Indonesia and several countries in Africa. Prior to World War II, Indonesia was the world's major tapioca starch exporter and with the return to political and economic stability, Indonesia could export even more tapioca starch than Thailand does now. Because domestic starch industries in Europe are sheltered by high tariffs and variable levies, any increase in tapioca exports from these countries must inevitably flow to the United States.

European protectionism has become an even greater obstacle in recent years because of the movement to a Common Agricultural Policy (CAP) within the European Common Market. The CAP has significantly stiffened barriers to tapioca starch imports throughout this six-nation area. It provides nearly complete protection for farmers in the EEC by using a variable levy system to eliminate the competitive price advantage of imported agricultural products. The levy system even applies to products the EEC does not produce, if they compete in any way with domestic production. All tapioca products, therefore, are subject to the levy system, some—notably tapioca starch—receive higher levies than others.

These levies contain a variable component that is calculated to offset the difference between the price of the imported product and the price of the competing Common Market product. (Regulation No. 160/66, Trading System for Certain Goods from the Processing Agricultural Products, Official Journal No. 195, Oct. 28, 1966, p. 3361, as subsequently amended.) As a result of this new EEC-wide system, some member countries have recently raised their duties on tapioca and tapioca starch. As of February, 1968, the total EEC levy on tapioca starch was equivalent to 58 percent ad valorem [2]—a striking contrast to the duty-free treatment accorded tapioca starch imports into the United States. Also the EEC levy can be raised still further, if necessary, to continue to keep out Thai and Brazilian exports of tapioca starch. The member countries can raise the tapioca starch levy if the c.i.f. price of tapioca starch declines, or if internal grain prices are increased.

In Japan, also, a potential market for tapioca starch is blocked because the government strictly controls tapioca starch imports through the device of import licenses. Japanese imports of tapioca starch were negligible until the past few years, and even now they are a small fraction of the volume of U.S. tapioca imports.

The remedy which the United States should pursue in this and similar cases seems clear enough. Its negotiators should have the authority and responsibility to negotiate the removal of unreasonable foreign tariff barriers, and this authority should be strongly backed up in our tariff laws. Considerations of basic fairness dictate that American industries which have absolutely no tariff protection against imports should have the assistance of the United States Government in seeing that other countries are not able to take unfair advantage of us.

In addition, and equally important, this approach is consonant with two fundamental goals of the United States: expansion of free world trade, and greater access to foreign markets for products of less-developed countries. The United States has long maintained that the welfare of the less-developed countries demands a universal reduction in tariff barriers blocking their exports, rather than in preferential trade arrangements and reduction in duties by only some countries. This policy should be applied here.

The American corn refining industry has been seriously disadvantaged by the flood of tapioca starch imports. Our industry has borne the brunt of a unilateral free trade policy in the face of contrived protectionist trade barriers abroad. We are hopeful that this situation can be relieved by reducing other countries' duties. If it cannot, and if tapioca starch imports into the United States continue to rise, the only fair solution would be to either impose a duty on tapioca imports as we have done on all other major competitive starch imports or to adopt a quota for such imports.

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[2] C.i.f. prices European ports from Thai tapioca starch in February, 1968, was $136.40 per metric ton. The tapioca starch levy, which is based upon the corn levy, was $79.19 per metric ton. This levy as a percentage of the c.i.f. price is 58 percent. The tapioca starch levy is calculated as follows: First, there is a fixed element of $17.00 per metric ton. Second, the variable element as required in the Common Agricultural Policy regulations is 1.61 times the corn levy for the particular month in question. In February the corn levy was $38.63 per metric ton. This times 1.61 yields a variable element of $62.19 per metric ton. The sum of these two elements—$62.19 and $17.00 per metric ton yields the total levy of $79.19.