Agricultural negotiations in the Kennedy Round have prompted resolutions and response from major European and American farm groups who are members of the International Federation of Agricultural Producers. In this connection, IFAP outlined five basic considerations in a statement of the Joint North American-European meeting three years ago in Washington, D.C. The statement is still sound and will serve future negotiations as well as it served to express farmer-interest in the Kennedy Round.

The statement said: "At the forthcoming Gatt negotiations, the agricultural exporting countries will be seeking 'concessions' on agricultural products analogous to those obtained for industrial products. Since tariffs are a comparatively unimportant element in the support policies adopted by governments in the agricultural sector, the same rules (especially the proposed across-the-board tariff cuts) as are applied to industry cannot in general be applied to agriculture. A special approach will be required.

"If the negotiations are to be successful in the agricultural sector they must start from the basis that the governments cannot 'negotiate' their responsibility to ensure that the incomes of their farm populations bear fair relationship and trend with those in other sectors and that the elimination of serious modification of existing agricultural support measures is not feasible. Governments will therefore be seeking to reconcile the need for income support for agricultural producers and their desire to develop international trade in agricultural products.

"Towards the end, the most promising approach will be to examine the position on a commodity-by-commodity basis and to devise—as long as advocated by IFAP—commodity arrangements or agreements, as appropriate, for individual commodiities or groups of commodities.

"In whatever proposals are made, there must be a basis for reciprocity regarding both obligations and benefits. Thus to the extent that exporting countries are ready to ensure that their production is retained at a level broadly in line wih outlets and that countries must be prepared to make their fair contribution to the establishment of a sound balance on world markets.

"Governments must at all times remain conscious of the fact that trade among North American and European countries is only part of world trade and that recent experiences have shown that great opportunities exist for expanding agricultural exports, commercial as well as occasional, to countries outside the North Atlantic areas."

Farmers Union Supports Agreements in Kennedy Round Statement of President Tony T. Dechant

"The agreement on cereals and agricultural products provided substantial guarantees against low farm prices.

"The higher price floor for wheat and the beginning of food aid shared by other developed countries, including Japan, are significant gains for the United States.

"Farmers Union has traditionally supported international commodity agreements as an extension of the domestic farm program and essential to price and income protection for United States farmers.

"The new agreement provides a minimum price of $1.73 a bushel for hard red winter wheat at Gulf ports as contrasted to $1.50 per bu. for hard red winter wheat under the old International Wheat Agreement. This amounts to a 23¢ increase in the old IWA minimum price.

"Since the average price of U.S. wheat for the past three years has been approximately 10¢ to 15¢ above the old IWA minimum, wheat prices at the Gulf ports are expected to be in excess of the $1.73 per bushel minimum set by the new cereals arrangement by approximately the same amount.

"USDA has predicted that world prices of wheat under the new agreement will increase by 10¢ to 25¢ per bushel over the average of the past three years. However, since Gulf port wheat prices today are averaging $1.83 a bushel, no immediate farm-level price increase is expected for U.S. producers. The practical effect of the new cereal grain agreement, however, is to provide a substantial guarantee against low farm prices.

"Farmers Union would have preferred a 40 cent increase in the minimum price of the old IWA. But Farmers Union supports the compromise in the belief that it is a step forward in promoting international trade and in strengthening the domestic wheat market.