



NEWS from U.S. Senator Bob Dole

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STATEMENT OF SENATOR BOB DOLE

EXTENSION OF COMMODITY CREDITS TO CHINA AND OTHER NON-MARKET COUNTRIES

Mr. President. On April 28, I introduced legislation to lift restrictions against commodity credits for non-market countries trading with the United States. As I stated at the time, my particular interest was in extending Commodity Credit Corporation credit terms to the Peoples Republic of China to encourage future wheat purchases by that country. At this time, I want to expand upon that earlier statement, and explain in more detail just what my bill would, and would not, accomplish, if enacted.

WHEAT PRICES DOWN

As most everyone knows, the wheat situation is disastrous. Prices are at a very low level. Estimated planted acres for wheat totaled about 8.2 million acres with a carryover projected by the Department of Agriculture at 1.12 billion bushels and production at about 2.05 billion bushels making an unprecedented total supply of 3.17 billion bushels. We have a tremendously large crop and large carryover with a total estimated disappearance of 1.72 billion bushels, which will increase our next year's carryover situation. U.S.D.A.'s latest projections on price indicate a season average price of about 2.25 to 2.35 per bushel. With this large supply, low prices and seemingly adequate production in the rest of the world, we must seek to increase our U.S. wheat export opportunities.

New demand has been opening up for wheat exports to the Peoples Republic of China (P.R.C.) and U.S. farmers' hands have been tied in trying to compete for these export sales. The P.R.C. has contracted for FY '77 about five million metric tons and is expected to be in the market for an additional one million metric tons. So far, all of the P.R.C. purchases have been wheat from other suppliers, including Australia, Canada, and Argentina, who have been offering very favorable credit terms.

PURPOSE OF DOLE BILL

Under the Trade Act of 1974, the U.S. government is prohibited from offering C.C.C. credit to the P.R.C. so that U.S. farmers could compete for this new market. I have, therefore, introduced legislation to allow C.C.C. credit for purchases of agriculture commodities on a nondiscriminatory basis.

This amendment would enable the United States to take advantage of this kind of export opportunity and will not, of course, apply to countries to which validated export licenses are denied under the Trading with the Enemy Act -- North Vietnam, North Korea, Cuba, Cambodia, and Rhodesia.

In my opinion, there is a very good reason for seeking to facilitate greater trade with the Peoples Republic of China at this time. Following Communist China's new "open door" policy with the United States, U.S. exports to that country jumped from "zero" in 1971, to \$819 million worth in 1974. This was a phenomenal new market for American goods, and 80% of those exports were agricultural products -- primarily wheat, cotton, soybeans, and corn. And the Chinese insisted on paying cash for most of it.

After 1974, our exports to Communist China fell sharply, due mainly to domestic political turmoil in China, foreign exchange problems, and a large trade deficit realized by that country. I believe Commodity Credit agreements between the U.S. and the P.R.C. at this time could stimulate this lagging market for American agricultural goods. Of course, formal diplomatic recognition of the Peoples Republic is an entirely separate issue, entailing resolution of several outstanding political problems involving the U.S. national interest, and our responsibilities and commitments to Taiwan.

NO CREDITS TO CUBA OR VIETNAM

But, as I have indicated, I definitely do not favor extension of trade credits to Cuba or Vietnam. It is not the intent of my bill to do this, and enactment of my proposal would not accomplish it, since both Cuba and Vietnam are currently barred from U.S. trade under the "Trading with the Enemy Act". What concerns me is that the President has authority to add or delete countries from the "Enemy Act" at his own discretion, and I can only reiterate the strongest feeling of myself and many of my colleagues that it would be a mistake for President Carter to take Cuba or Vietnam off of that list.

There is a good reason for avoiding trade overtures to Cuba and Vietnam at this time. Our preliminary contacts with those two countries have been minimal, and improved relations at this time would benefit only their communist regimes. It would be a one-way street, in the other direction. It is no secret that they are eager for economic ties with us. Yet Vietnam continues to be uncooperative in accounting for our M.I.A.'s. Cuba continues to export their revolutionary doctrine, and their troops, throughout the world. Both countries seriously violate human rights of their own citizens. If we expect to see any progress on these important points, we must use all our bargaining chips -- and the best one we have to use is the prospect of future trade.

The 1972 "Shanghai Communique" laid a basis of mutual understanding between the U.S. and Communist China, on which political and economic ties could be developed so long as they were mutually beneficial. We have no such groundwork prepared with the Cubans and Vietnamese and, frankly, I don't see any basis for it at this time.