

4/19/86

The World Trade Council of Wichita  
Presidential "E" Award Ceremony  
and Keynote Address by Senator Robert Dole

April 19, 1986  
Ramada Hotel at Broadview Place

A G E N D A

11:15 a.m.	Registration	
11:30 a.m.	Luncheon Served Welcome & Introductions	Master of Ceremonies Jerry Mallot, President Wichita Area Chamber of Commerce
11:31 p.m.	Welcome	Mayor Tony Casado City of Wichita
11:34 p.m.	Welcome	County Commission Chairman Bud Hentzen Sedgwick County
11:37 p.m.	World Trade Council/ Chamber of Commerce Affiliation	Jerry Mallot
12:00 p.m.	World Trade Council Background	Dr. Dharma de Silva Chairman, World Trade Council
12:06 p.m.	Significance of "E" Award	Jim Cook, District Manager U.S. Department of Commerce
12:11 p.m.	Introduction of Senator Dole	Dr. Warren Armstrong President Wichita State University

12:15 p.m.	Presentation of the "E" Award  and  Presentation of "E" Award Pins	Senator Robert Dole Senate Majority Leader  United States Senate  Presented to: Dr. Dharma de Silva Brian Johnson Chairman Wichita Area Chamber of Commerce
12:25 p.m.	Keynote Address	Senator Dole
12:45 p.m.	Question & Answer	Senator Dole
1:05 p.m.	End Question & Answer	
1:15 p.m.	Flag Ceremony Chamber of Commerce	Senator Dole Dr. Dharma de Silva Jerry Mallot Jim Cook Dr. Warren Armstrong
1:30 p.m.	Adjournment	

PRESIDENT'S "E" AWARD PRESENTATION  
TO THE WORLD TRADE COUNCIL OF WICHITA

*Saturday, April 19*

o This week, for the first time in many, many months the United States got some good news on the trade front. The trade deficit, which has been deteriorating at an annual rate of \$21 billion in the final three months of the year, improved at an annual rate of 14.8 billion from January through March.

o This positive shift is in large part the result of the decline in the value of the dollar. Since the meeting of the so-called G-5 nations last September, the dollar has fallen over 20% from its spring 1985 peak.

o I hope that this turnabout is not just a fluke. But even with the good news, we must face facts: the United States does not have an adequate long-term trade policy.

o Most people perceive the act of "trading" as an exchange -- between businesses, states, countries. We Americans believe trade is a two-way street -- goods coming and going.

o But the cold hard facts show us that the rest of the world does not necessarily agree. Many countries are only too happy to sell us their goods. But when it comes to buying ours, they say "No thanks." It's like a couple who comes to your home for dinner dozens of times, benefited from your hospitality and generosity, but never invites you to their home.

o The truth is, that most of us in Congress, most businesses, don't want protectionist barriers erected to prevent foreign goods from entering the United States. What we want is access -- the opportunity to sell American products in overseas markets.

o In the past, the United States blinked at other countries' trade barriers even though our markets are among the most open in the world. In view of the current U.S. political and economic climate we can no longer afford this luxury.

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o One unfortunate outgrowth of our trade problem is that it seems to color our relationship with foreign nations on a whole host of other issues. Whether it is defense, or environmental concerns -- sensitivity about America's deteriorating trade position has an impact on other policy matters.

#### AGRICULTURE AND TRADE

o I am especially sensitive to the importance of world markets to U.S. farmers. U.S. agricultural sales have fallen by 50% in four years: from \$43.8 billion in 1981 to \$28 billion in 1985.

o Problems facing ag exports have included:

- reduced buying power and increased food production in developing countries. These trends are tied to long-term economic trends, and will not change soon.
- the relatively high value of the dollar in 1981-85. With the 30% decline in the dollar since a year ago, U.S. sales should improve somewhat. However, most of our competitors have tied their currencies to shifts in the dollar's value to prevent losing market share.
- U.S. price supports above world market price levels. This has been addressed through the lower loan rates in the 1985 farm bill. However, these 15-25% reductions will not be effective until the 1986 harvest begins (June for wheat; September for feedgrains and soybeans). There are currently significant distortions in old crop vs. new crop prices.
- government-assisted competition. The EEC's use of export subsidies is only the most blatant example of government intervention in farm exports. Others have used (and are using) various production and ocean freight subsidies or allow domestic hyperinflation to underprice their exports.
- lack of a coherent U.S. trade policy. Food has been used as an economic and political weapon by Administrations of both parties, either by cutting exports off in embargoes or by discriminating in the application of subsidies. U.S. refusal to offer Export Enhancement Program (EEP) bonus commodities across-the-board has cost sales to friends (Korea, Brazil) as well as enemies (Soviet Union, PRC).

o The Reagan Administration is making a serious effort to counter unfair trade practices. Lyng and Yeutter are meeting their EEC counterparts (de Clerq and Andreissen) in Paris today (Saturday) to make clear that the U.S. will not accept the new EEC restrictions on farm trade with Spain and Portugal. Unless the EEC rescinds its announced import quotas and protected market

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arrangements for wheat, grain sorghum and soybean products, the U.S. will offset the value of lost sales by imposing restrictions on EEC agricultural exports.

o We do not want to initiate a farm trade war. We would like to normalize ag trade by eliminating subsidies now allowed under GATT. The EEC has refused to put ag subsidies on the agenda for the new GATT round ever since the last Ministerial meeting broke down in November 1982. We cannot start new negotiations without ensuring that this issue will be addressed.

o Agriculture trade is vital to the economic health of rural America and the Nation. 20 million jobs and 20% of our economic activity can be tied to the farm sector. Low farm prices are one of the primary reasons for the low inflation being enjoyed by other Americans as well as foreigners.

o I have urged the Administration to consider setting annual targets for the volume or value of farm exports in 1986, 1987, and 1988. This would introduce a needed element of accountability into evaluating our export performance, particularly as it relates to the results of our domestic farm programs. It would also be recognition that the U.S. must accept a more active role in competing for agricultural exports as long as other governments continue to actively intervene in international trade.

o When a farmer has a bankruptcy sale or a plant closes down, the men and women whose lives were intertwined with those ventures are not interested in the fine points of the comparative advantage theory of free trade and how the EEC provides export subsidies. They want jobs and protection from unfair trade practices.

#### CONGRESS AND TRADE POLICY

o I have never seen stronger Congressional sentiment for acting on the trade front. My colleagues, including strong advocates of free trade, are fed up with what they believe to be basic unfairness.

o Trade already is and will continue to be a major political issue in the 1986 and 1988 elections. Many in Congress are already moving to gain early political advantage. Hundreds of trade bills have been introduced to date. The stakes are high -- maybe control of the Senate in 1986.

o Although there is a diversity of opinion among members of Congress on how best to address the trade issue, there seems to be a consensus that Congress must reassert its broad constitutional authority over trade policy. Under Article I of the Constitution, the Congress is expressly vested with the power

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to regulate commerce with foreign nations and to set tariffs. The erosion of this authority had its origin early in this century and has continued over the years to the point that Congress has ceded to the Executive Branch the primary role not only in implementing these policies but also in setting our overall trade policies.

o Last November a bipartisan group of my Senate colleagues joined with me in introducing a major trade initiative which attempts to reestablish our involvement.

Specifically, this bipartisan initiative addresses are ways:

To insure systematic enforcement of existing trade laws against foreign unfair trade practices;

To expand trade through market liberalization;

To promote meaningful adjustment of import-impacted industries to new competitive conditions; and

To remedy misalignment of the dollar, developing country debt, and disincentives to U.S. exports.

In addition to this effort there are numerous sector specific bill which the Congress has been asked to consider. Notable among them, the so-called textile bill, which has passed overwhelmingly by both the House and Senate, then vetoed by the President.

#### CANADA FREE TRADE AGREEMENT

o One more recent example of congressional determination to become an active partner on the trade issue is the administration's proposal to begin negotiations on a free trade zone agreement with Canada. It was not long ago that Congress would have rubber-stamped this kind of proposal. But because a number of Senators are concerned about the growing trade imbalance with Canada, twelve senators, I among them, wrote the President asking that he withdraw the proposal rather than have it defeated.

o The last sentence of the letter reads, "We seek your Administration's active participation in a cooperative effort to enact a reasoned comprehensive trade bill during this session of Congress....."

o The trade issue is not going to go away. Members of Congress recognize that America's trade policy is in shambles. And Congress seems prepared to pick up the pieces -- if you can believe all the rhetoric.

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CONCLUSION

o The clock is ticking. Ticking for our trading partners throughout the world, who need to take some decisive action soon.

o The clock is also ticking here at home. We must do something quickly, on two fronts. We have to get our deficits, and our dollar, under control. And we must set up an effective mechanism to deal with trade issues on a comprehensive basis. If we ignore the problem any longer, we put at risk our own prosperity and our role as the engine of global economic progress.