GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED
IMC/INV/13/Rev.3
15 May 1986

Arrangement Regarding Bovine Meat

Original: English

INTERNATIONAL MEAT COUNCIL

Inventory of Domestic Policies and Trade Measures and Information on Bilateral, Plurilateral or Multilateral Commitments

Reply to Parts G and H of the Questionnaire

UNITED STATES

Revision

The participants have agreed to provide information concerning their domestic policies and trade measures including bilateral and plurilateral commitments on the basis of Parts G and H of the Questionnaire (Rule 16 of the Rules of Procedure). The documents containing replies to these parts of the Questionnaire are circulated under the symbol IMC/INV; they will be revised as and when changes are notified.

This set of documents constitutes the inventory of all measures affecting trade in bovine meat, including commitments resulting from bilateral, plurilateral and multilateral negotiations, which the Council has instructed the secretariat to draw up and keep up to date, under the provisions of Article III of the Arrangement (Note to Article III of the Arrangement and Rule 18 of the Rules of Procedure).

Note: This document has been revised in accordance with the three-year rule contained in Rule 18 of the Rules of Procedure, and replaces all previous IMC/INV/13... documents.

86-0767

PART G

Part G.1 Information on domestic policies and trade measures

I. Production

(A) The United States is well endowed with resources favoring beef production. Around 333 million hectares, over 50 percent of the total agricultural area, are used for grazing/forage. Also, the United States produces large feed supplies which are the basis of intensive beef production. While cattle herds reached a peak of 132 million in 1975, they were 105.5 million on January 1, 1986. Cows comprise 42 percent of the total with beef cows representing 75 percent of total cows. With fewer cattle (and the number likely to decline at least through 1987) and a high percent of cattle on feed, forage supplies more than satisfy needs. The current forage base could support a cattle-calf inventory of between 116 and 120 million head.

(B) None

(C) There are no programs for the direct support of beef production. There are no guaranteed prices, nor producer subsidies. The United States has a Meat Import Law.[1] It provides for a limit on imports if imports without restraints in a particular calendar year are estimated to exceed that level derived from formulas in the Law.[1] The formulas are tied to production and supply, and they are designed to help smooth out the effects of the cattle cycle. In the long run these measures will tend to permit a growing volume of imports in line with the secular trend in United States beef production (see Attachment II).

II. Internal prices and consumption

(A) Apart from general factors, such as population, income, relative prices of substitutes and consumer preferences there are not specific factors which condition consumption.

III. Measures at the Frontier

(a) Customs' Tariff: see Attachment I

(b) Import Measures: see Attachment II

(c) Export Measures: see Attachments III and IV

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[1]See in Annex II, an explanation of the Law as well as its text.

PART H

Part H Information on bilateral or plurilateral agreements in the field of bovine animals, meat and others

In the MTN the United States agreed to permit annual imports of 1.2 billion pounds of beef from all sources. This is a global access commitment. Voluntary restraint agreements were negotiated in August-September 1983 with United States' principal suppliers: Australia, Canada and New Zealand. The quantities agreed upon for exports to the United States in 1983 were the following: Australia 272,158 tons; Canada 58,968 tons; and New Zealand 165,336 tons. No type of Restraint has been required since then.

ATTACHMENT I

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1985)

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 2. - Meats

GSP	Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty 1	Rates of Duty LDDC	Rates of Duty 2
			PART 2. - MEATS				
			Part 2 headnotes:				
			1. This part covers only meats, including meat offal, fit for human consumption. The meats of all animals, including whales and other sea mammals but not fish and shellfish (see parts 3 and 15 of this schedule), are covered, and unless the context requires otherwise, reference to an animal includes such animal regardless of size or age.				
			2. In assessing the duty on meats, no allowance shall be made for normal components thereof such as bones, fat, and hide or skin. The dutiable weight of meats in airtight containers subject to specific rates includes the entire contents of the containers.				
			Subpart A. - Bird Meat				
			Birds (dead), fresh, chilled, or frozen, if whole, or if plucked, beheaded, eviscerated, or cut into pieces (including edible offal), but not otherwise prepared or preserved:				
			Birds, whole, or which have been plucked only:				
	105.10	00	Chickens, ducks, geese, and guineas.....	Lb.....	3¢ per lb.		10¢ per lb.
	105.20	00	Turkeys.....	Lb.....	8.5¢ per lb.		10¢ per lb.
A	105.30	00	Other.....	Lb.....	2.5¢ per lb.		10¢ per lb.
			Birds which have been plucked, beheaded, and eviscerated (including birds with any edible offal retained in or returned to the abdominal cavity), whether or not the feet have been removed, but not cut into pieces:				
	105.40	00	Chickens.....	Lb.....	5¢ per lb.		10¢ per lb.
			Turkeys:				
	105.50	00	Valued under 40 cents per pound.....	Lb.....	5¢ per lb.		10¢ per lb.
	105.55	00	Valued 40 or more cents per pound.....	Lb.....	12.5% ad val.		25% ad val.
A	105.60	00	Other.....	Lb.....	5¢ per lb.		10¢ per lb.
	105.70	00	Other.....	Lb.....	10¢ per lb.		10¢ per lb.
			Birds otherwise prepared or preserved:				
	105.82	00	Goose-liver products.....	Lb.....	3.5¢ per lb.		10¢ per lb.
A	105.84	00	Other.....	Lb.....	5¢ per lb.		10¢ per lb.

Note: For explanation of the symbol "A" or "A*" in the column entitled "GSP", see general headnote 3(c).

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1985)

GSP	Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty 1	Rates of Duty LDDC	Rates of Duty 2
			Subpart B. - Meats Other Than Bird Meat				
			Subpart B headnote:				
			1. For the purposes of this subpart — (a) The term "fresh, chilled, or frozen" covers meats even though completely detendonized and deboned, but does not cover meats which have been prepared or preserved; and (b) the term "prepared or preserved" covers meats even if in a fresh, chilled, or frozen state if such meats have been ground or comminuted, diced or cut into sizes for stew meat or similar uses, rolled and skewered, or specially processed into fancy cuts, special shapes, or otherwise made ready for particular uses by the retail consumer; and also covers meats which have been subjected to processes such as drying, curing, smoking, cooking, seasoning, flavoring, or to any combination of such processes.				
			Meats (except meat offal), fresh, chilled, or frozen, of all animals (except birds):				
	106.10	1/	Cattle	.....	2¢ per lb.		6¢ per lb.
			Beef, with bone:				
		20	Fresh or chilled	Lb.			
		40	Frozen	Lb.			
		60	Beef, without bone	Lb.			
		80	Other (veal)	Lb.			
	106.22	001/	Sheep (except lambs)	Lb.....	1.7¢ per lb.	1.5¢ per lb.	5¢ per lb.
	106.25	001/	Goats	Lb.....	0.6¢ per lb.	Free	5¢ per lb.

1/ P.L. 88-482, as amended, provides that meats covered by the tariff descriptions in items 106.10, 106.22, 106.25, 107.55, 107.61, and 107.62 may be made subject to an absolute quota by Presidential proclamation.

GSP	Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty 1	Rates of Duty LDDC	Rates of Duty 2
			Meats (except meat offal), fresh, chilled, or frozen, of all animals (except birds) (con.):				
	106.30	00	Lambs	Lb.	0.5¢ per lb.		7¢ per lb.
	106.40		Swine		Free		2.5¢ per lb.
		20	Fresh or chilled	Lb.			
		40	Frozen	Lb.			
			Game animals:				
	106.50	00	Deer (except reindeer)	Lb.	Free		6¢ per lb.
	106.55		Other		2.5¢ per lb.		6¢ per lb.
		20	Rabbit	Lb.			
		40	Other	Lb.			
	106.60	00	Frogs	Lb.	Free		10% ad val.
	106.65	00	Horses (except meat packed in immediate containers weighing with their contents less than 10 pounds each)	Lb.	Free		Free
			Other:				
A	106.70	00	Valued not over 30 cents per pound	Lb.	3¢ per lb.		6¢ per lb.
A	106.75		Valued over 30 cents per pound		10% ad val.		20% ad val.
		20	Rabbit	Lb.			
		40	Other	Lb.			
			Edible meat offal, fresh, chilled, or frozen, of all animals (except birds):				
	106.80	00	Valued not over 20 cents per pound	Lb.	Free		6¢ per lb.
	106.85	00	Valued over 20 cents per pound	Lb.	Free		30% ad val.
			Sausages, whether or not in airtight containers:				
			Pork:				
A	107.10	00	Fresh	Lb.	0.6¢ per lb.		3.25¢ per lb.
A	107.15	00	Other	Lb.	0.6¢ per lb.		3.25¢ per lb.
A	107.20	00	Beef, in airtight containers	Lb.	7.5% ad val.		30% ad val.
A	107.25		Other		5% ad val.		20% ad val.
		20	Beef	Lb.			
		40	Other	Lb.			
			Pork, prepared or preserved (except sausages):				
	107.30		Not boned and cooked and packed in airtight containers		1¢ per lb.		3.25¢ per lb.
		20	Hams and shoulders	Lb.			
		40	Bacon	Lb.			
		60	Other	Lb.			
	107.35		Boned and cooked and packed in airtight containers		3¢ per lb.		3¢ per lb.
			Hams and shoulders:				
		15	In containers holding less than 3 pounds	Lb.			
		25	In containers holding 3 pounds and over	Lb.			
		40	Bacon	Lb.			
		60	Other	Lb.			

Note: For explanation of the symbol "A" or "A*" in the column entitled "GSP", see general headnote 3(c).

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1985)

GSP	Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty 1	LDDC	2
			Beef and veal, prepared or preserved (except sausages):				
			Beef or veal, cured or pickled:				
A	107.40	00	Valued not over 30 cents per pound.....	Lb.....	1.5¢ per lb.	1¢ per lb.	4.5¢ per lb.
A	107.45	00	Valued over 30 cents per pound.....	Lb.....	10% ad val.		30% ad val.
			Beef in airtight containers:				
A*	107.48		Corned beef.....	.....	7.5% ad val. 1/		30% ad val.
		20	In containers holding not more than 2 pounds.....	Lb.			
		40	In containers holding more than 2 pounds.....	Lb.			
	107.52		Other.....	.....	3% ad val.		30% ad val.
		20	In containers holding not more than 2 pounds.....	Lb.			
		40	In containers holding more than 2 pounds.....	Lb.			
			Other:				
	107.55	00 2/	Valued not over 30 cents per pound.....	Lb.....	2¢ per lb.		6¢ per lb.
			Valued over 30 cents per pound:				
			Prepared, whether fresh, chilled, or frozen, but not otherwise preserved:				
	107.61	00 2/	Beef specially processed into fancy cuts, special shapes, or otherwise made ready for particular uses by the retail consumer (but not ground or comminuted, diced or cut into sizes for stew meat or similar uses, or rolled or skewered), which meets the specifications in regulations issued by the U.S. Department of Agriculture for Prime or Choice beef, and which has been so certified prior to exportation by an official of the government of the exporting country, in accordance with regulations issued by the Secretary of the Treasury after consultation with the Secretary of Agriculture.....	Lb.....	4% ad val.		20% ad val.
	107.62	00 2/	Other.....	Lb.....	10% ad val.		20% ad val.
	107.63	00	Other.....	Lb.....	4% ad val.		20% ad val.

1/ Duty on corned beef temporarily reduced. See item 903.15 in part 1B, Appendix to the Tariff Schedules.

2/ P.L. 88-482, as amended, provides that meats covered by the tariff descriptions in items 106.10, 106.22, 106.25, 107.55, 107.61, and 107.62 may be made subject to an absolute quota by Presidential proclamation.

Note: For explanation of the symbol "A" or "A*" in the column entitled "GSP", see general headnote 3(c).

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1985)

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 2. - Meats

GSP	Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty 1	Rates of Duty LDDC	Rates of Duty 2
			Other meats and edible meat offal, prepared or preserved:				
A	107.65	00	Frog meat.....	Lb.....	6% ad val.		20% ad val.
			Other:				
A	107.70	00	Valued not over 30 cents per pound.....	Lb.....	0.8¢ per lb.	0.6¢ per lb.	6¢ per lb.
			Valued over 30 cents per pound:				
	107.76	00	Lamb or mutton (excluding offal).....	Lb.....	Free		20% ad val.
A	107.78		Other.....	.....	5% ad val.		20% ad val.
		40	Mixtures principally of beef and pork (excluding sausages and mixtures principally of pork or beef offal).....	Lb.			
			Other:				
		70	Meats and edible meat offal which have been subjected to processes such as drying, curing, smoking, cooking, seasoning, flavoring, or to any combination of such processes.....	Lb.			
		80	Other.....	Lb.			
A*	107.80	00	Extract of meat, including fluid.....	Lb.....	0.2¢ per lb.	Free	15¢ per lb.

Note: For explanation of the symbol "A" or "A*" in the column entitled "GSP", see general headnote 3(c).

ATTACHMENT II

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

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.

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.

"(h) 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.

Study, report and recommendations to congressional committees.

"(l) 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.".

Effective date. 19 USC 1202 note.

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.

"(I) as soon as practicable, determine the total number of dairy cattle the Secretary estimates will be marketed for slaughter as a result of such program; and

"(II) by regulation specify marketing procedures to ensure that greater numbers of dairy cattle slaughtered as a result of the production termination program provided for in this section shall be slaughtered in each of the periods of April through August 1986, and March through August 1987 than for the other months of the program. Such procedures also shall ensure that such sales of dairy cattle for slaughter shall occur on a basis estimated by the Secretary that maintains historical seasonal marketing patterns. During such 18-month period, the Secretary shall limit the total number of dairy cattle marketed for slaughter under the program in excess of the historical dairy herd culling rate to no more than 7 percent of the national dairy herd per calendar year.

"(iv) Each contract made under this subparagraph shall provide that—

"(I) the producer shall sell for slaughter or for export all the dairy cattle in which such producer owns an interest;

"(II) during a period of 3, 4, or 5 years, as specified by the Secretary in each producer contract and beginning on the day the producer completes compliance with subclause (I), the producer neither shall acquire any interest in dairy cattle or in the production of milk nor acquire, or make available to any person, any milk production capacity of a facility that becomes available because of compliance by a producer with such subclause unless the Secretary shall by regulation otherwise permit; and

"(III) if the producer fails to comply with such contract, the producer shall repay to the Secretary the entire payment received under the contract, including simple interest payable at a rate prescribed by the Secretary, which shall, to the extent practicable, reflect the cost to the Corporation of its borrowings from the Treasury of the United States, commencing on the date payment is first received under such contract.

"(v) Any producer of milk who seeks to enter into a contract for payments under this paragraph shall provide the Secretary with (I) evidence of such producer's marketing history; (II) the size and composition of the producer's dairy herd during the period the marketing history is determined; and (III) the size and composition of the producer's dairy herd at the time the bid is submitted, as the Secretary deems necessary and appropriate.

"(vi) Except as provided in subparagraph (D), no producer who commenced marketing of milk in the 15-month period ending March 31, 1986, shall be eligible to enter into a contract for payments under this subparagraph.

"(vii) A contract entered into under this paragraph by a producer who by reason of death cannot perform or assign such contract may be performed or assigned by the estate of such producer.

"(B) The Secretary may establish and carry out a milk diversion or milk production termination program for any of the calendar years 1988, 1989, and 1990 as necessary to avoid the creation of burdensome excess supplies of milk or milk products.

"(C) In setting the terms and conditions of any milk diversion or milk production termination under this paragraph and of each contract made under this subparagraph, the Secretary shall take into account any adverse effect of such program or contracts on beef, pork, and poultry producers in the United States and shall take all feasible steps to minimize such effect.

"(D) A producer who commenced marketing milk after December 31, 1984, shall be eligible to enter into a contract for payments under this subparagraph if such producer's entire milk production facility and entire dairy herd were transferred to the producer by reason of a gift from, or the death of, a member or members of the family of the producer. The term 'member of the family of the producer' means (i) an ancestor of the producer, (ii) the spouse of the producer, (iii) a lineal descendant of the producer, or the producer's spouse, or a parent of the producer, or (iv) the spouse of any such lineal descendant.";

(2) striking out subparagraphs (H), (I), (J), (L), and (O); and

(3) redesignating subparagraph (K) as subparagraph (E).

(c) Paragraph (5)(B) of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(5)(B)) is amended by—

(1) striking out "(i)";

(2) striking out ", (ii)" and inserting in lieu thereof "or";

(3) striking out ", or (iii)" and all that follows through "paragraph (3)";

(4) redesignating the text thereof as clause (i);

(5) adding at the end thereof the following:

"(ii) Each person who buys, from a producer with respect to whom there is in effect at the time of such sale a contract entered into under paragraph (3), one or more dairy cattle sold for slaughter or export, who knows that such cattle are sold for slaughter or export, and who fails to cause the slaughter or export of such cattle within a reasonable time after receiving such cattle shall be liable for a civil penalty of not more than $5,000 with respect to each of such cattle.

"(iii) Each person who retains or acquires an interest in dairy cattle or the production of milk in violation of a contract entered into under this paragraph shall be liable, in addition to any amount due under paragraph (3)(A)(iv), to a marketing penalty on the quantity of milk produced during the period in which such ownership is prohibited under the contract. Such penalty shall be computed at the rate or rates of the support price for milk in effect during the period in which the milk production occurred.

"(iv) Each person who makes a false statement in a bid submitted under paragraph (3) as to (I) the marketings of milk for commercial use by the producer, or (II) the size or composition of the dairy herd that produced such marketings, or (III) the size or composition of the dairy herd at the time the bid is submitted shall be subject, in addition to any amount due under paragraph (3)(A)(iv) or clause (iii) of this subparagraph, to a civil penalty of $5,000 for each head of cattle to which such statement applied.

"(v) Each person who makes a false statement as to the number of dairy cattle that was sold for slaughter or export under a contract under paragraph (3)(A) shall be subject, in addition to any amount due under paragraph (3)(A)(iv) or clause (iii) of this subparagraph, to a civil penalty of not more than $5,000 for each head of cattle to which such statement applied.".

(d) Section 201(c) of the Agricultural Act of 1949 (7 U.S.C. 1446(c)) is amended by striking out "The price" and inserting in lieu thereof "Except as provided in subsection (d), the price".

(e) Section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended by adding at the end thereof the following:

"(7) The Secretary shall carry out this subsection through the Commodity Credit Corporation.".

(f) The provisions of this section shall become effective January 1, 1986.

ADMINISTRATIVE PROCEDURES

SEC. 102. Section 553 of title 5, United States Code, shall not apply with respect to the implementation of section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) by the Secretary of Agriculture, as amended by section 101, including determinations made regarding—

(1) the level of price support for milk;

(2) any reduction in the prices paid to producers of milk; and

(3) the milk production termination program.

APPLICATION OF SUPPORT PRICE FOR MILK

SEC. 103. For purposes of supporting the price of milk under section 201(d) of the Agricultural Act of 1949, the Secretary of Agriculture may not take into consideration any market value of whey.

AVOIDANCE OF ADVERSE EFFECT OF MILK PRODUCTION TERMINATION PROGRAM ON BEEF, PORK, AND LAMB PRODUCERS

SEC. 104. To minimize the adverse effect of the milk production termination program on beef, pork, and lamb producers in the United States during the 18-month period for which such program is in effect under section 201(d) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)), in such period—

(1) the Secretary of Agriculture shall use funds available for the purposes of clause (2) of section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes" (7 U.S.C. 612c), approved August 14, 1935, including the contingency funds appropriated under such section 32, and other funds available to the Secretary under the commodity distribution and other nutrition programs of the Department of Agriculture, and including funds available through the Commodity Credit Corporation, to purchase and distribute 200,000,000 pounds of red meat in addition to those quantities normally purchased and distributed by the Secretary. Such purchases by the Secretary shall not reduce purchases of any other agricultural commodities under section 32;

(2) the Secretary of Agriculture shall use funds available through the Commodity Credit Corporation to purchase 200,000,000 pounds of red meat, in addition to those quantities normally purchased and distributed by the Secretary, and to make such meat available—

(A) to the Secretary of Defense, on a nonreimbursable basis, for use in commissaries on military installations located outside of the United States; or

(B) for export under the authority of any law in effect on or after the date of the enactment of this Act;

(3) the Secretary of Defense and other Federal agencies, to the maximum extent practicable, shall use increased quantities of red meat to meet the food needs of the programs that they administer, and State agencies are encouraged to cooperate in such effort; and

(4) the Secretary of Agriculture shall encourage the consumption of red meat by the public.

ATTACHMENT IV

(b) *Land Use (Diversion) Program.* Comments are requested concerning whether the Secretary should: (1) Permit the production of alternate crops on the diverted acreage; (2) require that the diverted acreage be land which was devoted to wheat in the previous year; and (3) permit the diverted acreage to be grazed.

(c) *Price Support Levels If Quotas Are Disapproved.* Price support for cooperators will be set at 50 percent of parity. The Secretary proposes not to extend price support to noncooperators if marketing quotas are disapproved. Comments are requested on whether price support should be extended to noncooperators, and, if so, at what level.

(d) *Price Support Levels If Quotas Are Approved.* Comments are requested on the levels of price support for wheat. The levels of price support are a combination of (1) the loan and purchase levels and (2) applicable certificate values. The Secretary proposes to establish the loan and purchase level for all wheat (certificates and noncertificate wheat) at between 25 and 47 percent of parity. The Secretary proposes to establish the level of price support per bushel for wheat accompanied by domestic certificates at between 65 and 90 percent of parity. The value per bushel of the domestic certificate would, therefore, be the difference between loan and purchase level and the price support level established between 65 and 90 percent of parity. The total level of price support for wheat accompanied by export certificates will be the sum of the loan and purchase level and the applicable export certificate value per bushel, not to exceed 90 percent of parity. The value per bushel of the export shall be an average of the total net proceeds from the sale of export marketing certificates during the marketing year after deducting the total amount of wheat export subsidies paid to exporters.

Authority: Secs. 326, 336, 52 Stat. 51, 55, as amended (7 U.S.C. 1326, 1336); Pub. L. 74, 77th Cong., as amended, 55 Stat. 203, as amended (7 U.S.C. 1330, 1340); 101, 107, 63 Stat. 1051, as amended, 76 Stat. 630, as amended (7 U.S.C. 1441, 1445a).

Signed at Washington, D.C., on May 31, 1985.

Everett Rank,
Administrator, ASCS.

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Commodity Credit Corporation

Export Enhancement Program

AGENCY: Commodity Credit Corporation, USDA.

ACTION: Notice.

SUMMARY: On May 15, 1985, the Secretary of Agriculture announced an export enhancement program involving up to $2 billion worth of agricultural commodities owned by the Commodity Credit Corporation (CCC). Under the program, agricultural commodities owned by the CCC will be made available through Fiscal Year 1988 as a bonus to U.S. exporters to expand export sales of specified U.S. agricultural commodities in targeted markets.

FOR FURTHER INFORMATION CONTACT: William R. Randolph, Direct Sales Staff, Export Credits, Foreign Agricultural Service, USDA, Washington, D.C. 20250. (Phone (202) 382-9254) for information on submission of offers and requirements for participation and Merrill D. Marxman, Deputy Administrator, Commodity Operations, Agricultural Stabilization and Conservation Service, USDA, Washington, D.C. 20250 (Phone (202) 447-3217) for information on the commodities and methods of delivery of the commodities to exporters.

SUPPLEMENTARY INFORMATION: U.S. agricultural exports have declined substantially from the 1981 record level of 162 million tons valued at $44 billion. Current estimates indicate that 1985 exports may fall to 137 million tons valued at $33.5 billion—a 15 percent loss in volume of overseas markets. In 1980, the U.S. supplied nearly 60 percent of the world's agricultural import needs. This year, the U.S. will supply less than 45 percent.

In response, the Commodity Credit Corporation has committed up to $2 billion of its inventory of commodities to an export enhancement program. The objectives are to increase U.S. farm product exports and to encourage trading partners to begin serious negotiation on agricultural trade problems.

Each initiative under the program will meet the following criteria:

Additionality: Sales must increase U.S. agricultural exports above what would have occurred in the absence of a program.

Targeting: Sales will be targeted on specific market opportunities, especially those that challenge competitors which subsidize their exports.

Cost Effectiveness: Sales should result in a net plus to the overall economy.

Budget Neutrality: Sales should not increase budget outlays above what would have accrued in the absence of a program.

Periodically, CCC will issue Announcements containing the terms and conditions of each initiative under the program: an invitation for offers specifying the commodity to be sold to foreign buyers and the targeted country and catalogs of CCC-owned commodities which will be made available under the program. In general, the program will work as follows:

(1) To participate under the program, interested parties must qualify prior to submitting a competitive bid to CCC. Interested parties should contact the Direct Sales Staff at the above address (Phone (202) 382-9254 or 382-9241) to obtain the requirements to qualify as a participant under the program.

(2) Exporters will be required to provide CCC with various financial securities in connection with participation in the program.

(3) Exporters will submit competitive bids to CCC for the CCC commodity bonus needed to make a sale of the specified U.S. agricultural commodity competitive in the targeted country.

(4) CCC will examine bids for (a) the competitiveness of the sale to the foreign buyer, with offers and sales by other U.S. exporters and from competitor countries and (b) the competitiveness of the CCC commodity bonus requested for that sale. CCC will reserve the right to reject any or all bids.

(5) Successful bidders will select available commodities from the CCC catalog and request delivery.

(6) The commodities will generally be delivered to the exporter instore at the storing warehouse.

(7) The exporter must furnish evidence of export of the specified commodity to the targeted country.

CCC invites the public to comment on this system and to propose alternate systems at any time during the course of the program.

ADDRESS: Comments and proposed alternate systems should be submitted to the General Sales Manager, Foreign Agricultural Service, USDA, Washington, D.C. 20250. Arrangements to receive copies of the announcements under the program may be made by writing the Direct Sales Staff, Export Credits, Foreign Agricultural Service, USDA, Washington, D.C. 20250 (Phone (202) 382-9240) or by writing the Kansas City Commodity Office, P.O. Box 205 Kansas City, Missouri 64141 (Phone (816) 926-6421). Arrangements to receive copies of the invitations and catalogs of available commodities may be made by

writing the Kansas City ASCS Commodity Office. Any person presently on a Kansas City Commodity Office mailing list to receive information pertaining to export sales will receive a copy of the announcement, invitation and catalog of commodities.

Signed at Washington, D.C., on May 31, 1985.

Daniel G. Amstutz,

President, CCC.

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