



NEWS from U.S. Senator Bob Dole

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STATEMENT OF SENATOR BOB DOLE -- FINANCE SUBCOMMITTEE ON INTERNATIONAL TRADE

INTERNATIONAL AGRICULTURAL TRADE AND INCREASING U.S. EXPORTS

The purpose of this Hearing is to explore with government and industry leaders ways and means of expanding U.S. farm exports. We shall be hearing from a rather broad spectrum of agricultural commodity interests. Some of these commodity groups, such as soybeans, are enjoying better export markets than was the case a year ago. Others, such as wheat and feed grains, are experiencing export marketing difficulties that are extremely serious. Some commodities that have fared well recently, may be heading for difficulty in the near future.

There is no way we can have a full production farm policy without a vigorous export policy. The United States supplies about 45 percent of world wheat exports, about 55 percent of the coarse grain exports and 75 percent of the soybean exports.

Balance of Trade

Farm exports are not only important to the American farmer but they are also important to our trade balance. A few years ago, earnings from farm exports, about \$22 billion, almost offset the cost of imported oil. This year, our oil import bill will be \$40-45 billion annually while our earnings from agricultural exports will amount to about \$24 billion. This year our overall balance of trade deficit will probably reach \$20 to \$25 billion. This deficit is not only important from the standpoint of fiscal policy, but a narrowing of the trade gap would be of tremendous value to rural America if it resulted from increased farm exports.

Wheat Exports Decline

When viewed in aggregate terms this fiscal year (Oct.-May), farm exports are not doing badly. About \$17.1 billion worth has been exported compared with \$15.6 billion for the same period last year. However, this is due largely to strong demand for soybeans and soybean products. Exports of wheat and wheat products from October 1976 through May of 1977 are down from \$3.2 billion to \$1.9 billion. Volume has dropped for this period from 745 million to 551 million bushels. Feed grain tonnage for this period has increased slightly from 34.3 million metric tons to 35.6 million; however, because of lower prices the value of feed grain exports have declined from \$4.1 to \$3.9 billion. Corn is now receiving competition from wheat as a feed grain in the domestic market. This puts further price pressure on corn. Thus, we have a situation where wheat and feed grain producers are being hurt badly by the lack of movement of grain into export channels.

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We need to explore today the problems - both long and short range - that confront U.S. exports, especially those now experiencing marketing difficulties and those that may soon be facing similar problems. What can industry do and what role should government play in giving this matter the attention it deserves?

U.S.D.A. Resources

The U.S. Department of Agriculture has certain tools that are used or could be used to facilitate agricultural exports. At the disposal of the Secretary for use in assisting exports are:

- (1) CCC credits with terms up to three years.
- (2) PL480 programs - both donations and concessional sales.
- (3) Barter program which has been inactive since June 30, 1973.
- (4) Concessional cash sales under authority of the CCC Charter Act. Now inactive but which have been used in the past to export milk at competitive world prices.
- (5) Grain export subsidies - suspended in 1973.

I would be interested in hearing the Secretary's plans on how he might use these programs to further stimulate exports as well as his thoughts on any new programs that might be effective. We wish especially to hear from the industry leadership on how to more effectively use available programs or new ideas to expand exports.

Long Term Benefits

Looking toward long-term benefits to farm exports, the USDA has cooperated/USDA market development programs. In addition, the USDA has input into the Geneva trade negotiations. These areas are of sufficient importance to merit considerable discussion by witnesses at this Hearing. I do not wish to detract from the long-term need of American farm exports to flow in world trade with a minimum of trade restrictions. Neither do I want to minimize the solid and continuous effort necessary to build markets overseas through promotion and trade servicing.

Therefore, at these Hearings we need to focus on both the immediate problems of needed export stimulation and the longer term problems of access to markets and market development.