

PFA Speaks Out On GATT Collapse

CAMP HILL (Cumberland Co.) — A state farm leader said the European Community was "stealing U.S. farm income and markets, while destroying the business of farming in this country." This criticism was voiced recently by Keith W. Eckel, president of the Pennsylvania Farmers' Association (PFA), after the collapse of the General Agreement on Tariffs and Trade (GATT) negotiations in Brussels.

Failure of a compromise to lower the high European Community (EC) farm trade barriers was the reason given for U.S. negotiators to leave the discussions with no trade pact. Eckel said that it was his "hope that the stalemated talks is in fact the first step toward liberalizing world agricultural market trade for the benefit of U.S. farmers."

Eckel serves as an agricultural policy advisory to the U.S. delegation and was in Brussels.

"EC proposals were self-serving," he said. "The entire approach was motivated by protectionism on the part of the Community. The EC did not come to the negotiating table with the idea of progress. They wished to keep their farmers happy with high subsidy payments at the expense of farmers around the world, especially the U.S. and developing countries."

"The U.S. farmers will lose markets because of this unfair competition. Developing countries, dependent on agricultural exports, will suffer severe economic setbacks," Eckel said.

The stumbling block to a GATT trade agreement centered around the high level of subsidies paid EC farmers. "It's impossible to compete on a fair basis for export markets, when EC countries dump highly subsidized products in world markets," Eckel explained.

There is talk that the negotia-

tions will continue in Geneva in January and February.

"If farmers in this country were subsidized to the extent of EC farmers, they would be cutting down forests and growing crops on rocks," he contends. "The EC countries have no cap on production for most commodities and thus no control over the ultimate subsidy a farmer receives."

The U.S. domestic farm subsidy program has dropped from \$26 billion in 1986 to \$9 billion in

1990, while EC subsidies are at \$38 billion this year.

Eckel said that the average Dutch dairyman with a 50-cow herd receives an annual subsidy of \$115,000.

"Needless to say dairy exports by the EC countries are skyrocketing," Eckel reports. Between 1967 and 1970 EC countries were \$100 million net importers of butter. By 1984 they became \$350 million net exporters. Cheese exports are up from a net of \$3 million

between 1967-70 to \$375 million in exports by 1984.

"These increased exports were not attained as a result of a competitive advantage," he said, "but through subsidized farm prices."

Because of high farm EC export subsidies (\$13 billion for EC countries versus \$400 million for the U.S.) the EC has become the largest exporter of dairy products, and the second largest for beef and wheat.

Since 1986 EC soybean production has doubled from 900 million tons to 1.8 billion tons. Soybeans in the U.S. domestic market are selling between \$5.00 and \$6.00,

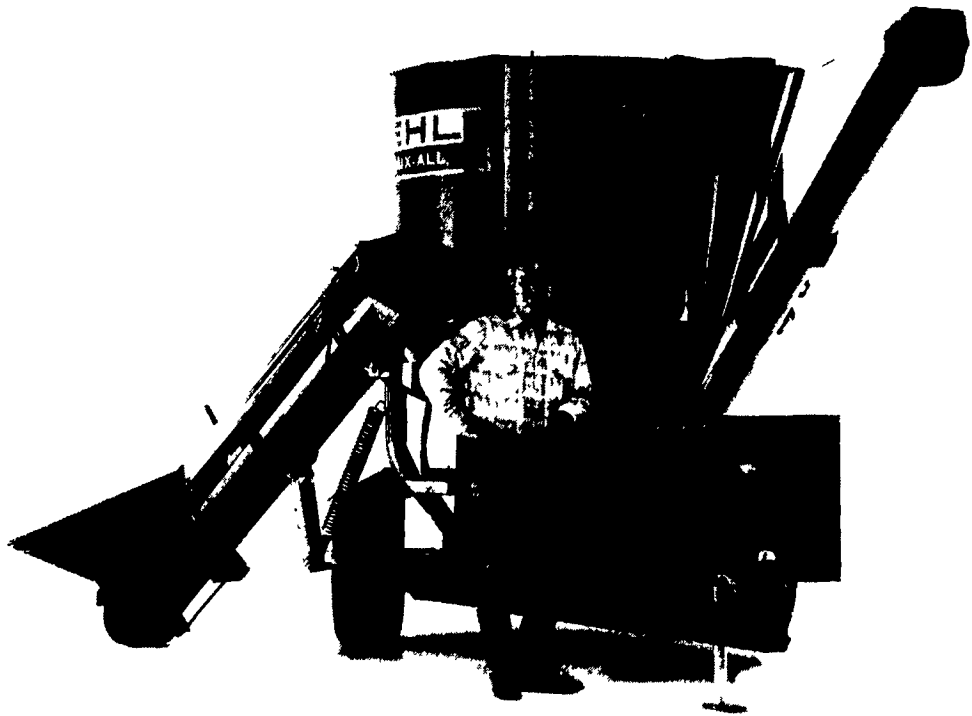
versus \$13 in EC countries.

This year the EC farmers will export 21 million tons of wheat and flour (21% of the world market), which is five and a half times more than they exported in 1978-79. EC export subsidies have generated the dramatic increases.

Developing nations, third world countries, have a competitive edge in wheat production but can not produce for the world market because of EC countries export subsidies.

Australia, Canada and the U.S. have all lost export sales and

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