

GATT official says rules of ag trading to be liberalized

MIAMI BEACH — The "least-known international organization in the world" may be criticized by U.S. agricultural leaders for failing to promote more trade, but it has nearly 40 years of success in stimulating trade between countries, the group's deputy director-general said today.

William B. Kelly, a former U.S. government trade official who holds the No. 2 job in the Geneva-based General Agreement on Tariffs and Trade (GATT), addressed the annual meeting of the National Council of Farmer Cooperatives.

Conceding that GATT and other trade negotiations "have not benefitted agricultural trade to the same extent as trade in the industrial products," Kelly noted that it nevertheless has allowed a tenfold increase in U.S. corn gluten feed exports to the European Community and an increase of nearly 25 times in soybeans and products to the EC in the last 25 years.

What Kelly called the "major deficiencies" in agricultural trade rules negotiated by the governments of major trading nations are one of the principal reasons for U.S. advocacy of a new round of

negotiations expected this fall.

Kelly reported to the farmer cooperative leaders, many of whom are major agricultural exporters, that a preparatory committee holds its first formal meeting next week in Geneva to work on recommendations for the negotiations to a meeting of trade ministers in September. Agricultural negotiations are likely to begin next year.

"Progress in the liberalization of agricultural trade is regarded as an essential element" if the new negotiations are to preserve the international trading system, Kelly said, but the prospects for success are uncertain.

"If domestic agricultural programs continue to be given priority over trade liberalization," he noted, "basic changes will be extremely difficult." However, in better times — "and a non-election year, significant results are possible, perhaps even probable."

Kelly described the work of the GATT Committee on Trade in Agriculture for the past three years in defining approaches to negotiation of rules for trading in farm products.

The committee has suggested two approaches for one of the most

difficult issues — whether and under what circumstances countries would be permitted to continue subsidizing agricultural exports.

One, Kelly said, would improve GATT's rules by achieving agreement on how existing GATT provisions are interpreted. Because those provisions now are subject to a wide difference in

interpretation, confrontations such as those between the U.S. and the European Community over wheat flour and pasta have arisen.

The other, perhaps more difficult to achieve, would "prohibit all export subsidies subject to carefully-defined exceptions."

While most countries are subject to political pressures to protect

domestic agricultural producers, he suggested, they also worry about "the political acceptance by taxpayers of the increasingly huge economic burdens" of subsidizing agricultural exports.

That has, at least, led to the recognition that "the present situation cries out for improvement," Kelly said.

Heflin says ag spending cuts could be devastating

MIAMI BEACH — The Gramm-Rudman deficit reduction bill could become the "farm assistance reduction bill," Sen. Howell T. Heflin (D-AL) warned the National Council of Farmer Cooperatives here.

Spending cuts required by Gramm-Rudman, he said, could have "a devastating effect on a whole lot of programs. It might do just what a lot of us fought to prevent in the farm bill — the steady reduction of target prices."

Heflin observed that, "Over time, agriculture could face a lot of cutting," because the Gramm-

Rudman bill has the same five-year span as the just-passed farm bill.

"We may recognize that we will need additional revenue," he said. But he added, "I hope that we can adopt an alternative approach" to the budget reduction mechanisms now being implemented.

The government also needs to have a better-coordinated policy for the State Department, Agency

for International Development and the U.S. Department of Agriculture in which disagreements are decided in the interest of U.S. farmers, he said.

Heflin also urged more work on market research for agricultural products and greater research into reducing costs of production for farmers. "We also need an expanded cooperative function, designed to help save farmers money," he added.

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