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## Norman E. Ross, Jr. to Senator James O. Eastland, 5 August 1974

Norman E. Ross

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THE WHITE HOUSE

WASHINGTON

August 5, 1974

*Livestock*  
*Hold*  
*File*

Dear Mr. Chairman:

Thank you for your recent communication regarding the current situation in the livestock industry and your request that the statutory limitation on the importation of meat into the United States be reinstated. It is important to recognize that the current situation is not the result of an increase in imports of meats subject to the Law. U.S. commercial production of red meats in the first five months of 1974 was up 920 pounds, 6.3 percent above January-May 1973. Imports of meats subject to the Law (mostly beef) decreased 5.3 percent (27 million pounds) during this period. Available information indicates that this trend of larger U.S. production and lower imports of meats subject to the Law is likely to continue for the remainder of 1974.

Nevertheless, the situation is a worldwide problem. It results from a buildup in cattle herds in all major beef producing countries over the past few years, which is now resulting in an increase in beef production at a time when consumer demand has weakened because of inflation and general economic slowdown.

We believe that cooperative effort is the best approach for solving emerging world livestock and meat problems and that we must avoid, if at all possible, continued unilateral efforts by importing countries to use restrictive trade measures to adjust to present problems. U.S. agriculture depends heavily on exports of farm products. We hope to avoid imposing beef import restraints in the U.S. because of the implications this would have on our overall argument for freer trade in agricultural products. Nevertheless, we do not intend to stand by and see the world's beef problem dumped on the United States.

The Department of Agriculture has, therefore, taken a number of measures:

Agricultural attaches in every major beef producing and trading country have been kept informed of the current world beef surplus.

They were asked to convey our view of the situation to their host governments, to protest the restrictive import policies of the European Economic Community and Japan, and to recommend that governments of beef exporting countries also formally object to these restrictive policies. The governments of the major exporters have done this.

Agricultural personnel visited Australia and New Zealand at the end of June to reassess these countries' beef shipments to the United States this year. Based on their findings, the Department issued on July 1, the third quarterly estimate of 1974 imports of meat covered by the Meat Import Law.

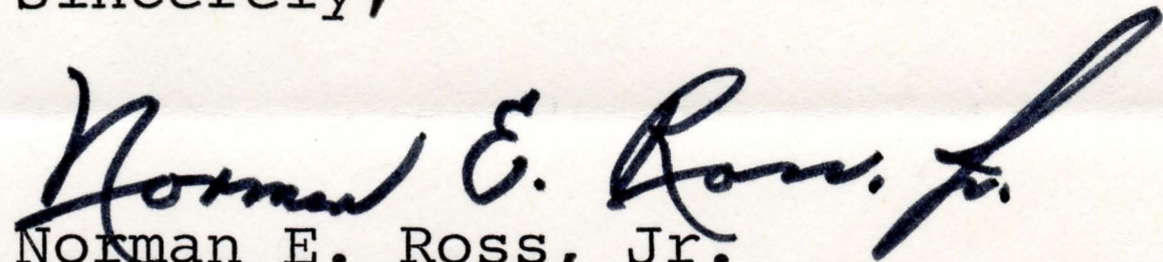
The new estimate is 1,210 million pounds, 365 million pounds (23 percent) below the second quarterly estimate. The downward revision in estimated imports is due to a delay in marketings of slaughter cattle in the major supplying countries because of unattractive manufacturing beef prices. Simultaneously, current excellent grazing conditions in Australia and improved pastures in Central America are making it possible for producers to hold cattle. The estimate assumes that the European Community will not subsidize current oversupplies of beef into the U.S. market, and that supplying countries will not adjust currency exchange rates or take other measures to improve returns to producers.

On the domestic side, USDA has purchased approximately 45 million pounds of ground beef for the school lunch program since March 26. Beginning July 1, the Department of Agriculture initiated a new program to purchase \$100 million of red meat for school lunches for the upcoming school year. The purchases are being made earlier than usual this year due to currently low cattle prices and in an effort to assist in stabilizing the market.

Representatives of the meat trade and retail supermarkets have been asked to make sure that lower farm prices show up more fully in retail store prices. In addition, to examine the causes of wider margins in the handling of meat, a special task force within the Department has been created and will report as quickly as it can complete its work.

We are deeply concerned about the situation facing you and many others in the livestock industry. You can be certain that we will continue our close surveillance of the situation as to beef imports. To the extent possible, the Administration will continue to take steps aimed at improving the situation carried on in close collaboration with producer groups and others in the industry.

Sincerely,



Norman E. Ross, Jr.  
Assistant Director  
Domestic Council

The Honorable James O. Eastland  
United States Senate  
Washington, D.C. 20510