

GENERAL AGREEMENT ON

RESTRICTED

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TARIFFS AND TRADE

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ARTICLE XIX - ACTION BY THE EEC

Certain Frozen Squid

The following communication, dated 2 December 1987, has been received from the Commission of the European Communities.

In pursuance of Article XIX of the General Agreement, the European Economic Community has decided to take emergency action in respect of imports into the Community of certain frozen squid, uncleaned, of the genera Loligo and Illex, falling within sub-headings ex 03.03 B IV(a)(1)(aa) and 03.03 B IV(a)(1)(cc) of the Common Customs Tariff.

Under this measure, in force as from 20 November 1987, release to the Community market of the above-mentioned squid is suspended until 31 October 1988, with the exception of imports that observe the reference price of the products concerned. The measure does not apply to products in respect of which there is evidence that they had already been dispatched to the Community prior to the date on which the measure took effect.

The adoption of this measure was a matter of urgency because of the increased imports into the Community market of frozen squid, mostly in uncleaned form (33,400 t. in 1986, 72,000 t. in the first ten months of 1987). These imports at abnormally low prices have seriously jeopardized the marketing of like Community products, thus causing serious injury to producers.

Had this situation been allowed to continue, it would have jeopardized the operating conditions of the Community fleets which specialize in this activity, and which play a considerable rôle in the balance of fishing activities of some Community member States.

With regard to frozen squid of the genus Loligo, for several years Italian producers have faced increased competition from imports (28,000 t. in 1985, 37,000 t. in 1986, 23,000 t. during the first eight months of 1987), made at abnormally low prices and mostly in uncleaned form, while Italian landings remained relatively stable at an average of 5,000 and 7,000 t. per year. This situation, which has caused serious disturbance on the Italian market, has led the Community in the past and again recently to require that imports of certain species of Loligo originating in Poland should observe the reference price. Despite the temporary application of

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this measure in 1987, the situation on the Italian market has not improved. Thus, 75 per cent of Italian production is still being stocked because of the depressed level of market prices, which stand at an average of 950 ECU/t. in 1987 in comparison with an average price of 1,250 ECU/t. and 1,854 ECU/t. in 1986 and 1985, respectively.

This situation is due firstly to the continuing impact of abnormally low prices of imports made prior to the date of entry into force of the action taken against some species imported from Poland, and secondly to competition from imports of other species of *Loligo* not subject to the above-mentioned action but easily substitutable for the products of Italian origin, imports which were largely made at abnormally low prices, thus increasing the downwards pressure on market prices.

With regard to frozen squid, uncleaned, of the genus *Illex*, it has been found that during the first eight months of 1987, 10,100 t. have already been imported into Spain, as against 9,100 t. in 1986 and 5,400 t. in 1985.

These increased imports in 1987 are in addition to Spanish production of commercially similar products which, from an extremely low level in 1986 (*Illex* being a pelagic and very migratory species), has risen to about 19,000 t. in 1987, thus reaching the level of landings recorded in 1984. Furthermore, a large part of the imports was made at abnormally low prices, thus leading to a considerable drop in the price of Spanish products observed on representative markets in comparison with 1986 - a drop of between 30 to 50 per cent according to the most widely marketed sizes.

The collapse of prices on the Spanish market prevented most of the Spanish production from being marketed, with the result that 13,000 t. landed in the fishing year 1987 were still being stocked on the date of entry into force of the emergency action.

The Commission is ready to hold immediate consultations with any contracting party having a substantial interest in exports of the product concerned to the Community market.