

done great harm to the American poultry export trade and has hampered U.S. grain export opportunities, in both instances resulting in industry dislocations and uneconomic allocations of European resources which in the long run will likely hurt EEC farmers more than it will help them.

The latest threat of an EEC application of the variable levy system to canned fruits and vegetables is another matter of particular concern, since it would do further serious damage to established and efficient U.S. suppliers, add to European consumers costs and undercut the accomplishments of the Kennedy Round in this field. We have urged that U.S. negotiators make the strongest possible efforts to forestall this development, and we believe that an expression of Congressional concern on this point, through a resolution, or other legislative history, would help our negotiators take the firmest possible stance on this critical issue.

Export subsidies in various forms have posed increasing problems for a number of U.S. farm commodity interests in recent months. Established U.S. markets at home and abroad have been threatened by such actions as the Australian subsidy program for canned fruit exports, Israeli citrus subsidies, and European subsidies for certain dairy products, canned ham, and tomato products.

Administrative relief has been possible for some of these damaging situations, but imposition of legally authorized quotas of countervailing duties or subsidies has been too slow. More prompt action and relief is urgently needed by damaged industries. Unless such administrative actions can be speeded up, the clamor for new import quotas or other U.S. "retaliatory" trade barriers is likely to grow.

The case of our badly hurt export markets for canned fruits is a notable example of the difficulties in offsetting damage done to our markets by foreign subsidies. For over a year, the California peach industry has been making appeals for relief from an Australian subsidy campaign which includes direct payments for exports to key foreign markets, heavy government-financed foreign market promotion efforts, and other tax or domestic policy benefits to the Australian peach export industry. A substantial Australian advantage in ocean freight rates also is very harmful to U.S. exporters.

The extent of damage to this \$70 million export market for U.S. canned fruits is highlighted by an accelerated rate of loss of the prime West German market in recent months to less than one-fourth of the 1966 level. In the June-December 1967 period U.S. exports of peaches, our biggest canned fruit export item, to West Germany were 230,372 cases, compared to 1,322,466 for the same period in 1966. This loss in revenue of about \$5 million for one item alone is significant to our national balance of payments, as it is to our U.S. fruit industry.

Strong efforts have been made by the U.S. peach industry to obtain relief through Australian action or through use of countering U.S. subsidies from funds legally authorized by Section 32, PL 320. We commend the Administration for its support of these efforts, toward a solution by easing of the Australian subsidy program, or failing that, toward appropriate relief for this industry.

Again, the National Council protests vigorously against the threatened use of variable levies by EEC for processed fruits and vegetables. Such action would be a disastrous blow to U.S. opportunities for building and maintaining well-established European markets for our canned fruits. For products on which bindings have been established during the recent Kennedy Round, it would also represent a further and flagrant abuse of the trade-liberalizing objectives of GATT. Use of the variable levy should be opposed at every step if we are to avoid the risks of a disruptive trade war which might result if such obstructionist trade barriers are allowed to mushroom following the Kennedy Round conclusion.

We wish to express our support for the objectives and the continuation of PL 480, our Food for Peace program. While the primary thrust of this program has been changed from that of "surplus disposal" to encouragement of self-help for economic development, PL 480 remains vital to export markets for such U.S. products as cotton. Furthermore, through the market development activities carried out under this law, broad new commercial markets for U.S. farm products have been opened up.

The policy of the National Council with respect to problems relating to excessive imports is set forth in the following current policy statement:

"The National Council of Farmer Cooperatives recognizes the need for safeguards in any nation's trade policy against excessive imports of commodities already produced domestically in substantial quantities.

Provisions of Section 22 of the Agricultural Adjustment Act and of the Trade Expansion Act of 1962 should be promptly invoked when necessary to protect