

GENERAL AGREEMENT ON  
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EUROPEAN ECONOMIC COMMUNITY - SUBSIDIES ON CANNED PEACHES,  
CANNED PEARS AND RAISINS

Recourse to Article XXIII by the United States

The following communication, dated 17 March 1982, has been received from the United States Trade representative, with the request that it be circulated to contracting parties.

The United States wishes to refer to the CONTRACTING PARTIES, pursuant to Article XXIII:2 of the General Agreement on Tariffs and Trade, the matter of subsidies granted by the European Economic Community (EEC) on the production of canned peaches, canned pears and raisins.

The United States believes that benefits obtained through tariff concessions under GATT Article II are being nullified and impaired by the existence of production subsidies granted by the EEC on the following products: canned peaches (2006BIIa7aa), (2006BIIa7bb), (2006BIIb7aa), (2006BIIb7bb), canned pears (2006BIIa6aa), 2006BIIa6bb), (2006BIIb6aa), (2006BIIb6bb), and raisins (0804BI and 0804BII). In addition, because peaches and pears comprise a major portion of fruit cocktail, we believe our tariff concessions on fruit cocktail (2006BIIa9aa), (2006BIIa9bb), (2006BIIb9aa), and (2006BIIb9bb) are also impaired.

It is our understanding that the EEC processor subsidy system was established in Council Regulation No. 1152/78, issued May 20, 1978. The amending regulation provided that from the beginning of the 1978/79 season, subsidies would apply to five products, including peaches in syrup. For the 1979/80 marketing year, the list of products was expanded to include four additional products, including Bartlett pears (Council Regulation No. 1939.79). We believe that the production subsidy

system enables the products in question to be sold at a price lower than that which would otherwise be required given the high fixed minimum price guaranteed to domestic growers. The EEC added raisins to its subsidy system for the 1981/82 season with no quantitative limitations (Council Regulation No. 2194/81, issued July 27, 1981). In addition to minimum producer prices and processor subsidies, the system for raisins includes weekly storage subsidies.

On February 25, 1982, the United States and the Community engaged in formal consultations, under Article XXIII:1 of the GATT, regarding the U.S. complaint. During those consultations, the U.S. stated its belief that the granting of production subsidies on canned peaches, canned pears and raisins nullifies and impairs the tariff bindings obtained from the EEC by the United States on these products and on fruit cocktail. The U.S. represented its position that these subsidies are causing, and threaten to cause, disruption of U.S. exports of canned peaches, canned pears, fruit cocktail and raisins to the EEC member states.

We were unable to reach a satisfactory adjustment of the matter during the consultations. Therefore, we request the CONTRACTING PARTIES to establish a panel to review this matter pursuant to Article XXIII:2 of the GATT, and we wish to have this request placed on the agenda of the Council meeting scheduled for March 31, 1982