

same year conducted by the Senate Committee on Finance. The necessity of some protection was acknowledged by the Congress in its passage of Public Law 88-482 and we compliment the Members of the Congress for this recognition.

It should be sufficient to briefly review here that livestock prices are primarily supply oriented. This is true in the short run as well as over a period of years.

Regardless of attempts to "cloud" the issue, imports do add materially to the overall tonnage of meat supplies, and beef, veal, and mutton in particular. The arguments that imports do not affect fed beef prices, and thus fed cattle prices, to any degree, because such meats are used primarily in the manufacture of processed products, is absolutely without foundation. Those proponents of such erroneous arguments do give substantial weight to supplies of competing meats, such as pork, poultry, fish, and the like, when discussing the factors influencing beef prices.

It is a fact, of course, that when a family is eating chicken, lamb, pork, turkey, etc., it is not eating beef and veal. The same logic applies to the vast array of processed meats and meat products. In other words, when a family is eating one of these, it is not at the same time consuming fresh beef.

The same may be said for the impact that more processed and manufactured products from imported beef and veal has upon the price level of domestic pork and hogs, as well as lamb. In fact, we might say that domestic red meat products are their own closest competitors regardless of the form in which they are marketed.

Attempts are often made to draw a fine line between the factors which affect the fed market, for instance, and the so-called cow or processing type market, and treat these as two separate and distinct markets so far as price is concerned. Although it is undoubtedly true that the degree of competition diminishes as we move towards the extremes of the scale (Choice or Prime fed beef on the one end and Canner beef on the other), there continues to be definite competition between the two extremes.

Additional tonnage of meat products moving into the domestic market arena and supplied by imports serves to increase this competition and hold price levels down. We submit, also, that the impact of imports on the domestic price level is greater than just the supply because of the lower prices at which the same quality of imported product can be offered in the market. This means that price injury resulting from imports is greater than the actual volume would indicate and thus makes quotas even more significant and necessary.

SPECIFIC MODIFICATIONS SOUGHT IN PRESENT LAW

In succeeding paragraphs, we would like to review briefly those specific modifications in the present law which would be accomplished by H.R. 9475, and to support the reasons for these modifications.

The imposition of quotas under PL 88-482 are dependent upon advance estimates, required to be made by the Secretary of Agriculture, in the volume of imports that may be received in the year ahead. While this estimate can be, and has been, modified on a quarterly schedule, and even though they are made in good conscience and as accurately as possible, we submit the merit of setting specific quotas on the products involved by determinations set out in the law. This would eliminate the speculation surrounding the volume of imports allowed each year and provide information to the industry on a fairly exact volume that would be accepted.

We are now operating under provisions for quotas based on the average imports in the five years 1959-1963. This five-year average includes the two highest years of record—1962 and 1963. While the industry and most members of the Congress have never sought the elimination of imports, and we do not do so now, we contend that the base years of 1959-1963 allow for a level of imports that is simply too high. Therefore, we strongly urge that this basing period be changed to the average level of imports in 1958-1962, which in our opinion, would be a more realistic figure and still allow access of foreign nations to our American market with a volume equivalent to a percentage of our domestic production.

On another point, the imposition of quotas under existing statute cannot become effective unless it is estimated by the Secretary, that the volume of imports for the year will exceed the quota level by 10% or more. This provision is commonly referred to as the "ten percent override". It simply means that exporting countries could actually send us up to 10% over the quota and said quotas would not be imposed unless it was estimated that a little more than