

105TH CONGRESS
2D SESSION

H. RES. 406

Expressing the sense of the House of Representatives that the canned fruit subsidy regime of the European Union is a bilateral trade concern of high priority, for which prompt corrective action is needed.

IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 1998

Mr. CONDIT (for himself, Mr. RADANOVICH, Mr. HERGER, Mr. MATSUI, Mr. FAZIO of California, Mr. DOOLITTLE, and Mr. POMBO) submitted the following resolution; which was referred to the Committee on Ways and Means

RESOLUTION

Expressing the sense of the House of Representatives that the canned fruit subsidy regime of the European Union is a bilateral trade concern of high priority, for which prompt corrective action is needed.

Whereas a dispute settlement panel established under the General Agreement on Tariffs and Trade (GATT) has already found European Union canned fruit processing subsidies to be inconsistent with the European Union's GATT obligations;

Whereas the United States, pursuant to an investigation of European Union canned fruit subsidies under the authority of section 301 of the Trade Act of 1974, as amended, has determined that the rights of the United States

under the GATT have been denied by European Union canned fruit processing subsidies;

Whereas under the authority of section 301 of the Trade Act of 1974, the United States reached an agreement with the European Union in 1985, under which the European Union has committed to discontinue subsidies to European Union canned peach processors;

Whereas despite these legal and negotiated results, the European Union nevertheless continues to provide subsidies to its canned peach sector in the amount of \$160,000,000 to \$200,000,000 annually, which amount exceeds the total farm-gate value of United States cling peaches;

Whereas data recently provided by the European Union demonstrate that the European Union has violated the United States/European Union canned fruit agreement in each of the last five years for which data are available by an aggregate amount in excess of \$64,000,000;

Whereas because these canned fruit subsidies are contingent on the use of European Union peaches and enable prices more favorable than those the European Union processor would actually have paid for the imported product, such subsidies continue to be inconsistent with the European Union's obligations under the World Trade Organization;

Whereas numerous canned peach producing countries, including Mexico, Argentina, Australia, Brazil, and New Zealand, have taken formal trade remedy actions to protect their industries from unfair European Union canned fruit imports;

Whereas pervasive fraud and abuse under this subsidy regime have also been documented;

Whereas these subsidy excesses, violations, and abuses have led to chronic European Union canned fruit surpluses and escalating exports, which exports have severely undercut prices and displaced United States sales in all global markets;

Whereas European Union subsidy excesses in this sector are so extreme that between 300,000 and 600,000 metric tons of Greek peaches are dumped every year in waste pits, further depressing Greek and global canned fruit prices;

Whereas the United States/European Union canned fruit agreement has failed to prevent these trade-restrictive and distortive consequences;

Whereas United States cling peach growers and processors can no longer sustain the unfair competition and harm being caused by unfairly subsidized European Union canned peaches;

Whereas trade agreements such as the one now in place regarding European Union canned fruit are of no value if they are inadequately enforced and deliver no relief to the affected United States sector; and

Whereas the European Union for several years has resisted efforts by the United States and most other non-European Union canned peach producing countries to correct its canned fruit practices: Now, therefore, be it

1 *Resolved*, That it is the sense of the House of Rep-
2 resentatives that the United States Government should
3 promptly take all necessary corrective action against the
4 European Union canned peach subsidy regime in order to

- 1 deliver tangible, meaningful relief to the United States in-
- 2 dustry and restore fair competition to this sector of trade.

