Trade panel presents U.S., European, Japanese perspectives

HONOLULU — Insisting that European Community exports have not resulted from comparative advantage in production, James Starkey, Universal Leaf Tobacco Co., pointed out that EC export subsidies constitute about 30 percent of the value of subsidized exports.

In remarks made last week at the 54th annual meeting of the National Council of Farmer Cooperatives, Starkey said that the EC has moved from an importer of grain in the 1970s to the fourth largest exporter in the 1980s. In addition, he said, the EC is now the world's largest exporter of sugar, poultry, eggs and dairy products.

Although the United States exports food products valued at about $9 billion to the EC, Starkey is concerned that this market has not grown during the last three years.

The former U.S. trade official pointed out that the fastest growing markets have been third world countries and Eastern Europe, countries which he calls "broke." And since they are not good credit risks, "there will be intense competition for the few hard cash markets left," he said.

"We need to be clear and consistent so there is no doubt of our resolve to defend our legitimate trade interests," Starkey asserted. "But we are far more likely to make progress through consultation and cooperation then we are through confrontation."

Ulrich D. Knueppel, secretary for agriculture, Commission of the European Communities, said that U.S. farmer cooperative leaders should concern themselves more with whether developing countries will be able to buy food, rather than fret over market shares and supply factors.

Knueppel defended U.S. accusations that the EC is protectionist by indicating that it is the biggest importer of agricultural goods in the world, accounting for a quarter of all world agricultural imports in 1980 and running a trade deficit on agriculture of $32 billion.

He pointed out that the U.S. and EC account for about one-third of all international agricultural trade, a figure that jumps to one-half when intracommunity trade is added. Therefore, he feels developed countries must either finance large-scale food imports and development efforts in the third world, or be prepared to revise agricultural production policies.

Brookings Institution trade specialist Fred H. Sanderson called for "quietly persistent, patient and flexible" trade policy to open channels to Japan. However, according to Starkey, the Japanese must "understand that we have to be able to sell what we produce efficiently if they are to continue to enjoy access to the U.S. market."

Sanderson used calculations by a prominent Japanese agricultural economist to show that eliminating beef quotas, offset by deficiency payments financed by a temporary surcharge on imports, could: lower Japanese retail prices 30 percent; increase domestic demand 45 percent; and increase imports 150 percent. All at no cost to Japanese beef producers or the Japanese treasury.

These policy changes, Sanderson added, could result in an additional $300 million in U.S. beef trade. Elimination of quotas on imported oranges during the off-season, he noted, could be worth $150 million to American orange growers.

Sanderson declared that although the desire to be self-sufficient in food production is popular everywhere, it is entrenched in Japan. Nontheless, Japan accounts for about $7 billion annually in U.S. food exports, primarily feedgrains and soybeans.

Block announces $1.25 billion in new blended export credit

DALLAS, Tx.—Secretary of Agriculture John R. Block said the export credit program announced here last Tuesday by President Reagan will provide at least an additional $1.25 billion in blended credit beyond the $500 million authorized in late 1982.

Block said the Commodity Credit Corporation would make available an additional $250 million in direct interest-free export credit under the GSM-5 program. This will be blended with at least $1 billion in CCC export credit guarantees to produce interest rates below commercial levels. The CCC guarantees private credit at commercial rates under the GSM-102 program.

"We were very pleased with the success in the $500 million blended credit offer made last year," Block said. "We expect this new offer to be just as successful in providing exports that we would not have otherwise realized. The president's announcement will give an added thrust to our goal of relieving the downward pressure on U.S. farm prices caused by excessive supplies."

Block said the new export credits will be offered principally to developing countries, with terms up to three years.

The earlier blended credit program, announced last Oct. 20, allocated $100 million in government credit to be blended with $400 million in credit guarantees in fiscal year 1983. Within a month, use of the total $500 million had been applied for by foreign customers. This cleared the way for the sale by private U.S. exporters of more than two million tons of wheat and significant amounts of corn, vegetable oil, soybean meal and cotton.

The result was $500 million in additional U.S. export sales for an outlay of government funds of $100 million, which ultimately will be repaid.

Block said that we must concentrate on both fronts—increased demand and reduced supply—to move farm prices up. While our commodity programs to reduce supplies are essential, it is just as important to pursue programs to expand agricultural exports.