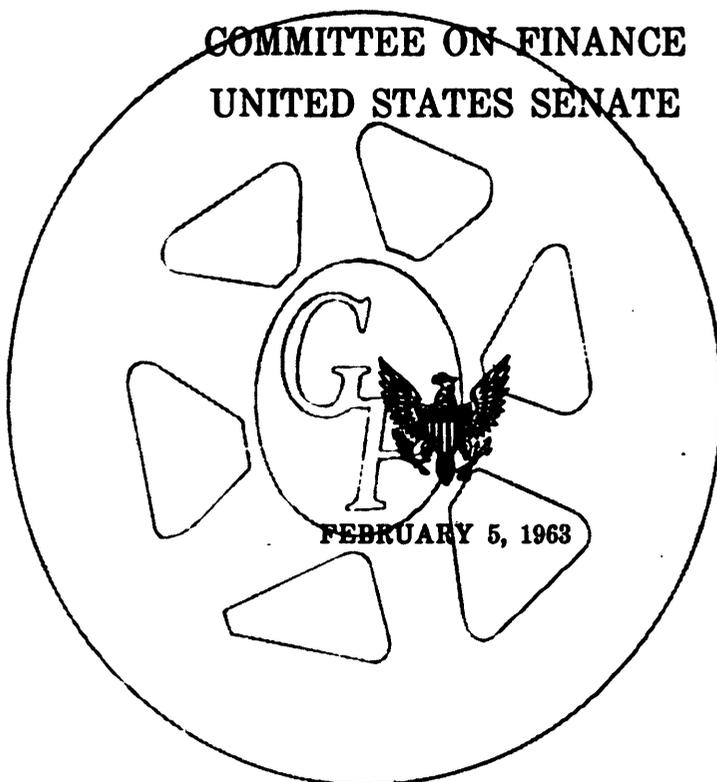


STATEMENTS ON IMPACT OF  
COMMON MARKET REGULATIONS  
ON EXPORT OF UNITED STATES POULTRY

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COMMITTEE ON FINANCE  
UNITED STATES SENATE



Printed for the use of the Committee on Finance

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U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1963

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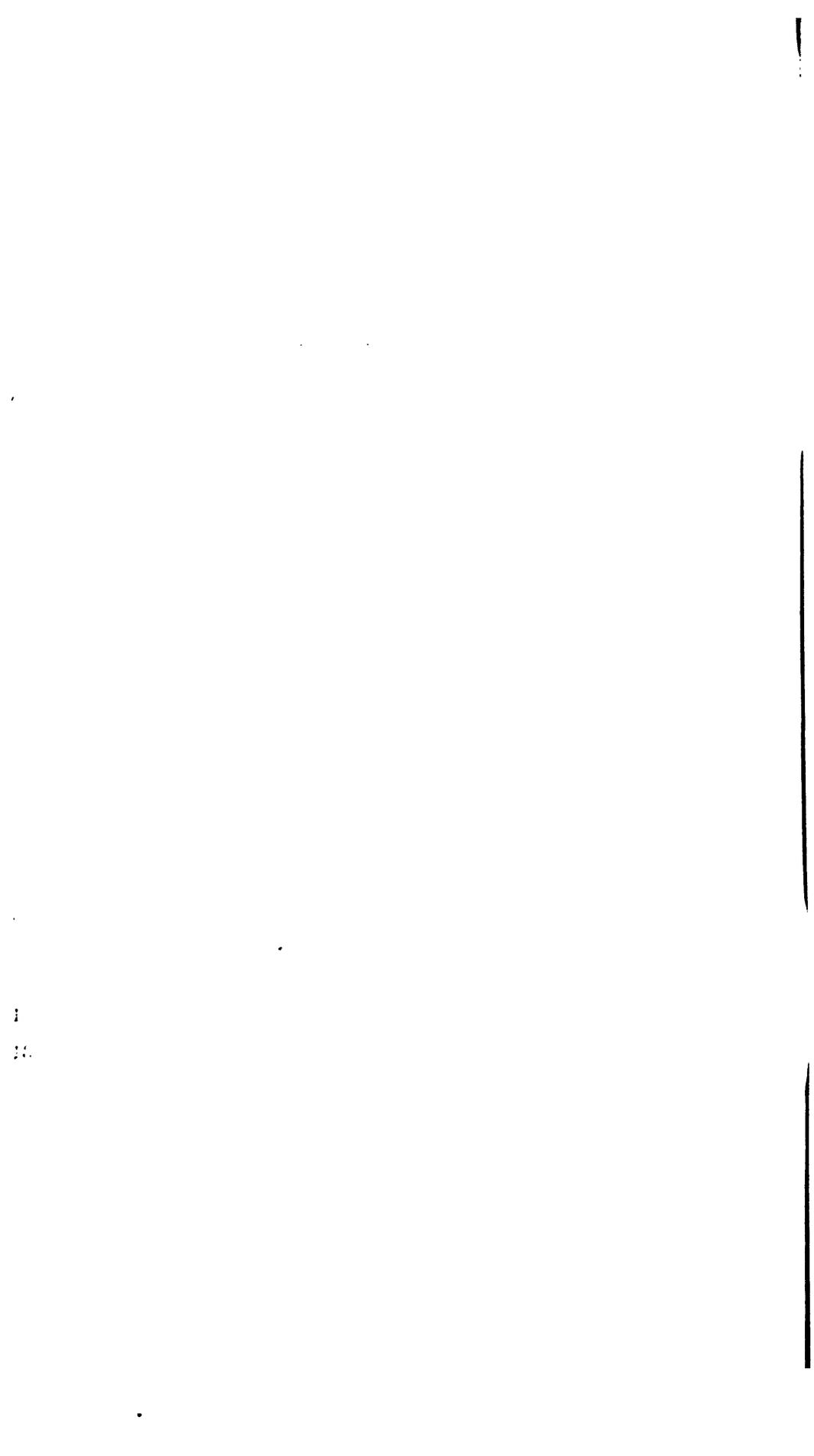
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# **IMPACT OF COMMON MARKET REGULATIONS ON EXPORT OF UNITED STATES POULTRY**

**NEW SENATE OFFICE BUILDING,  
Washington, D.C., Tuesday, February 5, 1963.**

The conference was called to order at 10 a.m., Senator Harry F. Byrd presiding.

**Present:**

Senator Harry F. Byrd of Virginia.  
Senator Herman E. Talmadge of Georgia.  
Senator J. Caleb Boggs of Delaware.  
Senator A. Willis Robertson of Virginia.  
Senator John J. Williams of Delaware.  
Senator Warren G. Magnuson of Washington.  
Senator Richard B. Russell of Georgia.  
Senator Thomas H. Kuchel of California.  
Senator Roman L. Hruska of Nebraska.  
Senator Daniel B. Brewster of Maryland.  
Senator John Sparkman of Alabama.  
Senator Wayne Morse of Oregon.  
Senator Edmund S. Muskie of Maine.  
Senator Margaret Chase Smith of Maine.  
Senator Jack R. Miller of Iowa.  
Senator J. Glenn Beall of Maryland.  
Senator Wallace F. Bennett of Utah.  
Senator Carl T. Curtis of Nebraska.  
Senator John L. McClellan of Arkansas.  
Senator Sam J. Ervin, Jr., of North Carolina.  
Senator John Stennis of Mississippi.  
Senator Ralph W. Yarborough of Texas.  
Senator Clair Engle of California.  
Representative Armistead I. Selden, Jr., of Alabama.  
Representative George Huddleston, Jr., of Alabama.  
Representative Joe R. Pool of Texas.  
Representative Charles L. Weltner of Georgia.  
Representative David N. Henderson of North Carolina.  
Representative Howard W. Smith of Virginia.  
Representative Alton Lennon of North Carolina.  
Representative W. E. (Bill) Brock of Tennessee.  
Representative John J. McFall of California.  
Representative D. R. (Billy) Matthews of Florida.  
Representative E. L. Forrester of Georgia.  
Representative Richard H. Poff of Virginia.  
Representative Watkins M. Abbitt of Virginia.  
Representative Harris B. McDowell, Jr., of Delaware.  
Representative Jamie L. Whitten of Mississippi.  
Representative Ralph F. Beermann of Nebraska.  
Representative Donald H. Clausen of California.

Representative Basil L. Whitener of North Carolina.  
 Representative J. Vaughan Gary of Virginia.  
 Representative Robert T. Secrest of Ohio.  
 Representative W. M. Tuck of Virginia.  
 Representative Robert T. Ashmore of South Carolina.  
 Representative James W. Trimble of Arkansas.  
 Representative Thomas N. Downing of Virginia.  
 Representative Robert G. Stephens, Jr., of Georgia.  
 Representative J. Russell Tuten of Georgia.  
 Representative W. D. Mills of Arkansas.  
 Representative Clifford G. McIntire of Maine.  
 Representative Dave Martin of Nebraska.  
 Representative Rogers C. Morton of Maryland.  
 Representative Phil M. Landrum of Georgia.

Senator BYRD. It gives me great pleasure as chairman of the Senate Finance Committee to welcome to this conference such a large number of Congressmen and also of Senators, including many who are not members of the Senate Finance Committee. This indicates the great interest that is being taken throughout the country with respect to the outrageous restrictions that have been imposed by members of the Common Market on the importation of poultry.

Unless changes are made, this will practically destroy all exporting of poultry, and it will be a very serious blow to agriculture, and we are holding this meeting for the purpose of conferring with the Secretary of Agriculture.

At the request of Mr. Parker, I called Mr. Herter and invited him to this poultry conference.

Mr. Herter said unfortunately he had another engagement and was afraid that he could not come, but that he had discussed the problem with Secretary of Agriculture Freeman, and had given him all available information.

Mr. Herter said he had expected that the gate prices would be changed by the 11th of February by recommendation from the Commission to the ministers—if there is a meeting of the ministers. He said he had previously had a satisfactory talk in Brussels with the person in charge of agriculture, and that he wanted the Senator to be advised that he was doing all he could.

We are asking the Secretary of Agriculture to take the lead in the efforts on the part of the United States to cancel these unreasonable restrictions.

Germany has gone so far as to contemplate requiring that all poultry shipped into Germany shall come in by airline, and this is in addition to an exorbitant tariff that has already been placed upon the poultry imports.

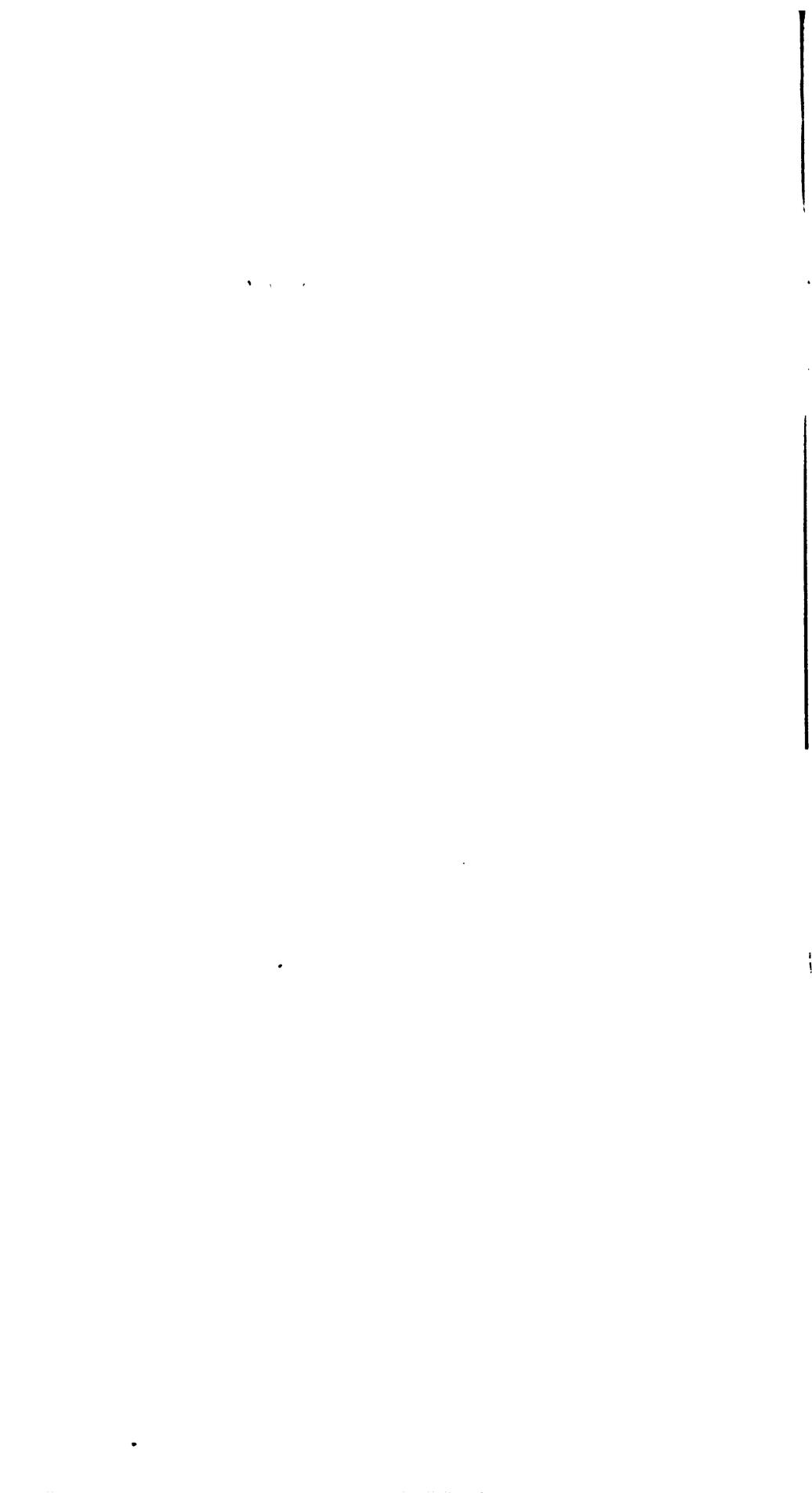
So the purpose of the meeting, as I have said, is to go over the situation with the Secretary of Agriculture. And I feel confident that measures will be taken to do all we can to protect the interests of agriculture and poultry, and especially poultry, which has been first, apparently, for action adverse to us.

And so I present Mr. Paul Williams, executive secretary, Virginia State Poultry Federation.

**STATEMENT OF PAUL WILLIAMS, EXECUTIVE SECRETARY,  
VIRGINIA STATE POULTRY FEDERATION, RICHMOND, VA.**

Mr. WILLIAMS. I would like to introduce Mr. Joseph O. Parker, chairman of the International Trade Development Committee and counsel for Institute of American Poultry Industries, who will handle the presentation for the poultry industry.

Senator BYRD. We are glad to have you, Mr. Parker.



**STATEMENT OF JOSEPH O. PARKER, CHAIRMAN, INTERNATIONAL  
TRADE DEVELOPMENT COMMITTEE, AND COUNSEL, INSTITUTE  
OF AMERICAN POULTRY INDUSTRIES**

Mr. PARKER. Mr. Chairman, on behalf of the poultry industry, I want to express our appreciation for the opportunity to meet with you and the other Members of Congress here today to discuss the serious problem confronting the poultry industry because of the protectionist policies being adopted by the European Common Market. This is a very serious problem, and we hope it will command your serious consideration.

We have a few short presentations which will outline the problem, and we hope point up the need for more effective action.

It is my pleasure to present the first witness, Mr. R. D. Chumney, commissioner of agriculture of the State of Virginia, who has made a study of the problem at the request of the Governor of Virginia. This presentation he will make not only applies to Virginia but to every poultry-producing area in the Nation. It illustrates the impact of the Common Market regulations on our total economy.

**STATEMENT OF R. D. CHUMNEY, COMMISSIONER OF AGRICULTURE,  
VIRGINIA DEPARTMENT OF AGRICULTURE**

Mr. CHUMNEY. Senator Byrd, distinguished Member of Congress and friends of agriculture, I wish to express my appreciation to all Members of Congress present, on behalf of the Virginia Industry of Agriculture and members of the poultry industry, for taking your valuable time to listen to our problems.

We have a serious situation facing our poultry industry. The recent loss of our export poultry sales to Common Market countries has gravitated the seriousness of the situation to where it is now a crisis. Even though I am speaking for the Virginia poultry industry, the problem that I am talking about is applicable to the major production areas of the Nation and involves many States.

To save the committee time, I would like to present the following charts which will illustrate the problems.

Members of the committee will note that chart I illustrates the importance of the poultry industry to the total farm income in our State. Cash receipts from poultry and eggs are about a \$70-million business and represents 19.2 percent of all cash receipts from agricultural products. This illustrates the importance of the poultry industry to the economy of agriculture and what the potential effect may be if the loss of our export sales are not regained.

Chart II illustrates that 13 percent of the total poultry exported from the United States to Common Market countries came from Virginia. This 13 percent is valued at about \$7½ million. This chart also illustrates that Virginia is an important poultry export State and

that our processors have been working diligently to find a market abroad for the Virginia farmer.

Chart III shows that Virginia exported an amount equal to 16 percent of its production, while the United States as a whole exported approximately 3 percent of her production. Gentlemen, this again points out the importance of our export market to the poultry industry in Virginia and also illustrates that we do have a sizable market abroad for the poultry that has been produced within the Nation.

Chart IV illustrates the changes in the total Common Market tariff on U.S. poultry based on a 30-cents-per-pound c.i.f. cost to the West German dealer. Prior to August 1, the total tariff was approximately 5.97 cents per pound. After August 1 to November 18, these tariff levies increased to 14.32 cents per pound. Exports from the period August 1 to October 31, decreased 66 percent because of these additional tariffs. After November 18, it was anticipated that an additional 2.84 cents per pound would be added bringing the total tariff levy to 17.16 cents per pound. The actual charges, however, after November 18, was approximately 14.24 cents per pound. The total impact from these trade barriers has reduced Virginia sales to the Common Market countries to approximately zero.

And finally, our last chart illustrates that an estimated \$30 million loss in economic activity will be created in the Virginia economy if something is not done to save our sales to the Common Market countries, which was valued at \$7½ million last year. This loss in economic activity will affect feed manufacturers, hatcherymen, fuel and electric companies. Drug manufacturers will feel this loss and these losses will extend to retailers, farm communities, bank deposits, loss of jobs, and even tax revenues.

Gentlemen and members of the committee, this concludes the presentation of the data that has been assembled in our department showing the effect of these Common Market barriers upon the poultry industry and our total economy. We hope the Members of Congress will endeavor in every way possible to get these levies that are now barriers to the sale of poultry into these markets reduced. We also hope that we can secure sufficient reductions that will enable our poultry industry in the future to again become competitive.

(The charts referred to follow:)

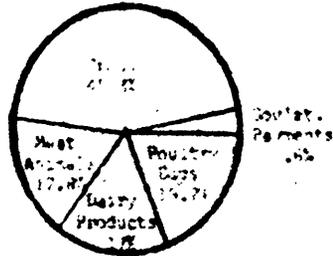
I.

THE VALUE OF VIRGINIA'S POULTRY INDUSTRY

Cash receipts for 1961 all poultry and eggs

\$63,807,000

Virginia Cash Receipts All Agriculture  
1955-1959



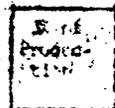
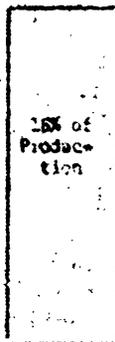
II.

VIRGINIA'S SHARE OF POULTRY EXPORTS TO THE COMMON MARKET  
(for the year ending June 30, 1962)

1% of the Total United States Exports to these Countries  
(approximately \$7,500,000.00)

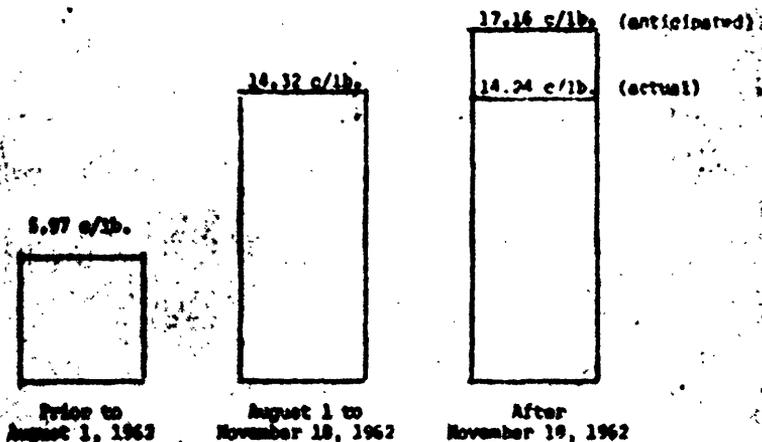
III.

FISCAL YEAR 1961-1962 EXPORTS COMPARED TO 1961 PRODUCTION



IV.

CHANGES IN COMMON MARKET TARIFF ON UNITED STATES POULTRY  
(based on 30¢ per lb. cost to West African dealer)



V.

INDUSTRY'S LOSS FROM LOSS OF COMMON MARKET OUTLETS FOR POULTRY

\$7,500,000 for the Poultry Industry and Outlets for 28,500,000 lbs. of Poultry.

Plus

Estimate \$30,000,000 loss in economic activity

- . Loss to feed manufacturers
- . Loss to hatcheries
  - . Loss to fuel and electric companies
  - . Loss to drug manufacturers
  - . Loss to retailers in farm communities
  - . Loss to bank deposits
  - . Loss of jobs
  - . Loss in tax revenues

The CHAIRMAN. Thank you, Mr. Chumney.

Mr. PARKER. Our next witness will be Representative John O. Marsh, Jr., of Virginia.

**STATEMENT OF HON. JOHN O. MARSH, JR., A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF VIRGINIA**

Representative MARSH. Senator Byrd, Mr. Secretary, Members of the House and Senate, ladies and gentlemen, first I would like to thank you for your attendance at this meeting to discuss a problem that vitally affects one of America's most important agricultural exports. For the next few moments, I would like to point out, under what might be termed as a subject, the "Commonwealth and the Common Market," what has occurred to the poultry exports of Virginia directed to the European Common Market. However, the implications and effect are not limited to the Commonwealth of Virginia, but it is only illustrative of what has occurred and what is occurring to the poultry exports to the European Common Market from the other poultry producing areas of this country.

Above all, Mr. Secretary, I would like to bring to your attention what has occurred in Virginia in support of the poultry industry in their efforts to have reversed and modified what increasingly appears to be the restrictive and protectionist measures implemented by the

European Common Market on importation of broilers and other fowl from nonmember countries. I think it will give you some idea of the support that you and the Department of Agriculture, and indeed those in the executive branch dealing with this problem, can expect from the Commonwealth of Virginia.

After the implementation of the common agricultural policy on the first day of August and the resulting drying up of poultry exports, assisted by the Virginia State Poultry Federation, Governor Harrison held a breakfast conference in Richmond in the early part of January to which were invited not just leaders in agriculture, including poultry, but business leaders representing a broad cross section of the Virginia economy. At this meeting, officials of the Retail Merchants Association, officials of the Virginia Bankers Association, the Virginia State Chamber of Commerce, the Virginia Jaycees, of public utilities, of the State's industrial development program, Virginia State Ports Authority, the Richmond Export-Import Club, the Virginia Manufacturers Association, and many others were in attendance.

Before this meeting had been held, the Virginia Department of Agriculture, under the direction of the Governor of Virginia, and in cooperation with the poultry industry of our State, had prepared a background study of the nature of the implications and the effect of the common agricultural policy on poultry and on the Virginia economy as a whole.

The purposes of this meeting were as follows:

First, to inform the leaders of our State what had occurred to a Virginia industry—and we consider poultry to be an industry—as a result of the common agricultural policy and what had happened to our exports to the Common Market countries as a result of this new agricultural policy. We also sought to inform them of what we considered to be a very serious trend toward a protectionist policy as relates to imports by the European Common Market, and that their product might well be the next product affected if the Common Market did seek to follow a broad protectionist policy.

Secondly, the purpose of the meeting was to explain to these men the nature and operation of these restrictions. For example, to explain to them the gate price, the variable levies and how they were applied, the ad valorem duties external, and the ad valorem duties internal, and to show them the increased cost of poultry to the European housewife as a result of this action.

Third, the purpose of the meeting was to broaden the base and to bring in those who were indirectly affected and associated with agriculture, and even more to broaden the base outside of our agricultural economy by pointing out that our credit agencies were affected, our public utilities would be affected, our ports would be affected, and the entire well-being of the economy of our State would be affected.

The fourth purpose of the meeting was to develop a plan of action whereby we could more effectively present our case on the unfair treatment our poultry was receiving both to the executive offices of our National Government and to inform generally the various civic, economic, and trade groups and their memberships in our State so that they, in turn, could support the poultry industry in its efforts.

Before the Governor's conference had concluded, there had been formed a coordinating committee selected from those represented at

the conference. I might point out to you that the chairman of the coordinating committee is not an agriculturist, is not associated with poultry, but rather is the president of the Virginia Manufacturers Association. Working with him on this coordinating committee of about 12 to direct the Commonwealth effort, were representatives of the Virginia State Chamber of Commerce, the Virginia Poultry Federation, the Virginia State Ports Authority, the Virginia Department of Agriculture, the Virginia Jaycees, educational leaders from the Virginia Polytechnic Institute, representatives of the Richmond Export-Import Club, the Virginia Farm Bureau, as well as processors of poultry, and other governmental leaders.

Shortly after this conference, under their leadership, support began to roll in from organizations in our State. For example, resolutions were adopted by the World Trade Committee of the Virginia State Chamber of Commerce. In the days and weeks after the conference, there began the broadest circulation of the poultry story throughout the State by wide dissemination of information through the organizations represented at the Governor's conference.

For example, the Virginia Farm Bureau, an organization with some 20,000 members, through its board of directors, also adopted a resolution stating their position and urging that our Government take strong immediate action to effect relief for Virginia poultry exports. In the Virginia Jaycees, a local chapter adopted a resolution which was moved on to the regional area, adopted by the region, and will be referred to the State membership of the February work conference for statewide consideration. I might add that the Jaycees have indicated they would like to undertake a broad plan to circulate petitions throughout its chapters and other organizations as well to form a speakers' team that could go to other civic clubs and organizations and present programs on the Common Market problem we are discussing today.

Additionally, background material has been published, summaries have been written, studies have been made, articles have appeared in trade and organizational papers in trade organs, in newsletters. As another example, a public utility circulated to all of its branch offices a newsletter explaining the Governor's conference, why the conference was called, and what is occurring to a very important segment of our economy.

Aside from this selective coverage, there was a broad coverage through the regular news media, in State newspapers, through local radio and television stations, explaining and informing the citizens of the Commonwealth as to what is happening to a Virginia product because of this action by the European Common Market.

I believe that we can see what we have endeavored to do is to launch a broadly based educational program to bring to the attention of the citizens of our State the effect of the Common Market action on the economy of Virginia and on the economy of the United States and to advise them that the common agricultural policy, as it applies to poultry, can be expected to be similarly applied to other American agricultural exports.

We would like you to know, sir [to Secretary Freeman], that these people, these organizations stand ready, willing, and able to support you in your efforts that you take in this matter. In the hope that you shall be able to achieve reversal and relief from these policies of

the Common Market that are not indicative of a liberal trade policy, the benefits of which would accrue to our mutual advantage—in this, we ask your help and assistance and wish you well.

**STATEMENT OF VIC PRINGLE, GENERAL MANAGER AND TREASURER OF THE ROCKINGHAM POULTRY MARKETING COOPERATIVE, ROCKINGHAM, VA., DIRECTOR OF INSTITUTE OF AMERICAN POULTRY INDUSTRIES AND CHAIRMAN OF FINANCE COMMITTEE, INTERNATIONAL TRADE DEVELOPMENT COMMITTEE**

Mr. PRINGLE. I want to thank all of you for taking the time to meet with us this morning to discuss the problem of poultry exports and the Common Market.

We have requested the opportunity to meet with you because we are confronted with a most serious situation—a situation which we hope will command your careful consideration.

During the past 5 years we have built a \$50 million market for U.S. poultry in Western Europe, primarily in Germany. It is a growing market and one that can be enlarged considerably. But we are concerned, deeply concerned, because we are about to lose this market—rather I should say we are about to have this market taken away from us because of manmade barriers which are being established by the Common Market against our poultry products.

The loss of these markets to American poultry producers would be tragic. It represents more than just a loss of \$50 million of export income. Additional losses in the form of depressed domestic prices would result if the export volume is forced back into domestic channels for consumption. University studies based on the lower volume exported in 1960 shows that if there had been no exports domestic values would have declined and caused losses to producers totaling almost a hundred million dollars. This translates into loss of jobs, loss of economic activity, and loss of revenue.

But this is not all. The rest of American agriculture and all of the rest of the Nation are deeply involved in this issue. Poultry is but a symbol of a far-reaching problem. It has been among the first to feel the lash of the Common Market's protectionist agricultural policy. But measures are already being readied to be applied against other important agricultural export items. The trade problems confronting us in agriculture as a result of these Common Market measures are so serious that time is overdue for frank, plain talk and firm and decisive action.

I have already indicated, but I want to repeat and to emphasize, we are not losing this market because we are not competitive. On the contrary, we are about to be deprived of this market because we are competitive.

It is clear now that the intent and purpose of the restrictive devices being employed by the Common Market is to exclude our products, and to preempt the market by walling us out. These barriers which have been established unilaterally are inconsistent with the obligations which each of the Common Market countries has assumed under the General Agreement on Tariffs and Trade—they are contrary to concepts of liberalizing trade—and if permitted to remain will cause

incalculable harm. If these restrictive measures are not modified, there can be no legitimate basis for us as a nation to extend liberal access to our markets for the goods of the offending countries.

Let me describe the barriers which are being employed. These are not normal duties or tariffs. They take the form of such measures as gate prices, variable levies, and similar restrictive devices.

The gate price is an arbitrary price below which poultry from the United States may not enter. If our poultry can be supplied at a lower price—a fee is added presumably to make our price equal the gate price. Presently this practice has been changed so that a supplemental or gate price fee of 2.84 cents per pound is being assessed against U.S. products even if our price might equal or exceed the gate price. It is just an arbitrary assessment of 2.84 cents.

But this is not all. In addition another fee, called a variable levy, is assessed. It is designed, in part, to offset certain of our competitive advantages. The amount of this fee is 9.72 cents per pound. These two fees or assessments establish a minimum charge of 12.56 cents per pound against American broilers. Of course, this is in addition to the oversea shipping and handling costs involved. These charges at times approximate the farm price of poultry in the United States.

The figures which I have just stated apply in Germany, our principal market. Similar charges are assessed by other Common Market countries, although the amounts vary.

The fees which total 12.56 cents per pound compare with a pre-Common Market duty in Germany of 15 percent ad valorem or about 4.5 cents per pound.

Not only have the charges against U.S. products been greatly increased, but they are applied in such a manner as to completely change competitive relationships. Gate prices or supplemental levies do not apply to countries within the Common Market and the other levies are substantially lower. In addition, the Common Market countries have a system under which they may subsidize their exports.

Special arrangements have also been made with Denmark—a third country—under which the fee of 2.84 cents is not applied against Danish products.

If these actions were not sufficient to kill off our trade, the Common Market authorities have taken the position that the supplemental gate price levy of 2.84 cents may be changed at will. Thus, buyers, purchasing from a distant source of supply like the United States are never sure what the fee will be when the poultry arrives. These additional risks are serving to demoralize and destroy trade with the United States. It is under such discouraging and unfair conditions that we are attempting to carry on trade.

I have described conditions affecting trade in broilers. It is even more burdensome when applied to such items as backs and necks in which trade has been completely destroyed.

During the period that these regulations have been in effect our exports have declined sharply. We have lost our position as No. 1 supplier. Rather substantial stocks of poultry were built up in Germany just before the new regulations became effective. Total imports dropped thereafter, but imports from the United States showed the greatest decline. Imports from Common Market countries dropped 23 percent whereas imports from the United States dropped 66 percent.

These unjust and restrictive measures being applied against our poultry products are governmentally established barriers to trade.

We believe that it is incumbent on our Government to use its powers to obtain fair play. We want for poultry and all agricultural products the opportunity to compete in the markets of the countries which comprise the Common Market on the same basis and principles which they want and are given access to the American market for their goods. This is simply the principle of reciprocity.

The trade in Germany, which is our principal market, is strongly supporting our efforts to obtain a modification of these barriers. The German Government has also made efforts to modify these barriers. Under the Common Market structure a certain minimum number of votes are required for modification, and these efforts have failed because France and the Netherlands have blocked every effort which has been made to lower these barriers. In fact, they have recently sought to further increase the barriers.

We think it is now time for a firm and specific position to be taken by our Government on the matter of these barriers, and that it be made clear that the powers and authorities available to us will be invoked to the extent necessary to obtain a modification of these barriers.

To wait is to make the problem far more difficult. To wait is to run the risk of losing the trade support and the support which has been accorded by the Governments of Germany and Italy.

We are convinced that what is needed now is a clear definition of position and firm and decisive action to support that position.

We seek your help and pledge you our full cooperation and support.

Senator BYRD. Thank you, Mr. Pringle.

Next witness?

Mr. PARKER. Mr. Chairman, I would next like to call on Mr. Carl Nall, the executive secretary of the Pacific Dairy, Poultry, and Egg Association, from California.

Senator BYRD. Come forward, Mr. Nall.

#### STATEMENT OF CARL NALL, EXECUTIVE HEAD, PACIFIC DAIRY, POULTRY, AND EGG ASSOCIATION

Mr. NALL. Senator Byrd, Mr. Secretary, Members of Congress, it is my privilege to represent the poultry industry for the nine Western States. We are privileged to have in attendance here—and I shall not attempt to enumerate those who do represent the Western States—but Congressmen and Senators from that area that have a vital interest in this problem, as well as those that have been expressed by other States.

The turkey industry, in particular, is of great importance to the western area.

We wholeheartedly concur in the statements that have been made and the interest that has been shown by those from other parts of the country in obtaining relief from the trade restrictions and barriers that are being placed against the poultry industry by the Common Market countries. We are fearful, also, that these restrictions and barriers that have been effected may further expand into other areas and thus curtail the exportation of poultry in other countries.

We hope that there will be strong and aggressive action taken to eliminate these barriers.

Thank you very much.

Senator BYRD. Thank you.

Next witness?

Mr. PARKER. I would like next to call on Mr. Frank Griffith of Ocoma Foods of Omaha, Nebr.

Mr. Griffith is also engaged actively in the business of exporting poultry to the Common Market countries.

Senator BYRD. Take a seat, sir, and proceed.

**STATEMENT OF FRANK L. GRIFFITH, OCOMA FOODS CO.,  
OMAHA, NEBR.**

Mr. GRIFFITH. Senator Byrd, Mr. Secretary, and honorable Members of the Senate and Congress, my name is Frank L. Griffith. I am the manager of the Export Division of Ocoma Foods Co. in Nebraska, established in business in 1899, and having poultry and turkey processing plants in Nebraska, Iowa, and Arkansas.

We are active participants for a fair share of the export market. I speak for our organization and believe I speak the sentiments of the Midwest poultry industry.

We can surely substantiate what has been said before during this morning's session and endorse the facts which have been presented to you. Our own export business has been very, very seriously affected by the actions taken by the European Economic Commission.

Because of the time element it is impossible to delve into the background of, or what we feel is the ultimate goal of the European Economic Commission, or more commonly known as the Common Market.

Gentlemen, as we observe what has taken place already, I would prefer to refer to it as the "Uncommon Common Market." Surely on one point we can agree: That it was never designed or is it its intent to benefit the United States. Yes, I know Dr. Hallstein has said that it is his hope that the United States and the new Europe will gradually move closer together politically as well as economically. He states, "We stand at the threshold of a new era—the era of the Atlantic partnership." Yes, a partnership designed to move, such as a comparison of the elephant to a rabbit. We stand at the threshold of a new era with the door slammed in our face and the key turned and with bolts being gradually added to make certain we do not get it opened. Such would be the appearance at this present moment. These are not extreme examples. You hear and read of such headlines as "United States of Europe Nearing a Reality," "A Colossus Grows in Europe," "United States of Europe Looms," "Bitter Enemies Now United," and "United States of Europe Become More Popular."

Gentlemen, I contend we are faced with a European Common Market—a Frankenstein monster.

No, I am not an alarmist. I hope it can be said I am a realist. We must face facts, however, and all we have to do is look at the record as it has been presented to us to the present date.

Dr. Hallstein says "partnership is only possible between equals. At heart, it is a kind of competition. The two partners are to grow stronger by vying with each other." Gentlemen, vying with each other, I'll use a ball bat and you use a palm branch. Such would be our present status.

Dr. Hallstein indicated in one of his speeches in Nebraska that approximately 25 percent of the populace of the Common Market countries were employed in agriculture, of which, of course, poultry production and processing was the minor portion. By this statement it would indicate that 75 percent of the populace were in other lines of endeavor or professional people. Therefore, it has been determined by the EEC that 75 percent of the populace of the Common Market, and predominantly West Germany, shall pay exorbitant prices for poultry and turkey products while the EEC nurtures into self-sufficiency a weakening part of their economy. Perhaps this transition will take 2 years—5 or possibly 10 or more years. Shall the United States be forced to sit on the outside looking in while the designers and administrators of the EEC continue with the unreasonable protectionist barriers and periodic discriminatory methods?

The U.S. poultry industry has the production—the know-how of production and processing—to give the fine people of the Common Market countries quality products at reasonable prices. Why is the door slammed in our face? The people of Germany and other members of the Common Market have demonstrated they want our product—they still want it. We are not asking for unfair competitive advantages, only a continued fair access to the Common Market. If, as Dr. Hallstein has said, “the United States and the New Europe will move closer together in this partnership,” let them demonstrate fair play with an immediate reconsideration and removal of unfair trade barriers. We are realists—we know their economy must continue to improve—but why this unfair restraint when we know they cannot now or for a long period to come possibly supply the requirements of their people.

Gentlemen, it is time for action—not saber rattling, not clumsiness likened to a bull in a china shop, but a forthright statement of facts to the administrators of the EEC that we demand fair treatment, the privilege of honest competition in order that we might avoid taking strong retaliatory measures to offset present existing unfair trade barriers. We must act.

Look behind the scenes and take note as to what is developing. Why should this Frankenstein movement suddenly take on the characteristics of an octopus and with its fast-growing tentacles strangle one who has been recognized as a partner in peace.

Gentlemen, who among you can fail to see the midnight cry is very near unless we take immediate steps to correct the situation which now exists and let our partners know we intend to have sovereign rights honored and be treated as partners for peace and prosperity.

Thank you for your time and for your continued efforts in behalf of an important segment of American economy.

Senator BYRD. The chairman is informed that Congressman Wilbur Mills, chairman of the Ways and Means Committee, and one of the busiest men in Congress, as you all know, has to leave at 11 o'clock.

Next witness.

Mr. PARKER. In the few minutes that are left before Chairman Mills must leave, I would like next to call upon Mr. Killebrew, the executive head of the Arkansas Poultry Federation, for a brief statement.

**STATEMENT OF LEX KILLEBREW, EXECUTIVE HEAD, ARKANSAS  
POULTRY FEDERATION**

Mr. KILLEBREW. Senator Byrd, and Mr. Secretary, and Members of Congress, Arkansas is the second largest producing State in the Nation. Needless to say, the export of poultry means a great deal to all of us. It is one of the moving factors in our State that governs the major flow of our economy.

Arkansas is a small State. But the poultry industry contributes to the livelihood of approximately 126,000 people within our State.

Arkansas is an export State. We export approximately 10 percent of our production. If we do not export this product, it comes back to our domestic market. And, as many of you know, being from poultry States, the market on poultry is a flexible item in any case.

We heartily concur with the statements previously made. We support the thinking of the gentlemen that have made their statements. We are willing to work in any way that we possibly can to help defeat and break down what we consider these unjustified barriers that have been placed on our American products.

Thank you very much.

Senator BYRD. The Chair would like to announce that Senator Russell has been called to the floor of the Senate. We regret very much his leaving.

Next?

Mr. PARKER. We have two more witnesses with only short statements, Mr. Chairman. I know it is necessary to be brief. I have just been informed that the Secretary of Agriculture has a pressing appointment.

I would like to call Mr. George Chisk of the Maine Department of Agriculture for just a statement or two.

**STATEMENT OF GEORGE CHISK, DEPARTMENT OF AGRICULTURE  
OF THE STATE OF MAINE**

Mr. CHISK. Senator Byrd, and members of the committee, I would just like to say for the record that the Maine poultry industry is about the same as Virginia, and about in the same condition as that of the other groups who have testified, in that his loss of the export market is very serious to our industry, and we would like to go on record, too, as urging that everything possible be done to correct this situation.

I believe that our industry had developed a foreign market of about 10 percent before the effects of this situation in the Common Market became effective, so that at the present time our export shipments are almost nil.

I thank you.

Senator BYRD. Thank you very much, sir.

Next witness?

Mr. PARKER. Mr. Chairman, I would like to call now Mr. Paul Morgan, the president of the Southeastern Poultry & Egg Association who represents the entire southeastern part of the United States, for a brief statement.

Senator BYRD. Come forward and take a seat, and proceed.

## STATEMENT OF PAUL MORGAN, PRESIDENT, SOUTHEASTERN POULTRY & EGG ASSOCIATION

Mr. MORGAN. Mr. Chairman, Mr. Secretary, and Members of Congress, the Southeastern Poultry & Egg Association, which I am president of, represents 10 Southeast States with about 10,000 members.

To our association the Common Market is very important.

Virginia happens to be one of those States that we represent, and we have heard from several other people. We would like to say that we concur in the statements that have been made.

In the Southeast and in Georgia the poultry industry is No. 1 in the cash crops. Alabama is No. 1, North Carolina No. 2, and South Carolina it is No. 3. So you can see the importance of the poultry industry and the fact that this loss of the market in the Common Market area concerns us.

We appreciate all of the past support that you have given us, and we look forward to the continuing support that you may give us at this time.

Thank you very kindly.

Senator BYRD. Thank you very much.

Next witness.

Mr. PARKER. Mr. Chairman, we could, of course, present witnesses from every State, but we are not going to burden your time. I am going to take just a very few minutes here by way of summary and conclusion so that we can have a chance to hear from the Secretary and respond to questions.

I think that from this rather brief presentation the problem is clear. We are faced with these unfair protectionist policies that have been adopted and applied against poultry. The problem is national. It affects every part of the Nation. Poultry is just a symbol of what is going to happen to all of our agricultural commodities if there is any local production capability within the Common Market countries which they desire to protect by any type of barriers.

We hope that out of this meeting can come a better understanding of the problem, and perhaps the establishment of a more definitive position on the part of our Nation to meet this problem, and also perhaps some better defined plan of action on the part of our Government on how to cope with it.

We realize that this is an extremely difficult and complex matter because it does involve other governments. It means that some way, somehow, we have to find a way to come to grips with the problem.

I would like to divert just a moment, and I would be most remiss if I did not take this opportunity to commend the Secretary of Agriculture for the very outstanding efforts that we think he has put forth in attempting to meet this problem. It was my privilege to be in Europe last fall when he was there, I know what he did in Brussels, I know what he did in Paris before the OECD. And I might say that there he made the first and perhaps only public statement that we in the poultry industry have been able to find that sets forth any kind of an official U.S. policy. I think he did make it clear that somehow, somehow, the United States was not going to stand idly by and let these markets just be taken away from us by these manmade barriers.

But I think that we need to get some backfill and support for that position, because subsequent events in the Administrative Committee of the Common Market, and in the Commission itself, do not indicate that they are likely to do much in the way of modifying these barriers unless a more vigorous position is taken on the part of the United States. We feel that they must be convinced that we mean to protect our rights.

We are very much encouraged with the note that you read this morning from Ambassador Herter. I hope that this materializes, because we have had commitments and the Government of the United States has had commitments earlier last year—in fact they were presented to this committee, I believe, when the Trade Expansion Act was under consideration—which indicated that there would be some modification of these barriers.

What we need, we think, is a policy that is understood throughout this Nation and throughout every agency of our Government which will be expressed in every manner possible to the Common Market countries. We also need to make this a special order of business, so to speak, in which the new Special Representative on Trade Negotiations or some other special emissary speaking with authority from the head of our Nation and who will have the responsibility of coming into some type of immediate negotiation to get an interim measure of relief until the basic negotiations are started in 1964.

We can't wait until 1964 for some type of immediate relief. We have support in the Common Market for among trade and the consumers. We have some support from some of the governments of the Common Market countries. That support is available now, but if we do not make use of it I don't know how long it will continue to be available.

With that short summation, Mr. Chairman, we will be ready to respond to questions.

But I understand that the Secretary is under a time compulsion. And we would like an opportunity to hear from him if we could.

Senator BYRD. The Secretary has been very gracious in coming here today. He had other engagements. So I will ask him now if he will make his statement, and then we can consider questions.

**STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE; ACCOMPANIED BY WILLIAM T. GOSSETT, DEPUTY SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS; RAYMOND A. IOANES, ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE; AND DAVID L. HUME, ASSISTANT ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE**

Secretary FREEMAN. Thank you very much, Senator Byrd, and distinguished Members of the U.S. Congress, leaders in the poultry industry, and ladies and gentlemen.

Might I say that I don't feel nearly as comfortable and important down here at the witness table as I did up on the bench, even though I have spent a lot of time down here.

Senator BYRD. Some day you may be up here, providing you handle this poultry matter satisfactorily.

Secretary Freeman. Senator, if I do, will you handle my campaign?

I would like, if I may presume on the chairman, to introduce some gentlemen here that some of you might want to visit with or possibly direct inquiries to.

First of all, Mr. William Gossett, the Deputy Assistant to Ambassador Herter, who, as you know, is the President's Special Representative on Trade Negotiations.

Bill Gossett went to Europe with Mr. Herter and returned recently, and might have information that would be useful to you. In any event, I think you all would want to meet him.

Also from the Department of Agriculture, the Administrator of the Foreign Agricultural Service, Mr. Ray Ioanes, who most of you know.

And our No. 1 specialist on poultry matters, Mr. David Hume, who returned only yesterday from several weeks in Europe with a technical team working especially at the staff level on exactly this problem.

These gentlemen are here and available to respond to your inquiries.

Mr. Chairman, on behalf of agriculture in general, and certainly as the President's representative here this morning, I would like to express my appreciation for the vigorous support for the efforts that the President has been making to meet this extremely difficult problem.

I thought it was very timely that Mr. Parker emphasized that this is a very complex and difficult situation. It is not one that is completely within our control by any means. We are dealing with other sovereign governments under circumstances of considerable strain and stress and adjustment. And it is essential that we press vigorously and also sensibly so that our rights which were outlined here this morning are recognized.

I would like to point out that we do have "rights," and I use that word advisedly. And when I say that here this morning, it is not something I haven't said in Brussels and said in Paris. We have certain rights as a sovereign nation and a signatory to the General Agreement on Tariffs and Trade. And in the recent negotiations that were concluded a year ago in Geneva, these rights were considered along with the rights of other nations to the interests of all concerned.

Now, when it came to agriculture, and particularly certain items in agriculture, there were some differences, and very strong differences, A, as to the extent of these rights; and, B, as to what the countries would be willing to do in connection with the rights that we had based upon previous agreements.

Before that treaty was signed, the President sent me several times, and sent Mr. Murphy, finally shortly before the final signing, to make it clear that we were retaining our rights for certain commodities. A standstill agreement that might be likened to a contract was signed at that time which said in effect that our rights as of September 1960 continued, and the negotiations as to what those rights were would continue, and, as such, that they were in effect set-aside from the rest of the agreement that was signed at Geneva, the so-called article XXIV: 6 arrangement.

This, then, is the situation.

And our problem now is to negotiate and to seek to enforce those rights. We do not go to Europe asking for concessions. We go there properly asking for consideration.

What has been said here by representatives of the trade is absolutely true. We are very proud of the Department of Agriculture, and think this is one of the outstanding trade accomplishments of certainly

the last decade, when you realize that, working together under Public Law 480 and tools made available by you gentlemen in the Congress, together with the trade, we have been able to expand, since 1958, trade in poultry from 10 million pounds to 185 million pounds, from \$3½ million to \$52 million. This was quite an accomplishment before the application of the variable fees.

So as it now stands, we have some rights, and the question is, How do we enforce them, dealing with the sovereign nations which have gathered together in a new agreement and combination in a common market?

Well, like any other rights or agreement, we seek to negotiate a recognition of those rights. And this we have been vigorously pursuing. That was the purpose of my trip to Brussels and Paris recently in which I made a statement of Government policy in connection with it and said what I am saying here this morning.

We have consulted repeatedly with members of the Commission, as have all levels of our Government in the State Department, and now Mr. Herter and his staff, as well as the President's office. And the President himself has reviewed these matters with the leaders of state of the respective Governments of the Six. And our representatives in those countries have pressed our case. Poultry has repeatedly been on the agenda in Brussels of the Commission and the Council. As the result of these efforts, we have not made very much progress in terms of getting the kind of relief to which we are entitled, which would be to cut these fees approximately in half, but we have had some encouragement and have made some progress.

The possibility of a double collection of the 2.8 differential recently referred to was eliminated. It constituted a double charge, and they responded.

I was fortunate to be in Brussels at the time this took place. Recently the differential was lowered by the Commission by about a half a cent. This is not a significant enough action to place us in the position we need to be in, but it is an encouraging step forward.

We are hopeful and we are using every resource to press strongly our rights, as indicated in the communication from Mr. Herter as to the meetings which are scheduled for the Council. As you gentlemen know, the Commission is the executive arm of the Six. They have certain powers. In this instance, they can lower the differential on the gate price, but they can't lower the gate price itself. The gate price can only be lowered by the Council, and the Council is now made up of the foreign ministers of the respective governments.

And so we are dealing with two different approaches.

This question was scheduled to come before the Council, and we were hopeful, as Mr. Herter's communication indicates, that there would be some favorable results.

A year ago unilateral action was taken initially to lower the variable fee in Germany. This action went before the Commission. The initial German recommendation was not completely sustained, but about a 2-cent reduction was recommended by the Commission. It was returned to the German Government, and a political crisis arose in Germany about that time, and it went into committee in the Bundstag, and it didn't get out of committee.

That was another course of action by way of negotiation that we pursued very, very vigorously.

Now, of course, we face a different situation and I must say to you quite frankly that we are seeking to try to get our bearings.

The recent action in relation to the rejection of the membership of the United Kingdom in the Six has added a different kind of dimension to the picture. The priority of attention and action which will be accorded this question with which we concern ourselves this morning we frankly don't know. I don't have a firm grip on it, so I cannot honestly report to you a complete, clear picture of where we are going in the days immediately ahead.

This is a kind of background review. And may I summarize by saying, that we have done in this country, I think, a tremendous job in developing poultry exports, and in the process we have created a market in Western Europe, particularly in Germany.

It has benefited their producers, it has created a market for them, it has created a market for us. It is a good thing all the way around. And we are entitled to fair access to that market. We have rights to access to that market.

And, secondly, we are seeking to pursue those rights through the legitimate channels just as we would pursue our rights, let us say, in a court of law in this country, which is to present them to the appropriate bodies, to press them as vigorously as we know how, both the legality of the rights and the equity of the rights, and to carry those rights to other tribunals that might be available, and to bring to bear in every way we can the knowledge that the industry and the country and the Congress stand behind the President in the very vigorous efforts he is making in this respect.

We do not know now whether the Council will meet this month, nor do we know what the agenda of the Council will be but we are certainly following those developments, and will continue to press our rights before them.

It is a complicated picture, as was said here—and I think to recognize this we must recognize first that the Common Market was not created for our benefit, it was created for the benefit of the countries involved in Western Europe, and, as such, where trade matters are concerned they are looking to their own interests primarily, and where we are concerned secondarily.

The Trade Extension Act has provided us with new tools which Mr. Herter will, under the direction of the President, use very skillfully in the bargaining which will begin in about a year.

And it is very important, and our Government has taken the clear position that we are not going to isolate agricultural and industrial items in those negotiations, but we are going to negotiate as a whole in connection with this. It is important to agriculture, because an additional complexity is the very simple fact that we sell about five times as much to the Common Market countries in agricultural commodities as we buy. And, naturally, that means that our bargaining position is not as strong as it otherwise would be.

In the meantime, we seek to protect our position, as those who spoke here this morning so ably outlined, and to see to it that our rights are recognized, and the trade we built up is not eroded away during this period.

I can assure you that the Secretary of Agriculture will continue, and I know that the President will continue, and Mr. Herter and his staff will continue to press our rights in every way we can. And we

welcome more than we can tell you the significant expression of support from all of you in the U.S. Congress and from leaders in the industry.

Thank you.

Senator BYRD. Thank you, Mr. Secretary.

You have about 15 or 20 minutes, do you not?

Secretary FREEMAN. Yes, sir.

Senator BYRD. As I understand it, you are fully aware of and believe in the seriousness of the situation. And I may say that I have been a member of the Finance Committee for 30 years, and I have never seen such a gathering of Senators and Congressmen who were not members of the committee before, indicating the great importance of some action to be taken.

Now, there are just one or two questions that I would like to ask at the start.

Is it correct as I note in the memorandum, that the gate price for broilers is 33 and 31 cents per pound, and that is uniform for all six of the Common Market countries.

Secretary FREEMAN. Yes, any exports that go into any of the six countries are subject to the gate price which applies to all of the countries.

Senator BYRD. In other words, they take a common action in six countries?

Secretary FREEMAN. So far as the gate prices are concerned, yes. The fees in the other countries could differ at this stage of the game.

Senator BYRD. Now, the chief importer of our poultry is Germany, is it not?

Secretary FREEMAN. Yes, sir.

Senator BYRD. Is it true that Germany has put further restrictions on—I was in Europe recently, and I heard that they had a restriction that the poultry could not be in transit more than 70 hours, which would require a delivery by airplane.

Secretary FREEMAN. I can't answer that.

Would Mr. Ioanes or Dave Hume answer that?

Dave, is that true?

Mr. HUME. They have the authority to impose that limitation. It keeps everything in a state of risk, but it has not been imposed at this time that I know of.

Senator BYRD. But that is in addition to a prohibitive tariff if it should be imposed?

Secretary FREEMAN. Yes, sir.

Senator BYRD. And they have the authority to impose it. Does that authority come from the Common Market or from Germany itself?

Secretary FREEMAN. As I understand it, the German Government itself would have that authority.

Is that right?

Mr. HUME. Yes. The genesis of it was in the German law itself, but there is a provision in the Common Market regulations that they are standing on, also.

Senator BYRD. Is it true that Germany has raised some question about the feeding of poultry with some drugs, as they claim, and it made it injurious to health to eat the poultry?

Secretary FREEMAN. I don't know that the Germans have raised this question. It is on this basis that the French have virtually excluded any American poultry from the French market.

Senator BYRD. So we are not only confronted with the prohibitive tariff, but with other restrictions that could completely destroy our poultry export market?

Secretary FREEMAN. Practically, I think that any country, if they conclude that something is deleterious to health, could restrict it.

Senator BYRD. I can understand that. But when it comes to shipping in poultry by airplane, that is an unreasonable restriction. And I have had a lot to do with tariffs all through the years. In other words, that means a determination that no poultry will come into Germany, no matter what the tariff will be.

Secretary FREEMAN. It seems to me that if that regulation were enforced, it would close the door tight; yes, sir.

Senator BYRD. You have about 20 more minutes.

I cannot go around the circle like we usually do, but any Senator or Congressman that desires to ask questions may do so.

Senator Curtis?

Senator CURTIS. Mr. Secretary, is it your contention that the remedy for the United States is limited to negotiation?

Secretary FREEMAN. No, sir.

Senator CURTIS. We can act, can we not—the President can act?

Secretary FREEMAN. In what respect, Senator?

Senator CURTIS. Is he empowered at the present time to raise tariffs on the Common Market products coming into the United States?

Secretary FREEMAN. The Trade Expansion Act passed by the Congress, in section 252 provides that in cases where the President, in his judgment, feels that we have been improperly dealt with, he can take appropriate steps in connection with that country.

Senator CURTIS. Now, are those steps limited to the same identical item about which we are complaining?

Secretary FREEMAN. I don't know.

Senator CURTIS. I think not. For instance, the tariff on European cars coming into the United States is about 6½ percent. On American cars going into Europe it is 22½. There is no legal bar to raising our tariff on European cars to equal theirs until this poultry situation is settled, is it?

Secretary FREEMAN. I think not, no.

Senator CURTIS. And now, as of August 1, 1962, the tariff imposed by the Common Market countries against our agricultural products were six times those imposed by the United States on the same identical agricultural products.

Has that situation changed?

Secretary FREEMAN. I didn't hear all of that.

Senator CURTIS. Has that situation changed?

Secretary FREEMAN. No. The situation hasn't changed since August 1.

Senator CURTIS. That is all, Mr. Chairman.

Senator BYRD. Questions?

Senator SPARKMAN?

Senator SPARKMAN. First let me say that Congressman Grant, of Alabama, would have liked to have been here, but was sick and unable to come. But we have here representing him Miss Marian Harding.

May I ask this question? Perhaps this should be put to Mr. Gossett rather than the Secretary.

Senator BYRD. Would Mr. Gossett care to come up and sit next to the Secretary, please?

Senator SPARKMAN. What is the situation as of today with reference to negotiations that I understand have been going on?

I have heard from time to time that there is some hope of getting relief.

Mr. GOSSETT. Senator, may I say that Governor Herter was sorry that he could not be here this morning. I was with him when he talked with Mr. Mansholt of the European Economic Commission. He is a Vice President and one of the Commissioners from the Netherlands. He is the agricultural expert. His answer to our inquiry as to what they were doing about this very serious problem with which we are faced in this country was that it was a matter that they had under consideration, and that at a meeting to be held in the middle of February, and if not then, before the end of February, they proposed to consider the reduction of this gate price which had been imposed. It was Mr. Mansholt's view, as expressed to us, that the price was too high, that the price should be about equal to the cost of producing poultry in Denmark, but that the price was above that price, and he thought it was too high and unfair. He asked us to be patient and to await the decision on that point.

I think we should be patient. I know that we have already been patient. But I think we should await the decision on that point by the Council of the Common Market.

Senator SPARKMAN. And that will be on shortly after February 15, is that right?

Mr. GOSSETT. Yes, sir. The meeting was to be held between the 11th and the 14th of February and, if not, he said before the end of February.

I have seen something in the press since then to indicate that the meeting had been postponed and perhaps will not be held on the 15th of February.

But I would like to confirm that before I make a definitive statement on it. We have not been advised when the meeting is to be held.

Senator SPARKMAN. I noticed you said that this related to the gate price. The gate price is undoubtedly harassing, but it is the smallest of the additions.

Mr. GOSSETT. Yes.

Senator SPARKMAN. What about the other?

Mr. GOSSETT. He referred to that, the so-called variable levies imposed by Germany. He said that he was hopeful that the German Government would request a reduction in those, also, but that had not been made, and he did not know whether it would be made.

Senator SPARKMAN. Was the variable price applied by Germany alone? I thought it related to the other countries, too.

In fact, France has a variable levy, even higher than Germany.

Mr. GOSSETT. Yes, they do.

Senator SPARKMAN. Germany is second, the Netherlands third, and Belgium and Luxembourg fourth, and Italy is the lowest of any.

Mr. GOSSETT. Yes, Italy has taken the position—and I don't know whether that position has changed—but they have taken the position that they would not permit dismembered poultry to enter their market because they couldn't examine it for health purposes.

And as the Secretary of Agriculture has indicated, France has taken the position that they will not admit our poultry because of the antibiotic situation, which we think is somewhat arbitrary and unjustified.

Senator SPARKMAN. What about this 70-hour transportation provision?

Mr. GOSSETT. I am not familiar with that, Senator.

I heard the answer given by Mr. Hume.

Senator SPARKMAN. Is there any other restriction that is being imposed by any one or more of the countries?

Mr. GOSSETT. I know of no other.

Senator BYRD. Any other questions?

Senator WILLIAMS?

Senator WILLIAMS. Mr. Secretary, are any of the actions that have been taken on poultry by the Common Market countries in any way a violation of the GATT agreements?

Secretary FREEMAN. Yes, I think they are.

Senator WILLIAMS. And, if so, are there not teeth in the GATT agreement or in the Reciprocal Trade Agreement so that we could take some action to correct them?

Secretary FREEMAN. That is a distinct possibility, and at the proper time it may well be done. It is something that we have had in mind from the very beginning.

Senator WILLIAMS. And I understand that the Department, the administration is considering invoking these provisions where you can take some counteraction if this is not corrected?

Secretary FREEMAN. That is correct.

Senator BYRD. Any other questions?

Senator Beall?

Senator BEALL. I do not have any questions, but I would like to say on behalf of my colleague Congressman Brewster, of the Eastern Shore, and myself that we are very much interested in this project. It is well known that it is one of our main industries in Maryland, and we do hope that it will be worked out with the Government and with this committee.

Thank you.

Senator BYRD. Further questions?

Senator McClellan?

Senator McCLELLAN. Mr. Secretary, I would like to ask if you regard this as sort of a forerunner of other similar Common Market problems with which we are going to be confronted?

Secretary FREEMAN. Yes, Senator, although this one, I think, is a very special one, because of the rapidity with which the trade has been built up and the effectiveness with which we have been cut off so quickly.

Senator McCLELLAN. Would it not serve our interests for us to put forth a great effort to resolve this immediately and indicate that we will take action that is proper on poultry if necessary to protect our interests? Should that not be done other than let this thing drag along indefinitely?

Secretary FREEMAN. Yes, sir.

Senator McCLELLAN. In other words, it might, if we handled this properly, get some results, and let them know that we expect proper treatment, it might serve somewhat as a deterrent to other similar problems that may arise?

Secretary FREEMAN. That is correct.

Senator McCLELLAN. Thank you.

Senator BYRD. Senator Muskie?

Senator MUSKIE. Mr. Secretary, you have made reference to the rapidity with which our exports have grown. Have those exports displaced European products over that period to any extent at all?

Secretary FREEMAN. No; they have stimulated European production.

Senator MUSKIE. So that this has been a positive contribution almost completely to the European economy?

Secretary FREEMAN. That is the irony of it, that actually we have created a market for poultry in the European economy which didn't exist before, and in a sense we created the market and pointed the way, and we have been rather rudely shouldered aside, and we don't like it even a little bit.

Senator MUSKIE. So this is really a classic example of the benefit that trade can be not only to the exporting country but the importing country?

Secretary FREEMAN. That is correct.

Senator MUSKIE. And if the example does not stand up it will undermine the whole concept of the liberal trade policy on which we are embarked; am I not right?

Secretary FREEMAN. It would certainly be a strong argument about it.

Senator BYRD. Any questions?

Mr. Abbitt?

Representative ABBITT. I would like to ask the Secretary this question: Do you have certain recommendations in mind such that, if they were followed through by the State Department or the administration, this situation could be corrected in a reasonable time?

Secretary FREEMAN. Yes.

Representative ABBITT. So then you do feel that the situation can be corrected if the administration and the proper officials take vigorous and proper action within a reasonable time?

Secretary FREEMAN. It is always difficult, Congressman, to know whether you will be able to settle the lawsuits on mutually favorable terms.

Representative ABBITT. If you have got a shotgun you can pretty well take it?

Secretary FREEMAN. I am not sure who has got the shotgun.

Representative ABBITT. I gather from some of the questions asked here that we might have a pretty effective weapon.

Secretary FREEMAN. I think we ought to face the fact, and it would be realistic as to how we are going to properly protect our rights that we have under a favorable balance of trade, and we sell a good deal more than we buy, and this does not make for as strong a bargaining position as does the converse.

Representative ABBITT. The general feeling in my area—and I can't speak for anybody else in my section—is that some of the officials in the State Department are more concerned with the economics of certain foreign countries than they are at home. Have you found that to be true?

Secretary FREEMAN. No, sir.

Representative ABBITT. I certainly feel a little better about it.

Senator BYRD. Mr. Secretary, you say you have not got a shotgun. Have you got a pistol?

Secretary FREEMAN. Yes, sir, I have. And I hope it has got a good wallop, and we can hit the target with it. And we are trying to use, if I might coin a phrase, stainless steel instead of buckshot.

Senator ROBERTSON. Mr. Chairman, I would just like to make this observation. European nations on the Continent have never recognized the Monroe Doctrine as international law. But with the help of Great Britain we have made it stand up. The President told Russia she would have to take the missiles out of Cuba because she was violating the Monroe Doctrine, and she took them out.

Now, you tell us, they are violating a legal right that we have, and we have got a simpler remedy than the invasion of Cuba. It certainly seems to me that if by the middle or later in February they do not voluntarily, I don't think you will have to use a pistol or shotgun, just tell them what we intend to do, like the President told them in Cuba, and I believe that our poultry producers will not be put out of business.

Senator BYRD. Any other questions?

Senator Magnuson?

Senator MAGNUSON. Mr. Gossett, I hope I am not right, but I think this is going to be a forerunner of all kinds of problems of different commodities. They may be in a special category such as this, but there are going to be a great number. What machinery has been set up in your shop, if any, for an industry to present their case to you, Mr. Herter, and those who will be our negotiators on many of these problems—and I think there are going to be several.

Are they going to have to come here and go through Congress, or is there some place where we can go, those of us who represent them and the industry, and lay the case down and get some kind of direct answer as to what can be done, and what you plan to do and what will be done?

Mr. GOSSETT. Senator Magnuson, such machinery has yet not been set up, but it certainly will be. We certainly propose to be fully informed and avail ourselves of all the advice available to us from industry. We propose to have industry advisers and economists, and we propose to have some of them available even during the negotiations.

Senator MAGNUSON. I am thinking in terms of people that want to present their case to the people that can do something for them directly, not indirectly.

Now, you know that in GATT what happens is that—I hope that we don't fall into this error—in GATT the State Department will announce on some given day the commodities that are going to be negotiated, pick them out. And then on another given day, after a reasonable time, if I feel that I have a deep interest, or my constituents, or an industry, in the announced commodities, they will be given about 10 minutes to come down and state their case at the end.

Now, I hope that the machinery that is going to be set up will be not only more effective than that, but give people in these special cases a real chance to feel that they have got somebody they can tell about it, they have got somebody they can give the facts to, and they have got somebody that can directly do something about it.

And then Congress, this committee or any other committee, can back up what you do.

This is a sort of an around-about way we are going this morning.

Mr. GOSSETT. We agree with you.

Senator BYRD. Senator Stennis?

Senator STENNIS. Mr. Gossett, you referred to the Council of the European Common Market that has this matter before it now and will report around the 15th. Were you represented before them? Has this case been presented to them?

Mr. GOSSETT. Not directly, sir. We talked with the Commissioners.

Senator STENNIS. Has the Secretary of Agriculture presented the case?

Secretary FREEMAN. Yes, Senator, I think the case has been strongly presented to every one of the agricultural ministers, to every one of the foreign ministers, to the heads of state in the respective countries, not once but many times.

Senator STENNIS. And it has been presented in this committee or this group?

Secretary FREEMAN. No, this committee does not entertain appearances before it. In this respect I suppose it would be like the U.S. Senate itself, because they do not invite witnesses on to the floor. But in each country there has been the strongest possible representation by our Government.

Senator STENNIS. So you feel that the Department of Agriculture has, then, been fully represented, your ideas and your thoughts and your position before that group, whether formally or not?

Secretary FREEMAN. I wouldn't pass judgment on whether the Secretary of Agriculture is or isn't articulate, but I have talked to practically everyone of them myself.

Senator STENNIS. You have had the opportunity, is that it?

Secretary FREEMAN. Yes. And I might say that there have been very strong representations from the State Department to each of our representatives in these countries that went out over the signature of the Secretary of State that I worked with Under Secretary Ball to prepare, with the President's concurrence, that says this was a matter of grave concern, and our ministers were urged to make the strongest representation to the governments in question.

So we have been on this and on it hard for a whole year.

Senator STENNIS. That is the point I wanted to get. I am impressed with your presentation here, and the strength of your position in it?

Representative GARY. Will the Senator yield to me?

On this program today they had the Ambassador from Holland, and he stated that these meetings had been postponed because of the consideration of the Common Market countries with reference to the failure to take Britain into the Common Market, and the impression was left that there would be some delays because of that. Would that interfere with this program in any way?

Mr. GOSSETT. It certainly would delay it. I heard the same report. It was the one to which I referred earlier. It would delay the decision and it is something to which we should give some attention immediately.

Senator MORSE. May I say that I greatly appreciate what Secretary Freeman has been doing on behalf of these particular agricultural items. But I want to respectfully say that I don't think there is any hope of success in the procedure which the administration has followed, because we are departmentalized and segmentized, and they picked

us off item by item. And it calls for an entire review of American foreign policy vis-a-vis NATO. We have poured better than \$41 billion into the NATO countries since World War II, and we can't continue. And I say most respectfully that American producers are not going to be protected by the State Department under the procedures that the State Department follows.

And the time has come for the Congress to review this whole matter of foreign policy in respect to the NATO countries.

You speak, Mr. Secretary, about the balance of trade being in our favor. That is only now. They don't intend to leave it that way. That is not the purpose of the Common Market. The purpose of the Common Market is to change that just as fast as they can. And I don't intend to bite at that carrot. I think the time has come for a complete review of our foreign policy toward Europe, and that means we have got to take a look at NATO now and make perfectly clear that they need us more than we need them. And if they don't want to come in and help protect economic freedom in the free world as well as political freedom, the time has come for somebody to stand up in Paris—as an American colonel did in 1917, and said, "Lafayette, we are here"—and say, "De Gaulle, here we go."

I think it is just that simple.

Senator BYRD. Any further questions?

I would like to say that this is not a senatorial meeting. And I hope the Congressmen will have something to say, because we are trying to complete a record which I think will be very valuable later on.

Any questions?

(No response.)

Senator BYRD. Thank you very much, Mr. Secretary:

(The following was later received for the record:)

HARRISONBURG-ROCKINGHAM CHAMBER OF COMMERCE, INC.,  
Harrisonburg, Va., January 30, 1963.

HON. ORVILLE L. FREEMAN,  
Secretary of Agriculture, Washington, D.C.

MY DEAR MR. SECRETARY: In 1962 the poultry industry contributed nearly \$60 million to the economy of Harrisonburg and Rockingham County, and it has an immeasurable effect on virtually all other segments of our economic base. It is, therefore, understandable that the increased import tariffs levied by the European Common Market against the poultry industry has greatly disturbed this area.

The Harrisonburg-Rockingham Chamber of Commerce very strongly endorses the recommendations of the poultry industry regarding elimination of these discriminatory trade barriers. We believe that future growth of the poultry industry is dependent upon the Federal Government taking the necessary steps to bring about implementation of a fair and equitable tariff arrangement.

The business people of this area appreciate the interest you personally have shown in this problem and hope you will continue your efforts to gain establishment of the policy you outlined in France last month.

This request represents not only agricultural interests, but that of our total business community of commercial and industrial firms. Through their common organization, the Chamber of Commerce, they urge you to push for removal of Common Market variable import levies on poultry.

It is encouraging to learn of your forthcoming meeting on February 5 with Senator Harry F. Byrd and the Senators from the other poultry States. The businessmen of Harrisonburg and Rockingham County are anticipating significant progress to come out of this conference.

Very truly yours,

GARY A. SHAW, Executive Vice President,

## RESOLUTION BY REGION V, VIRGINIA JUNIOR CHAMBER OF COMMERCE

Consisting of Broadway-Timberville, Charlottesville, Culpeper, Elkton, Harrisonburg-Rockingham, Louisa, Luray, Madison, Orange, Staunton, Stuarts Draft, Waynesboro, Woodstock

Whereas the European Common Market is putting into operation a system of highly protectionist measures which are designed to restrict export opportunities for U.S. poultry and other agricultural products, and

Whereas these measures are inconsistent with and repugnant to basic fair trading principles which have been established under the General Agreement on Tariffs and Trade: Therefore be it

*Resolved*, That this Virginia Junior Chamber of Commerce condemn the use of such devices as gate prices, variable levies, and similar discriminatory measures which have, as their principal purpose, the effect of strangulation of trade instead of promoting free trade between countries, and be it further

*Resolved*, That the Virginia Junior Chamber of Commerce urge that the President of the United States utilize all of the powers available to him under the Trade Expansion Act to bring about a removal of such unfair barriers against our poultry and other agricultural products and that, if necessary, similar measures be used against the goods of the offending countries to the end that such trade barriers may be eliminated so that mutually beneficial trade may be conducted between the countries of the free world.

The Virginia Bankers Association views with alarm the protectionist characteristics of the Common Market trade policies as specifically exhibited in tariffs imposed by the Common Market countries on poultry. These protectionist tariff policies have, and unless changed, will continue to adversely affect the poultry industry in Virginia, and under existing practices could well be extended to encompass other industries to the further detriment of the economy of Virginia and the Nation: Now, therefore, be it

*Resolved*, That the Virginia Bankers Association urges the proper officials of our Government, State and National, to take appropriate steps to correct these artificial, unrealistic barriers to free trade and to work within the framework of existing laws to protect American interests in the world trade markets.

The above resolution was unanimously adopted by the board of directors of the Virginia Bankers Association at a meeting held in Richmond, Va., on January 30, 1963.

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 RESOLUTION ADOPTED BY BOARD OF DIRECTORS OF VIRGINIA FARM BUREAU FEDERATION, JANUARY 23, 1963

## COMMON MARKET TRADE RESTRICTIONS

Mutually beneficial trade among the free nations of the world offers the best and possibly the only hope of permanently unifying freedom-loving people economically, politically, ideologically, and militarily.

Toward the attainment of this objective, the people of the United States have furnished both money and encouragement in the development of the European Economic Community which has vastly strengthened both the will and the ability of the member nations to resist Communist aggression and thus remain free and unrestricted in their pursuit of the appropriate objectives of all freedom-loving people.

Unrealistic protectionist trade policies will inevitably bring disharmony, misunderstanding, and economic stagnation to the world's free nations, including the United States and the member nations of the European Economic Community.

We cannot continue to buy the products and services of other nations or to provide foreign aid, including military assistance, unless we in turn are given an opportunity to recover our dollar expenditures through sales of American goods and services on a reasonably competitive basis. To do so will accelerate the drain on our gold reserves and eventually wipe out these reserves entirely, destroying the basis of the faith and confidence which the free world has in the American dollar as a dependable medium of international exchange.

For these and other reasons, we are tremendously disturbed by recent actions taken by the Council of Ministers of the European Economic Community which have had the effect of excluding our efficiently produced poultry products from the market and denying to European consumers the advantages of these economical and delectable products.

We, therefore, insist that our Government do everything possible to convince the European Economic Community Council of Ministers of the very serious and damaging results which these and other protectionist acts may have on international relations among the nations of the free world.

Should this effort not be productive of the results desired, we recommend the judicious use of counterpart funds in foreign countries in an effort to point out to potential customers the advantages of mutually beneficial, reciprocal trade between the United States and the European Economic Community.

As a last resort, and only as a last resort, we will be justified in insisting upon our adoption of equally restrictive tariffs, quotas, and other devices in order to restore a proper balance of trade between ourselves and other nations.

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RESOLUTION OF THE BOARD OF DIRECTORS OF THE VIRGINIA STATE CHAMBER OF COMMERCE, ADOPTED JANUARY 1963

Whereas the board of directors of the Virginia State Chamber of Commerce recognizes the importance of the Virginia poultry industry to the State's economy and recognizes with admiration the courage and private initiative that have been exerted to develop markets for processed poultry in European countries that are now affiliated with the Common Market economic complex; and

Whereas the board of directors recognizes that recent action taken by Common Market countries to impose additional levies on the importation of American poultry from 15.9 to about 42 percent has resulted in a drastic reduction in sales of Virginia poultry moving into this market; and

Whereas these recent protectionist trade policy measures will result in a loss of a market in excess of 28 million pounds of Virginia poultry annually, valued at \$7½ million; and

Whereas 16 percent of the total poultry produced in Virginia is exported, and approximately 70 percent of this is shipped into Common Market countries, generating a \$30 million economic activity in Virginia; and

Whereas the board of directors are in agreement that the variable levies and gate prices now imposed by the Common Market countries are contrary to the spirit of the General Agreement on Tariffs and Trade (GATT) or true reciprocal trade agreements; and

Whereas it is further recognized that the present negotiations on poultry are the first of many products that will receive similar treatment in the total negotiations between governments: Therefore be it

*Resolved*, The board of directors of the Virginia State Chamber of Commerce go on record in support of the Virginia Poultry Federation and its affiliated industry organizations to secure through proper governmental trade channels the strongest representations possible to seek relief from these unfair and arbitrary protectionist levies and to take whatever appropriate actions that may be available and necessary to implement this support.

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STATEMENT OF HON. J. W. FULBRIGHT, U.S. SENATOR FROM THE STATE OF ARKANSAS

Mr. Chairman, I regret that I could not attend the meeting February 5 at which the Common Market trade policies affecting U.S. poultry exports were discussed. It was necessary for me to preside at a long-scheduled meeting of the Committee on Foreign Relations that morning.

However, I received a full report on the meeting from a member of my staff and representatives of the poultry industry who attended. I was encouraged by the fact that so many Congressmen and Senators were there to express their concern about the poultry export problem. The presence of so many Senators and Congressmen from all sections of the Nation indicates the widespread impact of the poultry industry on our economy and the seriousness of the problem created by the EEC policy on poultry imports.

The fact that the Common Market policy on poultry has been given so much attention by our Government officials, from the President on down, should impress on the Common Market officials that the issues involved are far more important than the simple fact that we are in danger of losing a large export market for U.S. poultry. The policy of erecting formidable trade barriers in the form of variable levies to keep our products at a permanent disadvantage to domestic Common Market production is a giant step backwards in trade relations.

Our Government officials must continue to exert every possible effort to influence the Common Market countries to revise their protectionist policies. The precedent set on poultry will have far-reaching consequences for many agricultural commodities. It will set the tone for all future trade negotiations and, unless the Common Market policies imposing variable levies and other discriminatory devices are revised, the prospects for future negotiations will not be encouraging.

The leaders in the European Economic Community realize that there will be strong demands in this country for retaliation unless there is a drastic change in the Common Market policy on U.S. poultry. Such retaliation could, of course, lead to a disastrous series of retaliatory acts by both sides which would do grave harm to free world unity. The EEC leaders cannot expect this Nation to sit by idly and allow our interests to be discriminated against in such an unreasonable manner as is being done in the case of poultry.

I discussed the poultry export problem at length in a speech in the Senate on May 23 last year and the dangers I pointed out in that speech are now becoming reality. I request permission to have this speech printed in the record at the end of my statement.

I hope that our officials can convince the Common Market leaders of the folly of their policy on poultry and their approach to agriculture in general. The whole world is watching the developments in these negotiations and I am hopeful that commonsense and goodwill will ultimately prevail.

**STATEMENT BY SENATOR J. W. FULBRIGHT ON AGRICULTURAL TRADE POLICIES,  
U.S. SENATE, MAY 23, 1962**

Mr. President, before the end of this session the Senate will consider the legislation to implement the President's trade program. The fundamental issues involved in this measure are the most important to come before the Congress in recent years.

The consideration of this measure requires an objective appraisal and understanding of the operation of the European Common Market if we are to have the kind of trade program under which international trade will be expanded on a beneficial, fair, and truly reciprocal basis.

The United States has supported the concept of the European Economic Community in the belief that closer economic cooperation may ultimately lead to Western European political union. Because of our desire to support the welding of the European nations together into a greater and stronger force, we should not blind ourselves to Common Market policies which are detrimental to our vital interests and harmful to the European Economic Community itself. We must take a realistic attitude which recognizes the dangers as well as the promises of this trading bloc.

Although the European Common Market may enhance the possibility of closer political union between the six member countries, it is emerging as more than just a European arrangement. The Secretary of State pointed out recently that it will be the center of a trading system which branches out into Africa and other continents. It has associated with it some 16 independent countries and a number of areas of varying degrees of dependency which constitute what is now known as the Associated Overseas States. These States have free access to the Common Market.

The United Kingdom, the hub of a world trading system of more than 60 countries and territories, with a total population of three-quarters of a billion people, and a system built upon tariff preferences in the sterling area, is currently negotiating for an association of its system with the Common Market. Other nations have applied or indicated an intention to apply for membership in the Common Market. Denmark and Ireland have applied and Norway is following suit. Sweden, Austria, and Switzerland have announced their intention to seek "association" with the Common Market. No one can predict with certainty the eventual scope of the trading system that will be embraced within, or associated with, the EEC. It is obvious, however, that the establishment of such a farflung preferential trading system will bring about fundamental changes in world trading patterns. It is of the utmost importance that we fully understand these changes and that we adopt positive policies to assure the establishment of trading principles which will allow U.S. goods equitable access to this market. If trade is to be mutually beneficial it must be equitable. It must be based on sound economic principles. Free competitive trade, established on the basis of comparative advantage, should be the goal of both United States and Common Market trade policies. Such a system will promote the economic growth of all nations by

bringing about a better allocation of resources and in so doing, will promote the strength and security of the Western free world.

The Common Market policies on certain agricultural commodities do violence to the principle of comparative economic advantage. The Common Market movement to impose a system of variable levies on some of our farm products, including wheat, corn, rice, and poultry, is a giant step toward protectionism. This policy not only adversely affects the United States but will also work against the long-range interests of the European Economic Community.

The Common Market policy on these farm imports does not measure up to the professed objectives of the European Economic Community. It is inconsistent with the principles which the Common Market countries pledged to observe under the General Agreement on Tariffs and Trade. They are protectionist in nature and the antithesis of free and fair trade. These proposals represent, with respect to agriculture, a return to isolationism that tends to destroy the progress that has been made toward liberalization of trade under GATT in this area. The proposed trade barriers could be destructive of a large segment of our agricultural export trade, regardless of how competitive our products may be. These barriers are far more dangerous than similar barriers that have been imposed in the past by individual nations. Bloc action will bring bloc results. It is imperative that our Government maintain a position against such restrictive measures. Tools must be provided to give the President bargaining power to prevent these new barriers from being established against U.S. goods, and to insure reasonable access for our agricultural products to the European Common Market area.

The EEC trade barriers which will have the effect of keeping many of our agricultural products at a permanent disadvantage take the form of "gate prices," "equalization fees," "preferential duties," and similar devices. As an indication of how this policy will operate to keep our farm products out let me illustrate their application to poultry products.

Poultry and egg products constitute a major agricultural item in the United States. These products are the third largest producer of cash farm income. They are produced and marketed freely and competitively without subsidy or price support. Our poultry is competitive in foreign markets. The export potential for our poultry is expanding rapidly. In only 5 years our poultry exports have increased from almost nothing to the point where we are the leading nation in foreign poultry sales. Our exports to the Common Market area in 1961 were over 150 million pounds. These exports are a substantial source of dollars.

It is estimated that the new Common Market barriers if fully imposed could more than double the existing duties and almost equal our on-the-farm price. These duties are already high. Germany, the principal poultry importer in Western Europe, is currently imposing a duty on poultry of 15.9 percent, amounting to some 5 cents a pound when applied against the current export price. In contrast, our import duty on frozen broilers is 3 cents per pound or about 10 percent ad valorem.

The obvious effect of these Common Market restrictions will be to exclude U.S. exports and to preempt unto the Common Market countries themselves as much of the market as they choose—despite the competitive position of our products or the uneconomic nature of their domestic production. The Common Market by these proposals intends to exclude competition and create a captive market rather than expand trade. This is not trade liberalization, it is trade strangulation.

The possible consequences of this agricultural policy are grave and far reaching. This approach endangers the spirit of Western unity which we have encouraged as the goal of the Common Market. If such policies are looked upon by the EEC as legitimate instruments of international trade to be used against our competitive agricultural products, the fabric of Western unity will suffer. It is only logical to assume that demands will grow for retaliation against EEC products that are competitive in our market. The Germans would, I am sure, be outraged if we imposed a system of variable levies on their Volkswagens.

Our agricultural export markets are vital to the national economy as well as to farmers. These exports are a source of dollars which are an important factor in ameliorating our balance-of-payment difficulties. The agricultural products on which the EEC wants to keep us at a permanent disadvantage make up about \$400 million in trade with these nations. If these exports are cut off, as they could be under the proposed policy, our balance-of-payments problem will become even more difficult. There is no assurance that these or other exclusionary measures may not be employed against other U.S. exports. If such unilateral

action, in violation of the spirit of GATT, can be taken with impunity against these farm products it can also be used against other products.

The issue involved here is one of principle and a reasonable and fair solution must be reached if our relationship with the Common Market is to grow and flourish.

The loss of agricultural exports which may result if the Common Market agricultural proposals are imposed on our agricultural products will weaken our ability to carry the heavy financial burden which the United States now assumes in the effort to protect and strengthen the free world.

The barriers proposed by the Common Market would destroy the competitive position our farm products have gained through efficiency. They are the antithesis of freer trade and can only operate to create frictions within the free world.

I understand that our negotiators have not accepted the principle proposed by the EEC that would insulate their producers from U.S. competition even though the policy on poultry is scheduled to be placed in effect on July 1. The way has been left open for further negotiation, and we must insist upon full exercise of our rights and privileges under GATT. Our officials should press vigorously for full compliance by the EEC with both the letter and the spirit of GATT. It would be belittling for the United States to make further concessions in an effort to buy the reduction or the elimination of these barriers.

We are at the point now where the representatives of our Government must exert greater effort to impress on our friends in the EEC that if we are to progress toward a mutually beneficial trade partnership and a more open trading world in which our most efficient industries—theirs as well as ours—can share in expanding markets, we will not stand by and permit the establishment of new and more restrictive trade barriers against our products. The demands of the new trading world will undoubtedly require many adjustments—but such adjustments must be designed to promote efficiency and to expand trade—not to contract it.

Passage of the President's trade bill is essential to reaching a solution to this problem. It will give us flexibility and strength for bargaining purposes that we do not have under the Trade Agreements Act which expires at the end of this fiscal year. Any agreement we reach with the Common Market must provide assurance that our farm products will have reasonable access to the Market. There should be no agreement which would help one segment of our economy at the expense of another.

The challenge to freedom posed by Communist imperialism is grave and is likely to remain so throughout the lifetime of the present generation of Americans. The growth of an Atlantic community, of which the President's trade program is a vital element, is compelling evidence that time, if we use it wisely, is on the side of freedom, not communism. The prospect of an enlarged European Economic Community represents a formidable challenge to the United States—a challenge which we can confidently accept—and it also represents an unexampled opportunity. Western Europe is moving toward the attainment of a mass consumption economy comparable to our own. The adjustments will not be easy. The Common Market move toward protectionism in agricultural trade is a disturbing development. The failure to follow the law of comparative advantage in agriculture is not in their economic interests or ours. If the full potential of the Common Market for promoting Western strength and unity is to be achieved they must adopt a more realistic attitude toward agricultural trade.

(Whereupon, at 11:45 a.m., the conference was adjourned.)

