

News from Senator

BOB DOLE



(R - Kansas)

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NATIONAL ASSOCIATION OF WHEAT GROWERS
ENDORSES DOLE'S EFFORTS ON BEHALF OF FARMERS IN
U.S. - CHINA QUOTA DISPUTE

WASHINGTON -- The following is the text of a letter received today by Kansas Senator Bob Dole. The letter is from the National Association of Wheat Growers, which is supporting the Senator's letter to President Reagan urging completion of textile import negotiations with the People's Republic of China.

Dear Senator Dole:

This is to express the appreciation of the National Association of Wheat Growers for your letter of July 20, 1983 to President Reagan regarding pending textile negotiations between the United States and China. You are very correct in asserting that the protracted negotiations have caused the Chinese to totally suspend purchases of U.S. wheat during the past seven months.

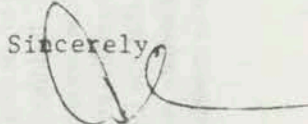
U.S. wheat exports dropped 32 percent during the 1982-83 season, and current USDA projections point to a further four percent decline this season to 1.4 billion bushels. Substantial wheat sales losses to China have been a major factor in the current trend of declining wheat exports, and it is clear that the result will be lower farm income, reduced export earnings and a bigger burden for domestic farm programs.

Moreover, the handling of the China textile negotiations have caused wheat farmers to question policy proposals which are being advanced to increase U.S. export sales by implementing policy changes designed to make U.S. wheat more competitive in world markets. Wheat farmers have made substantial investments in the China market with the development of a model bakery, a noodle plant and the construction of a flour mill. These projects are all aimed at increasing Chinese demand for U.S. wheat, and the Chinese have indicated strong interest in replicating these undertakings many times over. However, current U.S. trade policy suggests that the beneficiaries of these efforts will be our export competitors, and not U.S. wheat growers.

We estimate that the U.S. has lost over \$550 million in wheat trade during 1983 in an attempt to satisfy domestic textile interests. The Chinese have been the United States' largest wheat customer, annually buying over eight million tons worth about \$1.3 billion. Obviously, U.S. wheat farmers have already paid a very high price in the textile negotiations, and they are being sent a signal that shakes their confidence in the improvement of the wheat economy through expanded trade.

Again, we are grateful for the attention that you have given to this vital issue, and we remain eager to work with you in promoting a balanced U.S. trade policy.

Sincerely,


Carl F. Schwensen
Executive Vice President