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1 EXECUTIVE COMMITTEE MEETING
2 THURSDAY, MARCH 3, 1988
3 U.S. Senate
4 Committee on Finance
5 Washington, D.C.

ORIGINAL

6 The meeting was convened, pursuant to notice, at 10:00
7 a.m. in room SD-215, Dirksen Senate Office Building, the
8 Honorable Lloyd Bentsen (chairman) presiding.

9 Present: Senators Bentsen, Matsunaga, Moynihan, Baucus,
10 Boren, Bradley, Mitchell, Pryor, Riegle, Rockefeller,
11 Daschle, Packwood, Danforth, Chafee, Heinz, Wallop, and
12 Armstrong.

13 Also present: Mr. Bill Wilkins, Staff Director and
14 Chief Counsel

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1 The Chairman. The hearing will come to order.

2 The nomination of Mark Sullivan to be General Counsel of
3 the Treasury Department, we had hearings on that previously.
4 Do we have a quorum here this morning, Mr. Wilkins.

5 Mr. Wilkins. Yes, sir, Mr. Chairman.

6 The Chairman. All right.

7 Senator Packwood. I move to report it, Mr. Chairman.

8 The Chairman. All right. The motion has been made that
9 we approve the nomination of Mr. Sullivan. Is there a
10 second?

11 Senator Wallop. Second.

12 The Chairman. Is there discussion?

13 (No response)

14 The Chairman. All in favor of the motion as stated
15 make it known by saying aye.

16 (Chorus of "ayes")

17 The Chairman. Opposed?

18 (No response)

19 The Chairman. The motion carried.

20 We had another measure before us. That is Senate
21 Resolution 94, to express the sense of the Congress regarding
22 relief for the United States Soybean Industry under Section
23 301 of the Trade Act of 1974. Now the text of that
24 Resolution, as sponsored by Senator Danforth, I think has
25 been distributed.

1 Senator Danforth. Mr. Chairman, this is part of the
2 continuing saga with the European Community on the fat and
3 oil situation. It goes back to 1962 when the Europeans
4 agreed to eliminate tariffs on the import of soybeans. And
5 that was the product of negotiation between the United
6 States and the Europeans. We made concessions in order to
7 get that deal. Then beginning in the late 1960s and early
8 1970s, the Europeans began undoing the effect of the tariff
9 reduction by putting in place the system of subsidies and
10 we have been fighting that ever since.

11 In December, the American Soybean Association filed a
12 301 petition, and on the next day, Senator Leahy and I and
13 Senator Durenberger introduced a Senate Concurrent
14 Resolution expressing support for the position of the
15 Soybean Association and asking that the USTR initiate an
16 investigation under Section 301.

17 In January, the USTR did, in fact, initiate the
18 investigation under Section 301 and has already commenced
19 consultations with the Europeans.

20 So I have an amendment to the resolution which updates
21 the resolution, and the resolution would then do three
22 things: Commend the U.S. Trade Representative for
23 initiating the investigation; urge the USTR to do its
24 investigation expeditiously; and urge the President to use
25 the authority provided under Section 301 to restore the

1 benefits due the U.S. soybean industry. And Senator
2 Durenberger is a cosponsor of the amendment.

3 The Chairman. Are there questions concerning it?

4 Senator Moynihan. I move the adoption.

5 The Chairman. Is there a second?

6 Senator Baucus. Second.

7 Senator Chafee. Could I just ask one question,
8 Mr. Chairman?

9 The Chairman. Yes. Senator Chafee.

10 Senator Chafee. On page 4 of the Resolution is this
11 the language we are approving: "The President should use
12 the authority"? Is that the right one?

13 Senator Danforth. Yes.

14 Senator Chafee. I see.

15 Now that is not obviously mandated. It is urging him.
16 Is that right?

17 Senator Danforth. Right. And the authority is, first,
18 the USTR for doing the investigation when the President
19 uses the legal authority through the GATT process.

20 The Chairman. Yes.

21 Is there objection?

22 (No response)

23 The Chairman. All in favor of the Resolution as stated
24 make it known by saying aye.

25 (Chorus of "ayes")

1 The Chairman. Opposed?

2 (No response)

3 The Chairman. The Resultion carried.

4 The last agenda item is the Annual approval of the rules
5 of procedure for the Finance Committee. Now that is made
6 necessary under the rules of the Senate which require those
7 rules to be approved and published in the Congressional
8 Record in March of each year. And as the agenda indicates,
9 I am merely asking the Committee to extend the existing rules
10 for this year. I really hope we can handle this
11 expeditiously because we have Secretary Bowen scheduled to
12 testify.

13 Senator Packwood. Mr. Chairman, I move the adoption.

14 Senator Baucus. Second.

15 The Chairman. The motion is made and seconded that we
16 adopt the rules for the year. Is there any further
17 discussion?

18 (No response)

19 The Chairman. If not, all in favor of that motion make
20 it known by saying aye.

21 (Chorus of "ayes")

22 The Chairman. Opposed?

23 (No response)

24 The Chairman. Carried.

25 Now, gentlemen, if you will advance in seniority we will

1 go ahead and get a photograph taken here.

2 (Whereupon, at 10:08 a.m., the meeting was concluded.)

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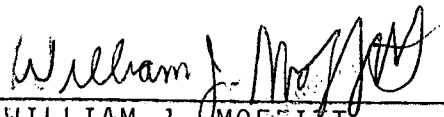
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CERTIFICATION

1
 2 This is to certify that the aforementioned proceedings
 3 of an Executive Committee Meeting of the United States
 4 Senate Committee on Finance, held on March 3, 1988, were
 5 transcribed as herein appears and that this is the original
 6 transcript thereof.

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 11 WILLIAM J. MOFFITT
 12 Official Court Reporter

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 14 My Commission expires April 14, 1989.

UNITED STATES SENATE
COMMITTEE ON FINANCE

Markup

Thursday, March 3, 1988- 10:00 a.m.

SD-215 Dirksen Senate Office Building

AGENDA

1. Nomination of Mark Sullivan to be General Counsel of the Treasury Department. Biographical materials attached.

2. S. Con. Res. 94, to express the sense of the Congress regarding relief for the United States Soybean Industry under section 301 of the Trade Act of 1974. Text of the resolution, as proposed to be amended by Senator Danforth, is attached.

3. Annual approval of Finance Committee rules of procedure, as required by Senate Rule XXI, paragraph 2. The Chairman intends to ask the Committee to extend the current rules, which are attached.

MARK SULLIVAN III

Mark Sullivan III currently serves as Associate Director of Presidential Personnel in the White House. Prior to joining the Administration in 1985, he was a partner of Baker & Hostetler in its Washington office (1984-1985). Mr. Sullivan had previously been a partner of the Washington, D.C. firm of Hamel & Park (1975-1984), which he joined as an associate in 1969.

Mr. Sullivan serves on the Council of the Administrative Conference of the United States (since 1986) and previously served as a member of the Education Appeal Board in the Department of Education (1984-1985).

Mr. Sullivan, who was born in Washington, D.C., graduated from the University of Virginia Law School (LL.B., 1967) and from Yale University (B.A., 1964).

He and his wife, Susan, and their two children, Jamie and Abby, live in Bethesda, Maryland.

Calendar No. _____

100TH CONGRESS
1ST SESSION**S. CON. RES. 94**

To express the sense of the Congress regarding relief for the United States Soybean Industry under section 301 of the Trade Act of 1974.

IN THE SENATE OF THE UNITED STATES

DECEMBER 17 (legislative day, DECEMBER 15), 1987

Mr. LEAHY (for himself, Mr. DANFORTH, Mr. DURENBERGER, Mr. PRYOR, and Mr. FOWLER) submitted the following concurrent resolution; which was referred to the Committee on Finance

_____ (legislative day, _____), 1988

Reported by Mr. BENTSEN, with an amendment to the text and an amendment to the preamble

[Strike out all after the resolving clause and insert the part printed in italic]

CONCURRENT RESOLUTION

To express the sense of the Congress regarding relief for the United States Soybean Industry under section 301 of the Trade Act of 1974.

Whereas in 1962 the European Communities agreed to provide duty-free treatment for United States soybeans and soybean meal in return for offsetting compensation from the United States;

Whereas at the time the European Communities granted the duty-free bindings to the United States, it was not self-

sufficient in feed protein and vegetable oil production, and it maintained no internal production subsidies for oilseeds and protein crops;

Whereas by 1982 the European Communities had become the market for nearly one-fourth of total United States soybean production, with United States exports to the European Communities reaching \$3,500,000,000 that year;

Whereas in recent years the European Communities have instituted extremely lucrative internal production subsidies for rapeseed, sunflowerseed, and soybeans that have resulted in a 340 percent increase in Community production since 1981;

Whereas the European Communities subsidizes the purchase and consumption of Community-origin oilseeds by European oilseed processors and feed manufacturers in such a manner as to discourage the utilization of lower-priced United States soybeans and soybean meal;

Whereas the European Communities' oilseed production and processing subsidies have nullified and impaired United States benefits accruing from the European Communities' duty-free bindings on soybean and soybean meal, resulting in a 40 percent decline in the value of United States soybean and soybean meal exports to the European Communities between 1982 and 1986;

Whereas the European Communities' duty-free bindings on soybeans and soybean meal are among the most important agricultural trade concessions ever received by the United States in multilateral trade negotiations;

Whereas the United States has made it clear that it would not tolerate any attempts to unilaterally withdraw or other-

wise nullify or impair these duty-free bindings on soybeans and soybean meal; and

Whereas on December 16, 1987, the American Soybean Association filed a petition under chapter 1 of title III of the Trade Act of 1974, alleging that the European community's internal oilseed and protein-crop subsidies to farmers, oilseed processors and feed compounders nullify and impair United States benefits achieved through agreements which provide duty-free treatment and are inconsistent with the obligations of the European Communities under the General Agreement on Tariffs and Trade: Now, therefore, be it

1 *Resolved by the Senate (the House of Representatives*
2 *concurring), That it is the sense of the Congress that—*

3 (1) the United States Trade Representative
4 should initiate an investigation under chapter 1 of
5 title III of the Trade Act of 1974 with respect to in-
6 ternal subsidies of the European Communities and
7 the petition filed by the American Soybean Associa-
8 tion under such chapter, and

9 (2) the President should use the authority pro-
10 vided under section 301 of the Trade Act of 1974 to
11 restore the benefits due the United States soybean in-
12 dustry which arise from the agreement of the Euro-
13 pean Communities to provide duty-free treatment for
14 United States soybeans and soybean meal.

15 *That it is the sense of the Congress that—*

1 (1) *The United States Trade Representative is to*
2 *be commended for initiating an investigation under*
3 *chapter 1 of title III of the Trade Act of 1974 in re-*
4 *sponse to the petition filed by the American Soybean*
5 *Association,*

6 (2) *the United States Trade Representative*
7 *should expeditiously pursue its investigation of the*
8 *alleged unfair trade practices described in such peti-*
9 *tion, and*

10 (3) *the President should use the authority pro-*
11 *vided under section 301 of the Trade Act of 1974 to*
12 *restore the benefits due the United States soybean*
13 *industry which arise from the agreement of the Eu-*
14 *ropean Communities to provide duty-free treatment*
15 *for United States soybeans and soybean meal.*

16 Strike out the preamble and insert in lieu thereof the
17 following:

Whereas in 1962 the European Communities agreed to provide duty-free treatment for United States soybeans and soybean meal in return for offsetting compensation from the United States;

Whereas at the time the European Communities granted the duty-free bindings to the United States, it was not self-sufficient in feed protein and vegetable oil production, and it maintained no internal production subsidies for oil-seeds and protein crops;

Whereas by 1982 the European Communities had become the market for nearly one-fourth of total United States soybean production, with United States exports to the European Communities reaching \$3,500,000,000 that year;

Whereas in recent years the European Communities have instituted extremely lucrative internal production subsidies for rapeseed, sunflowerseed, and soybeans that have resulted in a 340 percent increase in Community production since 1981;

Whereas the European Communities subsidizes the purchase and consumption of Community-origin oilseeds by European oilseed processors and feed manufacturers in such a manner as to discourage the utilization of lower-priced United States soybeans and soybean meal;

Whereas the European Communities' oilseed production and processing subsidies have nullified and impaired United States benefits accruing from the European Communities' duty-free bindings on soybean and soybean meal, resulting in a 40 percent decline in the value of United States soybean and soybean meal exports to the European Communities between 1982 and 1986;

Whereas the European Communities' duty-free bindings on soybeans and soybean meal are among the most important agricultural trade concessions ever received by the United States in multilateral trade negotiations;

Whereas the United States has made it clear that it would not tolerate any attempts to unilaterally withdraw or otherwise nullify or impair these duty-free bindings on soybeans and soybean meal;

Whereas on December 16, 1987, the American Soybean Association filed a petition under chapter 1 of title III of the

Trade Act of 1974, alleging that the European community's internal oilseed and protein-crop subsidies to farmers, oilseed processors and feed compounders nullify and impair United States benefits achieved through agreements which provide duty-free treatment and are inconsistent with the obligations of the European Communities under the General Agreement on Tariffs and Trade; and

Whereas on January 5, 1988, the United States Trade Representative announced the initiation of an investigation under chapter 1 of title III of the Trade Act of 1974 with respect to the European Communities' internal oilseed and protein-crop subsidies: Now, therefore, be it