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REMARKS PREPARED FOR DELIVERY BY SECRETARY OF AGRICULTURE CLAYTON YEUTTER TO THE AMERICAN CHAMBER OF COMMERCE

Clayton K. Yeutter

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Remarks

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**REMARKS PREPARED FOR DELIVERY
BY
SECRETARY OF AGRICULTURE
CLAYTON YEUTTER
TO THE
AMERICAN CHAMBER OF COMMERCE**

**Tokyo, Japan
August 22, 1990**

Most Americans won't ever forget -- and I certainly won't -- the news photos taken of the destruction of the Berlin Wall. But even as this political wall was toppling, other walls were going up, ever higher, around the world. I am talking about economic walls -- the subsidies, import bans, price supports, and other policies -- which are distorting, and threatening to destroy, the world's agricultural trade.

To appreciate the formidable scale of these walls, visualize for a moment a six-story building. That's the height of the trade wall around the market for agricultural products here in Japan, if you equate each percentage point of a farmer's income that comes from government support and protection programs as a brick one foot high. The wall surrounding the European Community's agricultural market -- by comparison -- is about three stories tall.

I won't mislead you -- the United States has a wall, too. It stands two stories tall. We don't believe in such walls, but neither will we leave our farmers unprotected while they are restrained from competing in many markets of the world.

For the future of world agriculture, for the vitality of the world's economies, these walls must come down. The opportunity to lower them exists in the Uruguay Round of the General Agreement of Tariffs and Trade (GATT), now being negotiated in Geneva, Switzerland.

Today, in the Uruguay Round, we are finally reexamining the costly agricultural policies that have been formulated over the last 40 years. We are trying to create new trade rules for the 21st century -- rules that make sense, rules that free up markets and allow efficient agricultural producers everywhere to compete fairly for those markets.

We are now about three and two-thirds years into the Uruguay Round, which takes its name from the first meeting in Punta del Este, Uruguay, in 1986. Looking ahead, we are roughly 100 days -- including weekends and holidays -- from the closing meeting of ministers, set for the week of December 3rd this year. In reality, we have less than 50 real working days left to get the job completed.

If we think of the entire Uruguay Round as an 8-hour day, then we're now in the last 40 minutes and counting. There is no longer any time for foot dragging; we have to move quickly if the Round is to be a success.

Last month, at the Economic Summit in Houston and in key GATT meetings in Geneva, the leaders of the seven largest industrial nations managed to advance the process, though modestly. Coming out of those meetings, we now have a renewed commitment by the major trading nations to bring the agricultural negotiations to a successful conclusion, and we have a structure -- a framework -- to help guide the talks over the final few months.

At the Houston Summit, the participating heads of state reaffirmed their commitment to "substantial, progressive reductions in support and protection of agriculture." They agreed that an open world trading system is vital to economic prosperity, and they pledged their personal involvement and leadership to ensure the successful outcome of the Uruguay Round.

Those should not be considered idle proclamations; they are marching orders to the troops!

That word, leadership, is all-important. In all seven trade rounds before this one, the GATT member-nations have negotiated agricultural issues on the basis of political expediency in the short term. The result is the current chaos in the world's agricultural trading order.

Now the challenge is to negotiate agricultural trade reform on the basis of economic viability over the long term. Doing this requires political leadership and vision -- and in Houston, the political leaders made it clear that they want this Round, where agriculture has been so much in the forefront, brought to a successful conclusion!

Some positive signs that this message was heard may now be emerging. Early last month, the Chairman of the GATT Negotiating Group on Agriculture, Aart de Zeeuw, presented the GATT nations with a draft framework on agricultural reform. The de Zeeuw proposal paper was accepted by all participants, albeit somewhat grudgingly in the case of Japan, as a means "to intensify the negotiations" and to accelerate them on this basis. This was a crucial step in moving ahead, but -- as you might have noted -- the language falls short of endorsing the paper's recommendations on how reform should be accomplished.

We need to follow up with serious negotiations to overcome the stumbling blocks that remain. But the United States can't do this alone. We cannot and will not negotiate with ourselves. Others must be willing to change their policies as well, if we are going to get anywhere.

I know it's not popular here to talk about it, but it is imperative that Japan address the issue of rice. The import ban on rice in this, one of the world's strongest economies and most important trading nations, has come to symbolize the inequity and ineffectiveness of current GATT rules. Japan's import ban on rice is indefensible from the standpoint of sound trade policy principles. To be sure, there is now talk here of change, but talk is not commitment.

A successful outcome to the Uruguay Round will be impossible if Japan is not a full and active participant in all facets of the negotiating process including agriculture. That means that Japan must be open to competition in rice, just as we, the European Community and others must be open to competition in products where we now have high levels of import protection.

As leaders of the U.S. business community here in Japan, all of you have an important role to play in explaining to your Japanese colleagues the stake they have in the Uruguay Round agricultural negotiations, whether or not they are directly involved in agriculture.

A number of developing countries -- who are agricultural exporting nations -- have made it very clear they will not consider concessions in vital areas like services, intellectual property rights, and investment if there is no meaningful reform in agriculture.

Nor is there any prospect of getting U.S. congressional approval of any potential Uruguay Round settlement without agricultural reform. As President Bush has insisted, "There simply cannot be a successful conclusion to the Uruguay Round without the inclusion of agriculture and fair treatment of agriculture."

The United States will not accept an agreement that simply tinkers with the margins of the problem. We are not interested in token offers. The world requires fundamental reform and the full integration of agriculture into the GATT.

To be more blunt, no Uruguay Round agreement is better than a bad agreement. President Bush has said this. Ambassador Carla Hills has said it, and I am reiterating it now.

Please deliver this message loud and clear to your Japanese associates, since their goals in the other 14 areas of the negotiations are riding on what happens in agriculture.

I started this talk by asking you to visualize a wall six stories high. I'd like to end by asking you to picture a wall as tall as Tokyo's new Sunshine Building, or the Kasumigaseki Building. Because that is what the world's agricultural exporting nations are going to face if we don't get a successful conclusion to the Uruguay Round -- protectionism on a far greater scale than anything that exists today.

Let's not let that happen. Let's work together now to topple the rest of the walls that are distorting agricultural trade -- and threatening the world's economic future. It is to the benefit of every nation on earth that we do so.

Thank you.