

BOB DOLE



(R - Kansas)

2213 Dirksen Building, Washington, D.C. 20510

FOR IMMEDIATE RELEASE:
MONDAY, APRIL 12, 1982

CONTACT: SCOTT RICHARDSON
202/224-6521

CHANGE IN IMPORT DUTY FOR CORN GLUTEN BY EEC NON-NEGOTIABLE, SAYS DOLE

WASHINGTON -- Senator Robert Dole, R.-Kan., today called on the Reagan Administration to stand firm on its position that "zero duty binding" continue to apply to any U.S. export of corn gluten to Europe.

In a letter to Special Trade Representative William Brock, Senator Dole expressed "deep concern" over the decision by the Commission of the European Economic Community (EEC) to request authority from the EEC Council of Ministers to renegotiate the existing zero duty binding on imported corn gluten feed under Article 28 of the General Agreement on Tariffs and Trade (GATT).

"This action clearly demonstrates that the EEC is continuing to look for an external solution to the systemic problems of its internal Common Agricultural Policy (CAP)," said Senator Dole. "Until a serious effort is made to close the significant gap between EEC and world market prices for major agricultural commodities, there would be no benefit for the United States to engage in 'life-support' discussions on behalf of the CAP.

"The zero duty binding applicable to corn gluten feed, as well as to other non-grain feed ingredients and soybeans, was the result of prolonged and arduous negotiations between the U.S. and the EEC on a broad range of trade issues. As such, it is only within a 'total trade' context that any re-examination of the subject should take place. Any unilateral action under Article 28 to restrict access of these products would jeopardize the careful balance established through GATT negotiations," said Dole, a senior member of the Senate Agriculture committee.

"If the Council of Ministers approves the Commission's request, I strongly support the position that zero duty binding is not negotiable and that any invitation for talks on the issue be declined," Dole continued. "Should the EEC proceed to restrict access to its internal market in any way, the U.S. should take whatever measures are necessary to ensure that we are fully compensated.

"Moreover, for some time I have been distressed by the continuing actions by the EEC to expand its share of the world wheat flour market through the unfair use of export subsidies, which have enabled the EEC to increase its commercial market share for wheat flour from 28 percent in the early 60's to over 70 percent in recent years," said Dole. "Conversely, the U.S. share has declined from 28 percent to 11 percent during the same period. Australia and Canada have also suffered substantial losses of wheat flour sales in the world market.

"In December of 1975, the U.S. wheat flour industry filed a petition charging the EEC with unfair use of export subsidies on wheat flour. Numerous rounds of bilateral and GATT consultations since 1977 have failed to resolve the issue. The U.S. is currently pursuing the complaint under the GATT Subsidies Code," Senator Dole said in the letter.

"Regardless of the outcome of the present GATT case, it is unlikely that the EEC will restrain or eliminate its export subsidy practices in the near future. Consequently, it may be necessary to utilize existing authority, re-emphasized in the Standby Export Subsidy Program in the 1981 Farm Bill, to establish an export equalization program involving the use of subsidies for flour. The cost of such a program would be far outweighed by the resulting revenues generated by increased economic activity in the U.S. flour industry and reduced target price payments," said the Senate Finance Committee Chairman.

Copies of Senator Dole's letter to Ambassador Brock were sent to Agriculture Secretary John Block, Commerce Secretary Malcom Baldrige, and Secretary of State Alexander Haig.