities made oral presentations before the panel. The panel is now considering the complaint.

It is the opinion of the Committee on Finance that the Senate should express to the President its concern about the European Communities' regulations. The President should continue to seek negotiations with the European Communities to terminate the regulations as soon as possible. In addition, the President should seek to accelerate consideration of the U.S. complaint under article XXIII:2 of the GATT. Furthermore, the committee believes the President should inform the European Communities that the United States will exercise its rights under the GATT to take retaliatory measures against the regulations if a satisfactory agreement is not reached. The committee also believes that the Senate should encourage the President to obtain agreement with the European Communities that similar restrictive measures by the Communities on exports of other agricultural products from the United States will not be imposed in the future.

