

**THE FARMERS' VIEW**

# U.S. TRADE LAWS: Keep America Competitive

This year the Congress will be considering some major changes in U S trade legislation. Such action is aimed at opening foreign markets to more goods made in America. We support efforts to strengthen U.S. laws dealing with unfair foreign trade practices. While we believe the focus of trade legislation must be to expand exports, we must oppose imports of products that compete unfairly with domestic agricultural markets. At present, there are provisions proposed that would close some American markets to imports. Because of this, some experts say that we have moved into a protectionist attitude unseen since the 1930's.

Much pressure is being placed on Congress by labor and the industrial lobby's which have been severely affected by the imports over the last decade. Most of their competition comes from just a few countries. On the other hand, agriculture has seen imports flooding the country from nearly every nation of the world, many of which have subsidized their agricultural production. American farmers can compete with other farmers in the world, but not against the treasury of other nations.

Foreign dumping or subsidizing should be firmly dealt with by compensatory import restrictions to prevent injury to domestic producers. The current law provides neither an efficient nor effective way to deal with unfair practices. Nor does it establish deadlines. The present law allows foreign countries too lengthy a time to respond to U S complaints, which in many cases drag out for long periods of time, and require costs that become prohibitive for some industries. However, we believe that these deadlines should be imposed on all nations through GATT (General Agreement on Trade and Tariffs), rather than legislatively.

Currently some members of the Congress would like to impose mandatory retaliation against some countries through an elaborate scheme of requiring a foreign country with an "excessive" trade surplus with the U S to reduce that surplus according to a prescribed numerical formula and timetable or face unilateral and across-the-board U S retaliation. The U S runs trade surpluses in agriculture with most countries in the world and the type of rationale embodied in this provision could be used against our farm trade. Additionally, this is a dangerous provision since it takes trade sanctions totally out of the normal rules of GATT and opens the door to retaliation. GATT does

provide the forum for discussing and resolving trade problems among the nations involved.

Several times in the past few years, the President has been called on to impose restrictions on trade. The vast majority of import relief cases, whether involving fair or unfair foreign trade, deal with industrial products. Mandated U S retaliation is most likely to result in foreign retaliation against U.S. farm exports. In cases where retaliation has been used it has seldom resulted in a resolution of the problem, rather, we have seen counter-retaliation.

We believe that each situation should be judged on its own merits. Too often foreign policy considerations have gotten in the way of U S economic interests in trade cases. We believe that the President must be given the discretion to consider the overall effect of retaliation on other sectors, world markets, and on the economy as a whole. Mandating retaliation could be devastating in some instances. Additionally, any form of import controls or easing of injury requirements under Section 201 of the Trade Law could impact the economy as a whole. Section 201 of the U S statute that allows temporary import controls when U S industries or producers are being injured by increased imports, even if no unfair trade practice is involved.

It is not in the interest of U S agriculture to expand significantly the ability to restrict imports without establishing the existence of an unfair trade practice. Any widespread use of Section 201 would tend to result in foreign retaliation against U S farm exports.

A major concern of the agricultural community is the need for a system that would allow relief within seven days where the product is a perishable commodity. Commonly called "Fast Track" legislation is needed to speed up the process required when a foreign nation is dumping on U S markets a product which is a perishable commodity and is being harvested at the same time in this country.

Probably one of the most important provisions affecting agriculture is the issue of "Producer Standing" in trade complaints. It is important that agricultural interests be allowed to petition for relief from unfair imports of products processed from agricultural goods, if, there is a continuous line of production and the product is not substantially altered, and if the agricultural producer has a substantial economic interest in the processed product.

The proposed amendments to the current trade law have attempted to expand the definition of "unreasonable" trade acts to include the denial of certain workers' rights and requiring the negotiation of this issue in future international trade talks. We oppose the attempts to impose our standards on foreign countries. International disputes are already rampant and such a move would allow each country to determine what they think are

"unreasonable" trade acts, thus bogging down meaningful trade talks.

The export outlook for U S agriculture is finally improving. Our export volumes and market shares around the world are expected to increase this year for the first time since 1981. This growth is critical to the well-being of the farm sector.

We recognize the need to review our current trade law and to make the changes which will provide protection for our agricultural producers.

We also remain opposed to protectionist provisions that would result in retaliation against U.S. farm exports.

*The Farmers' View is a column that is compiled by the Public Relations Division of the Pennsylvania Farmers' Association (PFA). It expresses the views of PFA's policy positions on key issues as adopted by the organization's 23,443 family members.*

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## Fifth CRP Signup Scheduled

The United States Department of Agriculture has announced a fifth CRP signup period beginning July 20, and ending July 31. For any particular land, producers may bid for either of the following, but not both on the same area:

—A 1987 contract to be effective beginning the date a CCC representative signs the contract.

—A 1988 contract to be effective beginning the latest of the following:

1. October 1, 1987.

2. Date the 1987 crop is harvested.

3. Date CCC representative signs the contract.

Maximum acceptable rental rates will again be established by the Secretary of Agriculture as soon as possible after all offers have been evaluated at the national level.


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