

RESTRICTED

GRS 300

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FM WASHINGTON 062330Z MAY 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 1488 OF 6 MAY

AND TO PRIORITY UKREP BRUSSELS, UKMIS GENEVA, PARIS, BONN AND ROME.

EC:US AGRICULTURE: CONGRESSIONAL REACTION TO BONN SUMMIT.

SUMMARY.

SENATOR DOLE NOW PUSHING FOR EXPORT COMMODITY BONUS SCHEMES.

CLAIMS THAT THIS IS NECESSARY BECAUSE FRENCH HAVE MADE IT CLEAR THEY ARE NOT PREPARED FOR NEGOTIATIONS ON THE CAP.

DETAIL.

IN A STATEMENT ON THE FLOOR OF THE SENATE TODAY DOLE, THE MAJORITY LEADER, SAID THAT THE FRENCH ATTITUDE AT THE BONN SUMMIT HAD MADE IT CLEAR THAT THERE WOULD BE NO NEW AGRICULTURAL TRADE TALKS QUOTE THIS YEAR OR IN THE NEAR FUTURE UNQUOTE. AS A RESULT, THE US SHOULD NOW CONSIDER USING ITS SURPLUS STOCKS TO PROMOTE AGRICULTURAL EXPORTS. HE PRESSED FOR THE EARLY INTRODUCTION OF QUOTE A BONUS COMMODITY EXPORT INCENTIVE PROGRAMME. UNQUOTE.

COMMENT.

DOLE'S INTERVENTION IS LIKELY TO PROVE INFLUENTIAL. HE HAS SO FAR BEEN KEEPING HIS CARDS FAIRLY CLOSE TO HIS CHEST ON THE FARM BILL BUT HAS BEEN KNOWN TO BE LOOKING AT WAYS OF BOOSTING FARM EXPORTS BOTH IN THE SHORT AND MEDIUM TERM. EXPORT COMMODITY BONUS SCHEMES (WHEREBY COMMERCIAL EXPORTS WOULD BE SUBSIDISED THROUGH A GIFT OF SURPLUS COMMODITY CREDIT CORPORATION STOCKS) HAVE ATTRACTED CONSIDERABLE INTEREST IN CONGRESS. ALTHOUGH AGRICULTURE SECRETARY BLOCK HAS PUBLICLY RULED OUT A GENERAL SCHEME OF THIS KIND, HE HAS NOT EXCLUDED PROGRAMMES FOR SPECIFIC COMMODITIES IN PARTICULAR MARKETS. BY CHOOSING TO MAKE A STATEMENT AND ISSUE A PRESS RELEASE (COPIES BY BAG) BUT NOT INTRODUCE LEGISLATION AT THIS STAGE DOLE IS CLEARLY OUT TO TEST THE TEMPERATURE IN CONGRESS AND, POSSIBLY, CAPITALISE ON ANY POST-SUMMIT ANTI-FRENCH BACKLASH.

FCO PLEASE ADVANCE TO SHEPHERD AND WARREN ECD(E), PRYOR DTI, AND HADLEY, COCKING AND LOWSON (MAFF).

WRIGHT

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