STATEMENT OF JOHN A. SCHNITTKER, UNDER SECRETARY OF AGRICULTURE

Mr. SCHNITTKER. Mr. Chairman, I am pleased to have the opportunity to report to you on agriculture in the Kennedy Round because I have a very definite personal interest in this trade negotiation and in agricultural trade policy issues, and in Kennedy Round problems. As you know, during the final weeks of negotiation I headed our agricultural contingent in Geneva. This has been interesting and rewarding work. It is work, I might add, which is vital to the improvement of farm income in the United States. Exports of farm products constitute a large and growing part of our sales. This year they will reach a new record of $6.8 billion or more. We think a total of $8 billion by 1970 is a probability, and we see $10 billion by 1980 as a distinct possibility.

Many factors enter into export expansion, but the one vital factor is access to world markets. The Kennedy Round has given us better access to our foreign agricultural markets. Concessions won at Geneva will mean substantially larger sales for many of our farm product exports.

We gained considerably in fruits and vegetables, oilseeds, tobacco, variety meats, tallow, and a number of other products. The concessions granted by others covered over $900 million in their imports from the United States in 1964. On products accounting for over $700 million—where we have an important export interest—duties were cut. These cuts averaged over 40 percent.

The Kennedy Round has also given us a new grains arrangement which will provide additional price insurance to U.S. wheat producers. This arrangement contains, also, significant food aid provisions, completely unprecedented in any multilateral accord of which I am aware. Apart from their intrinsic humanitarian worth, and this in itself is adequate justification for them, these provisions should open new commercial outlets for wheat and to some extent, feed grains.

U.S. duties on some products also came down and imports can be expected to increase moderately. Duties covering around $500 million were cut by an average 39 percent. The existing duty or duty-free status of an additional $290 million was bound against upward change. Many of these concessions relate to tropical products which we do not produce. They were granted for the benefit of the developing nations. Bargaining is never completely without pain, however; some of our producers will be exposed to increased competition, and some to sharper competition than others. To my knowledge, though, no producer will be exposed to serious economic injury.

To be able to report this much success is a pleasure. But I would be less than frank if I did not hasten to say that I also have a sharp feeling of disappointment. In this negotiation we were unable to improve our position with respect to the EEC variable levy system. That system, which insulates home producers from the effects of outside competition regardless of the difference in efficiency, is perhaps the greatest unsolved problem in international agricultural trade today.

Now let's look at some of the specifics:

Grains

The bargain struck in grains has been discussed to a considerable extent in recent days so I will review only the highlights, the most important of which is that the grains arrangement is good for Ameri-