

EXECUTIVE SECRETARIAT
Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
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15	D/OEA				
16	C/PAD/OEA				
17	SA/IA				
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19	C/IPD/OIS				
20	W/O/ECON		✓		
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		SUSPENSE	_____ Date		

Remarks:

Copied to:

OGI



JSC
 Executive Secretary
 8/1/83
 Date

STAT

WASHINGTON

Executive Registry
83-3896

CABINET AFFAIRS STAFFING MEMORANDUM

DATE: 8/1/83 NUMBER: 118836CA DUE BY: _____

SUBJECT: Cabinet Council on Food and Agriculture with the President

Tuesday, August 2, 1983 - 2:30 p.m. in the Cabinet Room

	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	Baker	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Deaver	<input type="checkbox"/>	<input type="checkbox"/>
State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Clark	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Treasury	<input type="checkbox"/>	<input type="checkbox"/>	Darman (For WH Staffing)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input type="checkbox"/>	Harper	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Attorney General	<input type="checkbox"/>	<input type="checkbox"/>	Jenkins	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interior	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Counsellor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
CEA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CCCT/Gunn	<input type="checkbox"/>	<input type="checkbox"/>
CEQ	<input type="checkbox"/>	<input type="checkbox"/>	CCEA/Porter	<input type="checkbox"/>	<input type="checkbox"/>
OSTP	<input type="checkbox"/>	<input type="checkbox"/>	CCFA/Boggs	<input checked="" type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	CCHR/Carleson	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	CCLP/Uhlmann	<input type="checkbox"/>	<input type="checkbox"/>
			CCMA/Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>
			CCNRE/Boggs	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: The President will chair a meeting of the Cabinet Council on Food and Agriculture, Tuesday, August 2 at 2:30 p.m. The agenda is: Meat Import Quotas (paper is attached). The meeting will last for thirty minutes and it will be held in the Cabinet Room.

RETURN TO: Craig L. Fuller
Assistant to the President
for Cabinet Affairs
456-2823

Larry Herbolsheimer
Associate Director
Cabinet Affairs
456-2800

THE WHITE HOUSE

WASHINGTON

CM226

July 29, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN R. BLOCK *JRB*
SUBJECT: Meat Import Quota

ISSUE

How should the Administration allocate meat import quotas among supplying countries, should such quotas become necessary?

BACKGROUND

The Cabinet Council on Food and Agriculture met on July 7 to discuss the meat import quota issue, which was outlined in a memorandum to the Cabinet Council dated July 6 (see Attachment I). During that meeting, all members of the Cabinet Council expressed a distaste for the imposition of a meat import quota and evidenced an interest in exploring all alternative means for avoiding imposition of the quota. The Department of Agriculture (USDA) indicated that it would undertake discussions with the appropriate parties to see if there was a way that the quota could be avoided legally.

USDA, in cooperation with the Office of the U.S. Trade Representative (USTR) and the Department of State, attempted to negotiate informal voluntary restraints on shipments of meat to the U.S. with Australia, New Zealand, and Canada. The initial U.S. offers were 562.5 million pounds for Australia; 364.5 million pounds for New Zealand; and 130 million pounds for Canada. Later, the U.S. offered 579 million pounds to Australia. While New Zealand and Canada appeared to be prepared to accept the allocations offered to them, Australia indicated that for domestic political reasons it would agree to voluntary restraints only if the U.S. would provide an allocation of between 617 and 627 million pounds. To date, the Australians have resisted extensive efforts on the part of U.S. Cabinet officials to secure Australia's cooperation in restraining meat shipments to the U.S. USDA and USTR agree that the Australian request cannot be accommodated without undue adverse effects on other supplying countries.

If the Australians continue to resist suitable voluntary restraint agreements and force the U.S. to impose a quota on meat imports, the U.S. may find itself in the awkward position of defending its meat import quota while asking the Japanese to liberalize their meat import quota. This could lead to some embarrassment for the President during his forthcoming trip to Japan. It has been suggested that the President may want to consider making a personal request for cooperation from the Australian Prime Minister.

DISCUSSION

Without Australian cooperation in a voluntary restraint arrangement, there is no alternative but to impose a quota under the Meat Import Act of 1979. The issue then becomes how the Administration should allocate the import quota, which by operation of law cannot be set at less than nor more than 1.250 billion pounds.

There are basically two different methods that can be used under current law to allocate the 1.250 billion pound quota among supplying countries. The first method ("representative period" method) is to allocate the quota among supplying countries on the basis of the shares of the U.S. market for meat articles such countries supplied during a representative period. In the past, the "representative period" has been interpreted as being the two most recent years in which meat shipments to the U.S. were not subject to any restrictions. Under this interpretation, the operative years would be 1980 and 1981. Prior to 1980 and 1981, the two most recent "open" years were 1973 and 1974. The second method ("special factors" method) is to allow for adjustments in the quota allocations on account of special factors which have affected or may affect the trade in meat articles or cattle.

Australia would like to see the U.S. allocate the quota using the "representative period" method because this would assure the Australians of a larger quota allocation. This larger quota allocation would come at the expense of New Zealand and Canada, who would receive significantly smaller allocations (see Attachment II).

Under the "special factors" method, the Secretary of Agriculture could ameliorate the distortions caused by the application of the "representative period" method by taking into consideration the following factors (see Attachment II):

- o The Australian drought has caused significant liquidation of the Australian cattle herd and resulted in sharply increased exports of Australian meat to the U.S. both last year and this year.

- o Spotty droughts, the greater profitability of sheep production, and the resulting general trend toward sheep in New Zealand, plus the devaluation of the New Zealand dollar, have all worked together to cause increased shipments of New Zealand sheep meat to both the United States and Canada.
- o The strength of the U.S. dollar has encouraged all three of the major suppliers to increase their meat shipments to the U.S. But Canada's increase in shipments is also due in large part to their taking well above traditional levels of meat imports from New Zealand.
- o It is unlikely that the Central American countries would supply more than 140-145 million pounds even in the complete absence of restraints; however, given the Administration's Caribbean Basin Initiative as well as the national security implications of U.S. trading relations with certain Central American countries, special care must be given to the allocation of the quota among these countries.
- o Trade would be severely disrupted vis-a-vis both Canada and New Zealand if we were to try to bring Australia's share anywhere near its perceived MTN level.
- o It is quite possible that in the absence of restraints - Australia would supply about 595 million pounds and New Zealand about 415 million. If we reduce each of the two countries' meat exports to the U.S. by about 6 or 7 percent, we would leave adequate room to accommodate Canada (where our trade in beef is two way) without subjecting Australia and New Zealand to undue pain and still allowing the Central American countries (who desperately need foreign exchange) to supply about all they can.

The Australians will react strongly to any attempt on our part to reduce their quota on account of these special factors. However, to give Australia what it views as its minimum access to the U.S. market under the MTN or to distribute to the Australians a quota based upon a representative period would be to work an undue hardship on Canada and New Zealand.

The U.S. has no waiver under the General Agreement on Tariffs and Trade (GATT) for quotas imposed under the Meat Import Act. There is a strong likelihood that one or more of the supplying countries will take us to the GATT over the issue. The U.S. has imposed a quota on meat imports only once before in 1976 for a three-month period. The matter did not reach the GATT at that time. In any event, U.S. obligations under the Meat Import Act supercede our commitments under the GATT. Should the U.S. be

challenged, it is very likely that a GATT panel would find the U.S. to be in violation of the GATT; however, to the extent that the allocation of the quota is based upon a representative period, the U.S. would be better positioned to defend its imposition of a meat import quota.

To make sure that the 1.250 billion pound minimum access level is reached, one or more shortfall reallocations may be necessary as the final weeks of calendar year 1983 approach. We must be cognizant of the need to give preference to Caribbean Basin countries should it be necessary to reallocate the quotas of any such countries in order to avoid doing unnecessary violence to our Caribbean Basin Initiative.

USDA's current best estimates indicate that the trigger level for imposing a meat import quota is likely to increase to well above the 1.250 billion pound level in 1984. At the same time meat shipments from both Australia and New Zealand should drop off sharply due to heavy herd liquidations this year. Hence the need for a meat import quota is not expected to extend beyond December 31.

OPTIONS

1. Allocate meat import quota on the basis of a representative period.

One of two representative periods could be used -- 1980-1981 or 1981 alone.

<u>Country</u>	<u>Allocation Using 1980/1981 as Representative Period (million lbs.)</u>	<u>Allocation Using 1981 as Representative Period (million lbs.)</u>
Australia	652.5	594
New Zealand	320.0	360
Canada	100.0	121
Central America	168.7	164
European Community	10.0	11
Total	1,251.2	1,250

Advantages:

- o Would benefit Australia.
- o Would be consistent with the principle of allocating quotas on a representative historical basis, thereby

reducing to some extent the chances of a successful challenge against the U.S. meat import quota under the GATT.

Disadvantages:

- o Would impose undue hardships on Canada and New Zealand.

2. Allocate meat import quota giving due account to special factors.

USDA recommends the following quota allocation based upon a special factors rationale outlined in Attachment III:

<u>Country</u>	<u>Allocation Using Special Factors</u> (million lbs.)
Australia	578.21
New Zealand	378.23
Canada	130.00
Central America	142.56
European Community	11.00
Other	<u>10.00</u>
Total	1,250.00

Advantages:

- o Would avoid subjecting Canada and New Zealand to unwarranted reductions in their meat exports to the U.S.
- o Could provide an opportunity to shift part of the unfulfilled quotas of some Central American countries to Australia at a later date.

Disadvantages:

- o Would be inconsistent with the principle of allocating quotas on a representative historical basis, thereby increasing chances of a successful GATT challenge to the U.S. meat import quota.
- o Would invite strong adverse reaction from the Australians.

ATTACHMENT I

THE WHITE HOUSE
WASHINGTONCM390

July 6, 1983

MEMORANDUM FOR THE CABINET COUNCIL ON FOOD AND AGRICULTURE

FROM: DANNY J. BOGGS, EXECUTIVE SECRETARY

SUBJECT: Meat Import Quotas

ISSUE

How should the Administration allocate meat import quotas among supplying countries, should such quotas become necessary?

BACKGROUND

It appears certain that import quotas for meat subject to P.L. 96-177 (the Meat Import Act of 1979) will have to be imposed for the last few months of this calendar year. The law provides that should quotas become necessary, the Secretary of Agriculture "shall allocate the total quantity proclaimed . . . among supplying countries on the basis of . . . a representative period . . . [giving due account] to special factors which have affected or may affect the trade . . ." Australia wants the U.S. to allocate the meat import quota on the basis of a representative period without giving due account to any special factors.

USDA has just published the 1983 third quarterly estimate of meat imports in the absence of restraints. That estimate is 1.224 billion pounds, 7 million pounds below the 1983 trigger level (computed according to a formula prescribed by the Meat Import Act) of 1.231 billion pounds and 26 million pounds below the minimum quota access level of 1.250 billion pounds (also prescribed by the Act).

As the docket for this third quarterly estimate was going through the clearance process, information began to come out of Australia indicating that a significant change was occurring in its meat export outlook. The results of the annual cattle numbers survey were made public and indicated that the effects of the severe drought on the cattle herd were not as bad as had originally been estimated. The survey indicates that as of March 30 there were 800,000 more cattle in the country than the previous estimate had shown. The desire to take full advantage of the current wet weather situation by planting every available paddock to wheat, together with the desperate need to maintain cash flow at livable

levels are resulting in a much higher than expected level of movement of cattle to slaughter. Consequently, without import restraints, it is now believed that Australia will ship to the U.S. 595 million pounds of meat, 72 million pounds more than estimated in the third quarterly estimate just published. With the rumors initiated by Australia that U.S. imposition of import quotas this year will be inevitable, prices here have risen, and other supplying countries will have a tendency to increase shipments to the U.S.

Since the trigger this year is below the statutory minimum quota access level, it is believed unrealistic to attempt to negotiate voluntary restraint agreements with exporting countries. Suppliers as a whole will have greater access if quotas are imposed than if they were to agree to limit exports to below the trigger level. Also, because production of domestic cow beef is increasing, the President can suspend the quota only by declaring a national emergency. There are no grounds upon which to justify declaring a national emergency; hence, there is little choice but to go to quotas.

DISCUSSION

The Australians seem almost delighted with the prospect of quotas. They are finding the New Zealand Meat Board to be a formidable world competitor this year in both sheepmeat and beef. The Australians seemed at first to believe that the U.S. would have no choice but to allocate the lion's share of the quota to them at the very significant expense of both New Zealand and Canada. If the U.S. were to allocate to the Australians what they view as our MTN commitment on minimum access of Australian beef to the U.S. market, they would get 667 million pounds, much more than they could supply, and New Zealand and Canadian shipments likely would have to be stopped well before the calendar year was out. This approach also would obviate the need for the Australian Meat and Livestock Corporation to allocate export permits among their exporters, something they would prefer not to have to do.

The U.S. has no waiver under the General Agreement on Tariffs and Trade (GATT) for quotas imposed under the Meat Import Act. There is a strong likelihood that one or more supplying countries will take us to the GATT over the issue. The U.S. has imposed quotas on meat imports only once before (in 1976) for a three-month period. The matter did not reach the GATT at that time. In any event, U.S. obligations under the Meat Import Act supercede our commitments under the GATT. Should the U.S. be challenged, it is very likely that a GATT panel would find the U.S. to be in violation of the GATT.

It is unfortunate that we have to resort to quotas at a time when our efforts to get Japan to liberalize its import quotas on beef are at a critical stage.

There must be a rationale for deviating from the principle of allocating the meat import quota on the basis of a representative period. The following factors provide such a rationale:

- o The Australian drought has caused significant liquidation of the Australian cattle herd and resulted in sharply increased exports of Australian meat to the U.S. both last year and this year.
- o Spotty droughts, the greater profitability of sheep production and the resulting general trend toward sheep in New Zealand, plus the devaluation of the New Zealand dollar, have all worked together to cause increased shipments of New Zealand sheep meat to both the United States and Canada.
- o The strength of the U.S. dollar has encouraged all three of the major suppliers. But Canada's increase in shipments is also in large part due to their taking well above traditional levels of meat imports from New Zealand.
- o It is unlikely that the Central American countries would supply more than 140 million pounds even in the complete absence of restraints.
- o Trade would be severely disrupted vis-a-vis both Canada and New Zealand if we were to try to bring Australia's share anywhere near its perceived "MTN level".
- o With the rumors of the imminence of quotas making the rounds, it is quite possible that in the absence of restraints Australia would supply about 595 million pounds and New Zealand about 415 million. If we reduce each of the two countries' meat exports to the U.S. by about 6 or 7 percent, we would leave adequate room to accommodate Canada (where our trade in beef is two way) without subjecting Australia and New Zealand to undue pain and still allowing the Central American countries (who desperately need foreign exchange) to supply about all they can.
- o The law requires that under current circumstances we do all in our power to see that 1.250 billion pounds of meat is imported, no more and no less.

It must be stressed that the Australians will react strongly to any attempt on our part to reduce their quota on account of these special factors. However, to give Australia what it views as its minimum access to the U.S. market under the MTN or to distribute to the Australians a quota based upon a representative period would be to work an undue hardship on Canada and New Zealand.

To make sure that the 1.250 billion pound minimum access level is reached, one or more shortfall reallocations may be necessary as the final weeks of calendar year 1983 approach. The U.S. must be cognizant of the need to give preference to Caribbean Basin countries should it be necessary to reallocate the quotas of such countries.

It is important to understand that USDA's current best estimates indicate that the trigger level is likely to increase to well above the 1.250 billion pound level in 1984. At the same time meat shipments from both Australia and New Zealand should drop off sharply due to heavy herd liquidations this year. Hence the need for meat import quotas is not expected to extend beyond December 31.

OPTIONS

1. Allocate meat import quota on the basis of a representative period.

One could select any number of representative periods for allocating the quota. The following is an example of one such period:

<u>Country</u>	<u>Allocation Using Representative Period 1973/74 (million lbs.)</u>
Australia	641.2
New Zealand	263.8
Canada	62.1
Central America	271.9
European Community	11.0
Total	<u>1,250.0</u>

Advantages:

- o Would benefit Australia.
- o Would be consistent with the principle of allocating quotas on an historical basis, thereby reducing to some extent the chances of a successful challenge against the U.S. under the GATT.

Disadvantages:

- o Would impose undue hardships on Canada and New Zealand.
2. Allocate meat import quota giving due account to special factors.

The following is an example of an allocation scheme resulting from the application of the special factors enumerated in the body of this paper:

<u>Country</u>	<u>Allocation Using Special Factors (million lbs)</u>
Australia	551.0
New Zealand	383.5
Canada	139.0
Central America	165.5
European Community	11.0
Total	<u>1,250.0</u>

Advantages:

- o Would avoid subjecting Canada and New Zealand to unwarranted reductions in their meat exports to the U.S.
- o Could provide an opportunity to shift part of the unfulfilled quotas of some Central American countries to Australia at a later date.

Disadvantages:

- o Would be inconsistent with the principle of allocating quotas on an historical basis, thereby increasing chances of a successful GATT challenge to the U.S. meat import quota.
- o Would invite strong adverse reaction from the Australians.

Country	New Unofficial 1983 [*] Estimate in Absence of Restraint	Allocation Using Traditional Period 1973/74	Allocation Using Trade Period 1980/81	Allocation Based 1981 and 1982 Imports, Discounting Australia Drought	Recommended Initial Quota Allocation	Imports as of June 24
Australia	595.0	641.2	652.5	576.3	551.0	284.0
New Zealand	415.0	263.8	320.0	363.8	383.5	225.5
Canada	150.0	62.1	100.0	125.0	139.0	81.1
Central America	145.0	271.9	167.5	173.9	165.5	63.7
European Community	11.0	11.0	10.0	11.0	11.0	3.0
Total	1,316.0	1,250.0	1,250.0	1,250.0	1,250.0	657.3

The recommended country quota levels reflect import trends derived from the recent level of imports for the major suppliers. We have factored in much of the effects of a prolonged drought in Australia relative to shipments in 1982. The Australian trend, with a cattle herd presently of less than 23 million and falling, has been downward since 1979, exempting the drought-caused increase in 1982, and is a level approximating shipments in 1970 when Australian cattle numbers were in the present range. Imports from New Zealand and Canada have been on a rising trend in recent years.

While the recommended level is more liberal for New Zealand and Canada, they are the first that will probably be limited by our quota action. It is likely that the quota will begin to severely curtail imports from New Zealand and Canada in October or November. Australia's shipment level may be affected but probably not before December. In October and again in December more exact reviews of imports from other suppliers should permit reallocations that will total 25 to 50 million pounds.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW, BY COUNTRY OF ORIGIN,
ANNUAL 1970-81 ^{1/}
(In thousands of pounds)

Country of Origin	1971	1972	1973	1974	1975	1976 ^{2/}	1977	1978	1979	1980 ^{3/}	1981	1982
Canada.....	77,716	58,298	55,269	36,540	21,159	80,358	78,115	61,297	77,785	92,636	120,603	120,603
Mexico.....	79,108	81,870	67,253	40,418	29,763	52,000	60,095	62,568	5,297	242	1,586	1,586
Guatemala.....	25,968	32,028	38,504	29,528	33,426	34,300	32,347	32,121	32,224	18,964	10,632	10,632
El Salvador.....	---	7,163	9,322	12,761	5,440	10,427	3,545	7,987	9,965	4,404	370	370
Honduras.....	16,785	23,726	40,064	29,400	35,447	35,800	40,746	46,540	50,074	67,911	48,792	48,792
Nicaragua.....	43,943	54,103	54,806	32,689	47,654	48,900	50,386	64,691	67,932	48,046	17,968	17,968
Costa Rica.....	40,884	50,460	47,814	60,130	60,492	53,700	58,053	68,118	66,962	47,828	64,089	64,089
Panama.....	2,717	4,911	2,127	2,941	3,003	^{5/} 2,642	2,766	534	901	2,790	4,511	4,511
Haiti.....	1,490	2,004	2,060	1,699	1,559	1,900	1,262	2,484	1,660	1,706	2,733	2,733
Dominican Republic.....	6,982	14,260	16,155	14,319	8,607	14,086	2,089	2,212	3,101	2,358	10,097	10,097
Iceland.....	---	---	---	---	---	---	92	---	---	---	---	---
Belize.....	---	---	188	79	20	---	430	60	232	297	112	112
Norway.....	---	---	---	---	---	---	---	---	---	---	---	---
European Community.....	65,994	30,947	22,032	45,900	7,555	4,094	---	---	---	---	---	---
Japan.....	---	---	---	---	---	---	---	---	---	---	---	---
Australia.....	530,015	727,462	708,663	512,988	679,405	632,200	653,572	806,000	880,038	806,296	586,979	586,979
New Zealand.....	241,937	266,233	291,303	259,751	275,373	259,800	265,406	330,858	357,666	328,029	355,854	355,854
Other.....	---	---	---	---	---	1,548	1,310	---	---	---	---	---
Total ^{6/}.....	1,132,638	1,355,465	1,355,561	1,079,142	1,208,904	1,231,713	1,250,214	1,485,470	1,553,878	1,431,228	1,235,719	1,235,719

^{1/} Fresh, frozen, and chilled beef, veal, mutton, and goat, including rejections. Excludes rejections beginning 1975.

^{2/} Beginning 1976, the Customs Service supplied data used in monitoring the Meat Import Law.

^{3/} P.L. 96-177 amended the Law to provide for inclusion of certain prepared items.

^{4/} Preliminary.

^{5/} Total does not reflect 42,000 lbs. for Panama over-quota released under immediate delivery Customs documents prior to the effective date of the quota.

^{6/} May not add due to rounding.

Dairy, Livestock and Poultry Division
Commodity Programs, FAS, USDA
July 1983

OPERATION OF U.S. MEAT IMPORT LAW 1/ 1965-1983
(IN MILLION POUNDS)

YEAR	ADJUSTED BASE QUANTITY	TRIGGER LEVEL	ACTUAL IMPORTS	IMPORT PROGRAM
1965	848.7	933.6	613.9	NO RESTRICTIONS.
1966	890.1	979.1	823.4	NO RESTRICTIONS.
1967	904.6	995.1	894.9	NO RESTRICTIONS.
1968	950.3	1045.3	1001.0	FORMAL YRA'S WITH AUSTRALIA AND NEW ZEALAND NEGOTIATED IN AUG.; OTHER EXPORTERS ASKED NOT TO EXCEED SCHEDULED SHIPMENTS.
1969	988.0	1086.8	1084.1	YRA'S NEGOTIATED WITH ALL SUPPLIERS EXCEPT CANADA AND UNITED KINGDOM.
1970	998.8	1098.7	1170.6	YRA PROGRAM NEGOTIATED BELOW TRIGGER LEVEL; QUOTAS IMPOSED AND SUSPENDED AT MIDYEAR AND NEW RESTRAINT LEVELS ESTABLISHED FOR PARTICIPATING COUNTRIES. SECTION 204 USED TO CONTROL TRANSSHIPMENTS THROUGH CANADA.
1971	1025.0	1127.5	1132.6	QUOTAS IMPOSED AND SUSPENDED; YRA PROGRAM NEGOTIATED AT REVISED 1970 LEVEL.
1972	1042.4	1146.6	1355.5	YRA PROGRAM NEGOTIATED, BUT PROGRAM SUSPENDED AT MIDYEAR TO ENCOURAGE IMPORTS.
1973	1046.8	1151.5	1355.6	QUOTAS IMPOSED AND SUSPENDED; NO RESTRICTIONS.
1974	1027.9	1130.7	1079.1	QUOTAS IMPOSED AND SUSPENDED; NO RESTRICTIONS.
1975	1074.3	1181.7	1208.9	YRA PROGRAM NEGOTIATED WITH MOST SUPPLYING COUNTRIES.
1976	1120.9	1233.0	1231.7	YRA PROGRAM NEGOTIATED, BUT QUOTAS REQUIRED IN LAST QUARTER.
1977	1165.4	1281.9	1250.2	YRA PROGRAM NEGOTIATED, SUPPORTED BY LETTER OF UNDERSTANDING WITH CANADA.
1978	1183.9	1302.3	1485.5	YRA PROGRAM NEGOTIATED AT BEGINNING BUT QUOTAS IMPOSED AND SUSPENDED TO ALLOW A 200-MILLION POUND INCREASE IN THE YRA PROGRAM IN JUNE.
1979	1131.6	1244.8	1533.7	QUOTAS IMPOSED AND SUSPENDED, YRA PROGRAM NEGOTIATED ABOVE TRIGGER LEVEL.
1980	1516.0	1667.6	1431.2	NO RESTRICTIONS.
1981	1316.0	1447.0	1235.7	NO RESTRICTIONS.
1982	1181.8	1300.0	1319.6 ^{2/}	YRA PROGRAM WAS NEGOTIATED WITH AUSTRALIA AND NEW ZEALAND IN THE LAST QUARTER.
1983	1119.0	1231.0		

1/ PL 88-482 FROM 1965, REPLACED BY PL 96-177 IN 1980.

2/ PRELIMINARY.

PUBLIC LAW 96-177—DEC. 31, 1979

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Public Law 96-177
96th Congress

An Act

To modify the method of establishing quotas on the importation of certain meat, to include within such quotas certain meat products, and for other purposes.

Dec. 31, 1979
[H.R. 2727]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of August 22, 1964, entitled "An Act to provide for the free importation of certain wild animals, and to provide for the imposition of quotas on certain meat and meat products" (19 U.S.C. 1202 note) is amended to read as follows:

Meat imports,
quota
modifications.

"Sec. 2. (a) This section may be cited as the 'Meat Import Act of 1979'.

Meat Import Act
of 1979.

"(b) For purposes of this section—

Definitions.

"(1) The term 'entered' means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

"(2) The term 'meat articles' means the articles provided for in the Tariff Schedules of the United States (19 U.S.C. 1202) under—

"(A) item 106.10 (relating to fresh, chilled, or frozen cattle meat);

"(B) items 106.22 and 106.25 (relating to fresh, chilled, or frozen meat of goats and sheep (except lambs)); and

"(C) items 107.55 and 107.62 (relating to prepared and preserved beef and veal (except sausage)), if the articles are prepared, whether fresh, chilled, or frozen, but not otherwise preserved.

"(3) The term 'Secretary' means the Secretary of Agriculture.

"(c) The aggregate quantity of meat articles which may be entered in any calendar year after 1979 may not exceed 1,204,600,000 pounds; except that this aggregate quantity shall be—

"(1) increased or decreased for any calendar year by the same percentage that the estimated average annual domestic commercial production of meat articles in that calendar year and the 2 preceding calendar years increases or decreases in comparison with the average annual domestic commercial production of meat articles during calendar years 1968 through 1977; and

"(2) adjusted further under subsection (d).

For purposes of paragraph (1), the estimated annual domestic commercial production of meat articles for any calendar year does not include the carcass weight of live cattle specified in items 100.40, 100.43, 100.45, 100.53, and 100.55 of such Schedules entered during such year.

"(d) The aggregate quantity referred to in subsection (c), as increased or decreased under paragraph (1) of such subsection, shall be adjusted further for any calendar year after 1979 by multiplying such quantity by a fraction—

"(1) the numerator of which is the average annual per capita production of domestic cow beef during that calendar year (as

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estimated) and the 4 calendar years preceding such calendar year; and

"(2) the denominator of which is the average annual per capita production of domestic cow beef in that calendar year (as estimated) and the preceding calendar year.

"Domestic cow beef."

For the purposes of this subsection, the phrase 'domestic cow beef' means that portion of the total domestic cattle slaughter designated by the Secretary as cow slaughter.

"(e) For each calendar year after 1979, the Secretary shall estimate and publish—

"(1) before the first day of such calendar year, the aggregate quantity prescribed for such calendar year under subsection (c) as adjusted under subsection (d); and

"(2) before the first day of each calendar quarter in such calendar year, the aggregate quantity of meat articles which (but for this section) would be entered during such calendar year.

In applying paragraph (2) for the second or any succeeding calendar quarter in any calendar year, actual entries for the preceding calendar quarter or quarters in such calendar year shall be taken into account to the extent data is available.

"(f)(1) If the aggregate quantity estimated before any calendar quarter by the Secretary under subsection (e)(2) is 110 percent or more of the aggregate quantity estimated by him under subsection (e)(1), and if there is no limitation in effect under this section for such calendar year with respect to meat articles, the President shall by proclamation limit the total quantity of meat articles which may be entered during such calendar year to the aggregate quantity estimated for such calendar year by the Secretary under subsection (e)(1); except that no limitation imposed under this paragraph for any calendar year may be less than 1,250,000,000 pounds. The President shall include in the articles subject to any limit proclaimed under this paragraph any article of meat provided for in item 107.61 of the Tariff Schedules of the United States (relating to high-quality beef specially processed into fancy cuts).

19 USC 1202 note.

"(2) If the aggregate quantity estimated before any calendar quarter by the Secretary under subsection (e)(2) is less than 110 percent of the aggregate quantity estimated by him under subsection (e)(1), and if a limitation is in effect under this section for such calendar year with respect to meat articles, such limitation shall cease to apply as of the first day of such calendar quarter. If any such limitation has been in effect for the third calendar quarter of any calendar year, then it shall continue in effect for the fourth calendar quarter of such year unless the proclamation is suspended or the total quantity is increased pursuant to subsection (g).

Publication in Federal Register.

"(g) The President may, after providing opportunity for public comment by giving 30 days' notice by publication in the Federal Register of his intention to so act, suspend any proclamation made under subsection (f), or increase the total quantity proclaimed under such subsection, if he determines and proclaims that—

"(1) 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 cattle industry;

"(2) the supply of meat articles will be inadequate to meet domestic demand at reasonable prices; or

"(3) trade agreements entered into after the date of enactment of this Act insure that the policy set forth in subsections (c) and (d) will be carried out.

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Any such suspension shall be for such periods, and any such increase shall be in such amount, as the President determines and proclaims to be necessary to carry out the purposes of this subsection.

“(b) Notwithstanding the previous subsections, the total quantity of meat articles which may be entered during any calendar year may not be increased by the President if the fraction described in subsection (d) for that calendar year yields a quotient of less than 1.0, unless—

“(1) during a period of national emergency declared under section 201 of the National Emergencies Act of 1976, he determines and proclaims that such action is required by overriding national security interests of the United States;

50 USC 1621.

“(2) he determines and proclaims that the supply of articles of the kind to which the limitation would otherwise apply will be inadequate, because of a natural disaster, disease, or major national market disruption, to meet domestic demand at reasonable prices; or

“(3) on the basis of actual data for the first two quarters of the calendar year, a revised calculation of the fraction described in subsection (d) for the calendar year yields a quotient of 1.0 or more.

Any such suspension shall be for such period, and any such increase shall be in such amount, as the President determines and proclaims to be necessary to carry out the purposes of this subsection. The effective period of any such suspension or increase made pursuant to paragraph (1) may not extend beyond the termination, in accordance with the provisions of section 202 of the National Emergencies Act of 1976, of such period of national emergency, notwithstanding the provisions of section 202(a) of that Act.

50 USC 1622.

“(i) The Secretary shall allocate the total quantity proclaimed under subsection (f)(1) and any increase in such quantity provided for under subsection (g) among supplying countries on the basis of the shares of the United States market for meat articles such countries supplied during a representative period. Notwithstanding the preceding sentence, due account may be given to special factors which have affected or may affect the trade in meat articles or cattle. The Secretary shall certify such allocations to the Secretary of the Treasury.

“(j) The Secretary shall issue such regulations as he determines to be necessary to prevent circumvention of the purposes of this section.

Regulations.

“(k) All determinations by the President and the Secretary under this section shall be final.

Determinations.

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Study, report
and
recommendations
to congressional
committees.

Effective date.
19 USC 1202
note.

“(1) The Secretary of Agriculture shall study the regional economic impact of imports of meat articles and report the results of his study, together with any recommendations (including recommendations for legislation, if any) to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate not later than June 30, 1980.”

SEC. 2. This Act shall take effect January 1, 1980.

Approved December 31, 1979.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 96-238 (Comm. on Ways and Means).

SENATE REPORT No. 96-465 (Comm. on Finance).

CONGRESSIONAL RECORD, Vol. 125 (1979):

Nov. 13, 14, considered and passed House.

Dec. 18, considered and passed Senate.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 15, No. 52:

Dec. 31, Presidential statement.

ATTACHMENT II

Comparison of Meat Import Quota Allocation
(millions of lbs)

<u>Country</u>	<u>Representative Period</u>		<u>Special Factors</u>
	1980/81	1981	USDA
Australia	652.5	594	578.21
New Zealand	320.0	360	378.23
Canada	100.0	121	130.00
Central America	168.7	164	142.56
EC	10.0	11	11.00
Other	---	---	10.00
Total	<u>1,251.2</u>	<u>1,250</u>	<u>1,250.00</u>

ATTACHMENT III

USDA's Recommended Quota Levels

The table that follows shows USDA's proposed quota levels. The levels are calculated by adding to the actual shipments for each country through July 1, the base period percentage for each country of the amount remaining (i.e., 1,250 less 686.1 or 563.9). These numbers were then adjusted to take into account the following:

1. Canada: the number is adjusted upwards slightly to equal the informal voluntary restraint agreement share offered and to reflect that otherwise live cattle trade would increase;
2. The EC: has been given the 11 million pounds agreed to in the MTN;
3. Mexico: an additional amount has been given to cover amounts which Mexico could ship if their residue testing program is approved for the last quarter of the year. This can be reallocated if not used;
4. Guatemala: has been adjusted upwards in case it ships heavily at the end of the year because it might be cut off for inspection reasons as of January 1, 1984;
5. Nicaragua: has been reduced to 20 million pounds from 30.84 million per other agencies' requests. While 30.84 million represents the Department of Agriculture's best estimate, the 20 million will cover what has already entered and what might be on the water.
6. Other: this category is for product from the few countries who have recently become eligible to supply and may have product on the water. Any remaining amounts from the 10 million pounds will be reallocated as soon as product on the water has cleared Customs.

The adjustments have been made by reducing Australia's and New Zealand's shares according to their market weight to obtain the extra amounts. Later in the year, if any of the country quotas are not likely to be filled, reallocation will occur in order to ensure insofar as possible that the minimum level of 1.25 billion pounds is met.

PROPOSED QUOTA LEVELS

<u>Country</u>	<u>USDA 1983 Estimate</u>	<u>1980/81 Share</u>	<u>Shipment Through July 1</u>	<u>1983 Total</u>	<u>Quota Level (adjusted total)</u>
Australia	595.0	.522	295.14	589.50	578.21
New Zealand	415.0	.256	239.44	383.80	378.23
Canada	150.0	.080	83.70	128.81	130.00
European Community	11.0	.008	2.99	7.50	11.00
Mexico	2.0	.0007	0.26	0.65	10.00
Belize	0.0	.0001	0.00	0.06	0.06
Costa Rica	40.0	.042	16.86	40.50	40.50
Dominican Republic	8.0	.005	4.34	7.16	8.00
El Salvador	3.0	.002	1.47	2.60	3.00
Guatemala	14.0	.011	8.04	14.24	16.00
Haiti	2.0	.002	0.23	1.36	2.00
Honduras	35.0	.044	16.11	40.92	40.00
Panama	4.0	.003	0.80	2.49	3.00
Nicaragua	37.0	.025	16.74	30.84	20.00
Other	<u>10.0</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>10.00</u>
TOTAL	1,326.0		686.12	1,249.93	1,250.00