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Congressional Record - Beef Import Quotas

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BEEF IMPORT QUOTAS

Mr. HRUSKA. Mr. President, yesterday the administration took action to invoke the provisions of the Beef Import Act of 1964, by imposing limits on import volume for the balance of 1970.

About 600 million pounds of beef was imported in the first half of this year. Indications were that the volume would be that much or more for the second half.

If that proved to be the case the "trigger point" of 1.1 billion pounds would be exceeded.

Hence, the President did impose quotas as provided by law. He then set them aside in favor of restriction of imports to a maximum of 1.140 billion pounds for the current calendar year. This level was based primarily on voluntary agreements of exporting countries. It is a voluntary restraint level.

This level is only 40 million pounds above the statutory trigger point of 1.1 billion pounds.

That trigger point consists of 998.8 million pounds basic quota—adjusted for increased consumption in the United States—plus a 10-percent override of 99.9 million pounds. This comes to a total of 1.1 billion pounds—rounded figure.

Yesterday's action also effected transfer of authority of enforcing the import law from the President to the Secretary of Agriculture. This enables the Secretary to enforce the voluntary agreements negotiated with the importing countries through the provisions of section 204 of the Agriculture Act of 1956.

Mr. President, the administration's announcement yesterday on meat imports is highly gratifying to those of us from cattle-producing States because it demonstrates the President fully understands the need for keeping a firm control over the volume of foreign meat permitted into our U.S. market.

The action puts to an end the disturbing and recurring rumors during the past few months that controls might be lifted as a gesture to foreign producing countries and those which import U.S. meat. We are very pleased to learn that, rather than adopting such a disastrous course, the administration has tightened up the entire system of import controls.

Yesterday's action, Mr. President, was taken because Secretary of Agriculture Clifford Hardin's estimate of meat imports during the first 6 months of the year show these imports have reached the level called "the trigger point," under the 1964 Beef Import Act. This is the level at which the President is authorized by law to impose quotas if he feels such action is in the national interest.

The President did impose quotas as provided by law, but he then set them aside in favor of regulation of imports to a maximum of 1.140 billion pounds for the current calendar year. This level therefore becomes a voluntary restraint level which must be observed by exporting nations, based upon voluntary agreements which they have signed.

The voluntary restraint level is 40 million pounds above the statutory trigger point. This is how the trigger point is determined:

	Million pounds
Basic quota for 1970, adjusted for consumption increase in the United States	998.8
Ten percent override	99.9
Total	1,098.7

This figure, rounded off, means that the trigger point was 1.1 billion pounds of imported meat.

Imports during the first 6 months of the year have totaled approximately 600 million pounds. The administration's action means that imports during the remainder of the calendar year must be held to a total of 540 million pounds.

There are a number of important aspects to the President's decision, and I would like to discuss them briefly, Mr. President. They are:

First. His decision to place primary enforcement authority in the hands of the Secretary of Agriculture.

Second. The decision to stop transshipments through Canada.

Third. The stability which is furnished to the cattle industry.

Fourth. The long-range benefits of this action to the consumer.

Fifth. The benefits to our national economy.

Sixth. The courage and foresight of the President in protecting the Nation's valuable agricultural base in the face of awesome pressure from various lobbies.

As to my first point, Mr. President, the powers contained in section 204 of the Agricultural Act of 1956 have been delegated to the Secretary of Agriculture. In my opinion, this is the appropriate place for them, for he is the official who is close to the problem and understands the vast implications of the import problem upon agriculture, the consumer, and our national welfare.

My second point is one which is most welcome to those of us who have watched with concern the growing practice of Australia, New Zealand, and Ireland to transship imported meat through Canada. This is a process whereby they can bring meat into the country without having it charged against their meat import quotas, since Canada is exempt from quota restrictions.

Transshiped meat from Canada is one of the principal reasons why our quantity of meat imports has risen so alarmingly in recent months. The situation became so disturbing in March that 17 Members of this body appealed to the President to close the loophole which was successfully bypassing the quota limitations. Similarly concerned Members of the House of Representatives also voiced their unrest with the practice.

Secretary Hardin has now announced he is taking steps to place further transshipments under tight quota controls. In the future, those that do come in from the Canadian route will be charged to the quota limitations of the originating nation, as part of its allowable imports. No longer will such shipments swell the import totals without being charged to a specific importing nation.

My third point, Mr. President, is the value of these actions to the cattle industry. The actions will be good news to this industry which naturally has been concerned, in the face of rumors and doubt, for the future stability of its markets. No one in this important industry is anxious to return to the days of the early 1960's when the import situation threatened to propel the industry into a state of chaos.

In my opinion, the cattlemen will think the administration's decision yesterday is fair and equitable. They will appreciate the President's staunch support of their position that the stability of their industry is of vital concern to the consumer and the Nation. Stability is what this industry needs in order to operate at its fullest potential. And stability is not possible under a system of unrestricted imports.

My fourth point and perhaps my most important one, Mr. President, is the long-range benefits of this action to the American consumer. This is an area which has been subject to widespread misinterpretation and misunderstanding. Just a short time ago, I was asked by a newspaperman for my comment on the Administration's action. I said that I would emphasize the benefits to the consumer. At that point he demonstrated that he too is a victim of the misunderstanding which has been promoted by supporters of more meat imports, for he said such an explanation would be a good trick if I could do it.

I can do it, Mr. President, if we will all take a long and close look at the operation of the cattle industry. If we can look at the situation in this way, it will be seen that yesterday's action is just as essential to the long-range well being of the consumer as it is to the cattle industry.

Over the long range, the best interest of consumers is to be found in an ample, dependable supply of quality beef produced domestically. Such a supply will not only fulfill the nation's ever-increasing need for its favorite food, but will also have a highly beneficial impact upon our economy. When foreign beef is purchased, the funds involved are lost to the American economy.

Our cattle industry has the resources and scientific knowledge to produce a sufficient supply of cattle. It has done so in the past and can continue to do so far into the future.

To do it, however, a suitable economic climate must be created and maintained. The price structure of cattle must be reasonably favorable and stable. Otherwise the cattle industry will not find it possible to invest the vast sums of money and long periods of time needed to materially increase beef supplies.

It must be understood that it takes 3 years to produce cattle for processing. Such a cycle with a large investment involved leaves the industry especially vulnerable to shifting market conditions and price variations.

In the early part of the 1960's, imports were allowed to come in at a disastrous volume. The cattle market collapsed.

With the promise of market stability which the import limitations will furnish to the industry, however, cattle growers will feel secure in expanding their herds to meet increasing demand. And expanded herds will mean a more favorable market situation for consumers, a better supply and better prices.

Such a favorable market situation can be created only when the imports are limited so that the cattleman is assured of a stable market and can do some long-range planning to meet the market's demand.

It is not advantageous to the consumer for a nation capable of producing its own beef to become dependent on imports. Yet that is what would come about if the limitations were not enforced.

Let us consider what would happen if the quota system were abandoned and the price structure consequently changed. Cattlemen would be unwilling to risk their hard-earned investment in long-range planning predicated on an unstable and probably unrewarding market. They would produce fewer cattle.

As the domestic supply decreased, the consumer would be forced to turn increasingly to imported meat and eventually would be completely at the mercy of the importers. And I might point out that when domestic prices rise alarmingly, the critics of our system are quick to call for Government controls. But they would call in vain for controls on imported meat prices for we could not enforce them.

For those who find it difficult to look ahead in the face of consumer prices, let me remind them of a fact which has been discussed at length before this body on numerous occasions, Mr. President. That fact is that meat prices have not gone up as much as other retail items and they have not increased as much as incomes. There is no reason why they should rise as a result of the administration's action, because the supply is equal to the demand.

I might also remind my colleagues that farmers and ranchers do not process and sell meat. They produce and sell cattle. Cattle prices today are about the same today as 20 years ago.

My fifth point is that this action is important to our national economy. The cattle industry is the largest and most critical segment of our agricultural industry. Although industry has changed in some ways, it is still the largest industry in the Nation when one considers the producers, the feed grain raisers, equipment makers, suppliers and others involved in the process of feeding our Nation and much of the world.

The importance of the industry was recognized by Secretary Hardin who acknowledged that yesterday's action was due in part to the special weight which was given to the importance of the cattle industry's well-being to our economy as a whole.

There is still another benefit for the Nation's economy. Given a stable market situation, our production—stimulated by unexcelled American scientific know-how—will meet and exceed the demand of American consumers. It is safe to predict that in a space of 3 to 5 years under such stable conditions, the American cattle industry will develop a significant capability for exporting prime cuts of meat. Such a capability would be a most welcome asset in the Nation's constant fight to keep our balance of international payments from rising to a more adverse level.

My last point, Mr. President, is to commend Mr. Nixon for his courage and statesmanship in withstanding an inordinate amount of pressure and propaganda from the Meat Importers' Council, meat boards of exporting nations, and some so-called consumers groups which unfortunately are often prone to be unduly influenced by immediate considerations at the expense of long-range benefits; and even from a number of officials at the local and Federal levels who have felt they had political ammunition for their own designs in the matter of meat prices and meat imports.

There is no question that a great deal of money was expended by exporters and importers in order to induce the administration to allow unlimited beef imports.

We must be grateful that the administration has looked into the future and measured accurately the importance of supporting the cattle industry as it did yesterday. The action taken was wise. It was also in keeping with President Nixon's pledge that he would "not turn his back" to cattlemen.

I say again how gratified I am at this action which is welcomed as a clear indication that the domestic beef industry can expand in confidence that its markets and a fair price for its product will prevail under this administration.

In my opinion, further expansion can be predicted, and a steadily increasing supply of beef at reasonable prices, on a basis satisfactory to both consumer and producer.

Mr. President, I ask unanimous consent that there be printed at this point in the RECORD the following: First, a release from the Department of Agriculture announcing the new meat import program, and second, a press statement of the American National Cattlemen's Association.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NEW MEAT IMPORT PROGRAM ANNOUNCED

The Secretary of State and the Secretary of Agriculture have been instructed by the President to set new voluntary restraint levels on meat imports under Section 204 of the Agricultural Act of 1956.

Accordingly, Secretary of Agriculture Clifford M. Hardin announced today that 1970 imports of meat subject to the Meat Import Act are now estimated at 1,140 million pounds. The new estimate is based upon revised restraint levels for principal foreign suppliers for calendar 1970.

The President has issued a proclamation pursuant to Section 2(c)(1) of Public Law 88–482 limiting imports of certain meats—primarily beef and mutton—subject to the Act. At the same time he suspended that limitation.

The President suspended the limitation after determining that this action is required by overriding economic interest of the United States, giving special weight to the importance to the nation of the economic well-being of the domestic livestock industry.

The President also indicated that imports would not be permitted to enter without limitation during the balance of this year. The Secretary of State is readjusting the voluntary restraint program which has been negotiated with the Governments of the principal supplying countries to assure that imports of these meats will not exceed 1,140 million pounds during calendar 1970.

Secretary Hardin indicated that this action applies only to the balance of the current year and does not establish a precedent for action which may be taken in 1971.

Secretary Hardin also stated that he is today taking steps which would stop further transshipments through a third country of meat originating in Australia, New Zealand and Ireland. The transshipments of meat from Oceania have been an important factor contributing to the need for increasing the third quarterly estimate.

The Secretary also stated that authority to issue regulations limiting imports of certain meats under Section 204 of the Agricultural Act of 1956 have been delegated by the President to the Secretary of Agriculture under an Executive Order issued simultaneously with the Proclamation and suspension of quotas.

Public Law 88–482, enacted in August 1964, provides that if yearly imports of certain meats—primarily beef and mutton—are estimated to equal or exceed 110 percent of an adjusted base quota, the President is required to invoke a quota on imports of these meats. The adjusted base quota for 1970 is 998.8 million pounds. The amount of estimated imports which would trigger its imposition is 110 percent of the adjusted base quota of 1,098.7 million pounds.

Imports of meat by months from January 1967 through May 1970 were as follows:

IMPORTS OF MEAT SUBJECT TO PUBLIC LAW 88-482 BY MONTHS

[In millions of pounds]

Month	1967	1968	1969[1]	1970[1]
January	77.4	80.7	41.9	124.5
February	58.5	72.6	50.4	100.7
March	61.9	64.1	136.1	112.0
April	58.8	78.3	90.0	88.7
May	51.5	56.1	80.5	62.0
June	69.6	105.1	85.7	
July	88.7	86.4	107.1	
August	92.2	108.6	141.8	
September	89.7	115.5	121.4	
October	91.8	102.1	108.3	
November	82.3	95.8	51.4	
December	72.4	35.6	69.4	
Total	894.9	1,001.0	1,084.1	

[1] Rejections which occur after entry is made are included in the published census figures and amounted to 13,500,000 pounds during 1969.

IMPORT ANNOUNCEMENT IS FAVORABLE, CATTLE INDUSTRY SPOKESMEN SAY

WASHINGTON, D.C., June 30.—"The joint announcement on beef imports by President Nixon and Agriculture Secretary Hardin relieves a great deal of pressure on the beef cattle industry," W. D. Farr, President of the American National Cattlemen's Association said today.

The cattle industry leader and ANCA's Executive Vice President C. W. McMillan said, "Today's action proves there is no truth to rumors that beef imports would far exceed the meat import 'trigger' point. The President's action will result in only 40 million pounds of beef above the 'trigger' level to enter the U.S. in 1970."

Commenting on other features of the beef import program, they said: "The Canadian-U.S. border has beesn closed for the transshipment of beef from foreign countries. This move, long advocated by ANCA, will stop the weekly flow of an estimated one million pounds of imported beef from entering the United States from outside the voluntary agreements.

"Another extremely important section of the statement," they said, "transfers the authority of enforcing the import law from the President to the Secretary of Agriculture. This action will enable the Agriculture Department to enforce the voluntary agreements negotiated with the importing countries through the provisions of Section 204 of the Agriculture Act of 1956."

The two beef cattle industry leaders deplored the pressure that had been placed on the White House by U.S. importers and foreign nations. They cited the huge quantities of money that have been expanded by exporters and importers to "lobby" for unlimited beef imports.

The ANCA executives said, "The small increase of 40 million pounds above the trigger point of 1.1 billion pounds protects our domestic beef cattle industry and will allow it to grow in a healthy and orderly fashion. Today's announcement goes a long way toward insuring that U.S. cattlemen will be able to supply beef to American consumers without their having to depend so heavily on foreign beef imports."

The move also serves notice that ANCA will continue to work tirelessly with Secretary Hardin and his staff on the close policing of imports for the remainder of 1970.

"Also, this Administration action does not establish a precedent for future years. However, it does point up the need for amendments to tighten up some loopholes existing in the present Meat Import Act of 1964," the ANCA officials concluded.

Mr. MANSFIELD. Mr. President, will the Senator from Nebraska yield?

Mr. HRUSKA. I am happy to yield to the Senator from Montana.

Mr. MANSFIELD. I want to aline myself, if the Senator will allow me, with what he has just said about the recent order issued by the administration and the change in administrative control which has brought a greater degree of stability to the stock growers than has existed heretofore. I believe that a good deal of worry and apprehension has been erased, certainly alleviated.

May I say to the distinguished Senator from Nebraska, a leader, if not the leader in this particular area of the Nation's economy, that one matter which has impressed me deeply since his speech on this subject of some weeks ago—a statement I might say that was tremendously received in Montana—was his assertion that stock growers and cattlemen do not sell beef, they sell cattle. While some people may equate them, there is a fine line of demarcation between the price paid for cattle on the hoof and meat at the marketplace.

I am happy to say to my good friend from Nebraska that in connection with this matter I have just had discussions with the chairman of the Committee on Agriculture and Forestry, the distinguished Senator from Louisiana (Mr. ELLENDER), and the ranking minority member, the distinguished Senator from Vermont (Mr. AIKEN). Both of them are well informed about the attempt some of us are making to bring about a better system for the inspection of imported meats, for the upgrading of sanitary standards and for reviewing the whole matter of bringing imported frozen beef and veal up to the same sanitary and hygienic health level as American beef. I understand that on that bill, hearings will begin on the 16th or 17th of this month and, hopefully, we will be successful. I see no reason why we should not be, because the bill intends only to assure that imported meats should be given the same kind of scrutiny and inspection as are meats produced domestically. I do not see how anyone can find fault with that objective. I cannot conceive of any argument against it.

I want to thank the distinguished Senator from Nebraska for once again taking the lead in this field. He has done it, as always, with perspicacity and understanding and a high knowledge of the needs of the stock growers of the Nation.

Mr. HRUSKA. I thank the Senator from Montana for his kind remarks.

Mr. MAGNUSON. Mr. President, I join the Senator from Montana. This is a great step forward in our whole relations with other countries on importation, and stopping the practice which has really been hurting us, that of transshipment through Canada.

I think the President made a good decision in this case.

Mr. HRUSKA. Mr. President, I thank the Senator from Washington.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. HRUSKA. I yield.

Mr. DOLE. Mr. President, I associate myself with the remarks of the Senator from Nebraska and also with the statement made by the Senator from Montana and the Senator from Washington.

I can say that the cattle industry in the great State of Kansas is greatly heartened by the action taken yesterday both by President Nixon and by Secretary of Agriculture Hardin.

Mr. President, yesterday President Nixon and Secretary of Agriculture, Clifford Hardin, announced changes in the meat-import program for the remainder of this calendar year. The President's decision to invoke import quotas and then adjust upward the restraint levels on meat imports demonstrated considerable wisdom. I am certain the discussion that many of us engaged in on this subject 2 weeks ago was considered in the President's action.

Since nations participating in voluntary restraint levels had been exceeding these levels during the first 6 months of this year, President Nixon invoked the meat-import quotas as provided by Public Law 88-482. Then, due to the increased demand for this "processing" beef, he suspended the quotas. He followed this action by delegating his authority to regulate these imports to Secretary of Agriculture Hardin and announced the Secretary of State is readjusting the voluntary restraint program with the principal supplying countries to assure that meat imports will not exceed 1,140 million pounds during calendar 1970.

Secretary of Agriculture Hardin then announced this action should not be construed to establish a precedent for next year. In addition, he is taking steps to stop the transshipments of Australian and New Zealand meat through Canada.

The cooperative action of the President and the Departments of Agriculture and State indicate the understanding the Nixon administration has of the consumer need for assuring adequate supplies of the "hamburger" grade of beef—which is the primary use of imported beef—while providing the stability our beef industry receives through these restraint levels.

Mr. HRUSKA. Mr. President, I yield the floor.

Mr. TOWER. Mr. President, yesterday's action by the administration to impose restrictions on meat imports is applauded, I am sure, by all those who understand the serious threat which unlimited imports would cause for the stability of our agricultural economy.

It is clear that the President felt—in the words of the 1964 Beef Import Act:

> Such action is required by overriding economic or national security interests of the United States, giving special weight to the importance to the nation of the economic well-being of the domestic livestock industry.

It should be made plain to our colleagues that this law is not in any sense of the word a "protectionist" measure. It is not an embargo; it is not a prohibition of imports; it is not intended to shut anyone out.

It is intended to regulate imports so they will not have a detrimental effect on our domestic livestock industry and on the consumer.

In the words of former Secretary of Agriculture Orville Freeman, in a 1968 statement endorsing what he called orderly trading in the international arena:

> Orderly trading calls for reasonable protection of our agriculture—not protectionism. There's a big difference. Reasonable protection allows trade to flow. It permits comparative advantage to function with relative freedom for the good of all. Protectionism, by completely shielding inefficient producers from competition, stifles trade.

Secretary Freeman then went on to say:

> The U.S. beef quota law illustrates what I mean by reasonable protection.

The day is past, Mr. President, when anyone would hope to protect any U.S. industry from any form of international competition. The world has grown too small for such an attitude. We all recognize that trade and commerce between nations is one of the principal weapons by which we will ultimately bring about a broader understanding among peoples of the world and, hopefully an eventual peace throughout the world.

We expect to export goods to other nations, and we must buy from them as well. But we cannot desert our own suppliers and eventually the consumers as well by allowing imports to destroy their markets completely.

There is no question that this would be the result if unlimited imports were allowed.

The Beef Import Act of 1964, of which my friend, the senior Senator from Nebraska (Mr. HRUSKA) is the author, is designed to furnish a basic element of protection to the American livestock industry without being protectionist in nature. The act is geared to a growing market each year, and it allows imports to grow as the market grows. It establishes imports at a maximum of approximately 6.7 percent of domestic production. So foreign producers will always keep their share of the market if they want it.

We welcome this action by the President who has put into practice the principle upon which the Meat Import Act was based.