2. Meaningful tariff concessions (averaging 25 percent) were obtained for certain U.S. agricultural exports—including tallow, tobacco, soybeans, turkeys, certain fruits and vegetables, peas, and beans.

3. Proposals to organize the grains market politically through international commodity agreements were not adopted. Likewise, efforts by the advocates of international "government supply-management" to promote commodity agreements for red meats and dairy products were successfully avoided.

4. An International Wheat and Food Aid Agreement was entered into subject to ratification by the United States Senate. This agreement (which does not cover feed grains) takes the place of the International Wheat Agreement and would:

(a) Establish so-called minimum-maximum price indicators on wheat at approximately 23 cents above the current price range in the IWA. Proponents contend that this agreement will not restrict the ability of U.S. producers to compete for world wheat markets. There appears to be little basis for believing that it would have any more effect on international wheat trade than the current IWA, the effect of which has been negligible.

(b) Establish commitments for food aid by both exporting and importing countries in the total amount of 4.5 million tons of grain. The United States commitment would be approximately 1.9 million tons. Importing countries' commitments (including the EEC, United Kingdom, etc.) would be approximately 2 million tons. Other grain exporting countries would share the remainder. (The scope of this proposal can be visualized by noting that in calendar year 1966 the United States supplied 12.5 million tons of wheat to less developed countries under P.L. 480.)

International Commodity Agreements

The ultimate objective of international commodity agreements is usually the political allocation of international markets on the basis of "history" or "fair shares." Government allocation of international markets and determination of prices would seriously restrict American farmers' markets and substantially reduce net farm income. Market sharing or international supply-management penalizes efficient producers and encourages uneconomic production. The United States is currently a signatory party to several international commodity agreements, including agreements on cotton textiles and coffee. The International Wheat Agreement expired July 31, 1967 and, as indicated in the foregoing, the International Wheat and Food Aid Agreement, which is designed to take its place, is subject to ratification by the United States Senate. Experience with international commodity agreements has indicated that they are either ineffective or restrictive to trade.

U.S. Agricultural Imports

United States agricultural imports for consumption in fiscal year 1966 were $4,454 million; imports of supplementary (partially competitive) products totaled $2,473 million; imports of complementary (non-competitive) products were $1,982 million.

Increased imports of beef and veal and dairy products were a matter of concern during the past year.

Meat Imports

The Meat Import Act, which was passed in 1964, authorizes import quotas when the Secretary of Agriculture estimates imports at 110 percent of a historical base plus a built-in growth factor which is geared to U.S. production. Quotas have never been imposed under this Act. Estimated imports must equal or exceed 995 million pounds before quotas can be proclaimed for 1967; however, quotas can be suspended or increased at any time if the President determines that:

1. Overriding economic or national security interest of the United States requires such action.

2. The supply of meat subject to the Act will be inadequate to meet domestic demand at reasonable prices.

3. Trade agreements entered into after the date of the enactment of the Act insure a pattern of world trade in beef, veal and mutton that will result in imports consistent with the purposes of this Act.