News from Senator

BOB DOLE

(R - Kansas) SH 141 Hart Building, Washington, D.C. 20510

FOR IMMEDIATE RELEASE
MONDAY, MAY 6, 1985

CONTACT: WALT RIKER,
DALE TATE 202/224-3135

DOLE RESPONSE TO MITTERAND -- EXPAND U.S. FARM EXPORTS

WASHINGTON -- Concerned by French President Mitterand's action to block negotiations of farm export subsidies in a new round of international trade meetings, Senate Majority Leader Bob Dole (R-Kan.) today called for a new bonus commodity incentive. The program -- called "BICEP" (Bonus Incentive Commodity Export Program) -- will help boost the competitiveness of U.S. farm products overseas. Under the program, government surplus commodities would be available on a bid basis as bonuses to companies who complete the sale of U.S. agriculture products. As a result, government stocks, now busting bins and the budget, would be lowered and American ag exports would get some added muscle. A special agricultural products export committee of government and private sector individuals would be established to administer BICEP.

DOLE STATEMENT ON BICEP

Based on preliminary reports, the Administration's efforts to obtain agreement from our major western trading partners on initiation of a new round of negotiations under the General Agreement on Tariffs and Trade (GATT) early in 1986 have foundered on the opposition of French President Mitterand. This development will only increase difficulties in resisting pressures for trade protection in the Congress, across the United States, and around the world.

President Mitterand focused his refusal to accept a starting date for a new GATT round on insistence that the agenda exclude the operations of the European Community's (EC) Common Agricultural Policy (CAP). This blanket exemption would include the EC's use of export restitutions, or subsidy payments, to dump its surplus farm production on the world market as well as protection of the internal EC market through variable tariffs on imports.

It is evident from President Mitterand's remarks in Bonn that a negotiated resolution of the export subsidy issue will not be possible either this year or in the near future. The U.S. must face the fact that world trade in agricultural products will continue to reflect a large and possibly expanded role of government intervention and subsidized trade practices. Further delay will only worsen our export outlook and compound the extreme difficulties facing our farmers, ranchers, food processors and merchandisers.

The urgent need to become competitive will require Congress to act swiftly in writing the 1985 farm bill to allow U.S. farm prices to reach international levels. I intend to support adjustments in price support loan levels that will restore our competitive position, while protecting basic farm income.

At the same time, we cannot expect U.S. producers to accept a sustained period of lower farm prices without the clear assurance that the federal government will do its part in offsetting the anti-competitive effects of foreign subsidies and other trade practices. For this reason, I am recommending that President Reagan and Agriculture Secretary John Block initiate a bonus incentive commodity export program to demonstrate U.S. resolve to compete under prevailing conditions in world agricultural trade.

Under the BICEP program, surplus government-owned commodities would be offered as bonuses to companies which contract to sell specified quantities of U.S. agricultural products overseas. The Commodity Credit Corporation currently holds about $6 billion in inventories, and the total is expected to reach $8.4 billion in FY-86. These commodities have been bought and paid for under the farm price support programs of the last few years, and will cost $360 million in storage in FY-86 alone. Their use under the BICEP program would reduce future budget outlays as well as leveraging increased exports.

In my view, the President could establish an independent committee, including agricultural representatives, to administer the BICEP program. I will be discussing possible provisions with Administration officials and other members of Congress this week. Hopefully we can get agreement on the BICEP approach and on complementary action in the 1985 Farm Bill in the course of the current budget and deficit reduction discussions.

Action by the U.S. to restore its competitive position in agricultural trade should not be interpreted as retaliatory in nature. We are simply acknowledging what President Mitterand so clearly identified in Bonn as an economic fact of life -- that farm trade is not, and will not for the foreseeable future, be subject to reasonable restraints under GATT. Until these basic conditions can be changed, the U.S. must -- and will -- play by the same rules and do whatever is required to protect the economic interests of our farmers and the agriculture industry.

-30-