Counter-cyclical approach to quotas suggested

WASHINGTON, D.C. -The National Cattlemen's Association this week recommended a countercyclical approach to quotas under the Meat Import Act of 1964.

This and other recommendations were made during a House Ways & Means subcommittee hearing on proposed changes in the law. Outlining NCA's proposals to the subcommittee on trade were Richard A. McDougal, Lovelock, Nev., president of the association, and Sam Washburn, Fowler, Ind., chairman of the NCA foreign trade committee.

McDougal urged that Congress adopt the Bentsen-Curtis bill (HR 5052), which includes the counter-cyclical approach and which

previously was passed by the Senate.

He pointed out that a counter-cyclical quota formula could provide more stable supplies and prices over the length of the 10-year cattle cycle, benefiting both producers and consumers. Quotas would be in inverse proportion to domestic beef supplies - increasing when U.S. production was down and decreasing when production was cyclically large.

The quota formula in the present law, the NCA spokemen noted, is tied directly to U.S. production levels. This compounds supply and price problems because imports are permitted to rise at the very time domestic supplies

already are burdensome and are required to decrease at the very time domestic output is decreasing. The result is sharper price fluctuations, both up and down, than otherwise would be the case.

Under HR 5052, NCA explained, annual import quotas would be adjusted in relation to domestic cow beef supplies - the best indicator of stages in the cattle cycle. Also, it is cow beef with which imported meat is most competitive.

Other NCA recommendations, as provided in the amendments in HR 5052,

1. Include all forms of beef and veal under coverage of the Meat Import Act. This is necessary to prevent the kind of circumvention of the law which has occurred in the past. (The present law covers only fresh, frozen and chilled meat.)

2. Institute a semi-annual quota system within a year's import quota, thereby preventing disproportionate imports during a short period.

3. Modify presidential authority to suspend the quotas. Suspension would be permitted only in time of true emergencies. If benefits of a counter-cyclical appraoch are to be realized, the approach must be followed at both extremes of the cattle cycle, McDougal emphasized.

Also, this amendment would eliminate periodic

quotas, and it would result in quota determination and import levels under a known set of rules - again providing more stability. In addition, it was noted, this amendment would provide more predictability, which is particularly important in an industry with a long production cycle.

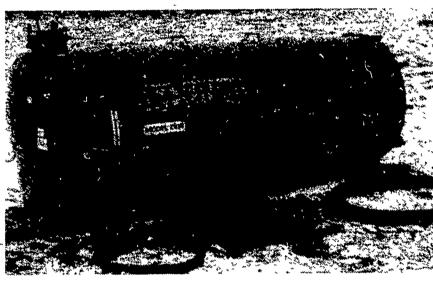
McDougal and Washburn told the Congressmen that beef imports over a 10-year cycle period would not be changed under the new proposals, but the sharp ups and downs of supplies (and prices) would be moderated.

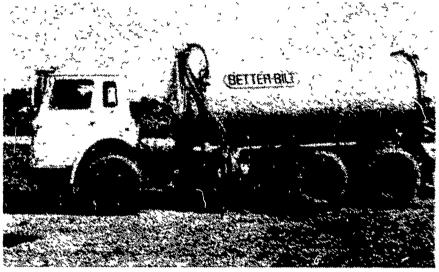
NCA discounted claims that the U.S. cattle industry is incapable of supplying enough ground beef to meet a growing demand and that political controversies over increased imports of manufacturing-type beef are indispensable. McDougal said the industry already supplies most of the nation's ground beef needs - even during times of declining cow beef production. Furthermore, with proper incentive, U.S. cattlemen can produce, and already are producing, more manufacturing-type beef.

Commenting on overall trade policy, Washburn reminded Congress that U.S. policy on beef trade is more equitable than that of any other country. The U.S. is the largest beef importer in the world, and, through the Meat Import Act, it guarantees a certain level of access to the U.S. market something which no other importing nation does.

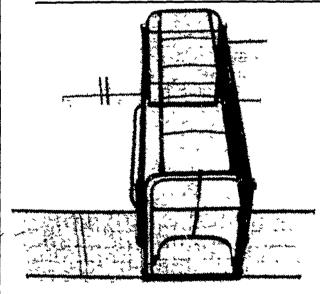
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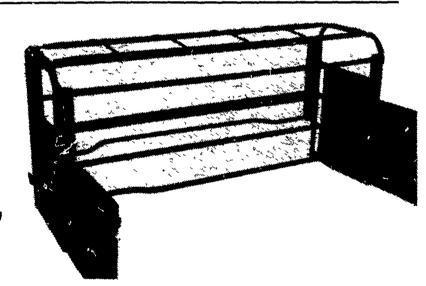




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