Agriculture by Susan B. Cohen

Spotlight on exports

With the grain embargo ended, Hill committees are beginning to move farm export expansion programs.

Days after President Reagan announced an end to the embargo on grain sales to the Soviet Union imposed by Jimmy Carter in 1980, the Senate Agriculture Committee voted up a grain producer-backed plan to establish a revolving credit fund to help finance farm exports. According to the plan, proposed by committee chairman Jesse Helms (R-N.C.), and included as a plank in the 1981 omnibus farm bill, the fund would be chartered through 1984, and authorized for government support of $500 million in 1983, and $700 million in 1984.

The grain embargo had made a mockery of U.S. market development efforts, since it marked America as an unreliable supplier. But now the Reagan administration can make good on the large potential for expanded farm exports. It is doubtful that full advantage will be taken of the opportunity. The budget-cutting hysteria has placed a cloud over even practical and ultimately money-making programs, such as the revolving fund, that create a new budget line.

While the Senate has at least provisionally included the revolving fund in its omnibus bill, the House Agriculture Committee so far has not. Both committees are now busy marking up the final bills, to be presented to the respective houses on May 15. Some Capitol Hill observers believe that if the revolving fund is left at all in the final legislation, it will only be in the form of "authority" delegated to the Secretary of Agriculture to set up such a fund "at such time as the funds become available"—a dodge that will satisfy the budget-cutters while still keeping alive the concept, possibly for full separate treatment on its own merit later in the year, in the view of House sources. Knowledgeable sources on the Senate side, however, think that passage of the proposal in that form will guarantee that it does not materialize for at least a year or more.

The administration is not likely to move dramatically against the plan, and Senate Agriculture Committee counsel Dick Clark has told reporters that the administration would not try to defeat the bill, even though they would not endorse it. Secretary Block, before the congressional committees and elsewhere, has chosen his words carefully when speaking of the export credit programs. So far, Block has emphasized the expansion of the $2 billion Commodity Credit Corporation export credit *guarantee* program by $300 million.

Reportedly, OMB Director David Stockman would not allow the USDA to approve the policy concept of a revolving fund. But President Reagan has also assured farm producers "100 percent of parity in the marketplace"—and expanded exports is the key to making good on that one. Since the greatest potential for market expansion, by far, exists in the so-called developing sector where oil bills are high and foreign exchange short, programs such as the revolving fund—meant to replace the intermediate credit program, GSM-5, killed by the Carter administration—are critical.

On the House side this week, the subcommittee on Department Operations, Research and Foreign Agriculture approved an extension for all three titles of the PL-480 Food for Peace program through 1985 which incorporated the administration's proposed $100 million reduction in the long-term credit programs of Title I and III and raising the ceiling on Title II donations from the present $750 million to $1 billion. Elimination of Title I and III, advocated by Stockman and the Heritage Foundation, has so far been rejected by both Congress and the administration.

While the full committee has not yet considered adoption of a revolving fund provision, the subcommittee for cotton and rice has reportedly attached the House version of the proposal, a bill introduced in early March by Representative Stenholm (D-Texas), to their segment of the omnibus bill.

The Stenholm proposal has the unique advantage of not requiring the appropriation of new funds; it would be based on loan repayments coming in to the CCC from the three to five year GSM-5 loans issued over the past several years. "History has proven that initial entrance and market presence in developing economies are of immeasurable benefit in terms of maintaining markets in later years as these economies mature and become regular and dependable export customers," Stenholm said in introducing the measure.