

FOR IMMEDIATE RELEASE
August 10, 1965

The five Members of the House of Representatives from Kansas today expanded on the need to suspend further GATT negotiations on agricultural products as originally proposed in a letter to President Johnson on July 28. In a letter to Congressman Tom Curtis of Missouri the Kansas Congressmen explained that, "It is imperative that the U.S. make every effort to shake off its residual world wheat exporter role, through (1) effective price competition, and (2) opening up global wheat markets to ourselves by eliminating current administrative licensing, commercial credit, and flag shipping restrictions."

The full text of the letter follows:

Honorable Thomas B. Curtis, M.C.
House of Representatives
Washington, D.C.

Dear Tom:

Many, many thanks for your thoughtful and detailed letter of last week commenting on the Kansas House delegation's proposal that the U.S. delay further Kennedy Round talks on agriculture and become a vigorous competitor in world wheat export markets at the lowest possible price.

Of course the whole thrust of the Trade Expansion Act, and of the Kennedy Round, and of the U.S. position has been -- in principle -- in the direction of expansion and liberalization of world trade. This principle, however, has been consistently undercut in the details of negotiation.

It has been agreed since before the Kennedy Round began in Geneva over two years ago that the key to the agricultural side of the negotiations would be grains, and a GATT Grains Agreement would be the key to the industrial side of the negotiations.

The GATT Cereals Group met in Geneva June 10-18 to discuss the positions of the various participants. The special GATT group on grains is made up of the U.K., the EEC, Switzerland and Japan as net importers, and the U.S., Canada, Australia and Argentina as major exporters.

Throughout these discussions the EEC firmly held to its so-called offer of the "montant de soutien," which had been previously rejected by the U.S. as unacceptable and contrary to the objective of liberalizing world trade in grains, as well as directly opposite to the proposals submitted by the U.S. This might have been expected from the EEC at this time, but what should not have been expected was the disposition of the U.K. to find merit in the EEC position.

As you may remember, the U.S. agreed to a British market protection scheme in the U.K. Grain Agreement of a year and a half ago, on the assurance that access to their market for our wheat and feed grains would continue to be maintained in accordance with the historic average of imports. This access assurance has not been met by the U.K., and our sales of grains to them during the past year have sharply declined. It should be remembered that this U.K. Agreement was heralded by U.S. negotiators as a model for a GATT Grains Agreement under the Kennedy Round. The results certainly should give pause to those who stand for trade expansion.

However, what should have been equally unexpected in Geneva in June was the attitude of Australia and Canada, particularly Australia, in resigning themselves to the EEC's policy of high domestic grain market protection, and to concentrating almost exclusively on higher administered world wheat prices.

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Australia's and Canada's willingness to ignore the fundamental objective of grain trade expansion and liberalization among GATT nations can only be explained by their pursuit of their own self interests together with the following:

- 1) The U.S. has historically been forced into the role of residual wheat supplier in world commercial markets under the price provisions of the International Wheat Agreement;
- 2) The prospect is that this residual role would be even more residual under higher administered Agreement prices;
- 3) Fixed administered world wheat prices favor Canadian and Australian wheat growers (Canadian Wheat in Western Europe based on quality and Australian Wheat in the Orient and Far East based on location);
- 4) The U.S. does not compete at all (not even on a residual basis) for the growing wheat markets in the Communist bloc permitting Australia and Canada the luxury of a free ride on increased West European self sufficiency arising from high EEC price protection in exchange for higher administered world wheat prices giving Canada, Australia, and Argentina exclusive dominance in Communist bloc markets.

Certainly under these conditions the U.S., at best, cannot hope to negotiate anything in grains but a very thin agreement that would sanction continued and increased market protection by the EEC and the U.K., and administered price competitive advantages to Australian and Canadian exporters, both to the distinct disadvantage of commercial U.S. wheat growers and exporters.

Therefore, it is imperative that the U.S. make every effort to shake off its residual commercial world wheat exporter role, through (1) effective price competition, and (2) opening up global wheat markets to ourselves by eliminating current administrative licensing, commercial credit, and flag shipping restrictions. These actions are obviously necessary, before going back to Geneva on grains, in order to bring the major exporting nations into a united front for real grain trade liberalizing negotiations which are also the key to industrial trade liberalizing negotiations.

The U.S. should also make clear that we seriously question at this time the value of continuing participation in the present International Wheat Agreement, as a sign of our displeasure with the lack of cooperative spirit on the part of other GATT Grain Negotiations participants, particularly other exporters.

We should have until the end of this calendar year to make these policy decisions clearly felt.

Most sincerely,

s/ Bob Dole, M.C., 1st District
s/ Robert F. Ellsworth, M.C., 3rd District
s/ Chester L. Mize, M.C., 2nd District
s/ Garner E. Shriver, M.C., 4th District
s/ Joe Skubitz, M.C., 5th District

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