

BEEF IMPORT ACT OF 1978

MAY 2 (legislative day, APRIL 24), 1978.—Ordered to be printed

Mr. LONG, from the Committee on Finance,
submitted the following

REPORT

[To accompany H.R. 5052]

The Committee on Finance, to which was referred the bill (H.R. 5052) providing for the temporary suspension of duty on photographic color couplers and coupler intermediates, having considered the same, reports favorably thereon with an amendment to the text and an amendment to the title, and recommends that the bill as amended do pass.

I. SUMMARY

H.R. 5052 as it passed the House would suspend temporarily the duty on photographic color couplers and coupler intermediates. The substance of H.R. 5052 as it passed the House has been enacted as a provision of Public Law 95-206. The committee amendment, the Beef Import Act of 1978, is in the nature of a substitute and is designed to achieve the following objectives:

To stabilize U.S. beef and veal production and prices at levels adequate to provide a fair return to domestic producers of beef and veal;

To insure U.S. consumers of beef and veal adequate supplies at reasonable, stable prices; and

To provide reasonable access to the U.S. market for imported beef and veal.

Under present law, the Meat Import Act of 1964, limits are set on imports into the United States of unprocessed beef and veal.¹ The President must impose quotas on these articles for a calendar year when imports for the year are estimated by the Secretary of Agri-

¹Limits are also set on imports of goat and sheep (except lamb) meat under this law. Imports of these meats are minimal compared to imports of beef and veal or U.S. production of beef and veal. When referring to beef and veal in describing the operation of the present law, it will be assumed that this reference also includes goat and sheep (except lamb) meat.

culture to be 10 percent more than an adjusted base quantity. This adjusted base quantity is determined by multiplying a base quantity (725,400,000 pounds) times the ratio which estimated average annual domestic beef and veal production for the current and 2 preceding years bears to average annual domestic beef and veal production during 1959-63. Thus, this adjusted base quantity increases in any year when domestic beef and veal production is estimated to increase and decreases when such production is estimated to decline. The quota is equal to this adjusted base quantity.

The President may suspend a quota or increase the quota above the adjusted base quantity if the President determines (1) overriding economic or national security interests require the action, (2) supplies of beef and veal will not meet domestic demand at reasonable prices, or (3) trade agreements have been entered into which assure the policy of the act will be carried out.

The committee amendment would modify the Meat Import Act of 1964 in the following manner:

(1) *Unprocessed beef and veal.*—The present adjusted base quantity under the Meat Import Act for unprocessed beef and veal would be further adjusted by a countercyclical factor based on per capita U.S. commercial cow beef production. The countercyclical factor is the ratio of average annual per capita U.S. commercial cow beef production during the 10 years preceding the year under consideration to estimated average annual per capita U.S. commercial cow beef production during the year under consideration and preceding year. Under present law the import limitation varies directly with U.S. production of beef and veal, so that as U.S. production increases, so does the import limitation, and vice versa. This tends to exaggerate the cyclical extremes of U.S. beef and veal production and prices. The application of the countercyclical factor will cause the limitations on imports to vary inversely with U.S. production of beef and veal, so that as U.S. production decreases (and prices increase), import limitations will be liberalized, and vice versa. This should help stabilize prices and production responses thereto.

(2) *Processed beef and veal.*—A new adjusted base quantity for processed beef and veal would be established. It would equal a base quantity, the average annual imports of those articles during 1973 through 1977, adjusted in a similar manner as is the base quantity for unprocessed beef and veal under present law. Under the bill, this adjusted base quantity would then be further adjusted by the same countercyclical factor as employed with respect to unprocessed beef and veal under the bill. Applying limitations to imports of processed beef and veal should close "loopholes" existing in the present law whereby the limitations of the present law, which applies to unprocessed beef and veal only, were avoided by processing the meat outside of the United States and importing it into the United States outside the quota.

(3) *Imposition and removal of quotas.*—The President would be required to impose quotas on imports of unprocessed beef and veal or processed beef and veal, respectively, for any calendar year in which annual imports of that type of beef and veal are estimated by the Secretary of Agriculture to be more than 10 percent above the respective estimated adjusted base quantities as further adjusted by the

countercyclical factor. The quotas would be equal to the adjusted base quantities as further adjusted by the countercyclical factor. The President could suspend or increase the quotas only if (1) he declares a national emergency under the National Emergencies Act of 1976 and determines the suspension or increase is necessary for overriding national security interests, or (2) he determines the quota amount is inadequate to meet domestic demand at reasonable prices as the result of a natural disaster. Since import limitations will now vary countercyclically with U.S. production, there is less need of Presidential discretion to suspend or increase the limitations set by law.

(4) *Spacing of imports*.—No more than 54 percent of the annual quota amount, or estimated annual imports in the absence of a quota being in effect, could enter the United States in any calendar half beginning on January 1 or July 1 of any year. This will space imports more evenly throughout the year, reducing price instability caused by short term major fluctuations in imports.

II. GENERAL EXPLANATION

H.R. 5052, as it passed the House, provided for the temporary suspension of duty on photographic color couplers and coupler intermediates. The substance of H.R. 5052 as it passed the House has already become law (Public Law 95-206). The committee amendment to H.R. 5052 is in the nature of a substitute, and consists of the substance of S. 2895, a bill to enact the Beef Import Act of 1978, with amendments. The committee amendment to H.R. 5052 would modify the Meat Import Act of 1964 (78 Stat. 594; Public Law 88-482, enacted on August 22, 1964).

Present law

The Meat Import Act.—The Meat Import Act of 1964 provides under section 2(a) that the aggregate quantity of fresh, chilled, or frozen beef and veal (Tariff Schedules of the United States (TSUS) item 106.10) and meat of mutton and goats (except lambs) (TSUS item 106.20) which may be imported into the United States in any calendar year beginning after December 31, 1964, should not exceed an adjusted base quantity. Imports of beef and veal are the significant imports of the imports covered. Provision is made that this base quantity (725,400,000 pounds) shall be increased or decreased for any calendar year by the same percentage that estimated average annual domestic commercial production of these articles in that calendar year and the 2 preceding calendar years increases or decreases in comparison with the average annual domestic production of these articles during the years 1959 through 1963, inclusive.

A 10-percent overage is allowed, so that only when imports are expected to exceed the adjusted base quantity level by 10 percent are quotas triggered. The quota is the adjusted base quantity. Each year the Secretary of Agriculture is required to publish in the Federal Register the estimated quantity that would trigger the imposition of quotas under the law, and quarterly, the quantity of meat that, but for the law, would enter the United States in such calendar year.

If the Secretary's estimate of imports exceeds the trigger level, the President is required by law to proclaim quotas on imports of meats

subject to the law. The quota proclamation may be suspended or the total quota quantity increased if the President determines and proclaims pursuant to section 2(d) of the act 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 livestock industry;

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

(3) trade agreements entered into insure that the policy set forth in the act will be carried out.

Section 2(d) further provides that 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 section 2(d).

Operation of the Meat Import Act.—When imports reach levels that threaten to trigger the quotas under the Meat Import Act, that act and section 204 of the Agricultural Act of 1956 (70 Stat. 200; 7 U.S.C. 1854), which authorizes the President to negotiate agreements with foreign governments to limit imports into the United States of agricultural commodities and products, are used in conjunction with each other to forestall the imposition of quotas. Since it is advantageous to the exporting countries to ship quantities approaching the trigger levels for the Meat Import Act quotas and at the same time not exceed the trigger levels lest quotas be imposed reducing the shipments to the adjusted base quantity, exporting countries have been receptive to negotiating voluntary restraint levels under section 204 which would not exceed the trigger levels under the Meat Import Act. No country wanted another country to take unfair advantage and have a disproportionate share of the total quota, and each country prefers to fill a known quota in the way it finds most advantageous to itself. The provision of section 204 which allows the President to impose regulations governing imports from countries which have not entered into agreements if agreements have been concluded with countries accounting for a significant part of world trade, encourages all supplying countries to agree to restraint levels or face unilaterally imposed restrictions.

In the 12 full years that the Meat Import Act has been in effect, actual meat imports have exceeded the adjusted base quantity nine times and have exceeded the trigger level five times (but only barely in three of these five instances). In six instances the President proclaimed the required quotas, but in five of those instances (in the years 1970–74) he simultaneously suspended them in view of “overriding economic interests”, and in the sixth instance (1976) he increased the quota level, again in view of “overriding economic interests”, to a level equal to the trigger level. Voluntary restraints were negotiated with most of the major exporting countries in 5 of these years (1970, 1971, 1972, 1975, and 1976).

Committee amendments

The committee amended H.R. 5052 by striking the language of the bill as it passed the House and adding the substance of S. 2895, the Beef Import Act of 1978, as amended by the committee.

The committee amendment to H.R. 5052 amends the Meat Import Act of 1964 (78 Stat. 594; Public Law 88-482) in the following manner:

(1) *Unprocessed beef and veal.*—The present adjusted base quantity applicable to fresh, chilled, and frozen beef and veal (and small amounts of goat and sheep meat) under the Meat Import Act would be adjusted by a countercyclical factor: The ratio of average annual per capita U.S. commercial cow beef production during the 10 years preceding the year in question to estimated average annual per capita U.S. commercial cow beef production during the year in question and preceding year. (The quantity resulting from the application of the countercyclical factor to the adjusted base quantity is hereafter referred to as the countercyclical quantity.) The factor is termed countercyclical because its application to the adjusted base quantity under present law would cause this limitation on imports to vary inversely with U.S. production of beef and veal, whereas under present law this limitation varies directly with such production.

(2) *Processed beef and veal.*—Imports of processed beef and veal are now unlimited. Under the bill, a limitation would be established on annual imports of the processed beef and veal articles covered by the following TSUS item numbers: 107.20 (relating to beef sausages in airtight containers); 107.25 (relating to certain other sausages); 107.40 and 107.45 (both relating to cured or pickled beef and veal); 107.48 (relating to corned beef in airtight container); and 107.52, 107.55, and 107.60 (all relating to certain other prepared or preserved beef and veal). The base quantity established is the average annual imports of the covered articles during 1973 through 1977. This base quantity for processed beef and veal would be adjusted in a manner similar to that for the base quantity for fresh, chilled, and frozen beef. First, it would be increased or decreased for any calendar year by the same percentage that estimated average annual domestic commercial production of beef and veal in that calendar year and the two preceding calendar years increases or decreases in comparison with the average annual domestic commercial production of beef and veal during the years 1973 through 1977, inclusive. Then the same countercyclical factor applied to the adjusted base quantity for unprocessed beef and veal would also be applied to the adjusted base quantity for processed beef and veal, i.e., the ratio of the average annual per capita domestic commercial cow beef production during the 10 calendar years preceding such calendar year to the average annual per capita domestic commercial cow beef production in that calendar year and the preceding calendar year. (The quantity resulting from the application of the countercyclical factor to the adjusted base quantity is hereafter referred to as the countercyclical quantity.)

(3) *Estimates by the Secretary of Agriculture.*—Under the bill as reported out by the committee, the Secretary of Agriculture would be required to estimate and publish for each calendar year, before the beginning of such calendar year, the aggregate countercyclical quantity of unprocessed and processed beef and veal, respectively, provided for under the bill. Also, before the first day of each calendar quarter in such calendar year, the Secretary would be required to estimate and publish the aggregate quantity of unprocessed and processed beef and

veal, respectively, which would be imported in such calendar year but for the limitations under the bill.

(4) *Imposition and removal of quotas.*—Under the bill, if the estimate of annual imports of unprocessed beef and veal made by the Secretary quarterly equals or exceeds 110 percent of the estimated annual countercyclical quantity of such articles, then the President is required to limit by proclamation the total quantity of such articles which may be imported to an amount equal to the countercyclical quantity. A similar rule applies with respect to processed beef and veal, so that if the estimate of annual imports of these articles equals or exceeds 110 percent of the estimated annual countercyclical quantity, then the President must limit imports of these articles to the estimated annual countercyclical quantity.

A limitation on imports of unprocessed beef and veal described above ceases to apply for any calendar quarter in which an estimate of the Secretary of Agriculture with respect to that type of meat made before the quarter indicates that the 110 percent trigger level will not be reached. A similar situation pertains to limitations on processed beef and veal. An exception to this rule under the bill exists when a proclaimed limitation on imports has been in effect for the third calendar quarter; in this case, the limitation must continue for the fourth calendar quarter even if imports in excess of the trigger level have not been estimated, unless the quota is suspended or increased under other authority in the bill.

Under the bill, the President would have authority to suspend or increase the proclaimed limitation only if (1) he declares a national emergency under the National Emergencies Act of 1976 and determines the suspension or increase is necessary for overriding national security interests, or (2) he determines the countercyclical amount is inadequate to meet domestic demand at reasonable prices as the result of a natural disaster. Any suspension may continue for the period, and any increase can be in such amount, as the President determines and proclaims is necessary to carry out the purposes of the suspension or increase, except that the effectiveness of a suspension or increase pursuant to a national emergency cannot extend beyond the termination of the national emergency under the provisions of the National Emergencies Act of 1976.

(5) *Spacing of imports.*—In addition to the annual limitations on imports of unprocessed and processed beef and veal provided in the bill, a limitation is placed on the amount of imports of either category which may be imported in any calendar half. A calendar half is the 6-month period beginning on January 1 or July 1 of any year. The limitation provided is that no more than an amount equal to 54 percent of any annual limitation in effect may be imported in any calendar half. If no limitation is in effect for a calendar half, or one in effect ceases to be effective in the calendar half, then the bill provides that no more than an amount equal to 54 percent of the Secretary's estimate of annual imports may be imported in any calendar half.

(6) *Distribution of imports among supplying countries.*—The bill continues the prior law's provision requiring the Secretary of Agriculture to allocate the total quantity of imports of unprocessed beef and veal permitted under a proclaimed limitation among supplying

countries on the basis of their respective shares of imports of unprocessed beef and veal during a representative period. A new requirement to allocate in a similar manner any imports of processed beef and veal permitted under a proclaimed limitation is added by the bill. In both instances of allocation, the Secretary can give due account to special factors which have affected or may affect trade in the articles concerned.

(7) *Study of regional impact.*—The bill directs the Secretary of Agriculture to study the regional impact of imports of both unprocessed and processed beef and veal. The Secretary is to report the results of his study, together with any recommendations, to this committee and to the Committee on Ways and Means of the House not later than December 31, 1979.

Reasons for change

The production of beef and veal is cyclical. In the late 1960's and early 1970's per capita consumption of beef and veal increased despite rising prices and competition from other meats, fish, and poultry. The growing demand for beef caused an expansion of the national herd. Cattlemen were optimistic and the industry producing beef and veal (cow-calf operations, feedlot operators, slaughterers and processors) prospered.

In 1973 per capita consumption of beef declined about 5 percent. Cattle prices began to decline in the face of oversupply. In 1976, prices were only 5 percent higher than those received at the outset of the period of herd expansion in 1967. The cost of production of beef, however, had nearly doubled between 1967 and 1976.

As the result of low prices, climbing costs of production, and an oversupply of cattle, producers began to liquidate herds. In 1976, production of beef and veal reached an all time high of 27 billion pounds. These high levels of production continued in 1977 and the early part of 1978.

Prices have recently increased and it appears that the herd liquidation phase of the cycle has about run its course. Higher prices can be anticipated for the next several years.

The effects of the large variations in beef and veal production and prices is severe on both U.S. beef and veal producers and consumers. Testimony received at the committee's hearing on beef imports in February 1978, indicate that it is generally agreed that the domestic beef industry as a whole has been seriously hurt in the past 3 or 4 years. Faced with low prices and sharply rising costs, many producers, large and small, were forced out of the industry or went deeply into debt to ride out the cycle. Further, with prices remaining low, a massive herd liquidation has occurred, and with a record slaughter of cows, a period of sharply rising prices is in store for the consumer.

Imports play an important role in the cattle cycle. Over the last five years, imports of the meat covered by the provisions of this bill have accounted for about 6 to 7 percent of U.S. consumption of all beef and veal, and 15 to 20 percent of the total U.S. processed beef supply, the fastest growing segment of the beef market. Under the present law, however, limitations on such imports vary directly with U.S. production of beef and veal. This means that as U.S. production decreases and prices increase in response to a steady demand, the limitation on

imports under present law decreases, so less imports are permitted within the quota. When U.S. production increases and prices drop, imports within the quota amount increase. This situation with imports contributes to amplifying the swings in the cattle cycle which results in consumers periodically paying very high prices and producers periodically suffering severe losses which cause many of them to leave the industry.

The committee amendment, by use of a countercyclical factor based on per capita U.S. commercial domestic cow beef production, would tend to remove the destabilizing effect of imports under the present law on the U.S. market. Under the bill, any limitation proclaimed by the President would permit more imports in times of low U.S. production and rising prices, thus increasing U.S. supply and having a price retarding effect beneficial to consumers; less imports would enter in times of high U.S. production and falling prices, thus decreasing U.S. supply and having the effect of maintaining U.S. prices to avoid severe losses to domestic producers. For example, estimates have been made projecting that for 1979 the countercyclical quantity under the committee bill may be as much as 25 to 30 percent greater than the corresponding limitation under present law. Added stability in the beef and veal industry should provide an economic climate which encourages investment in cost-reducing technology, improvements in productivity, better breeding stock, pasture improvements, better machinery and equipment, and better veterinary programs. Because of increased efficiencies which can be attained by the domestic industry in a more stable price and production environment, improvement in the quality, certainty of supply, and price of beef will benefit the consumer.

The countercyclical factor of per capita U.S. commercial cow beef production was selected for several reasons. While imports are competitive with all domestically produced beef and veal, they are most directly competitive with domestic cow beef. Thus, the factor addresses itself to available quantities of similar type products. Also, it is believed by the committee that cow beef production is the best indicator of the specific stage of the cattle cycle, as it is much less subject to temporary phenomenon which may for a limited time affect such factors as prices. As the best reflection of the particular stage of the cattle cycle, it is the best indicator of production trends, both long and short term. Further, the use of a per capita element in the countercyclical factor contributes to a degree of stabilization of supplies to consumers.

The ratio of a 10-year moving average to 2 current years was selected because the 10-year period is the approximate length of a cattle cycle, and the use of 2 current years identifies the point reached in the current cycle.

In considering this bill, the committee was careful to take into account any impact on consumers or inflation which enactment of the bill may have. In the opinion of the committee, any short-term impact on consumers and inflation resulting from a reduction in imports in any one year under the bill is more than offset by the generally stabilizing and beneficial aspects of the bill over time for consumers and producers.

In ascertaining the impact of the bill on consumers and inflation, it would be extremely misleading to apply the limitation formula of

the bill to any year in isolation, especially any year prior to the bill taking effect. Such application would yield only the short-term effect which a one-time reduction in imports would have on an unstable, unprepared market, made so in part by the nature of annual import levels under the present destabilizing meat import laws. Further, such a comparison would not allow for any U.S. production response. If the countercyclical formula had been in effect for the whole decade, it may have tempered the cycle and stabilized the market, thus avoiding excessive domestic production and exaggerated shortages, and thus reducing any effect, even short term, of a reduction in imports.

The White House Council on Wage and Price Stability, taking the longer-term perspective, has estimated that a complete elimination of beef imports would raise the price of food by 0.7 percent. This should correspond to an increase in the CPI of perhaps 0.14 percent. Should this bill become law and even if it reduced imports by one quarter in any year, this would only increase the CPI by about .04 percent.

The committee has received information from many of the Nation's leading livestock economists to the effect that they consider the bill as reported out by the committee to be pro-consumer and anti-inflationary. In fact, as indicated earlier, some estimates have been made showing that the countercyclical quantity for imports in 1979 under the committee bill would be 25 to 30 percent higher than the corresponding quantity permitted under the present law.

The committee bill places a limitation on imports of processed beef and veal for the first time. This is done to close "loopholes" which have occurred under the current law and to forestall circumvention of the purposes of this bill. In order to avoid present limitations which apply only to imports of unprocessed beef and veal, supplying countries in the past have shipped unprocessed beef and veal to U.S. foreign-trade zones for minimal processing and then shipment to the United States. Further, foreign processed beef and veal compete with the product produced by U.S. processors, and thus tend to reduce the need of the U.S. processor for domestically produced beef and veal; permitting it to enter unregulated would tend to defeat the purpose of the bill, i.e., stabilizing the U.S. market.

The committee bill would space the imports of both the unprocessed and processed beef and veal over the calendar year by dividing each calendar year into halves. During each of these 6-month periods, no more than 54 percent of the specified amount of imports could enter the United States. Imports have shown a tendency to vary considerably from calendar quarter to calendar quarter. A large influx of imports can cause market disruption and considerable problems for individual producers in their marketing plans. Spacing imports in the manner provided by the bill will reduce the likelihood of this while still maintaining adequate flexibility for importers to secure needed supplies at particular times throughout the year.

The committee believes that if the benefits of a countercyclical approach to beef and veal imports are to be secured for both the domestic producer and consumer, the approach must be applied at both extremes of the cattle cycle. Under present law, the President is given broad discretion to suspend any limitations on imports. The committee bill would limit this discretion and place reliance on the counter-

cyclical nature of the limitation formula to accomplish the objectives of the bill. Under the bill, the President could suspend or increase the amount of the quotas only during periods of true emergency, i.e., if (1) he declares a national emergency under the National Emergencies Act of 1976 and determines the suspension or increase is necessary for national security, or (2) he determines the quota amount is inadequate to meet domestic demand at reasonable prices as the result of natural disaster.

The committee is concerned that imports of beef and veal may enter through relatively few ports in substantial quantities and may therefore have a more pronounced economic impact on the regions around such ports than on the rest of the country. The bill would require the Secretary of Agriculture to explore this situation and report the results of his study, with any recommendations, to this committee and the Committee on Ways and Means of the House, by December 31, 1979.

III. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 5 of rule XXIX of the Standing Rules of the Senate, the committee states that the provisions of the bill should not result in new major and continuing regulatory activity.

IV. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946, the committee states that the bill was ordered reported by a rollcall vote of 13 ayes, 1 nay.

V. BUDGETARY IMPACT OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970 and sections 308 and 403 of the Congressional Budget Act, the following statements are made relative to the costs and budgetary impact of the bill.

The provisions of the bill do not provide new budget authority or tax expenditures. The committee accepts the estimates of the Congressional Budget Office on the impact of the bill. The report received by the committee from the Congressional Budget Office is included in this report.

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, D.C.

HON. RUSSELL B. LONG,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Budget Act, the Congressional Budget Office has examined H.R. 5052, which would provide new rules for the imposition of quotas on imports on beef and veal.

The bill does not involve any new budget authority or any new or increased tax expenditures.

In accordance with section 403 of the Budget Act, the Congressional Budget Office estimates that the bill would increase revenue collec-

tions by less than \$4 million in fiscal year 1979 and less than \$5 million in fiscal year 1980. The effect of the bill on budget receipts in the period 1981-83 would depend upon the level of domestic beef and veal production in those years. Since reliable projections of domestic beef and veal production for the period are not available, the Congressional Budget Office has not estimated the impact this bill would have in fiscal years 1981-83.

Sincerely,

ROBERT LEVINE, *Deputy Director.*

VI. CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown below (existing law proposed to be omitted is enclosed in black brackets, new matter is in italic, existing law in which no change is proposed is shown in roman).

PUBLIC LAW 88-482

August 22, 1964

[SEC. 2. (a) It is the policy of the Congress that the aggregate quantity of the articles specified in items 106.10 (relating to fresh, chilled, or frozen cattle meat) and 106.20 (relating to fresh, chilled, or frozen meat of goats and sheep (except lambs)) of the Tariff Schedules of the United States which may be imported into the United States in any calendar year beginning after December 31, 1964, should not exceed 725,400,000 pounds; except that this quantity shall be increased or decreased for any calendar year by the same percentage that estimated average annual domestic commercial production of these articles in that calendar year and the two preceding calendar years increases or decreases in comparison with the average annual domestic commercial production of these articles during the years 1959 through 1963, inclusive.

[(b) The Secretary of Agriculture, for each calendar year after 1964, shall estimate and publish—

[(1) before the beginning of such calendar year, the aggregate quantity prescribed for such calendar year by subsection (a), and

[(2) before the first day of each calendar quarter in such calendar year, the aggregate quantity of the articles described in subsection (a) which (but for this section) would be imported in such calendar year.

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

[(c) (1) If the aggregate quantity estimated before any calendar quarter by the Secretary of Agriculture pursuant to subsection (b) (2) equals or exceeds 110 percent of the aggregate quantity estimated by him pursuant to subsection (b) (1), and if there is no limitation in effect under this section with respect to such calendar year, the President shall by proclamation limit the total quantity of the articles described in subsection (a) which may be entered, or withdrawn from warehouse, for consumption, during such calendar year, to the aggre-

gate quantity estimated for such calendar year by the Secretary of Agriculture pursuant to subsection (b) (1).

[(2) If the aggregate quantity estimated before any calendar quarter by the Secretary of Agriculture pursuant to subsection (b) (2) does not equal or exceed 110 percent of the aggregate quantity estimated by him pursuant to subsection (b) (1), and if a limitation is in effect under this section with respect to such calendar year, such limitation shall cease to apply as of the first day of such calendar quarter; except that any limitation which has been in effect for the third calendar quarter of any calendar year 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 (d).

[(3) The Secretary of Agriculture shall allocate the total quantity proclaimed under paragraph (1), and any increase in such quantity pursuant to subsection (d), among supplying countries on the basis of the shares such countries supplied to the United States market during a representative period of the articles described in subsection (a), except that due account may be given to special factors which have affected or may affect the trade in such articles. The Secretary of Agriculture shall certify such allocations to the Secretary of the Treasury.

[(d) The President may suspend any proclamation made under subsection (c), 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 livestock industry;

[(2) the supply of articles of the kind described in subsection (a) will be inadequate to meet domestic demand at reasonable prices; or

[(3) trade agreements entered into after the date of the enactment of this Act ensure that the policy set forth in subsection (a) will be carried out.

[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.

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

[(f) All determinations by the President and the Secretary of Agriculture under this section shall be final.]

Sec. 2. (a) It is the policy of the Congress that:

(1) The aggregate quantity of the articles specified in items 106.10 (relating to fresh, chilled, or frozen cattle meat) and 106.20 (relating to fresh, chilled, or frozen meat of goats and sheep (except lambs)) of the Tariff Schedules of the United States which may be imported into the United States in any calendar year beginning after December 31, 1964, should not exceed 725,400,000 pounds; except that this quantity shall be—

(A) increased or decreased for any calendar year by the same percentage that estimated average annual domestic commercial production of these articles in that calendar year

and the two preceding calendar years increases or decreases in comparison with the average annual domestic commercial production of these articles during the years 1959 through 1963, and

(B) adjusted further in accordance with the provisions of paragraph (3).

(2) The aggregate quantity of the articles specified in items 107.20 (relating to beef sausages, in airtight containers), 107.25 (relating to certain other sausages), 107.40 and 107.45 (both relating to cured or pickled beef and veal), 107.48 (relating to corned beef, in airtight containers), and 107.52, 107.55 and 107.60 (all relating to certain other prepared or preserved beef and veal) of the Tariff Schedules of the United States which may be imported into the United States in any calendar year beginning after December 31, 1978, should not exceed the average annual imports of these items during the years 1973 through 1977; except that this quantity shall be—

(A) increased or decreased for any calendar year by the same percentage that estimated average annual domestic commercial production of beef and veal in that calendar year and the two preceding calendar years increases or decreases in comparison with the average annual domestic commercial production of beef and veal during the years 1973 through 1977, and

(B) adjusted further in accordance with the provisions of paragraph (3).

(3) The quantities referred to in paragraphs (1) and (2), as increased or decreased in accordance with the procedures therein described, shall be adjusted further for any calendar year beginning after December 31, 1978, by multiplying such quantities by a fraction, the numerator of which is the average annual per capita supply of domestic commercial cow beef during the 10 calendar years preceding such calendar year, and the denominator of which is the average annual per capita supply of domestic commercial cow beef in that calendar year (as estimated) and the preceding calendar year. For the purposes of this paragraph, the phrase "domestic commercial cow beef" means that portion of the total domestic commercial cattle slaughter designated by the Secretary of Agriculture as cow slaughter.

(b) The Secretary of Agriculture, for each calendar year after 1964, shall estimate and publish—

(1) before the first day of such calendar year, the aggregate quantity prescribed for such calendar year by subsection (a) (1) as adjusted in accordance with the provisions of subsection (a) (3),

(2) before the first day of each calendar quarter in such calendar year, the aggregate quantity of the articles described in subsection (a) (1) which (but for this section) would be imported in such calendar year,

(3) before the first day of such calendar year, the aggregate quantity prescribed for such calendar year by subsection (a) (2) as adjusted in accordance with the provisions of subsection (a) (3), and

(4) before the first day of each calendar quarter in such calendar year, the aggregate quantity of the articles described in subsection (a) (2) which (but for this section) would be imported in such calendar year.

In applying paragraphs (2) and (4) for the second or any succeeding calendar quarter in any calendar year, actual imports for the preceding calendar quarter or quarters in such calendar year shall be taken into account to the extent data is available.

(c) (1) If the aggregate quantity estimated before any calendar quarter by the Secretary of Agriculture pursuant to subsection (b) (2) is 110 percent or more of the aggregate quantity estimated by him pursuant to subsection (b) (1), and if there is no limitation in effect under this section with respect to such calendar year applicable to the articles described in subsection (a) (1), the President shall by proclamation limit the total quantity of the articles described in subsection (a) (1) which may be entered, or withdrawn from warehouse, for consumption, during such calendar year, to the aggregate quantity estimated for such calendar year by the Secretary of Agriculture pursuant to subsection (b) (1).

(2) If the aggregate quantity estimated before any calendar quarter by the Secretary of Agriculture pursuant to subsection (b) (2) is less than 110 percent of the aggregate quantity estimated by him pursuant to subsection (b) (1), and if a limitation is in effect under this section with respect to such calendar year applicable to the articles described in subsection (a) (1), 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 (d).

(3) Notwithstanding any other provision of this section, the total quantity of the articles that are described in subsection (a) (1) which may be entered, or withdrawn from warehouse, for consumption, during each six-month period after December 31, 1978, beginning on the first day of January or on the first day of July, shall not exceed an amount equal to 54 percent of the aggregate quantity most recently estimated by the Secretary of Agriculture—

(A) under subsection (b) (1) if a limitation under this section applicable to such articles—

(i) is in effect on the first day of the six-month period and remains in effect during that period, or

(ii) takes effect during the six-month period, and

(B) under subsection (b) (2) if a limitation under this section applicable to such articles—

(i) is not in effect on the first day of the six-month period,

or

(ii) ceases to be in effect during the six-month period.

(4) If the aggregate quantity estimated before any calendar quarter by the Secretary of Agriculture under subsection (b) (4) is 110 percent or more of the aggregate quantity estimated by him under subsection (b) (3), and if there is no limitation in effect under this section with respect to such calendar year applicable to the articles described in subsection (a) (2), the President shall by proclamation

limit the total quantity of the articles described in subsection (a) (2) which may be entered, or withdrawn from warehouse, for consumption, during such calendar year, to the aggregate quantity estimated for such calendar year by the Secretary of Agriculture pursuant to subsection (b) (3).

(5) If the aggregate quantity estimated before any calendar quarter by the Secretary of Agriculture under subsection (b) (4) is less than 110 percent of the aggregate quantity estimated by him under subsection (b) (3), and if a limitation is in effect under this section with respect to such calendar year applicable to the articles described in subsection (a) (2), 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 under subsection (d).

(6) Notwithstanding any other provision of this section, the total quantity of the articles described in subsection (a) (2) which may be entered, or withdrawn from warehouse, for consumption, during each six-month period after December 31, 1978, beginning on the first day of January or on the first day of July, shall not exceed an amount equal to 54 percent of the aggregate quantity most recently estimated by the Secretary of Agriculture—

(A) under subsection (b) (3) if a limitation under this section applicable to such articles—

(i) is in effect on the first day of the six-month period and remains in effect during that period, or

“(ii) takes effect during the six-month period, and

(B) under subsection (b) (4) if a limitation under this section applicable to such articles—

(i) is not in effect on the first day of the six-month period, or

(ii) ceases to be in effect during the six-month period.

(7) The Secretary of Agriculture shall allocate the total quantity proclaimed under paragraph (1), and any increase in such quantity pursuant to subsection (d), among supplying countries on the basis of the shares of the United States market of the articles described in subsection (a) (1) such countries supplied to the United States market during a representative period. The Secretary shall allocate the total quantity proclaimed under paragraph (4), and any increase in such quantity pursuant to subsection (d), among supplying countries on the basis of the shares of the United States market for the articles described in subsection (a) (2) such countries supplied to the United States market during a representative period. Notwithstanding the preceding sentences, due account may be given to special factors which have affected or may affect the trade in such articles. The Secretary of Agriculture shall certify such allocations to the Secretary of the Treasury.

(d) The President may suspend any proclamation made under subsection (c), or increase the amount of any total quantity proclaimed under such subsection, if—

(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, or

(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, to meet domestic demand at reasonable prices.

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.

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

(f) All determinations by the President and the Secretary of Agriculture under this section shall be final.

SEC. 3. The Secretary of Agriculture shall study the regional economic impact of imports of meat described in section 2 of the Act of August 22, 1964 (78 Stat. 594; 19 U.S.C. 1202 note) 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 December 31, 1979.

