GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONTRACTING PARTIES
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Review Working Party III on Barriers to
Trade other than Restrictions or Tariffs

DISPOSAL OF AGRICULTURAL SURPLUSES

STATEMENT OF UNITED STATES REPRESENTATIVE

As I indicated this morning, I should like to take this opportunity to clarify the position of my Government regarding the disposal of agricultural surpluses.

The way in which the United States intends to safeguard the interests of other exporters in its agricultural surplus disposal operations has received attention at the highest levels in my Government. We are fully aware of the concern of other countries that our surplus disposal operations may interfere with normal trade and be injurious to their interests. My Government has indicated that it intends to conduct such operations so as to avoid any undue disruption of normal trade. The Agricultural Trade Development and Assistance Act requires the President to take reasonable precautions in order to safeguard the usual marketings of the United States and to insure that sales under the Act will not unduly disrupt the world prices of agricultural commodities. We expect to carry out scrupulously the letter and spirit of this provision.

We have considered carefully the proposal which has been made by the Australian delegation for a commitment in the GATT for consultation on surplus disposal operations. We are sympathetic to the objective which the Australian delegation has in mind in proposing such a commitment but believe it would not be appropriate to include such a commitment in the GATT. My delegation considers this problem to be temporary in character and that it accordingly would not be appropriate to include a permanent commitment in the Agreement on this point. In addition, my Government feels that there are serious practical difficulties in attempting to undertake a commitment in the GATT on this subject. Disposing of surpluses so as to take account of the interests of all concerned is an exceedingly difficult and delicate operation requiring arduous, complicated and sensitive negotiations with other countries. Given these practical difficulties, we would not wish to be in a position to undertake commitments we are not sure we could fulfill.

As I said, however, my Government is prepared to do its utmost to avoid undue injury to the trade of other countries. On 9 September, the President announced the formation of an interagency committee on agricultural surplus
disposal presided over by a representative of the White House, Mr. Clarence Francis. Reporting to this committee is a staff committee headed by William Lodwick of the Department of Agriculture. The latter committee develops country programmes in accordance with general policy guidance from the President and the Francis Committee. All aspects have received, and will continue to receive, the most careful consideration.

The United States is aware that their large stake in agricultural trade makes governments wish to follow our disposal activities. By means of the following procedure we shall endeavour to keep them informed and learn their views regarding surplus disposal programmes under Title I of Public Law 480. The United States Government welcomes comments regarding special trade interests which countries feel may be endangered. These comments may be submitted orally or in writing to the Department of Agriculture. Meetings with interested officials of the Departments of State and Agriculture can be arranged on request.

Although no definitive list of the commodities to be included in the Title I programme is available, the commodities likely to bulk largest in the programme are wheat, cotton, tobacco and cotton seed oil.

There is no list of countries with which we shall conclude Title I sales. We do not know what these countries are as yet ourselves. We have developed some tentative programmes but have not informed all the countries to which they relate. Any advance information regarding the countries with which we expect to conclude transactions might endanger sales. The lack of a definite country list should not prevent exporters from presenting their interest concerning their major markets for their principal commodities.

Shortly before a specific agreement is concluded under PL 480, my Government will provide an opportunity to discuss the commodity composition of that agreement with other countries exporting the same commodities. Such discussions are unlikely to change the programme under discussion. However, if we have done the work well and if the proposed transaction is properly understood, there should be nothing to alarm third countries. During discussions with other countries we may receive suggestions which would be helpful in future negotiations with the same importing country. Representatives of exporting countries will be able to alert their governments to the imminence of an agreement before it is made public.

The United States Government expects periodically to invite exporting countries to discuss at the Department of Agriculture general policies governing operations under PL 480. The United States Government is also willing, at the request of another exporting country, to participate in post-audit discussions on specific disposal transactions.

In expressing willingness to consult along these lines, the United States Government is going far beyond the legal requirements. In so doing, it wishes to stress that consultation is a two-way street. The United States Government
expects other nations to consult with it on particular transactions which, because of their character or size, are likely to disrupt its markets.

Our surplus disposal record to date has been good. We hope to keep it that way. Exporting countries have told the United States that consultations previously conducted under Section 550 were helpful. We hope that consultation under the above procedure will be equally so.

The announcement I have just made regarding the procedure my Government intends to follow in our surplus disposal operations is also being made today to the Food and Agriculture Organization Surplus Disposal Sub-Committee in Washington.