often, after a "shake-down" period it has become obvious that certain changes and refinements need to be made in that legislation. Specifically, there are five major provisions in H.R. 9475 which are necessary to correct the weaknesses which have become apparent in P.L. 88–482. These are:

1. To set the "trigger level" for imposition of restrictions at 100 percent instead of 110 percent of the quota for the period involved.
2. To level out the price depressing extremes by putting quotas on a quarterly instead of yearly basis.
3. To review the base period for figuring quotas to the years 1958–1962; thus eliminating the abnormally high import year of 1963.
4. To require that canned, cooked, or cured meat imports be included in the quota.
5. To include, generally, offshore meat purchases by the Armed Forces in the amounts which make up the quota.

Imports, per se, are neither new nor objectionable in our market. In fact, when judiciously regulated, they can exert a stabilizing influence on the market. But, without the above five provisions added to the existing framework of P.L. 88–482, we have witnessed imports not only not stabilizing but demoralizing the market.

ROLE OF CATTLE INDUSTRY IN AMERICAN ECONOMY

No doubt imports from friendly foreign nations are a valuable tool in our effort to strengthen the free world. But the maintenance of a strong America is also a "must" in that same effort, and America can remain strong only if our economy does. A growing, dynamic economy depends fundamentally upon the creation of new wealth, and new wealth is created from natural resources. Agriculture must be considered the most important creator of new wealth because it makes use of renewable resources. This is especially true of cattle because they convert an otherwise largely unusable renewal resource—grass—into new wealth which is injected into the economic bloodstream of America. For example, Arizona encompasses approximately 70 million acres. Of this, only slightly more than 2 percent is either cultivated or in municipalities. Most of the balance has only one primary productive surface use; i.e., the production of grass and forage. We are fortunate in that the production from such a vast area can be converted into a usable product—nutritious meat for the tables of America. Without the constant injection of new wealth our economy would soon stagnate and wither away. Imports, as such, do not create, nor even replace, new wealth.

Because of this all-important aspect of the cattle business any program which threatens its existence would have effects far beyond the comparatively few people who produce cattle. It is sometimes stated that we have a favorable balance of trade in agricultural commodities, and that, so long as we do, even though specific producers may be hurt, our total agricultural economy will benefit. In other words, according to this premise, the cattle segment of agriculture could be eliminated and, if our beef needs could be imported, no harm would be done (except to the beef producer) providing we could still maintain a favorable trade balance in agriculture. Such a premise is a fallacy because livestock, especially cattle, is the foundation of American agriculture. According to the Census of Agriculture about 85 percent of all United States farms and ranches are involved to some degree in marketing of cattle and calves, and so depend on those receipts for all or some portion of their income. No other commodity is this basic and the economic condition of all agriculture is to a very great extent dependent upon the economic condition of the livestock segment.

Likewise, it is probably safe to assume that livestock supports a greater proportion of American agribusiness than any combination of other commodities. A generally accepted figure is that 40 percent of our United States labor force is engaged in agribusiness—the production, servicing, processing, transportation and marketing of agricultural commodities.

As stated previously, we believe that imports can be a valuable tool in foreign relations. We also believe that, if judiciously regulated, imports can have a salutory influence on extremes in price cycles. But although an overly generous United States import policy might be helpful to our foreign friends on a short term basis, even their long term best interest lies in helping to keep the United States sound economically.

RESPONSIBILITIES FOR SUPPLY ADJUSTMENTS

Cattlemen further realize that import restrictions, in and of themselves, will not provide the complete answer to the supply-price problems. They realize that that it is up to them to tighten their belts and make necessary adjustments. Under the voluntary self-discipline program of the American National Cattlemen's Association's Market Development Program much of the adjustment can be and is being made. But achieving this difficult task would be to no avail if the adjustments made by the domestic industry were nulified through failure to make commensurate adjustments in imports.

The American cattleman wants and deserves some assurance that his efforts will not have been in vain. Such assurance is possible through the enactment of H.R. 9475. We believe this legislation would help create the foundation for a healthy domestic cattle industry while still permitting our foreign friends generous access to our market. Therefore we respectfully urge the passage of this legislation.

STATEMENT OF WILL GILL, JR., PRESIDENT CALIFORNIA CATTLEMEN'S ASSOCIATION

The California Cattlemen's Association, representing approximately 3,000 commercial cattlemen throughout California, would like to go on record in support of HR 9475, et al, Meat Import Legislation, currently being considered by the House Ways and Means Committee.

As a member of the American National Cattlemen's Association, we concur in the statement presented to your committee by their President, Mr. Bill House, and join in their urgent plea that greater consideration be given the domestic meat producer through some immediate changes in the 1964 meat import law, PL 88-482.

The beef cattle industry in this country is conducting a vigorous campaign to regulate itself through voluntary procedures so as to bring our beef supply more in line with a profitable demand. However, our efforts become meaningless when, under the current meat import law, foreign countries can dump large quantities of imported beef on our markets during critical domestic marketing periods. We need your help in the form of more realistic controls on foreign meat imports if we are to be successful in policing our own production so as to attain a stable and profitable market for beef.

The beef cattle industry contributes heavily to the economic well-being of this nation. Countless jobs are provided to those who supply and service its needs. It represents a substantial proportion of the local tax base in most of rural America. It has maintained and protected much of the open space which is becoming so important to our modern urban society.

It is in the best interest of this country and all its citizens that firm steps be taken to preserve this industry and the millions who depend upon it.

To this end, we support HR 9475, or any other meat import legislation which will accomplish the following basic objectives:

1. Eliminate the 10% "flex" or override which exists in the current law, and establish a fixed quota.
2. Establish a quarterly quota allocation so as to stabilize the flow of imported meat on a more uniform basis.
3. Revise the base period for arriving at import quotas so as to use a more realistic average of imports sent to this country prior to the 1964 meat import law.
4. Include canned, cooked or cured meat products in the over-all quota.
5. Require that offshore meat purchases made by our Armed Forces be included in the amounts considered toward the quota.

We appreciate the opportunity to submit this statement and hope it will be read in the record of the committee hearings.

HOUSE OF REPRESENTATIVES,
Washington, D.C., June 20, 1968.

Hon. WILBUR D. MILLS,
Chairman, Ways and Means Committee, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am informed that the Hawaii Cattlemen's Council, Inc., of Honolulu, is strongly interested in the adoption of your bill, H.R. 9475, relating to the imports of foreign meats.

As your Committee is scheduled to hear witnesses from the meat industry in coming days during the public hearings on the Administration's proposed Trade Expansion Act of 1968, I wish to submit the enclosed material from the Hawaii Cattlemen's Council for inclusion in the record of the hearings.

I would appreciate all consideration which your Committee may be able to extend to the request of this organization.

With best wishes,

Very truly yours,

PATSY T. MINK, *Member of Congress.*

Enclosure.

HAWAII CATTLEMEN'S COUNCIL, INC.,
Honolulu, Hawaii, June 14, 1968.

Hon. PATSY T. MINK,
House of Representatives, 1004 Longworth Building,
Washington, D.C.

DEAR REPRESENTATIVE MINK: Thank you for your letter of June 5, 1968 relative to amendments to the Meat Import Act of 1964.

I was happy to note your concern for Hawaii State industries and wish at this time to solicit your support of HR 9475 which deals with the problem of foreign beef imports. It is my sincere hope that you will testify before the House Ways and Means Committee at the appropriate time and present Hawaii's case to them. Enclosed are copies of Tables 1 and 2 of data previously forwarded, but with revised figures. Figures for 1967 on the original tables sent to you were based on Hawaii, 10 months; Mainland, 9 months; and New Zealand-Australia, 9 months with projected estimates for the balance of the year. We have since been able to obtain complete figures for 1967 as you will note on the attached sheet.

You will note that foreign beef imports actually dropped off from a high of 18,304,000 pounds in 1965 to 15,327,000 pounds in 1967, a drop of 2,140,000 pounds. This slight decrease hardly grants us much relief from the devastating effects the dumping and erratic shipments of foreign beef have on our price structure in Hawaii.

Again, we feel the only way for Hawaii to gain any relief would be through a port of entry quota system or by setting quotas based on one-half the average of imports over the last five years.

With slaughterhouses across the nation now faced with meeting health and sanitation standards "at least equal" to federal standards under the Wholesome Meat Act of 1967, we feel very strongly that foreign packers be required to do likewise and that such standards be rigidly enforced before such meat enters the country.

Once again, may I express the sincere appreciation of all of our members for your concern for the welfare of our industry and solicit your support for HR 9475 which is presently before Congress. Mahalo and aloha.

Sincerely,

ROBERT L. HIND, Jr., *President.*

HAWAII CATTLEMEN'S COUNCIL, INC.,
Honolulu, Hawaii, June 1, 1968.

Hon. PATSY T. MINK,
House Office Building,
Washington, D.C.

DEAR REPRESENTATIVE MINK: The cattlemen of our State were elated to learn of the hearings being called by the House Ways and Means Committee, commencing June 4th, on the full spectrum of foreign trade.

We have been informed that as a part of these hearings, amendments to the Meat Import Act of 1964 will be considered. Knowing of your concern for home industries. Hawaii's cattlemen wish to bring the problem of excessive foreign beef imports to Hawaii to your attention once again.

Foreign beef imports from Australia and New Zealand have run rampart over our State market for the past ten years in steadily increasing proportions. In 1957, these imports represented 11% or 4,666,000 pounds, carcass weight of our State market supply of beef and veal. In 1967, figures for the first nine months indicate that antipadal beef imports represented 26% or 16,362,000 pounds, carcass weight and imports for the remaining three months pushed this figure up considerably, thereby capturing an even larger share of our State market supply. In the last thirteen years, shipments of foreign beef have risen

sharply from nearly a million pounds or 3% of the State market supply in 1954 to a staggering 17,000,000 pounds or almost 30% of the State market supply in 1967.

You can well imagine the stunning impact this increase has had on Hawaii's $10 million dollar a year cattle industry. While Hawaiian cattlemen have strived untiringly to produce a quality beef product through grain feeding in feedlots, land, labor and other operational costs have spiraled to new heights. Foreign beef imports have an increasingly, devastating effect on our market and price structure. In other words, we cannot compete with an inferior quality beef produced under circumstances where production costs are vastly lower than ours and then have this product shipped in excessive quantities to Hawaii, the closest and most lucrative port to the Antipodes.

In 1964, Congress was sympathetic to the plight of its nation's cattlemen, and enacted the Meat Import Act of that year. At that time, we fought for the inclusion of a port of entry quota system and brought our problem to your attention. As you know, a quota system was adopted, which gave better consideration to port states and set trigger levels so high as to be ineffective.

Today, four years after the enactment of the law, foreign beef imports to our state have remained at the same staggering level they were at then. (See Table #2 of attachment). Needless to say, this law has not helped alleviate our situation at all.

When we were informed of the forthcoming hearings, cattlemen of this State held an emergency meeting to consider our stand in this matter. The attached resolution is a result of that meeting.

Herein we feel lies the solution of our problem as we see it. First, that a port of entry quota system be adopted as part of the Meat Import Act of 1964. Second, that oppressed ports be granted relief by reducing the total poundage received by these ports to one-half the average received over the last five years. This would mean that foreign beef imports would represent about 14% of our state market, or 7,962,000 pounds, carcass weight or one-half the average of the past five years. Third, that foreign meat packers be required to meet health and sanitation requirements at least equal to United States standards.

Under this situation, the detrimental effects these imports have on our price structure would be somewhat alleviated. This would also permit more mainland beef into our State because as you well know, we are unable to supply the total demands of our population. Increased imports from the Mainland would not affect us since our market price is based on the mainland market. A port quota system would also serve to prevent erratic and excessive shipments of an inferior quality beef to this State and would thereby alleviate our marketing problems.

We would like at this time to submit our proposals for your consideration and to solicit your support for our cause.

We are submitting copies of our resolution and letters to the President of the United States, the Secretary of Agriculture, all members of the House Ways and Means Committee and to the Chairman of the Hawaii State Department of Agriculture.

If we can provide any other information relative to this problem, please do not hesitate to call on us.

Thank you for your kind consideration and interest in this matter and for your fine efforts on our industry's behalf.

Sincerely,

ROBERT L. HIND, Jr.,
President, Hawaii Cattlemen's Council, Inc.

RESOLUTION

Whereas, ports of entry continue to receive more than their equitable share of their total meat demands from foreign imports. One typical port state receives 30% of its state market supply from foreign sources, and

Whereas, other interior states are receiving a much lower percentage of their total production, while port states are feeling the devastating effects of these foreign imports, this high percentage having a detrimental effect on price structure, and

Whereas, Public Law 88–482 without a port of entry clause does not alleviate the situation in port states, and this same law sets trigger points so high as to make its enforcement impractical, and

Whereas, foreign packers are not required to meet stringent sanitation and health standards imposed on United States packers,

Be it resolved, that Congress grant area relief to ports hard hit by foreign beef imports by reducing the total poundage received by these ports to one-half the average received over the last five years, and

Be it further resolved, that Congress seek modification of the existing public law, to lower trigger points, insert a port of entry quota clause, and seek legislation requiring foreign packers to meet United States health and sanitation laws, and

Be it further resolved, that copies of this resolution be transmitted to the President and the Secretary of Agriculture of the United States, all members of the House Ways and Means Committee, Hawaii's Congressional delegation, the President of the American National Cattlemen's Association, and the Chairman of the Hawaii State Department of Agriculture.

Adopted, May 15, 1968.

Hawai Cattlemen's Council, Inc.

ROBERT L. HIND, Jr., *President.*

THE FACTS AND FIGURES OF THE HAWAIIAN CATTLE INDUSTRY

(Prepared by Hawaii Cattlemen's Council, Inc., 1967)

GENERAL INFORMATION

The State of Hawaii is made up of a group of nine islands centered at about 157W and 21N at the edge of the tropics. The total land area within these islands is 4,105,000 acres. Only six of the islands are of economic importance. Approximately 1/12, or 350,000 acres of the total area, is considered arable lands suitable for crop production. Approximately ¼ or 1,085,000 acres is utilized for grazing production. At the last report, there were 422 "commercial" beef cattle enterprises listed in the State. (A commercial beef cattle enterprise comprises of 20 or more head of cattle.)

Climatic conditions and rainfall vary widely within the State. Rainfall varies from as little as 10 inches per year in leeward areas, to as much as 200 to 300 inches in the windward areas. Mt. Waialeale on the island of Kauai has recorded in excess of 650 inches of rain in a year.

The island of Hawaii ranks as the most important beef cattle production area, with approximately 55% of the total State production. The other islands in order of rank are Maui, Oahu, Kauai, and Molokai. The island of Oahu produces about 86% of the dairy beef in the State, with relatively small amounts produced on the other islands.

There have been substantial increases in market requirements for beef and veal within the State during the past ten years. These increased demands are created both by a rapidly increasing population (551,537 civilian population in 1957 to 759,582 civilians in 1967) and also by substantial increases in the per capita consumption of beef and veal (from 78.2 pounds per capita in 1957 to well over 85 pounds in 1967). This consumption is expected to increase to 105 pounds by 1975.

Hawaiian production of beef has steadily increased during this period, reaching a peak of more than 30 million pounds in 1966. Hawaii has also turned increasingly to pen feeding of cattle to improve and increase production. In 1959, 4,103 cattle were processed through feedlots and in 1965, 16,000 head of cattle were fed. In 1967 approximately 30,000 head of cattle are expected to be processed through feedlots in the islands—the largest being Hawaii Meat Company's newly expanded facility at Barbers Point on the island of Oahu which has a capacity of over 13,000 head of cattle.

Federal grading of beef has also expanded as a means of quality improvement. In 1960 when federal grading first came to the islands, 12,317 head were offered for grading. In the fiscal year, 1966–1967, 31,297 head were federally graded.

Imports of fed beef from the U.S. Mainland decreased from 1954 to 1959, and thereafter increased; but has declined again to 30,500,000 pounds, or 49.4% of the State's market in 1966.

The most significant changes in the Hawaiian market have been shown by imports of low-cost foreign beef. These imports have increased by more than 1000% in the past ten years, from a total of 1.538 million pounds of carcass equivalent to 16.694 million pounds. These imports now represent about 30% of the total State supply of beef and more than 35% of the Honolulu supply, which is the major market in the State.

The rapidly increasing imports of beef, and particularly the imports of low-cost foreign beef, has created serious problems for the Hawaiian beef industry as well as the industry nationally. Hawaii being the closest and most lucrative port of entry to the United States continues to receive large shipments of Antipodal beef.

Hawaii's beef industry has a long, colorful and traditional history. It adds over $10 million annually to the State's economy and represents 22% of all sales of diversified agricultural products.

TABLE 1.—HONOLULU MARKET SUPPLY OF BEEF AND VEAL

[In thousands of pounds]

Year	Hawaii		Mainland [1]		New Zealand-Australia [2]		Total
	Carcass weight	Percent of total	Carcass weight	Percent of total	Carcass weight	Percent of total	
1954	10,906	43	13,399	53	938	4	25,243
1955	13,277	46	13,291	46	2,250	8	28,818
1956	13,904	43	15,039	47	3,084	10	32,027
1957	15,073	41	17,142	46	4,666	13	36,881
1958	16,967	42	15,973	39	7,701	19	40,641
1959	16,895	44	10,301	27	11,116	29	38,312
1960	16,543	42	10,730	27	12,327	31	39,600
1961	16,414	39	11,663	27	14,247	34	42,324
1962	16,729	41	10,206	25	14,163	34	41,098
1963	17,258	41	12,532	30	12,052	29	41,842
1964	16,953	35	13,533	28	17,467	37	47,953
1965	16,982	33	15,822	31	18,304	36	51,109
1966	20,328	40	15,504	30	15,436	30	51,268
1967 [3]	22,449	43	14,785	27	15,327	30	52,561

[1] Includes beef for USDA school lunchjprogram.
[2] Converted to carcass equivalent from import data on boned frozen beef at 1.37. Includes small amount from Canada.
[3] Complete.

TABLE 2.—STATE MARKET SUPPLY OF BEEF AND VEAL

[In thousands of pounds]

Year	Hawaii		Mainland [1]		New Zealand-Australia [2]		Total
	Carcass weight	Percent of total	Carcass weight	Percent of total	Carcass weight	Percent of total	
1954	17,851	54	14,037	43	938	3	32,826
1955	20,445	56	13,738	38	2,250	6	36,433
1956	21,426	53	15,919	39	3,084	8	40,429
1957	22,788	54	14,768	35	4,666	11	42,132
1958	23,970	57	10,457	25	7,701	18	42,128
1959	24,749	53	10,838	23	11,116	24	46,703
1960	25,001	51	11,423	24	12,327	25	48,751
1961	25,690	49	12,254	24	14,247	27	52,191
1962	24,345	50	10,517	21	14,163	29	49,025
1963	26,282	51	12,775	25	12,052	24	51,109
1964	26,242	46	13,904	24	17,467	30	57,613
1965	25,968	43	16,242	27	18,304	30	60,514
1966	29,228	48	15,967	26	15,436	26	60,631
1967 [3]	32,243	50	15,169	24	16,362	26	63,774

[1] Includes beef for USDA lunch program.
[2] Converted to carcass equipment from import data on boned frozen beef at 1.37.
[3] Estimated based on: Hawaii, 10 months; mainland, 9 months; New Zealand-Australia, 9 months.

TABLE 3.—CATEGORY OF DOMESTIC BEEF PRODUCTION

[Number of head]

	1959	1960	1961	1962	1963	1964	1965	1966
Pen-fed cattle	4,103	4,984	7,782	9,194	15,000	16,000	16,000	22,000
Grass-fed cattle	39,697	37,596	38,218	36,906	30,500	30,200	30,300	30,700
Dairy cattle	3,290	3,420	3,000	2,900	3,500	3,800	3,700	4,300
Total	47,080	46,000	49,000	49,000	49,000	50,000	50,000	57,000
Pen fed percent grass fed	10.3	13.3	20.4	24.9	49.2	53.0	52.8	71.7

TABLE 4.—HAWAII'S PER CAPITA CONSUMPTION OF RED MEATS AND POULTRY

[Pounds per capita] [1]

Year	Pork	Beef and veal [2]	Lamb and mutton	Poultry meat [3]	Total red meats and poultry
1957	29.4	78.2	2.2	21.5	131.
1958	28.0	75.2	2.3	21.6	127.
1959	28.6	80.4	2.4	22.0	133.
1960	28.1	81.9	2.2	22.9	135.
1961	29.5	85.1	2.1	24.7	141.
1962	29.1	77.1	1.9	22.9	131.
1963	30.0	77.9	1.5	25.0	134.
1964	32.4	85.4	1.8	25.2	144.
1965	31.1	86.2	1.4	26.1	144.
1966	28.3	84.9	1.1	25.6	139.

[1] All per capita estimates based on civilian population (de facto) as published by the department of health.
[2] From table 6—New Zealand and Australian boned beef and veal converted to carcass weight equivalent at 1.45 times its weight.
[3] Includes turkey imported from U.S. mainland.

Source: Statistics of Hawaiian Agriculture, 1957-65, Hawaii Crop & Livestock Reporting Service, Hawaii State Department of Agriculture.

TABLE 5.—FEDERALLY GRADED BEEF IN HAWAII (DATA FOR FISCAL YEARS)

	1961–63		1962–63		1963–64	
	Number of head	Weight (1,000)	Number of head	Weight (1,000)	Number of head	Weight (1,000)
U.S. Prime	17	16	96	65	89	56
U.S. Choice	4,287	2,204	2,681	1,624	5,841	3,497
U.S. Good	7,250	3,894	6,015	3,560	8,976	5,328
U.S. Standard	3,607	1,994	3,054	1,647	3,402	1,979
U.S. Commercial	825	532	219	134	81	52
U.S. Utility	5	5	1,763	912	2,670	1,369
U.S. Cutter	1	----------	311	134	592	256
U.S. Canner	1	----------	163	62	181	72
Total	15,993	8,645	14,302	8,138	21,832	12,609

	1964–65		1965–66		1966–67	
	Number of head	Weight (1,000)	Number of head	Weight (1,000)	Number of head	Weight (1,000)
U.S. Prime	80	47	52	30	57	34,750
U.S. Choice	6,945	3,821	10,474	5,745	13,567	7,695,100
U.S. Good	7,151	3,905	8,584	4,682	9,698	5,453,225
U.S. Standard	1,914	980	991	694	634	320,800
U.S. Commercial	1,497	796	1,699	1,010	1,743	1,045,500
U.S. Utility	3,073	1,572	4,472	2,425	4,125	2,118,350
U.S. Cutter	315	129	466	187	890	357,300
U.S. Canner	168	65	329	128	583	234,070
Total	21,143	11,315	27,067	14,901	31,297	17,259,095

Source: Federal Meat Grader, State Department of Agriculture.

TABLE 6.—HAWAII'S PER CAPITA CONSUMPTION OF BEEF BY ORIGIN[1]

Year	Total per capita	Hawaii	Mainland	New Zealand-Australia
1957	78.3	42.3	27.3	8.7
1958	75.2	42.8	18.7	13.7
1959	80.4	42.7	18.6	19.1
1960	81.9	42.0	19.2	20.7
1961	85.1	41.9	20.0	23.2
1962	77.1	38.3	16.5	22.3
1963	77.9	40.0	19.5	18.4
1964	85.4	38.9	29.6	25.9
1965	86.2	37.0	23.1	26.1
1966	84.9	40.9	22.4	21.6

[1] Derived from data in table 2 and population estimates.

STATEMENT OF HAWAII CATTLEMEN'S COUNCIL, INC., TO COMMITTEE ON WAYS AND MEANS, HOUSE OF REPRESENTATIVES, JUNE 1968

My name is Robert L. Hind, Jr., a rancher from Kona, Hawaii. I am president of the Hawaii Cattlemen's Council, Inc. headquartered in Honolulu, Hawaii and representing since 1902, beef cattle producers in the fiftieth state.

We thank the Committee for the opportunity to discuss the problem of excessive shipments of Australian and New Zealand beef to Hawaii.

HISTORICAL BACKGROUND

The State of Hawaii is made up of a group of nine islands centered about 157 W and 21 N at the edge of the tropics. The total land area within these islands is 4,105,000 acres. Approximately 1/12, or 350,000 acres of the total area is considered arable land suitable for crop production. Approximately ¼, or 1,085,000 acres is utilized for grazing production. At last report, there was 422 "commercial" ranching enterprises in the State.

There have been substantial increases in market reqiurements for beef and veal within the State during the past ten years. These increased demands are created both by a rapidly increasing population (55,537 civilian population in 1957 to 759,582 civilians in 1967) and also by substantial increases in the per capita consumption of beef and veal (from 78.2 pounds per capita in 1957 to well over 85 pounds in 1967).

Hawaiian production of beef has steadily increased during this period, reaching a peak of more than 30 million pounds in 1966. Hawaii has also turned increasingly to pen feeding of cattle to improve and increase production. In 1959, 4,103 cattle were processed through feedlots and in 1965, 16,000 head of cattle were fed. In 1967 approximately 30,000 head of cattle were processed and finished in feedlots in Hawaii.

Federal grading of beef has also expanded as a means of quality improvement. In 1960 when federal grading first came to the islands, 12,317 head were offered for grading. In the fiscal year, 1966–67, 31,297 head were federally graded.

These facts evidence a sincere effort on behalf of Hawaii's ranchers over the past ten years, to produce a quality beef product.

BEEF IMPORTS (FOREIGN AND DOMESTIC) AND THEIR EFFECT

Imports of feed beef from the U.S. Mainland decreased from 1954 to 1959, and thereafter increased; but has declined again to 15,287,000 pounds or 24% of the State market supply of beef and veal in 1967.

Meanwhile, the most significant changes in the Hawaiian market have been shown by imports of low-cost foreign beef. These imports have increased by more than 1,000% in the past fourteen years, from a total of 938,000 pounds carcass equivalent in 1954 to 18.304 million pounds carcass equivalent in 1965 and has maintained a steady high level ever since. These imports now represents about 26% of the total State supply of beef and more than 31% of the Honolulu supply, which is the major market in the State.

Our state beef producers offer no resistance to U.S. Mainland beef being shipped into Hawaii unrestricted. Such shipments have little effect on our market and is of no concern to us.

However, with last years foreign beef imports representing 26% of the 50th state's total beef market, a situation has been created which is completely detrimental and demoralizing to adequate planning for meeting the state's future meat demands.

Hawaii being the closest and most lucrative port to Anzac's is hard hit because of excessive and sporadic inshipments, particularly when the amounts vary so widely from time to time. The effect of these imports has been to reduce the prices received by Hawaiian ranchers from 42.0 cents to 32.5 cents per pound for grass fat steers and heifers. This 23.8% reduction in price has come while production costs for land, labor and supplies have continued to spiral upward.

A substantial portion of beef imports from the Anzac's comes to Hawaii in the form of primal cuts, the balance in processing meat. In the pocket market situation that exists in Hawaii, where all parts of the carcass must be merchandised within the State, foreign primal cuts are again a detriment to our market when they flow in unrestricted and sporadic amounts. Because much of this beef comes to the islands in this form, it also cannot be offered for federal grading thereby placing a product of inferior quality to grain fed federally graded beef that is produced in this State.

With many slaughterhouses across the nation facing the possibility of being closed or radically renovated under the Wholesale Meat Act of 1967, we question the wholesomeness of the vast amounts of foreign beef coming into the United States which have been slaughtered under insanitary or conditions adverse to health and sanitation standards adhered to in the United States.

By way of summary, foreign beef has been detrimental to our price structure and effective marketing. Sporadic shipments make future planning to meet the demands for beef next to impossible. Hawaii has been used as a dumping ground being the closest and most lucrative port. These imports have completely depressed and ruined the market for grass fat animals. The wholesomeness and quality of this product is also much in question.

While operational, land and labor costs continued to spiral and heavy investment shave been made to produce a quality product here in Hawaii, the unrestricted flow of foreign beef to our shores poses a constant threat to our livelihood and makes the future of the cattle industry, which contributes more than $10 million annually to the State's economy, look extremely precarious.

ACCEPTABLE SOLUTIONS FOR A TYPICAL PORT STATE (HAWAII)

We in the industry realize we must take our fair share of imports like any other state; however, we don't feel we should absorb more than an equitable portion of beef from foreign sources. While nearly 30% of our total market comes from the Anzacs, most Mainland states are receiving an average of 11% of their total production from these same areas.

After careful consideration by leading cattlemen in our State, several formulas for solving the problem would be agreeable to all:

(1) Base Hawaii's fair share on a per capita basis. (Hawaii would then receive 2,235,000 pounds of foreign beef for 1968.)

(2) Restrict Hawaii's fair share to 11% of the total production (this equals the average received by Mainland states.) Hawaii would be willing to include in its total production that product received from the U.S. Mainland. (Hawaii would receive 5,241,390 pounds of Anzac beef for 1968.)

(3) Permit processing beef (that used in manufacture of hamburger and sausage only) to flow unrestricted into Hawaii, but restrict primal cuts on a per capita basis (Hawaii would then receive approximately 6,677,600 pounds for 1968.)

(4) Adopt a port of entry quota system which would grant such ports special consideration. Under present agreements a single port state could receive the entire U.S. quota or a substantial portion thereof. We wish to propose that one half the average total of foreign beef imports received by that State during the past five years be used to set quotas for that State. (Hawaii would then receive 7.962 million pounds carcass weight or 14% of our State market from Anzac sources.)

It must soon be decided whether present government restrictions on foreign beef, which have proven to be of little value in alleviating the grave situation facing our nation's cattle industry, will be allowed to continue in

force, or whether amendments to existing legislation will be made to preserve an industry which has at heart the production of quality beef to satisfy the increasing demands of our nation's population.

May I express once again, the heartfelt appreciation of Hawaii's cattlemen for the opportunity of presenting our problem to this committee.

STATEMENT OF RICHARD D. BLINCOE, PRESIDENT, IDAHO CATTLE FEEDERS ASSOCIATION, INC.

The Idaho Cattle Feeders Association submits the attached statement in support of favorable consideration of H.R. 9475 by the Ways and Means Committee of the U.S. House of Representatives. The association requests that the oral testimony and personal appearance before the committee of Mr. Bill House of Cedar Vale, Kansas, be accepted as the personal representation of its members.

The cattle feeders of Idaho support this legislation because they feel it is in the national interest; that it will bring economic stability to a basic domestic commodity production program that is essential to the overall prosperity of the United States; that the approval of this request by the influential House Ways and Means Committee will represent a strong endorsement of the cattle industry's efforts to sustain itself by its own initiative and sound management.

The attainment of these goals will insure an effective and continuing abundant supply of a vital food in the American diet for generations to come.

STATEMENT OF THE ABOVE NAMED ASSOCIATION CONCERNING BEEF IMPORTS

The Idaho Cattle Feeders Association, Incorporated, is a non-profit corporation representing the cattle feeding industry in the State of Idaho. It maintains an office and a full time manager in the City of Boise, Idaho. During the calendar year of 1967, Idaho produced 365,000 head of fed cattle for slaughter according to U.S.D.A. statements. The association is affiliated with the American National Cattlemen's Association which maintains its headquarters in Denver, Colorado.

Agricultural production is the prime source of income to the economy of the state of Idaho, and cattle represents the largest single crop in the state. Although Idaho is famous for the fine quality potatoes that are produced by irrigating this crop in the rich volcanic soils of the area, and is the number one potato producing state in the United States, even this famous crop does not produce the economic and monetary returns to the state that the cattle industry generates. There is a very close tie between cattle and potatoes, however. Due to the very nature of potato farming and its attendant crop rotation requirements, a great amount of fine feeds crops that are effective cattle feeds are produced. These crops must be raised and consumed and cattle are a necessity in the efficient production of potatoes. With its sparse population, Idaho is an exporting state on all of its production of farm commodities.

We recognize the need for international trade and for certain imports of beef into this country, both for the foreign trade consequences and the need for certain quantities of manufacturing beef.

The high American standard of living must be based upon a healthy cattle industry at home. It can not be dependent upon imports for this basic commodity. By the very nature of much of our land and the climatic conditions that prevail, we must continue to be livestock husbandmen to fully utilize our natural resources. This is particularly true in states such as Idaho where the Federal Government owns some 67% of the land. Livestock men lease much of this land for their livestock, and care for the land as well as their stock. Through their efforts, which is indeed a way of life, a crop is harvested from what would otherwise be idle land. There must be some stability created for this industry together with a reasonable return to the people for their efforts if this production is to continue.

The American cattle industry has always been known for its independence. Today there is a strong movement within the industry under the leadership of the American National Cattlemen's Association to follow an enlightened program that will bring stability and effective long range supply capabilities to the cattle business. The cattle feeders of Idaho endorse and support this program and participate in the support of the ANCA. A part of this self imposed, industry led program calls for certain changes in the legislation dealing with beef imports. The proposed changes requested by the industry are stated in H.R. 9475.

As the industry deals with its problems within the United States, it needs help beyond the borders of the country, for with the volume of beef now being imported, it can be safely said that as far as the American consumer is concerned, the cattle business is now global in nature. Effective beef import legislation is the only manner in which the American cattlemen can cope with foreign production! According to the figures of the U.S.D.A., the volume of beef imports during the months of July through November, 1967, were equal to or above 6.7% of the domestic production. The present law sets beef import ceilings at 6.7% of our production in the United States. During this same period the A.N.C.A. and its affiliated state associations were expounding a program of keeping the U.S. beef herd population stable and for feeders to reduce the total market tonnage by reducing the slaughter weights of cattle. During this same period imports ran as high as 7.5% of domestic production during the month of September. U.S. cattle prices became depressed and many ranchers and feeders lost money. With depressed prices on cows as a result of the imports, many ranchers failed to heed the advice of their industry leaders. Many cows that should have been culled from the nation's beef herd were retained in production. These critters average about 1,000 pounds in weight and with a market of 12 or 13 cents per pound they had a market value of about $125. Many cows that should have gone to market were pregnancy tested, and if found with calf, were retained in production. After all, in a few short months the producing unit would come forth with another calf worth nearly as much as the factory. So the rancher held his cows. And we increased production and eventually this will reflect in higher tonnage. Under the law of supply and demand, this will mean depressed prices for all beef in a time of ever rising prices and a greater than ever cost-price squeeze. A quarterly quota for beef imports with "use it or lose it" provisions would add stability to the beef industry and level out the supply of imported manufacturing beef. It would greatly enhance the industry's own self-help program of management and would better insure a stable supply of beef for tomorrow's American consumer.

Through the free enterprise system and without subsidy or bounty, the American cattle industry is providing its consuming public more high quality product at the present time than any people has ever received in the history of man! This is a marvelous record. By their consumption of this superior product, the American public has voted for a continuing supply of this fine source of its daily diet.

The people producing this product have suffered many economic hardships in coming forth with this supply. It has not been easy. Even today, the industry has its own designed and implemented program to help itself. As we go through a period of changing times, ever increasing inflation and a continuing demand upon our state and national governments for public monies to alleviate various social and economic ills, the cattle industry asks only for some assistance through today's consideration of HR 9475 and approval of its intent by Congress.

The people in the cattle industry are not rioting in the streets! There is a strong objection to the continued expansion of the beef industry in alien lands through the export of private and public American caiptal funds, an expansion designed to exploit lower labor and production costs in foreign countries to create a commodity for the American market. In this industry, we can not in all fairness be asked to meet the rising prices of our inflation and tax burdens and still be expected to withstand the impact of this alien competition. The approval of HR 9475 would do two important things for the American cattle industry and the American consumer of today and the future. First, the adoption of this bill would establish a workable and uniform level of beef imports for industry stability. Second, it would amount to Congressional endrosement of the industry's own program to solve its problems. Since a requirement to make adjustments in the imports of beef and to amend the 1964 legislation is a part of the industry's own guidance program to American cattle producers, Congressional approval would amount to an endorsement of the program and greatly encourage the livestock man to do his part and whole heartedly adopt the A.N.C.A. program.

The American livestock producer plays a key role in our national economy. He is producing a valuable commodity, one of life's necessities. He is also a consumer of the goods produced by American industry. He has the right to expect some reasonable stability in his chosen way of life that will allow him to earn a

good American standard of living just as the industrial and governmental employees seek, demand and secure these benefits. The cattle producer must secure an equitable income if he is to be a profitable consumer for the other segments of the economy.

STATEMENT OF ORVILLE KALSEM, PRESIDENT, IOWA BEEF PRODUCERS ASSOCIATION

My name is Orville Kalsem, a farmer from Huxley, Iowa. I am President of the Iowa Beef Producers Association, located in Des Moines, Iowa. Our organization represents 60 affiliated county associations and over 4,000 paid-up members.

The Iowa Beef Producers Association, now more than 56 years old and representing in this state an annual sale of more than $1 billion in finished beef, is pleased at the opportunity to offer a very brief testimony in support of HR 9475 and other similar bills designed to modify PL 88–482.

1. As an active affiliate of American National Cattlemen's Association, we endorse and support the detailed testimony being made orally by Bill House of ANCA.

2. As a major beet feeding state, whose agricultural income is heavily dependent on beef cattle, we request your aid in obtaining the "Orderly trading for reasonable protection of our agriculture" which Secretary Freeman discussed in Des Moines last February. We want it clearly understood that we are NOT resisting trade, but seeking an import policy which can be dovetailed into our determined effort to "level off" meat supplies in the interests of producer, packer-distributor and consumer.

3. As a state which enters the feeder calf and feeder cattle market in at least 25 other states, we recognize and call to your attention that the beef industry is interrelated across the nation, and that a stable, economically sound domestic beef producing industry is vital to agriculture everywhere, as well as to consumers everywhere.

SUMMARY

If our 50,000 Iowa producers were not seriously attempting to level off beef output, our request that the Congress consider our needs would have little real weight. But we are doing our best to help ourselves first. The untimely impact of rapidly growing beef import tonnage is negating our best efforts, and making it difficult if not impossible for us to plan for the future meat needs of 200,000,000 American consumers.

Revisions of PL 88–482, aimed at the timing of imports as well as the tonnage, can be of substantial value to the three parties concerned: domestic producers, foreign producers, and consumers.

STATEMENT OF MISSISSIPPI CATTLEMEN'S ASSOCIATION

This statement detailing inadequacies in the present meat import control law and recommending needed corrections in same is submitted by the Mississippi Cattlemen's Association, a 4,376 paid-member organization headquartered at Macon, Mississippi.

Mississippi beef cattle industry is cow-calf oriented, with 1,204,000 breeding age females, we rank ninth nationally in this category. Our primary product is a feeder calf which until recently moved out of our producers' hands into the nation's beef production system through two main avenues of sale. The calves, depending on weight and grade, were sought in approximate equal numbers by grain farmers for feedlot finishing and by grassland cattleman for additional grazing. At the completion of the latter group's grazing period, many of these grassers went directly to slaughter, filling the need of a major segment of this nation's meat demand, i.e., the essential lean beef ingredient of our vast variety of process meats. Whether these grass cattle went directly to the packer or were purchased for feedlot grain finishing, they were favorably considered by two types of potential purchaser and were known as "two-way cattle." It is an established business rule; the more potential buyers for a product, the stronger price structure that product enjoys, but, unfortunately, today's international meat trade has virtually removed the two-way play previously enjoyed by lean American cattle.

The reason is obvious. These grass cattle going into processed forms of meat

require boning of virtually the entire carcass. This process utilizes skilled American laborers who justly demand and receive a fair wage. Unfortunately, there is a segment of American business that cares little for the welfare of American labor or for the investments of independent, tax-paying American cattlemen. They have, therefore, to their advantage incorporated into our processed meat manufacturing system frozen, boneless beef, a product prepared by foreign labor working at a fractional wage scale of its American counterpart, and so deliverable at American ports at a lower price than our domestic, higher quality, more wholesome product.

What this influx of frozen, boneless beef has done to the American "two-way" beef animal is record. What the removal of one entire purchasing segment of Mississippi's feeder calf customers has done to the cattle industry in this state is well known to Production Credit office managers and to bankers with cattle money out.

Mississippi has suffered in another way. Any cattle system centered around production of calves must certainly have as a major byproduct the sale of cows and bulls whose breeding efficiency is sub-standard. These animals are also primarily utilized as some form of process meat, and so obviously the price structure on this class of cattle has also been damaged.

Mississippi cattlemen are aware we cannot embrace isolationist policies and do not suggest the removal of the American market from foreign beef producers. We do, however, suggest a reappraisal of the law under which these beef imports are admitted and the enactment of corrective legislation necessary to insure this nation's future supply of high quality, wholesome meat.

Beef cattle production over the past several years has been a marginal business at best with several severe depressions a matter of record. While the beef import situation cannot be solely blamed for the dreary, current, economic level of the beef cattle business, certainly it has been an over all depressant with disastrous immediate effects when periods of peak imports coincided with weakening domestic markets. This Association, therefore, respectfully requests and recommends a five-point modification of the 1964 law:

1. We believe using 1959–63 as a base period projects an unreal image for average imports, for 1963 was one of the all time peak beef import years. We, therefore, recommend as more realistic a base period composed of the years 1958–62.

2. We further believe the records show the inclusion of the 10% allowable import margin has in fact simply given foreign producers a 10% larger share of our market than was intended. We believe they programme their exports, brazenly using this allowance originally designed solely as an over-ride, for their convenience.

3. We have observed further, importers make no attempt to regulate their annual flow of beef to coincide with our domestic production peaks and valleys, but rather, jam our ports as it fits their benefit with resulting periodic chaos to the American cattle market. We, therefore, believe an annual allowable import quota embraces too long a time unit and recommend the quota be broken into quarterly periods.

4. The current law includes only fresh, chilled or frozen meat, but our Congressional leaders need only refer to the devious "Colby Cheese" incident of dairy import history to realize we have naively left a vulnerable opening in our meat import quota law. To correct this inadequacy, we urge the inclusion of canned, cooked, and cured meat in our modified meat import quota law.

5. Every American is anxious for the day when our young men in uniform are not only out of combat areas but returned to these United States. Until that time, we urge the very best food possible for these heroic troops and believe any foreign-purchased meat fed to our American boys must logically be charged against the allowable quota.

We believe the time has come when our Congressional leaders must take a stand on this matter. Either our import quota law will be allowed to continue furnishing only token protection for American skilled labor, American beef cattle farmers, and American consumers, or a realistic statute will be placed on the books more favorable to our international balance of payments and our tax payers.

Allow the present meat import situation to continue to the benefit of meat imporers, or enact reform legislation to insure continuation in the strengthening of an American beef industry based on hope of reasonable return to investment. On this decision rests the meat selection in the American consumer's future.

MONTANA STOCKGROWERS ASSOCIATION, INC.,
Helena, Mont., June 5, 1968.

Hon. WILBUR MILLS,
Chairman, House Ways and Means Committee,
U.S. House of Representatives,
Washington, D.C.

MR. CHAIRMAN: The Montana Stockgrowers Association is the established representative of Montana's beef cattle industry with a membership of more then 5300 cattle rancher members. On behalf of our membership we will appreciate your serious consideration of the proposal embodied in H.R. 9475 and similar bills which will tighten up some of the provisions of the law passed by Congress in 1964.

As is obvious from the many proposals before your committee, serious problems exist for our domestic producers. Since the beef cattle industry led the way with a new approach in securing recognition from the Congress with Public Law 88–482 in 1964, it is logical that the weaknesses in this Act which have become apparent through experience since then should be corrected at this time. H.R. 9475 and similar measures before you are designed to accomplish this. Loopholes which could not be foreseen in 1964 include the allowance of a ten percent override of imports before quotas are imposed; the necessity for quarterly quotas to take out some of the wide fluctuations of imports; eliminating the extraordinarily heavy import year of 1963 in the base quota, and coverage of only fresh, frozen or chilled meat.

There was no real pattern of modern imports with which to work so it was thought necessary to install some flexibility into the law. That some flexibility has proven to be too loose to keep foreign importers from gearing shipments to just miss the "trigger point" for quotas and still flood our markets at times.

If the economic drain on our economy caused by a balance of payment deficit which has been stressed before your committee is true, then it is indefensible to be importing beef into our country today. Our own domestic industry is necessarily restricting its production in order to tailor supply to active demand. At the same time we are forced to accommodate importations of beef equal to approximately 6% of our own production.

Correction of the weakeness of Public Law 88–482 at this time is in the national interest and will be reflected in the balance of payments. Recognition of the economic position of the beef cattle industry can provide a far-reaching stimulus to all concerned. We sincerely urge your committee recommend immediate action.

RALPH MIRACLE, *Secretary.*

NEBRASKA STOCK GROWERS ASSOCIATION,
Alliance, Nebr., May 25, 1968.

Re H.R. 9475, Meat Imports.

Hon. WILBUR D. MILLS,
Chairman, Committee on Ways and Means, U.S. House of Representatives,
Washington, D.C.

DEAR CHAIRMAN MILLS: During the past year, with our national economy riddled with inflation, those persons engaged in agriculture, and especially those producing beef cattle and feed grains, are operating today on margins that are intolerable.

The agricultural industry is the largest industry in the United States as regards number of people employed and total assets, and the American beef cattle producer comprises a most important segment of this vital industry. These people are responsible for the production of food and fiber enabling the United States to enjoy such a high level of health and high standard of living, as well as supporting our armed forces around the globe. They are also consumers of all types of goods and services on a vast scale and should not be expected to keep producing their products at a loss. With guidelines for wages and other costs now exceeding a 5 percent increase annually, in essence, the American cattleman and livestock feeder, today, is subsidizing all consumers with the highest quality and best accepted food product in the nation—beef.

It is a proven fact that meat imports are a major factor in depressing cattle prices as well as other segments of agriculture. In each period of improving cattle market prices during the time P.L. 88–482, the present meat import stat-

ute, has been in effect, imports have increased drastically, making it impossible to hold a fair price structure and a stable domestic beef supply. This problem affects not only the cattle producer and feeder, but also the many thousands of U.S. workers providing the production and marketing needs of the nation's cattlemen.

It should be pointed out that the balance of payments deficit faced by the United States in international trade further indicates the need to amend P.L. 88–482 to a realistic basis. Accordingly, we suggest the following amendments as a responsible approach. We do not suggest that meat imports be cut off entirely or drastically reduced, but curtailed and regulated at reasonable levels.

We recommend and urge the following objectives:

1. To adjust the base period for determining quotas to "1958–1962" from the present "1959–1963" periods.
2. To include in the quotas, all offshore purchases of meat and meat products, including purchases for military use.
3. To establish a 100 percent of quota "tiggering point" rather than the 110 percent of quota presently used.
4. To require the imposition of quota restrictions if one-fourth of the annual quota is exceeded in any quarter, and continue requiring quarterly USDA import estimates.
5. To include lamb with meats covered in the present quota; fresh, chilled and frozen beef, veal, mutton and goat; and,
6. To include canned, cured and cooked meats in the import quotas.

We represent the cattle producers of the State of Nebraska and their vital interest in, and part of, our national economy. Your careful consideration of the above recommendations will be greatly appreciated.

Respectfully yours,

E. H. SHOEMAKER, JR., *President.*

NEVADA STATE CATTLE ASSOCIATION.

Hon. WILBUR MILLS,
Chairman, House Ways and Means Committee,
Washington, D.C.

DEAR CHAIRMAN MILLS AND COMMITTEE MEMBERS: The Nevada State Cattle Association wishes to present the following statement in regard to the importation of beef into the United States.

The domestic cattle industry is, and has been for some time, in a very depressed and serious financial condition. The price of cattle has not kept abreast of the inflationary trend. Live cattle are bringing about the same price now as they did twenty years ago. This is not true of the cattleman's costs of labor, machinery replacement, miscellaneous costs, or his property tax. The approximate value of beef imported into the United States amounts to about one half billion dollars annually. The loss of this much of the market imposes a genuine hardship on the cattleman.

The economic welfare of many communities throughout the entire nation is dependent upon a healthy cattle industry. Some communities are entirely dependent upon the cattle industry. Economists tell us that a dollar produced by the cattleman has a "ripple" or "generating" effect of 4 to 1. One of the highest in any of the basic industries. This is very significant as far as allied and related industries are concerned. We cannot have a healthy national economy if local economies are not prosperous.

Taken nationwide, the amount of machinery, labor used, miscellaneous supplies purchased, and taxes paid, the cattle industry is a very major item in the economy. On the other hand, the importers of beef contribute very little to the domestic economy. The return to the community and economy in the form of all expenditures, labor hired, and taxes paid are insignificant compared to the cattle industry.

We realize that trade is necessary for a healthy nation and do not propose that all imports be banned. However, we do feel that the present regulations allowing beef to be imported into the United States have several inequities that are detrimental to the cattle industry. Hence, we make the following suggestions:

First. The tonnage of imported beef should be regulated evenly throughout the year on monthly or quarterly periods. The bunching of imports to coincide with price increases in our domestic supply is disastrous. Several times in the

past, our market has shown signs of improving. Immediate increase in shipments of foreign beef have broken this strengthening of the price.

Second. The present law provides that sanctions cannot be applied until the import tonnage reaches 110% of the quota. This 10% override feature is neither fair nor reasonable. The President should be able to apply sanctions at the very moment the quota is reached.

Third. Beef purchased in foreign countries for shipment and use by our armed forces should be applied against the quota.

Fourth. The import quota is compiled on a percentage of Federally inspected domestic slaughter. This is not an equitable arrangement due to the simple fact that when domestic slaughter is up it is a sign of domestic overproduction with the attendant decrease in price. The additional increase in imports automatically provided for at this time, further aggravates the oversupply which often triggers disastrous price breaks. It would seem that a fairer system would be to tie the import quota to a domestic price factor. When our price was good, we could stand the competition of foreign beef to a much greater extent than under the present system, which conflicts with the theory of supply and demand.

Fifth. Most important of all, from the consumer standpoint especially, all imported beef should be subject to the same fine, strict sanitary inspection, at slaughter and handling, that our domestic beef undergoes. The American consumer, in buying domestic slaughtered and inspected beef obtains the safest, finest product available. This is not necessarily the case with imported meat which may be slaughtered and processed under standards far inferior to our own. Frozen beef may even be thawed and refrozen without the consumer being aware of the practice. Assurance to the consumer that foreign imported beef meets the proper sanitary standards is of utmost importance.

Thank you for the opportunity to present a statement before the committee in these hearings.

Respectfully submitted,

LESLIE J. STEWART, *President.*

STATEMENT OF W. O. CULBERTSON, JR., PRESIDENT, NEW MEXICO CATTLE GROWERS' ASSOCIATION

The New Mexico Cattle Growers' Association is a statewide organization representing 3500 ranch families in New Mexico. We wish to thank the committee for the opportunity to submit our comments in regards to the proposed Import Legislation H.R. 9475 and all the other related bills which were introduced at about the same time. We certainly welcome the opportunity to discuss the problems that the beef cattle industry faces due to excessive imports in meat into the United States.

The full impact of these meat imports may never be completely assessed, but we do have one means of measuring; that is the competition resulting from such additional tonnage of beef on our market in the United States. We find it virtually impossible to make management decisions when we know that there is a 10 percent fluctuation from imported meat that will affect these decisions. We are striving within the best of our ability to stabilize domestic production at levels which will keep supply and demand in the proper perspective. That means the beef producer will be able to contribute to the economies of the communities, states, and the nation that he serves.

BEEF PRODUCTION IN NEW MEXICO

Specifically, let us look at the economy in New Mexico. At the present time, two-thirds of the total agricultural income for this state is tied up in beef cattle production. According to the year-end report of the University of New Mexico School of Business Research, 65 percent of the income of the cattleman is tied up in costs. These are outright costs and not increments to proprietorship, labor, capital, and the other items associated with business. Our sales within the state exceed $187 million each year, from slightly over 1.1 million head of cattle. At the same time our feeding industry is growing to the point where we can fatten nearly half a million head of cattle each year for the slaughter market. Consequently, these management decisions and the factors which affect them are most important to the cattlemen of New Mexico. Without firm decisions we cannot keep abreast and return a profit with the proper charges to all the increments of running the business.

Historically there has been a rush and an enthusiasm on the part of many who are advisors to the cattle industry, to increase the number of beef cattle in the market. This has given rise to cattle feeding in New Mexico; to removal of the calves from the range at an early age so that they might go directly into feedyards without taking up the range that another cow could use; and has caused an increase in our domestic beef production. Nationwide this increase has been 35 percent, while our human population has increased only about 8 percent.

One of the basic rules in economics is that the human stomach is one of the most inelastic organs within the human body. The affluence of the society has helped to increase the number of pounds of beef consumed by the individual each year. There is a point, though, where consumption cannot increase any more than the population increases. As beef producers we recognize this fact and feel that we can produce with these given economic facts and maintain a stable domestic market, without the influence of the widely fluctuating import situation.

WORLD BEEF PRODUCTION INCREASES

During the '60's there also has been another factor affecting the American beef market, that is the gearing up of the world beef trade to the American market. We have not been able to export fed beef because we have not been able to conduct a complete education program in foreign countries which would make the fed beef an acceptable item in the consumers' diet. Consequently, the affluence of the American market, along with the gearing up of the world beef trade, has caused a clash and an increase in the total beef production, far beyond the elasticity of the human stomach and the affluence of the American market. This was brought out in 1964 when Congress passed Public Law 88–482 to establish for the first time, quantitative limits on meat imports. The reasons for the passage of that law are still valid and the conditions within the domestic industry further enforce those reasons.

QUOTA TIGHTENING

We now have the experience to come to you to ask for a general tightening up of Public Law 88–482 to bring it into line with the modern market. We feel we need a stabilization of imports in order to achieve the stability and profitability on a broad scale to face the fiscal facts of life in beef production. We don't want the beef industry to face a situation that the dairy industry faced a few years ago, where individuals lost the enthusiasm for putting in the hours, labor, the risk, and capital to produce milk or continue to produce milk at a price which would not permit the returns to the various increments of business. As costs build up, then expansion would be the only way to meet the increased costs, and of course, this is a self-defeating situation unless demand increases at a greater, or at least equal, rate.

We also recognize that there are many factors involved in the packing industry which have brought about an investment of U.S. capital in foreign markets. With the use of foreign labor, the packers have been able to get boned beef, lean meat, at a lower cost than they would in the American market. This in itself, has eliminated the need for a type of cattle which prior to the '60s would go either into manufacturing beef or into the feedlot to be fattened for the domestic consumption as steaks, roasts, and rounds. A packer can now put a plant in a foreign country, get the beef, bone it, and ship it back to this country as frozen chilled beef, or for that matter, canned processed beef which is not covered by the 1964 law, and avoid the high labor costs and the wage demands of the Labor Unions in the United States. This beef, which would come in this way goes into such items as soups, T.V. Dinners, and cold meats.

We don't want to burden the committee with the continued repetition of the facts as they relate to this situation or to the processes by which manufacturing beef becomes useful in the American market, but we do want to point out that with the meat coming via this route, the two-way cattle are no longer on the scene in the American market. These cattle must go to the feedlot and be fattened for the dinner-table trade. This in turn, contributes drastically to the amount of beef tonnage that's available on the American market, and becomes a price-depressant factor. If the quotas tightened up we would then find ourselves in a position where the domestic market would again bid for these two-way cattle. Packers would need some of this manufacturing beef for the market where there's now almost exclusively foreign beef.

POINTS FOR CONSIDERATION

Five major points are included in H.R. 9475 and the other similar measures to bring about the solutions to the problems we have outlined:

(1) Elimination of the vagaries of statistical reporting and changes in statistics which allow a 10 percent flux or override over the actual quota before further shipments are curtailed. Actually we feel this has been far too lenient and the new legislation seeks to establish invocation of the quota on the exact amount established for that year or period. Foreign nations would have to gear their exports to an exact known figure. We feel this should help to stabilize our own domestic industry's growth as well as foreign output.

(2) Quotas would be allocated by quarters, which has become almost mandatory in order to allow exporters and importers to police themselves. That way the shipments can be geared to the time of light supplies of manufacturing beef. With most of the beef being shipped into the United States in the frozen condition, a few days in storage would make little difference, and with the quarter quota system, we would balance shipments throughout the yead and stabilize the income of stockmen both here and abroad and tend to avoid the ups and downs in supplies.

(3) H.R. 9475 et al., will change the base period for figuring imports. Presently, the law calls for levels during the years 1959 through 1963 as a base. This includes an abnormally high import year of 1963, and does not then recognize the more realistic long-term average offered by the 1958 through 1962 base period. The fact that our base period appears to be too lenient is borne out by the history of the operation of the meat import quota law. We have not been required to invoke the quota since the law went into effect on January 1, 1965, simply because the base period was so generous as to make the quota meaningless. A study of the quotas finds their level of output is more nearly geared to a quota which would be based on the averages from 1968 to 1962.

(4) Colby Cheese and other dairy producers have pointed out that exporting nations are ingenious and that the elimination in 1964 of canned, cooked, or cured imports as minor parts of meat imports was a mistake. We need to close this loophole so that these items are covered. Nothing in Public Law 88–482 deters any nation from cooking, canning, or curing its excess exports and shipping them to us above and beyond the quota allotments. They could do this to garner dollars for their ingenuity with a completely straight face.

(5) We, of course, feel that the feature in H.R. 9475 et al., requiring offshore meat purchases by the armed forces to be included in the amounts considered toward the quota, makes excellent sense. Supply of our armed forces would not be hampered by the need to purchase only domestic meat and ship it long distances, but on the other hand, the meat bought offshore and thus included in the quotas would reduce the amount that could be then shipped to the domestic market, making offsetting factors and again helping to stabilize our demand.

STOCKMEN MUST PROSPER

One point that was presented to you by Bill House of the American National Cattlemen's Association, must be stressed again by all beef-producing associations—Americans must soon decide whether it is more important to provide a profit for a few meat importers who escape most local taxes and the hiring of American labor, or to preserve the vigor and well-being of the domestic cattle industry and the millions who depend upon it. What is needed today are the changes in the ground rules which H.R. 9475 and the related measures would produce. With this legislation the domestic industry would be more precisely predictable and the management decisions which must be made can be made on more basic information.

Further, we feel that we should never become dependent on meat from offshore sources. We know what can happen when supplies from outside the United States are depended upon, especially in the event of an armed conflict. If we do not police ourselves and take a realistic look at where our dependence lies, and the problems of the supplies for this domestic market, then we could find ourselves without the basic resources in this country because we didn't look early enough. Import quotas should be geared to serve us what we need, rather than with a free rein to send what where and how any exporter would want, to our shores.

The trade negotiations showed us that the Common Market certainly felt that this position was the one they should take. We made many offers in the Kennedy

round. The fact was still evident during negotiations on agricultural products that the Common Market countries were going to protect their domestic supplies and not open the door to the American marketing of cornfed beef to the tables of our European Allies.

We respectfully ask that this committee give their full support to the passage of H.R. 9475 and give the vital beef industry in this country a chance to produce for the demand that this market creates.

STATEMENT OF RAYMOND SCHNELL, PRESIDENT, NORTH DAKOTA STOCKMEN'S ASSOCIATION

MEAT IMPORT LEGISLATION

The North Dakota Stockmen's Association represents nearly 3000 cattle producers and feeders and is generally regarded as spokesman for the beef industry in North Dakota.

We are grateful to your Committee for the opportunity of submitting this statement in support of H.R. 9475, which seeks to amend present meat import law, and respectfully request that it be included in hearing testimony.

Cattle and calves are normally expected to account for about 24% of the annual agricultural income for North Dakota, and, since roughly 80% of our state's total income is derived from agricultural sources, the economic importance of beef is readily apparent.

North Dakota annually expects to receive from $175 to $200 million from the sale of cattle and calves. Any reduction in this anticipated income causes monetary losses to hundreds of local North Dakota communities.

We fully realize that we must live with some level of beef importation so therefore wish to make it clear we do not advocate that imports be shut-off. We do, however, feel that wide monthly variations or fluctuations in the level of foreign beef imports work a depressing effect on domestic prices which those amendments contained in H.R. 9475 would help to level out.

PRICE EFFECT OF IMPORTS

While the price-depressing effect of increasing imports is difficult to determine with complete accuracy, it is known that higher imports create deflated price changes in the domestic beef market. The U.S.D.A. has determined the following price flexibilities resulting from beef and veal imports.

IMPACT OF 1 PERCENT CHANGE IN PER CAPITA SUPPLIES OF BEEF ON SELECTED PRICES

1 percent change in quantity per capita of—	Results in a deflated price change at Chicago (percent)	
	Choice steers	Utility cows
Steer and heifer beef	−1.33	−2.29
Cow beef plus imports of beef and veal	−.29	−.74
Only imports of beef and veal when imports are—		
5 percent of domestic product	−.07	−.17
10 percent of domestic product	−.11	−.27
15 percent of domestic product	−.14	−.35
20 percent of domestic product	−.16	−.40

Source: Livestock and Meat Situation, ERS, USDA, November 1963, Table D and F, pp. 41 and 43.

With the assistance of Richard Fenwick, Livestock Marketing Economist at North Dakota State University who supplies these data, we have attempted to put an approximate dollar-loss to North Dakota's total beef cattle income due to imports of beef and veal.

CHOICE STEERS

We have calculated that North Dakota producers lost an average of $3.00 per 1,000 pound steer in 1966 due to the price-depressing influence of foreign beef imports over the 1958–62 average. In other words, steer prices should have been $0.30 per hundredweight higher in 1966 than during the 1958–62 average because of foreign beef imports. North Dakota marketed 157,000 head of 1,000 pound

steers in 1966 alone. Multiplication of the estimated loss per head and 1966 steer marketings reveals an opportunity cost of $471,000. This is revenue which would have accrued to our state's economy had imports been restricted to 1958–62 levels.

UTILITY COWS

Utility cows are the type of beef which is in closest competition with imported beef. This can be seen by the magnitude of the price depressing effect on the previous page. In making a similar calculation for utility cows, we found that the opportunity cost of imports in 1966 was $0.48 per hundredweight or $4.32 per 900 pound cow. North Dakota markets an estimated 150,000 of these cows annually with a 1966 estimated loss of $648,000.00.

When this loss is added to the previously calculated loss on choice steers, we arrive at an average annual loss of $1,119,000 to the North Dakota beef industry and to our state's economy.

OHIO CATTLE FEEDERS ASSOCIATION,
Delaware, Ohio, June 17, 1968.

Congressman WILBUR D. MILLS,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN MILLS: It is the wish of the Ohio Cattle Feeders Association that you support the proposed amendments to the present Meat Import Law with your influence and your vote.

The economic loss to the cattle and beef industry and all agribusiness in this country because of the presently permitted volume of beef imports is briefly set forth on the accompanying schedule.

Why should we import the equivalent production of 20,000,000 acres of average Ohio farm land?

Why should we import millions of hours of cheap labor and deny this volume of labor to our own citizens?

Why should we import a meat product already in sufficient abundance to depress prices and that denies all agribusiness in all areas of this country an opportunity to share in production?

Why does the Congress enact laws and appropriate large sums of money to improve the income and poverty of this great country in rural areas and then at the same time permit an unnecessary meat import product to not only conceal this effort but to eliminate our own future expansion?

You are challenged to study the economic implications of the attached.

Thank you and best wishes.

Sincerely yours,

RUSSELL FORSYTHE, *President.*
JAMES H. WARNER, *Secretary.*

RESPECTFULLY SUBMITTED TO CHAIRMAN WILBUR MILLS AND MEMBERS OF THE WAYS AND MEANS COMMITTEE

We were informed by the U.S.D.A. last January that the present Meat Import Law would permit 1,045,300,000 pounds of beef imports in 1968.

A 1000 pound steer will yield about 400 pounds of deboned, defatted beef comparable to the lean import product. It would take 2,613,250 live 1000 pound cattle to produce this quantity.

The economic loss in cattle production in the U.S., as estimated by Ohio animal scientists under Ohio production conditions, follows:

Cattle in the feed lot, annually	2,613,250
Cows to produce these slaughter cattle	3,186,890
Bulls for breeding these cows	159,345
Cows and bulls to maintain necessary replacement calves	583,550
Necessary replacement calves, annually	478,511
Necessary replacement yearlings, annually	478,511
Necessary replacement 2-yr. olds, annually	478,511
Total cattle replaced by the present import level	7,980,568

Why should this be? Why should it be permitted to increase?

This loss in live cattle production means, that annually—

a. Our cattlemen lose hundreds of millions of dollars of income.

b. Cheaper imports undermines our domestic price level. This costs more hundreds of millions of dollars.

c. We lose a home market for at least 20,000,000 acres of land.

d. We lose all the labor necessary to produce the cattle and to produce the feed for them. More hundreds of millions of dollars.

e. We lose all the agribusiness generated by allied businesses that might be involved. More hundreds of millions of dollars.

It all adds up to a staggering unnecessary burden to the cattle business particular and the total U.S. economy.

Why should this be? Why should it be permitted to increase?

Sincerely yours,

RUSSELL FORSYTHE,
Ohio Cattle Feeders Association.
JAMES H. WARNER,
Secretary, Ohio Cattle Feeders Association.

OKLAHOMA CATTLEMEN'S ASSOCIATION,
Oklahoma City, Okla., May 28, 1968.

Hon. WILBUR MILLS,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MILLS: The Oklahoma Cattlemen's Association would like to take this means of expressing our appreciation in that hearings are to be held relative to amending the beef import law of 1964.

The cattlemen of this state and nation are attempting to discipline themselves and the industry for the purpose of maintaining beef production at levels to where they can receive a reasonable return on their investments.

This will never be accomplished so long as the volume of foreign beef can fluctuate as it has in recent months.

We would like for the record to show that we concur in the statement to be presented by the American National Cattlemen's Association and that they will be representing the cattle interest of Oklahoma as well as the nation.

Respectfully,

WRAY FINNEY, *President.*

TEXAS AND SOUTHWESTERN CATTLE RAISERS ASSOCIATION,
Fort Worth, Tex., May 28, 1968.

Hon. WILBUR D. MILLS,
Chairman, House Ways and Means Committee,
House Office Building, Washington, D.C.

DEAR CONGRESSMAN MILLS: The Texas and Southwestern Cattle Raisers Association wishes to congratulate you and the House Ways and Means Committee for holding hearings on the broad area of economic disadvantages resulting from excessive liberalization of the United States trade policy. The economic dislocation as a result of this policy is obvious in many basic domestic industries.

The Texas and Southwestern Cattle Raisers Association representing approximately 12,000 cattle producers in the Southwest especially calls your attention to our statement to follow and requests that it be made a part of the hearings of your committee. We choose this route in the interest of time rather than requesting permission to appear in person.

It was due to the efforts of the House Ways and Means Committee that in 1964 legislation was obtained for the then Public Law 88–482 to adjust the flood of imports of foreign beef which were coming into this market.

After three years of operation it is obvious that certain modifications must be made in the existing law in order to make it more equitable both to the domestic livestock and meat industry as well as the foreign countries who are sharing a portion of our market.

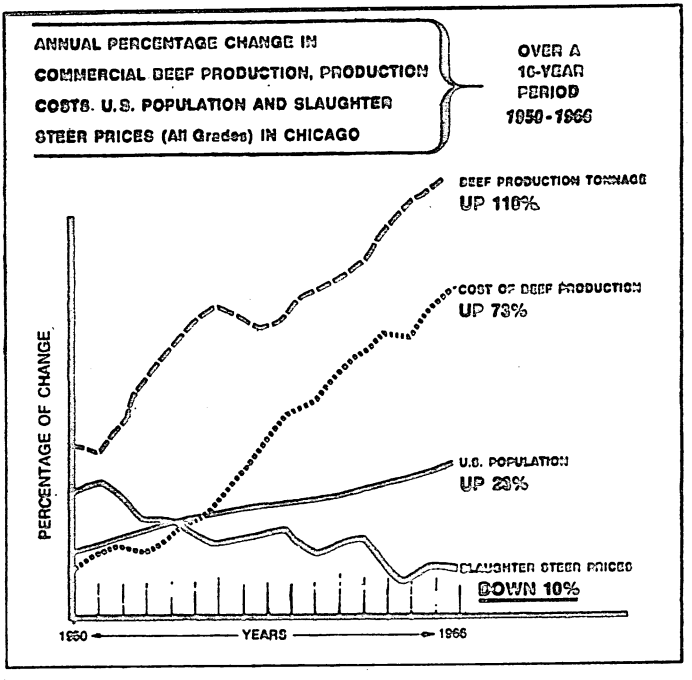
It was hopped that the major exporting countries of meat into the United States as a result of Public Law 88–482 would attempt to diversify and develop other markets for their exportable meat products. Such has not been the case and

these countries continue to depend upon the United States market for sales outlets for the largest majority of their exportable products. It is also true that other countries have utilized the exclusion in the initial law of canned, cured and cooked meats as a means to circumvent the act and increase their sales of this type of product into the United States market. Further, it was hoped as a result of legislation passed in 1964 that the timing of imports into the United States market would be more orderly and would not arrive in excess to conflict with our normal sales and availability of United States produced manufacturing type beef. This has not been the case and the bulk of the imports continue to come in the last six months of the year.

Not to belabor the Committee with excessive detail, but the total imports of beef and veal on a product weight basis of all kinds has increased 122 percent over the levels of 1964 compared to 1967. Those meat import items subject to the law for the first three months of 1968 exceed by 166 percent the levels for the same period of 1965. To illustrate the economic disparity of the cattle industry I refer you to the enclosed graph. (See Graph I attached.)

ATTACHMENT

GRAPH I



In light of the above situation the Texas and Southwestern Cattle Raisers Association would respectfully request that the Committee seriously consider the following adjustments and hope that the Congress would see fit to act upon these in 1968. These suggestions are as follows:

1. To reduce the triggering level of the quota to become operative when the imports equal 100 percent of the established quota versus the existing law which requires the triggering level to be initiated when imports are 110 percent of the quota.
2. To include in the quota canned, cured and cooked meat of all kinds.
3. To establish the quota on a quarterly and/or monthly basis to more equally distribute the availability of imported meat throughout the calendar year.
4. To assure that the foreign meat packers and processors meet in every detail the same anti- and post-mortem inspection procedures, as well as physical layout and material requirements in their plants as is required of the domestic packers and processors resulting from the Wholesome Meat Act of 1967.

The Texas and Southwestern Cattle Raisers Association believes that these adjustments in the act would insure the continuation for the consumer of an adequate supply of domestic beef as well as allow exporting countries to share in a more equitable fashion in our market.

Yours truly,

T. L. ROACH, Jr., *President.*

VIRGINIA BEEF CATTLE ASSOCIATION,
Harrisonburg, Va., May 24, 1968.

Hon. WILBUR D. MILLS,
Chairman, Ways and Means Committee, House of Representatives, Congress of the United States, Washington, D.C.

DEAR SIR: The membership of our association was pleased to learn that hearings on foreign trade will be held in the Ways and Means committee beginning June 4, 1968.

Of particular interest to our cattle producers are the suggested amendments to the Meat Import Law as passed in 1964. Our membership (3,800 producers) is not opposed to "World Trade" but rather favors further legislation which would, in effect, prevent higher and possibly more erratic importation of beef, veal and their products.

We support, heartily, the earlier proposals of the American National Cattlemen's Association which seek to include canned and cooked beef products tonnages. Further, it would seem that the 10% "override" in the existing law provides too much room for growth at a time when our producers are making an earnest attempt to get domestic supply in line with effective demand.

Your efforts to give our industry proper consideration are, indeed, appreciated.

Sincerely,

MARTIN F. STRATE, *Executive Secretary.*

WASHINGTON CATTLE FEEDERS ASSOCIATION,
Sunnyside, Wash., June 5, 1968.

Re meat import legislation, H.R. 9475.

Hon. WILBUR MILLS,
Chairman, Ways and Means Committee,
House of Representatives, Longworth House Office,
Washington, D.C.

DEAR MR. MILLS: We strongly urge that the beef imports law passed in 1964 be strengthened to the extent that it may become effective in accomplishing the purpose for which it was intended. The cattle industry accepted PL 88482 as better than nothing, or as a step in the right direction. The ineffectiveness of the law in its present form has been demonstrated to the industry month after month for the last three and one-half years.

On the West Coast and Northwest, we are particularly vulnerable to an accelerated influx of foreign beef. You have the facts and figures supplied by the U.S. Department of Agriculture and these figures reveal the alarming story, but not all of it.

What they do not tell is the economic disaster to the industry that is bound to come through the necessity of producing more and more for less and less.

The tendency is to expand in order to survive in face of increasing costs in all directions—taxes, interest, labor, machinery, living, etc., and this is coming at a time when the cattle industry is working hard to bring about a cut-back in production in order to bring stability to a presently unhealthy business.

To allow ever increasing imports in the face of an attempt at self control by the industry is to force defeat of any effective method of adjusting supply to demand at a fair price to both producer and consumer.

This bending over backwards to give so-called protection to the consumer has certainly been overplayed and has gone far enough. Such political tactics are unrealistic and a disservice to the American people. That a healthy, sound livestock industry in our country is vital, cannot be disputed. If the country is forced out of the beef producing business because of inability to compete with foreign producers, *then* you could see $2.00 per lb. hamburger and $4.00 per lb. steak in the meat counter.

We might point out one additional factor that perhaps has not been considered before and that is the terrific fire hazard that could be created by unused ranges and grazing lands.

To sum up a few basic facts:

1. The beef industry is not asking for higher protective tariffs, nor for an embargo or ban against foreign meat. We are asking for a chance to stabilize our own industry by legislation to prevent the erratic influx of beef to our shores. This involves reasonable quotas on a quarterly basis. These foreign imports should be held to an exact known figure which would aid in their own production projections and allow our industry to do the same. The season or months when we have light supplies of manufacturing beef is well known to the industry. These quotas should be geared to those months.

2. Another aspect that has been pointed out many times during these past three and one-half years is that the base established by import levels during 1959 to 1963 was unrealistic. The average established during 1958 to 1962, if used as a base, would be a little less generous but one that the industry could better live with.

3. Canned, cooked and cured meats must be included in future quotas.

4. Foreign meat purchased by the Armed Forces abroad must be included in the quotas, as they are replacing domestic purchases.

5. The American people must not become dependent on foreign production for one of the basic necessities in the diet of the American people. The consequences of such dependency need no elaboration.

This legislation involved in HR 9475 is vital to the survival of the cattle industry in the United States, and we urgently request your immediate consideration of the problems raised by the pending legislation.

Very truly yours,

C. A. COURTRIGHT, *President.*

WASHINGTON CATTLEMEN'S ASSOCIATION, INC.,
Ellensburg, Wash., June 14, 1968.

Re meat import legislation, H.R. 9475.

CLERK, WAYS AND MEANS COMMITTEE,
House of Representatives,
Washington, D.C.

GENTLEMEN: The Washington Cattlemen's Association goes on record as being in complete agreement with the following statement submitted by the Washington Cattle Feeders Association and strongly urges its consideration:

"We strongly urge that the beef imports law passed in 1964 be strengthened to the extent that it may become effective in accomplishing the purpose for which it was intended. The cattle industry accepted PL 88482 as better than nothing, or as a step in the right direction. The ineffectiveness of the law in its present form has been demonstrated to the industry month after month for the last three and one-half years.

On the West Coast and in the Northwest, we are particularly vulnerable to an accelerated influx of foreign beef. You have the facts and figures supplied by the U.S. Department of Agriculture and these figures reveal the alarming story, but not all of it.

What they do not tell is the economic disaster to the industry that is bound to come through the necessity of producing more and more for less and less. The tendency is to expand in order to survive in face of increasing costs in all directions—taxes, interest, labor, machinery, living, etc., and this is coming at a time when the cattle industry is working hard to bring about a cut-back in production in order to bring stability to a presently unhealthy business.

To allow ever increasing imports in the face of an attempt at self control by the industry is to force defeat of any effective method of adjusting supply to demand at a fair price to both producer and consumer.

This bending over backwards to give so-called protection to the consumer has certainly been overplayed and has gone far enough. Such political tactics are unrealistic and a disservice to the American people. That a healthy, sound livestock industry in our country is vital, cannot be disputed. If the country is forced out of the beef producing business because of inability to compete with foreign producers, *then* you could see $2.00 per pound hamburger and $4.00 per pound steak in the meat counter.

We might point out one additional factor that perhaps has not been considered before and that is the terrific fire hazard that could be created by unused ranges and grazing lands.

To sum up a few basic facts:

1. The beef industry is not asking for higher protective tariffs, nor for an embargo or ban against foreign meat. We are asking for a chance to stabilize our own industry by legislation to prevent the erratic influx of beef to our shores. This involves reasonable quotas on a quarterly basis. These foreign imports should be held to an exact known figure which would aid in their own production projections and allow our industry to do the same. The seasons or months when we have light supplies of manufacturing beef is well known to the industry. These quotas should be geared to those months.

2. Another aspect that has been pointed out many times during these past three and one-half years is that the base established by import levels during 1959 to 1963 was unrealistic. The average established during 1958 to 1962, if used as a base, would be a little less generous but one that the industry could better live with.

3. Canned, cooked and cured meats must be included in future quotas.

4. Foreign meat purchased by the Armed Forces abroad must be included in the quotas, as they are replacing domestic purchases.

5. The American people must not become dependent on foreign production for one of the basic necessities in the diet of the American people. The consequences of such dependency need no elaboration.

This legislation involved in HR 9475 is vital to the survival of the cattle industry in the United States, and we urgently request your immediate consideration of the problems raised by the pending legislation.

Very truly yours,

JOHN WOODARD, *President.*

AMERICAN SCOTCH HIGHLAND BREEDERS' ASSOCIATION,
Edgemont, S.Dak., June 29, 1968.

Representative WILBUR MILLS,
Chairman of the House Ways and Means Committee,
House Office Building,
Washington, D.C.

DEAR MR. MILLS: At the 17th Annual Convention of the American Scotch Highland Breeders' Association held June 24th at Wall, So.Dak. the membership renewed their stand against the high level of Beef Imports into the United States.

We would like to urge you and your Committee to support H.R. 9475, which would strengthen the Import Quota Law on beef.

A favorable Committee Report on this bill would be greatly appreciated.

Sincerely,

MARGARET MANKE, *Secretary.*

AMERICAN-INTERNATIONAL CHAROLAIS ASSOCIATION,
Houston, Tex., June 5, 1968.

Hon. WILBUR D. MILLS,
U.S. House of Representatives,
Washington, D.C.

DEAR SIR: Realizing that present legislation enhances an erratic and market-disrupting flow of beef imports into this country, the board of directors of the nation's fourth largest beef breed has repeated its policies concerning these imports in the following resolution:

"Whereas, the importation of foreign beef produced at a small fraction of the cost of production of domestic beef poses a threat to the survival of the commercial cattleman under the present imposed quotas due to the fact that the whole years quota may hit our market at a time when our supply of grass beef is high, and

Whereas, hearings began this week in the Ways and Means Committee of the United States House of Representatives on a bill sponsored by the American National Cattleman's Association, to correct this possibility, and further correcting the present law;

Now therefore, the board of directors of the American-International Charolais Association with a national membership in excess of 6,100 at its regular Spring Board of Directors Meeting held at Hershey, Pennsylvania, June 1, 1968, unanimously recommended to the Congress of the United States the passage of this bill at this session."

Your support of this pending legislation not only is needed but is necessary for a continued strong American beef industry.

Sincerely,

J. SCOTT HENDERSON, *Executive Secretary.*

CERTIFIED LIVESTOCK MARKETS ASSOCIATION,
Kansas City, Mo., July 3, 1968.

Re: H.R. 9475.

Hon. WILBUR D. MILLS,
Chairman, Ways and Means Committee, House of Representatives,
Washington, D.C.

DEAR CHAIRMAN MILLS: The industry trade association of 840 competitive livestock market businesses throughout the nation takes this opportunity of expressing its full and complete support of H.R. 9475 in keeping with the positions expressed to your committee by the American National Cattlemen's Association and the National Livestock Feeders Association on this important legislation.

This position is emphasized by events of the past week making up the Livestock Marketing Congress. As an industry-wide forum in which over 1000 persons took part and widely representative of the livestock market businesses and related industry, views were expressed over the importance of the provisions of this bill in relation to the entire economy. Opinions were voiced and expressed predominantly in favor of this legislation and the need that exists for enactment of it.

I am pleased to enclose a Fact Sheet in respect to the Livestock Marketing Congress with further details as to the scope and purpose of the event. [In committee files.]

It provided a platform where Mr. Bill House, President of the American National Cattlemen's Association and Mr. Charles Phelps, President of the National Livestock Feeders Association formally appeared and elaborated upon the position of both those organizations as expressed to your committee. Those positions were fully endorsed and supported.

Your individual efforts on behalf of the nation's cattle and beef industry are recognized and acclaimed by the industry, and its marketmen in particular. We pledge our full and continuing support to you in your yeoman efforts.

Very truly yours,

C. T. 'TAD' SANDERS, *General Manager.*

PUBLIC LANDS COUNCIL,
Washington, D.C. May 27, 1968.

Hon. WILBUR D. MILLS,
Chairman, Ways and Means Committee,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: Your support of HR 9475—the bill to amend the Meat Import Act of 1964, has received widespread recognition and warm appreciation among western stockgrowers, lending institutions and other businessmen dependent upon a sound American livestock industry.

I have just returned from a swing through several of the western states, including attendance at the 84th annual convention of the Montana Stockgrowers Association. These people are much in need of the reassurance that the Congress of the United States will seek to sustain the viability of the American livestock industry with respect to the American market by the reduction of less wholesome foreign meat imports into this country.

The Public Lands Council, representing thousands of users of Federal range lands, urges your continued support until the objectives of HR 9475 are achieved.

With all good wishes to you personally,

Sincerely,

JOSEPH H. TUDOR,
General Counsel.

UNITED STATES SENATE,
COMMITTEE ON THE JUDICIARY,
Washington, D.C., July 2, 1968.

Hon. WILBUR MILLS,
Chairman, House Ways and Means Committee,
Washington, D.C.

DEAR MR. CHAIRMAN: Enclosed is a resolution adopted by the Premier Santa Gertrudis Association favorable to the enactment of H.R. 9475 and S. 1588, which I ask to be included in the record of your hearings on tariff and trade proposals now being held.

Your courtesy in this matter is appreciated.

Sincerely,

ROMAN L. HRUSKA,
U.S. Senator, Nebraska.

Enclosure

RESOLUTION

At a meeting of the Board of Directors of Premier Santa Gertrudis Association held in Waco, Texas, at 3:00 o'clock p.m. on Sunday, May 26, 1968, the following resolution was adopted unanimously by the Board of Directors.

The Premier Santa Gertrudis Association, recognizing that the national welfare is threatened by the unfavorable trade balance existing between the United States of America and the remainder of the world, and

Further recognizing that the value of the United States dollar is being adversely affected by the excess of imports over exports flowing into the United States of America, and

Further recognizing that the United States Department of Agriculture reports that during the year 1968 more than one billion pounds of foreign meat will be imported into the United States of America, and

Further recognizing that such meat imports are not necessary for the proper nutrition of the citizenship of the United States of America for the reason that the livestock industry of the United States of America possesses the obvious and adequate capability of producing all of the nutritional needs for meat of all the people of the United States of America and make such meat available at a price that can easily be paid by the citizenship of the United States of America in the existing economy from time to time:

Now, Therefore, Be It Resolved that the Premier Santa Gertrudis Association does hereby express its full and unqualified support for HR9475, previously introduced by the Honorable Representative Wilbur Mills, Congressman from

the State of Arkansas, such House Bill amending the meat import law of 1964, and do further state our unqualified support for a similar and identical bill having been introduced previously by Senator Roman Hruska of the State of Nebraska, and do by this resolution urge the earliest possible passage of HR9475 and its counterpart as may exist in the Senate.

And Be It Further Resolved that the President and Secretary of the organization are instructed to furnish copies of this resolution to be filed in Congressional Hearings commencing June 4, 1968, and to all other interested persons.

The above and foregoing resolution was unanimously adopted by the Board of Directors of the Premier Santa Gertrudis Association on Sunday, May 26, 1968, to which the undersigned hereby certifies.

M. ALLEN ANDERSON,
President, Frisco, Tex.

Attest:

COULTER HOPPESS,
Secretary, Bryan, Tex.

MENDOCINO COUNTY FARM BUREAU,
Ukiah, Calif., June 19, 1968.

HON. WILBUR D. MILLS,
Chairman, Ways and Means Committee,
House Office Building, Washington, D.C.

DEAR MR. MILLS: The production of livestock is one of California's major industries. Today this industry is hit by inflation and spiraling taxes, labor costs, limited and increased government grazing fees, plus the dumping of foreign meats into our ports. This dumping of foreign meats at irregular intervals is jeopardizing the production of United States meats.

The livestock industry is capable of feeding our United States population in time of emergency, if the flow of foreign meats into our ports were regulated, so as not to disrupt the markets.

We must not jeopardize the consumer by loss of United States livestock industry, thus reducing American housewife supply of meats to foreign imports.

Please support Bill H.R. 9475.

Thank you.

Sincerely yours,

MAYME WILLIAMS, *Secretary.*

SNOW AND COMPANY,
South Pasadena, Calif., June 6, 1968.

Chairman WILBUR D. MILLS,
U.S. House of Representatives,
Washington, D.C.

DEAR HONORABLE MILLS: I want to take this occasion in writing to you to express certain thoughts and personal conclusions that bear upon the considerations that your committee is now giving to HR 9475.

I feel that it is terribly important that some amendments be made to the Meat Import Act of 1964 as they may relate to the function of the quota arrangements under this law. As you undoubtedly know, the cattle industry has accepted and continues to accept the idea of allowing foreign meat importations for the obvious reasons expressed at the time of this legislation which would encourage beneficial foreign trade. However, the cattle industry has a worthwhile objective in attempting to restrict the imports to reasonable levels and even more importantly to regulate the flow of these imports for the purpose of avoiding distruption of our meat marketing system.

I can testify as one individual that operates a cattle producing ranch that for too many years it has been a losing business venture. Even under optimum conditions and the highest efficiency one is unlikely to be able to reach a break even point. If a ranch is so located as to be blessed with unusual gifts by nature it might be possible to achieve some profit.

This poor economic condition has also been true in other segments of the industry. Consequently, we are particularly sensitive to the volume of meat imports and it can be said with certainty the irregular importations of meat has definitely been harmful to the price obtainable for our products. Several times

during each year over the past several years the imports have been extremely heavy in volume. The price of all cattle have been effected with a downward movement, and the unfortunate result is that this depressed condition is in the market place for longer that it should be because of the peaking of many inventories as a result of periodic large volume imports. If the same amount was handled on an even flow basis the U.S. cattleman would be definitely aided in his gross returns.

It seems only sensible and fair that efforts by our government to stimulate export of certain American commodities, whose over supply is often the result of poor government planning, should not be taken without careful consideration of the effects on domestic industry when foreigners in response to our export needs respond with demands for access to American markets.

I hope your committee will review this matter carefully and adjust the inequities that are apparent of the law and its functions. I urge affirmative action on H.R. 9475.

Sincerely yours,

H. R. SNOW.

HOUSE OF REPRESENTATIVES,
Washington, D.C., June 3, 1968.

Hon. WILBUR D. MILLS, M.C.,
Chairman, House Committee on Ways and Means,
Washington, D.C.

DEAR CHAIRMAN MILLS: I'm enclosing testimony from George L. Hays of Copeland, Idaho, and his wife, the President of the Idaho Cow Belles, relative to meat imports.

I would appreciate your cooperation in seeing that this testimony is entered as part of the official record of the hearings on tariff and trade proposals beginning tomorrow.

Thank you for your attention and cooperation.

Sincerely yours,

JAMES A. MCCLURE, M.C.

Enclosures.

THE IDAHO COW BELLES,
Copeland, Idaho, May 22, 1968.

Hon. JAMES A. MCCLURE,
Representative, First District, Idaho,
Washington, D.C.

DEAR REPRESENTATIVE MCCLURE: Thank you for sending the notification of the public hearings on "Meat Imports" to be held by the House Ways & Means Committee.

As the Auxiliary to the Idaho Cattlemen's Association, who pledged by Resolution Number One at its most recent annual convention, to support all work of the Idaho Beef Council—the Idaho Cow Belles are whole-hearted and by statewide legwork, supporting the Idaho Beef Council's aggressive anti-import (beef) campaign initiated by the Oregon Beef Council in the northwest region of the USA.

Just last week I served on a Cow Belle public relations and beef education panel in Yakima, Washington, at the Washington State Cattlemen & Cow Belles spring convention; representing the American National Cow Belles for Mrs. Russell Larsen of Kimberly, Idaho. Both Mrs. Clarence McBride, Washington Cow Belle President, and I, concur fully with Mrs. Burt Schroder, Oregon Cow Belle President (also at the meeting) in her views that from a health view point, our domestic beef is 100% inspected; and there is no assurance of such rigid inspection for imported beef. She further states that in Oregon alone 10% of all beef consumed is foreign beef, to the tune of $12,000,000 (twelve million dollars) LOSS to the Oregon beef producers. The national average of consumption of imported beef runs from 6% to 8%, so of course we are "going after" foreign beef; our livelihood is at stake!

Sincerely,

MRS. GEORGE L. HAYS, *President.*

To: Chairman WILBUR D. MILLS (Committee on Ways and Means)
Statement of: George L. Hays, Mission Creek Angus Ranch, Copeland, Idaho
Subject: Meat Imports and the Impact on the Small Cattle Producer

In 1962 Congress surrendered its power to control imports to the Executive Department through the G.A.T.T. Against repeated efforts by cattle people and their organizations, Congress went right ahead with the recommendations of the U.S.D.A. and passed a deplorable bill that does allow 970 million pounds of boneless beef into the U.S. yearly. In 1965 the Commerce Department attacked the export of hides, citing an impending shortage of leather, this caused an immediate loss of 4 to 5 cents per pound on livestock. This restriction was not removed until the U.S. hide market had been lost and over production piled up in the U.S. to further drop cattle market prices.

The U.S.D.A. has continuously depressed prices with gilt-edged talk about how good things are down on the farm, and with their desire to supply cheap food to the consumer.

It would take a cut back of at least 50% in imports to restore prices that would be favorable to the family farm or ranch. And Congress does not seem to understand the plight; it is unfortunate that the old cow-man cannot strap on his six shooter and head for Washington, en masse, since Congress now-a-days understands militancy.

Unless Congress is willing to assume the responsibility as given to it by the Constitution in regard to commerce, instead of giving it to the State Department, the USDA, and the Commerce Department—we, the people are getting what we deserve in electing today's Congressmen.

GEORGE L. HAYS.

MOIOLA BROS.,
Brawley, Calif., May 22, 1968.

Re: H.R. 9475.

Hon. WILBUR D. MILLS, *Chairman*
Hon. JAMES B. UTT, *Member*
Hon. CECIL R. KING, *Member*,
House Ways and Means Committee, Washington, D.C.

GENTLEMEN: We would like to present for your consideration the following reasons why the Meat Import Act of 1964 should be amended.

1. The importance of the Cattle Industry to the American economy; we live here and help support our local, state and federal governments through the taxes we pay; we add to the economy through the purchase of supplies and materials produced by American businesses; we employ other Americans, who, in turn, spend their wages locally and also pay taxes. The people who work for us are not taking part in demonstrations and poverty marches; they are not on welfare or any other form of government supported programs.

2. America is the greatest food producing country in the world. However, it is not inconceivable that Americans could one day wake up hungry if enough farmers and cattlemen give up the fight to compete with foreign imports. The American food producers are constantly, at great expense, seeking better methods for producing the finest food for our consumers' tables; we must conform to government regulations and pass government inspections designed to protect the consumers food supply. We wonder who supervises the production and packing of meats in foreign countries? How strict are their laws? Who sees that their laws, if any, are enforced? Are the American consumers protected from the slaughter and shipping of diseased animals?

3. Meat imports for the month of January, 1968 alone totaled 125.5 million pounds. At this rate, in one year 1,506,000,000 pounds are imported. Transfer these pounds to dollars and you can readily see what an impact this lost business has on the domestic cattle industry in lost profits, lost wages and lost taxes. What do we get in return from the foreign country? Is it worth it?

4. Our governmeent is concerned about the Balance of Payments deficit; monies paid to the American cattlemen for their meat is in turn paid out to other Americans for American products, to employees who live in America; this money stays here and circulates and regenerates more business. Is this not important?

We urge you to give first consideration to the domestic meat producer, his employees, and to our own country in all hearings with respect to the proposed amendment of the meat import act.

Very truly yours,

LAWRENCE MOIOLA, *Partner.*

STATEMENT OF IRA H. NUNN, COUNSEL, NATIONAL RESTAURANT ASSOCIATION

Mr. Chairman and members of the Committee, my name is Ira H. Nunn. I am the Washington Counsel for the National Restaurant Association. This association has 14,000 members of its own and through its affiliation with 137 state and local restaurant associations it speaks for 110,000 eating and drinking establishments in all parts of the country. The National Restaurant Association includes among its members all types of food service industry—all types of institutional feeding as well as restaurants, cafeterias, drive-ins, etc., of the usual kinds.

Our purpose in coming here, Mr. Chairman, is to address ourselves to one part only of the various proposals your Committee has under consideration at this time, that is, to the proposal further to restrict the importation of fresh, chilled and frozen beef.

Our appearance is entirely in the interest of the consumer. Should the importation of foreign beef be further restricted, there is no doubt that the price of hamburgers and sausages to the consumer would rise. So far as I know, the proponents of the proposal to restrict imports make no other claim.

The food service industry which my association represents is the single largest purchaser of food in the Nation. Our industry buys, prepares, and passes on to the ultimate consumer 25 percent of all the food this country consumes. The American housewife is the laregst consumer of food, our industry is next in volume, the United States Government is third. One out of every four meals eaten by Americans today is eaten away from home.

It is the hamburger business which stands to lose most if the importation of beef is further restricted. The "hot dog" business would feel the effect as well. Let us look at the "away-from-home", that is, the restaurant consumption of hamburgers.

Leaving military consumption out of account, we learn from the Market Economics Division of the U.S. Department of Agriculture that 4,464,000,000 pounds of hamburger was consumed in the United States in 1965. Of this 3,468,000,000 pounds or 77.7 percent, were consumed at home and 996,000,000 pounds, or 22.3 percent were consumed away from home.

The total retail value of this hamburger consumed in 1965 was $2,431,000,000. The value of that consumed at home was $1,734,000,000, or 71.3 percent. The value of that consumed away from home was $697,000,000, or 28.7 percent.

So the food service industry is a large customer and consumer of hamburger and has an abiding interest in the subject of your inquiry.

Some of the proposals which you have before you would roughly cut in half the amount of foreign beef which might legally come into this country. The result of this would be to increase the cost of hamburgers to the consumer by a varying but very substantial amount depending upon location and other factors affecting marketing.

I submit, Mr. Chairman and Gentlemen, that this result would come about without doing anyone any good, not the cattlemen, not the packers, certainly not the housewife or any other consumer. No one would benefit. We would succeed only in raising our prices and we would do great violence to the economy of two of our most valued allies in the Viet Nam war, namely, Australia and New Zealand. We have all too few allies in Viet Nam now, Mr. Chairman. Practically all fresh and chilled and frozen beef imported into the United States comes from Australia, New Zealand or Ireland. I make no comment upon the effect these restrictions would make upon our international trade. That has been discussed before your Committee at considerable length.

In reality, Mr. Chairman, this imported beef does not compete in a literal sense with domestic beef. Almost no grain fed beef is imported to our country. Almost all of the imports consist of lean grass fed beef. Thus, lean beef is used in manufacturing—principally hamburger and frankfurters. It is mixed with domestic meat and with the surplus fat stripped from roasts and steaks and thus made into hamburger or other products which may be sold at prices lower than the roasts and steaks produced domestically. The presence in our market of this lean meat from abroad actually stimulates the market for our excess fat. When sold for rendering, the excess fat brings about five cents a pound. When sold for mixing in hamburger, it brings about 45 cents a pound.

It is said by the proponents of this measure, Mr. Chairman, that ground beef competes with higher-priced beef because when a housewife chooses hamburger she fails to buy roast or steak. This is not the case. When a housewife buys hamburger she does it either because her family, especially the children, prefer

it, or because she cannot afford the higher priced roasts and steaks. If the price of hamburger has been driven up, she will not turn to higher priced meats. The lady will buy spaghetti or baked beans, or perhaps poultry or fish—depending on the price at the time.

And, quite apart from such matters all of which indicate that protection is not really necessary at all, there is a very good regulation in existence now which will provide protection if imports get out of hand and protection should be needed. I refer to the Meat Import Quota Law (Public Law 88-482, approved August 22, 1964). If imports grow to exceed 110 percent of the average of the five year period 1959-63, known as the "trigger point," limitations will be applied. Very recent estimates made by the Secretary of Agriculture and published in the Federal Register of October 4, 1967 (Vol. 32, No. 192, Page 13825) indicate that estimated imports of cattle meat, goat meat and sheep meat (except lambs) for the calendar year 1967 will aggregate only 860 million pounds as against a "trigger point" of 904.6 million pounds. The importation of foreign meat is not running high.

Protection is not necessary, Mr. Chairman, and if it were, the law has provided for it.

In behalf of the National Restaurant Association which I represent, I extend thanks for your courtesy in giving attention to our point of view.

STATEMENT OF RONALD WRIGHT, PRESIDENT, CANNED MEAT IMPORTERS ASSOCIATION

MEMBERS OF THE CANNED MEAT IMPORTERS ASSOCIATION

The Canned Meat Importers Association is composed of the following eight U.S. corporations:

Berns & Koppstein, Inc., New York, New York
C.A.P Sales Corp., New York, New York
International Packers, Ltd., Chicago, Illinois.
Red Line Commercial Co., Inc., New York, New York
Sampco, Inc., Chicago, Illinois
Tillie Lewis Foods, Inc., Division of Ogden Corp., Stockton, California
The Tupman Thurlow Co., Inc., New York, New York
Transmundo Company, New York, New York

QUOTAS ON CANNED, PRESERVED, AND COOKED FROZEN BEEF ARE UNNECESSARY AND UNDESIRABLE

A. The subject products are not produced commercially in the U.S.

Canned, cooked frozen and preserved beef are not produced commercially in the U.S. and therefore there is no domestic product to be protected by the imposition of quotas.

Beef production is generally divided into two categories "table beef" and "manufacturing beef". Table beef, as the name suggests, is the meat which appears on the American dinner table in the form of well marbled steaks and roasts. It is the product of feed lot cattle, which are finished prior to slaughter by grain feeding. "Manufacturing beef" is produced from lean grass-fed cattle. The beef products imported from Argentina, Brazil, Paraguay and Uruguay are produced with the manufacturing type of beef which is domestically in short supply.

Because of the growing U.S. population and ever increasing consumer income the demand for high quality "table beef" has increased dramatically. As a result, an increasing percentage of the total U.S. beef production has turned to fed beef. Mr. John Larsen, of the U.S. Department of Agriculture, has commented on this trend:

"Changes in beef output by grade have reflected the trend of an increasing proportion of higher quality beef produced as a result of the expansion of the cattle feeding industry. Fed beef output has nearly quadrupled in the post-war years and accounted for most of the gain in total beef production during this period. Twenty years ago, fed beef accounted for a little more than a third of the country's beef output. Last year, about two-thirds of the beef produced was fed beef." [1]

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[1] "Beef Production by Class and Grade", John Larsen, ERB-ESA, ~~AMS-155~~, May 1967, p. 33.

In the United States, manufacturing beef is produced almost entirely from cows, and the domestic production has become a by-product of the dairy industry. The prospects are for a continued decline in percentage of U.S. production of cow beef.

Domestic production of cow beef in 1966 was only 3.9 billion pounds, in comparison to a production of some 4.5 billion pounds in 1956.[2]

Dr. DeGraff, President of the American Meat Institute, has said:

"In 1955 when our population was 165 million persons, we had a domestic output of 4.5 billion pounds of cow and bull beef (i.e., manufacturing beef). This amounted to 27 pounds per capita. In 1963, with a population of 190 million people, we had a domestic production of 2.8 billion pounds of cow and bull meat—or 14 pounds per capita—almost a 50 percent decline on a per capita basis. Even with 1.5 billion pounds of manufacturing-type beef imported last year, we still have an aggregate supply (domestic plus imported) of .5 billion pounds less than the aggregate in 1955—and 15 percent less per person of our population . . ."[3]

B. Domestic processors depend upon our products for reprocessing

These products are not produced commercially in the U.S. and are essential to U.S. processors. Canned corned beef is a highly nutritious, versatile and economical product and a standard ready-to-eat favorite particularly among the lower-income families, whether for consumption at home, or at work in the factory or field.

Domestic processors used canned corned beef as a basic ingredient in the manufacture of canned corned beef hash, long a favorite dish of Americans, children and adults alike. Corned beef hash is an important item in the menus of schools, restaurants, hospitals and many other charitable institutions. Cooked frozen beef for many years has been used in the domestic production of soups and has in the past four years become increasingly important to the growing frozen food industry in products such as packaged dinners and pies.

United States manufacturers of canned corned beef hash, frozen beef dinners, beef pies and other similar products have become dependent upon the South American beef imports because this type of beef is not available in sufficient quantities from the domestic industry. To impose quotas on these imports would simply deny American consumers and food processors basic commodities upon which they depend. Any such quota would cause market disruption and lead to underemployment of workers in these domestic industries and tend to cause economic waste in American capital investment, both in the United States and South America, in the productive facilities engaged in the manufacture of these basic commodities.

C. The imports of canned, preserved and cooked frozen beef do not justify quotas

Total imports of the subject products have always been small. They have been substantially less than one percent (1%) of the total U.S. production of beef and veal over the last seven years, as shown on the following page.

The imposition of quotas on any product is a drastic economic measure which should be enacted, if at all, only when the quantity of imports has reached such an amount that there is an unquestionable need for this drastic remedy. President Johnson has said: "A nation restricts imports only at the risk of its own exports . . . restriction begets restriction."[4]

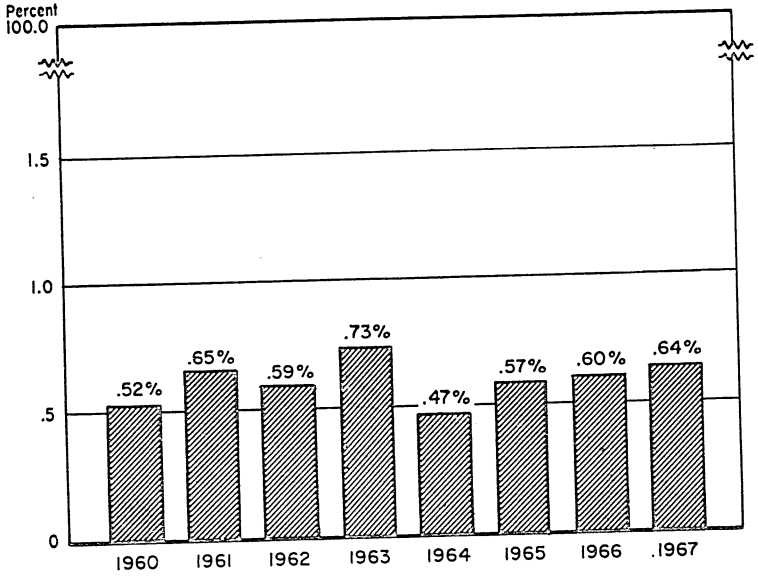
We submit that quotas on our products are not justified. In fact, even the National Livestock Feeders Association finds that there is no present justification for quotas on cooked, cured and canned products, and they specifically refrain from requesting them. "Pending legislation . . . does not establish, and we do not suggest, specific quotas for . . . cooked, cured and canned products." At most, this Association suggests discretionary quotas ". . . if . . . (they are) necessary to prevent unwarranted increases . . ."[5] This amounts to a request for legislation on the basis of speculative estimates of the future.

It has been argued that discretionary quotas on canned, cooked and cured beef imports, are necessary to prevent circumvention of other quotas by canning or otherwise utilizing "loopholes." We submit that the traditional imports of canned, cooked frozen and preserved beef from South America do not and cannot enter through "loopholes." These products are the only meat imports allowed from South America and have been sold in the United States for more than forty years.

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[2] Ibid., at p. 35.
[3] Dr. DeGraff, speech to National Livestock Conference, March 15, 1964.
[4] *The Washington Post*, May 28, 1968.
[5] Statement of National Livestock Feeders Association, June 4, 1968, p. 20.

IMPORTS FROM SOUTH AMERICA
OF
CANNED, COOKED FROZEN AND CURED BEEF & VEAL
PERCENT OF TOTAL U.S. PRODUCTION



Source: Appendix 2

In 1967 imports of the subject products from South America amounted to some 135 million pounds. On the other hand, the United States' total meat production was more than 21 billion pounds. Thus, these imports were less than 7/10 of 1% of the U.S. production. Nor was 1967 an unusual year. Historically, canned, preserved and cooked frozen beef has always been substantially less than one percent (1%) of the U.S. production of beef and veal.[6]

D. Quotas on canned, preserved and cooked frozen beef would injure lower income consumers

Quota restrictions on South American beef would not benefit the domestic beef cattle industry, which has not met the demand of manufacturing beef. However, quotas would affect the consumer who can least afford to pay the price of such restrictions. A consumer who cannot buy canned corned beef certainly will not buy steak.

Corned beef hash, frozen dinners, frozen meat pies, soups, all products for which domestic processors utilize South American beef, are staple foods which

[6] See Appendix 2.

contribute to a balanced diet at economy prices. To restrict imports of a basic commodity used in the manufacture of these products will not further the interests of domestic cattle raisers who offer no comparable substitute. The consumer who can least afford it, both in terms of income and nutrition, should not be required to assume a burden which serves no purpose.

THE IMPOSITION OF QUOTA RESTRICTIONS ON OUR PRODUCTS WOULD RUN DIRECTLY COUNTER TO THE ANNOUNCED TRADE POLICIES OF THE UNITED STATES, ESPECIALLY AS THEY APPLY TO LATIN AMERICA

It is a long accepted principle of United States foreign policy to encourage the economic development of Latin America. This policy is well illustrated by the recent GATT (General Agreement on Trade and Tariffs) negotiations and in the OAS (Organization of American States) and the Alliance for Progress. Indeed the security of the United States and the Western Hemisphere may depend upon the development of economies capable of substantial growth and controlling inflation.[7]

At the close of the Punta del Este conference, the Presidents of the member states of the OAS, including President Johnson, agreed "to refrain from introducing or increasing tariff or non-tariff barriers that affect exports of developing countries, taking into account the interests of Latin America." The Presidents of the member states also promised "to provide incentives and make available financial resources for the industrialization of agricultural production, especially through . . . the promotion of exports of processed agricultural products." [8]

The introduction of a quota restriction on classifications of meat over 95% of which are imported from South America would be a complete reversal of this policy, which was announced again as recently as April 1967. Nor would there be any logic in reducing tariffs on certain of the meat classifications which are the subject of this Statement (as in fact will be done by virtue of the June 1967 negotiations on GATT) if at the same time the United States imposes a quota on imports of the identical products.

From the point of view of foreign trade rather than aid, it is clearly advantageous for the United States to encourage private investment in the countries of South America rather than to make additional outright grants. Yet, when the countries in question do not ask for foreign aid dollars but only request a chance to compete freely in the United States market, imposition of quotas denying them free access to historic markets would be a reversal of the sound policy of self-help and private investment rather than foreign aid.[9]

In Argentina, Brazil, Paraguay and Uruguay, the cattle business is a significant factor in the national economy.

These countries have been encouraged to make substantial investments in equipment and modernization of plants to process beef to meet the requirements of the United States market. The curtailment of the present exports of beef from these countries would run directly counter to trade policies the United States has long encouraged and would result in a serious blow to their economies.

The National Consumer League said to this Committee:

"It should be our national policy to support the suggestion made by the President at Punta del Este in favor of a generalized, non-discriminatory program of support for developing countries designed to strengthen their export position, thus contributing towards the stable growth of their economies and a rise in the level of living for their populations. Imposition of quotas on the import of canned and frozen cooked beef from Latin America for example, would not only be a severe blow to the economies of our South American allies, but would be directly contrary to the trade policies of the United States as embodied in the Alliance for Progress . . ." [10]

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[7] A recent study prepared for the Subcommittee on American Republics Affairs of the Committee on Foreign Relations of the United States Senate examined the seriousness of inflation in Latin America and found that proper trade policies can aid in the solution of this problem. "Study of the Alliance for Progress—Inflation in Latin America," September 25, 1967.

[8] "Declaration of the Presidents of America," Sections III, 5 and IV, 7 (April 14, 1967), published in The Department of State Bulletin, Vol. LVI, No. 1454, pp. 717, 718, May 8, 1967.

[9] In its testimony before this Committee on June 11, 1968, the National Grange said: "We favor the general policy of continuing a positive program to help the developing nations improve their agricultural productive capacities and self-help programs. . . ." Page A–2.

[10] Testimony of National Consumers League, June 11, 1968, p. 2.

CONCLUSION

In conclusion, we submit that quotas on canned, preserved and cooked frozen beef will injure domestic processors and lower income consumers, needlessly impair U.S. trade relations, damage the economies of Argentina, Brazil, Paraguay and Uruguay, all without benefit to domestic cattle producers.

APPENDIX 1

The products in question are covered by Tariff Schedule Items 107.40, 107.45, 107.50, 107.55 and 107.6040.

Tariff schedule item [1]	Tariff description	General description	Uses in United States	Percent of beef imports from South America in 1967
107.50	Beef prepared or preserved in airtight containers.	Canned beef, principally corned beef.	Retail sales; also used by U.S. producers in corned beef hash.	73.38
107.55 107.6040	Other beef and veal: Prepared and processed.	Cooked frozen beef	Processed by U.S. producers into frozen dinners, frozen meat pies, soups, etc.	25.81
107.40 107.45	Cured or pickled beef and veal	Dried beef, etc	Retail sales	.81

[1] 1967 TSUSA imports, U.S. Department of Commerce. Bureau of the Census, Foreign Trade Report No. FT 246, table 2. None of the listed classifications apply to beef sausages, canned or otherwise.

APPENDIX 2

BEEF AND VEAL

Year	U.S. production (thousands of pounds)	Our imports	
		Pounds (in thousands)	Percent of U.S. production
1960	15,862,000	82,460	0.52
1961	16,369,000	106,090	.65
1962	16,337,000	97,159	.59
1963	17,382,000	126,351	.73
1964	19,466,000	91,334	.47
1965	19,744,000	111,995	.57
1966	20,635,000	123,390	.60
1967	21,010,000	134,968	.64

Source: Statistics of Livestock and Meat Products Division, U.S. Department of Agriculture.

STATEMENT OF GEORGE R. VAIL, PRESIDENT, MORTON FROZEN FOODS DIVISION, CONTINENTAL BAKING COMPANY, AND VICE PRESIDENT AND DIRECTOR OF CONTINENTAL BAKING COMPANY

Continental Baking Company and its Morton Frozen Foods Division respectfully submit that any further restrictions or limitations on the importation of cooked or frozen beef would not be in the public interest.

Expert testimony is being given by the Meat Importers Council, the Meat Trade Institute, and the Coordinating Committee of Food Industries of New York. I thoroughly concur in these arguments and ask that they be given earnest consideration. I shall not duplicate this testimony, but rather would like to point out what such restrictions could mean to my own company, and to the consumers who purchase its products.

The Morton Division of Continental Baking Co. uses millions of pounds of beef annually, much of which is imported from Argentina in the form of cooked beef.

If it had to substitute domestic raw beef for imported Argentine cooked beef, it would require millions of additional pounds, because of the higher moisture content of domestic raw beef. Morton also imports millions of pounds of raw carcass beef from Australia and New Zealand annually. The increase in the cost of the domestic raw beef, plus the need to purchase the additional tonnage, would cost Morton about $5 million annually at current prices.

Proposals for import restrictions at this time do not seek to shut off the supply of imported beef completely, but any restrictions would affect processing and manufacturing costs. These costs would have to be passed on to the consumer—and in many cases to those consumers who can least afford them. The imported cooked beef is used by Morton and other frozen prepared food processors primarily for comparatively low-cost foods such as pot pies and frozen dinners which afford an inexpensive and nutritious basis for family diets. Other companies use the imported beef for chopped beef, canned corned beef and similar products which again are in the lower price range.

It is difficult to estimate how many familes now using these economical foods would feel forced to discontinue their use due to the inevitable rise in price, but the number would unquestionably be significant. Also, many would be denied the chance to purchase these products because of the artificially created shortage of these grades of beef. An inevitable result would be decreased employment in the manufacturing industries.

This does not allow for the anticipated sharp escalation in price which would be caused by the artificial shortage of manufacturing beef. The supply of manufacturing beef is severely limited in this country. Between 1955 and 1963, production of domestic manufacturing beef fell from 4.5 billion pounds a year to 2.8 billion pounds, or from 27 pounds to 14 pounds per person. Unquestionably the per capita figure is lower today. The increased demand caused by a restriction on imports would make it difficult, if not impossible, for supplies to catch up with demand.

In general, it may be said that these proposals are inflationary, and would cost consumers, particularly those in the low income brackets, millions of dollars. The protective impact of the proposals would be negligible, since the imported meat products—primarily cooked beef—of which I am speaking, are not produced in this country, and manufacturing beef, as I have pointed out, is in critically short supply. And such a reduction in imports would be a blow to the economies of the exporting countries, many of which are badly out of balance. Retaliatory measures would be sure to follow.

For these reasons, and the many others which have been advanced by the food experts appearing before your committee, and whose knowledge of the situation is broader than my own, I submit that any imposition of quotas or tariffs would result in inflated food prices and serious set-backs to the food processing industry, without materially benefiting domestic producers.

THE SMITHFIELD PACKING CO., INC.,
Smithfield, Va., June 10, 1968.

Mr. JOHN M. MARTIN, Jr.,
Chief Counsel, Committee on Ways and Means,
House of Representatives, Washington, D.C.

DEAR SIR: Our Company uses a quantity of imported meats from Australia, New Zealand and Central America. We buy boneless beef and boneless mutton, all of which is used in the processing of luncheon meats, wieners, bologna, etc.

At the present time, if we were not able to purchase these foreign meats, I do not believe that we would be able to purchase enough boneless beef and mutton in this country to continue making the quantities of these products we are now making.

You understand that the only meats we import are the boneless canner and cutter or the low grade beef and mutton.

We certainly hope there will be no change in the laws concerning the import of this product.

Yours very truly

G. R. CRAWFORD,
Executive Vice President.

MEAT-O-MAT INC.,
Brooklyn, N.Y., June 12, 1968.

Mr. JOHN M. MARTIN, Jr.,
Chief Counsel, Ways and Means Committee,
House Office Building, Washington, D.C.

DEAR SIR: More than 80% of my business is dependent on the availability of imported beef. If my source of supply was cut off or even curtailed I would be compelled to go out of business.

There is not enough local beef of the type needed for my products to allow me to continue to operate. The local supplies that are available to me are inferior and much higher in price than imported meat.

In the past, when bills of this nature were presented, whether they became law or not, the prices of imported beef were increased. This was due to the insecurity generated amongst our allies. The countries which produced this meat were compelled to look for other markets elsewhere because of the uncertainty. This shortened the supply available in the U.S. and forced prices up.

At a time like this, when our country appears to be in a "mess", our legislators should be concentrating on solutions rather than creating problems for our nation in order to benefit a special interest minority.

Respectfully yours,

N. FRIEDSON.

OCOMA FOODS CO.,
Omaha, Nebr., May 31, 1968.

Re H.R. 9475 and S. 1588 (import quota bills).

Hon. WILBUR D. MILLS,
Chairman, House Ways and Means Committee, House Office Building,
Washington, D.C.

(Attention Mr. John M. Martin, Jr.),

DEAR SIR: Ocoma Foods Company is a consumer of 1,500,000 lbs. of commercial grade beef in its processing and marketing of convenience dinners and meat pies. These are both foods which are processed with the propose of providing the American consumer with a low-cost product. Ocoma Foods Company purchases imported beef because of the difference in quality and cost of such beef from that which is domestically produced.

Accordingly, Ocoma hereby makes this objection to HR. 9475, and S. 1588 and other proposals to amend Public Law 88–482 S. 2, to reduce the annual quota of the allowable importation of beef from 725,400,000 pounds to 585,500,000 pounds. The avowed purpose of this proposed legislation is to increase the demand for domestic cattle. However, we have determined that the supply of commercial grade beef is insufficient to make available such meat at a cost which is sufficiently low to maintain a price for the product which is acceptable to the ultimate consumer. We question whether the supply of domestic commercial grade beef will be available after the passage of the proposed legislation in sufficient quantities to meet the demand thus created for such product. Is the present price of domestic beef now so low that it is producing a burden to the meat industry?

Ocoma has discovered that it is necessary to utilize commercial grade beef in processing its food products because such grade produces a better finished product than a higher grade beef. It has been determined that when higher grade beef is used, the processing results in serious deterioration to the meat.

Ocoma has also discovered that domestically produced commercial grade beef produces more waste than imported beef. As a result the cost of domestic beef to a food processor, is higher. Of course, the initial cost of domestic beef to a food processor is higher than the cost of imported beef.

An an example, let us examine the relative costs between domestic and imported beef or use in convenience dinners produced by Ocoma Foods Company. Inasmuch as the imported beef is purchased in a cooked state, the costs have been adjusted to reflect the cooking process for domestic meat:

COMMERCIAL GRADE BEEF

	Per pound
Domestic	$1.17
Imported	.93

This results in a difference in the finished product of $.49 per dozen between domestic beef and imported beef.

In the case of meat pies processed by Ocoma Foods Company, the relative costs are as follows:

COMMERCIAL GRADE BEEF

	Per pound
Domestic	$1.05
Imported	.58

This results in a difference in the finished product of $.35 per dozen pies between domestic and imported beef.

It is submitted that the increased cost resulting to the food processors by restricting the importation of beef from foreign markets will result in a higher cost of the finished product to the consumer at a time when prices are a major problem to the American consumer. We suggest that this restriction upon the importation of beef will result in further price escalation, thus increasing the inflationary difficulties under which our Country is presently struggling.

Respectfully submitted,

HAROLD J. WENDT,
Vice-President, Production.

The CHAIRMAN. We turn now to the subject matter of aluminum. Mr. Mitchell, if you will identify yourself for us and those at the table with you, we will be glad to recognize you, sir.

STATEMENT OF JOHN M. MITCHELL, ALUMINUM ASSOCIATION; ACCOMPANIED BY MONROE LEIGH, COUNSEL, INTERNATIONAL POLICY COMMITTEE

Mr. MITCHELL. Thank you. Mr. Chairman and distinguished members of the committee, my name is John M. Mitchell. I am executive vice president of the Aluminum Co. of America. I appear here today on behalf of the Aluminum Association. Mr. Chairman, I may note in passing that I had the privilege of serving under Presidential appointment as a member of the Public Advisory Committee for Trade Negotiations during the Kennedy round.

I have with me today Mr. Monroe Leigh, counsel, International Policy Committee of the Aluminum Association. I introduce him.

The CHAIRMAN. Glad to have both of you with us; and, Mr. Mitchell, if you have to omit any part of your prepared statement in order to comply with the time limit, do so with the knowledge that the entire statement will appear in the record.

Mr. MITCHELL. Yes, sir.

The CHAIRMAN. You are recognized, sir.

Mr. MITCHELL. The Aluminum Association, Mr. Chairman, is grateful to the Committee on Ways and Means for this opportunity to present its views on aspects of U.S. foreign trade policy. There are 77 members of the Aluminum Association. One member of the association takes exception to parts of this statement and accordingly has filed a separate statement and is presenting his own oral testimony to your committee.

The major differences between the association and this member company grew out of a bilateral trade proposal which this company made during the testimony before the Trade Information Committee on April 8, 1968.

The objections to that proposal are contained in the statement issued May 20, 1968, by the association's foreign trade committee which is the

predecessor of the international policy committee. A copy of that statement is hereby submitted for your record.

The CHAIRMAN. It will be included in the record at the conclusion of your statement. (See p. 3358.)

Mr. MITCHELL. Thank you, Mr. Chairman. In order to conserve the committee's time may I ask permission to file a complete text and merely highlight recommendations at this time.

The CHAIRMAN. You have that permission. Go right ahead.

Mr. MITCHELL. Starting with the ruling principle that the association favors continued liberalization of world trade on a truly reciprocal basis, the principal points that we recommend, based on the past experience and anticipated future requirements of the aluminum industry, can be summarized as follows:

1. The general objective of U.S. trade policy should be the creation and maintenance of world market conditions that permit true international competition on a business basis. This means competition based on differences in business skills and judgments, and on more efficient use of resources, rather than on differences resulting from national economic or political policies. Nontariff barriers and other practices or devices which distort or prevent such international business competition should be minimized, eliminated, or offset.

2. Tariffs on aluminum products should be harmonized at the lowest level possible. In this regard, an unresolved problem is the increased disparity between United States and European Economic Community tariffs on aluminum ingot which resulted from the Kennedy round. There is also significant disparity between the United States and the EEC with respect to semifabricated aluminum products.

3. Industry sector negotiations—an approach which was undertaken in a tentative way in the Kennedy round—are recommended as more suitable to the complex and diverse character of aluminum foreign trade than are conventional negotiations which deal simultaneously with many industries.

4. Effective and uniform international antidumping standards and procedures are prerequisites to healthy international business competition. A realistic definition of dumping is needed—a definition that weeds out anticompetitive practices and does not exclude competition by suppliers whose home market prices are higher than those prevailing in other markets.

5. The key to aluminum market development is the industry's continued research and promotional efforts at home and abroad. More equitable foreign trade conditions are needed to permit this developmental work to continue.

6. Recognition must be given to the fact that when governmental restraints are placed on capital outlays for foreign investments essential to competitive foreign operations, they are also likely to inhibit United States aluminum exports. The adverse effects of these restraints are certain to be felt if the mandatory controls on foreign investment are not relaxed at an early date.

Mr. Chairman, the above recommendations are based on characteristics common to the aluminum industry both in the United States and abroad:

The major aluminum companies of the free world have substantial and growing foreign investments that are greatly affected by such factors as market access, power costs and availability of resources.

Marketing and sales activities are becoming increasingly international. Approximately 30 percent of the free-world aluminum production enters into international trade.

A major restraint on the healthy expansion of the aluminum industry worldwide is insufficient market development here and abroad where there is considerable opportunity for it. The United States leads the world in per capita consumption of aluminum, while aluminum usage abroad, and especially in the EEC, is comparatively low.

The U.S. aluminum industry is convinced that the future has an abundant potential for market expansion both at home and abroad, with corresponding potential for expansion of international trade and investment. The existence of various types of trade barriers is inimical to the interest of the aluminum industry worldwide in that such trades barriers restrain the development of markets and the expansion of demand which are essential to growth; and distort the rational and economic pattern of investment and production with the resultant misallocation of economic resources.

The basic recommendation of the Aluminum Association with respect to trade policy is that the United States should seek to establish conditions of equal access to markets for aluminum. There is no justification for differences in tariff rates and other trade restrictions among the major industrial countries of the free world. The U.S. aluminum industry recommends that equal access to markets should be at the lowest level of tariffs possible. However, we would also point out that an inherent aspect of the equal access principle is that if other major aluminum trading countries or trading blocs, particularly the EEC, are not prepared to reduce their aluminum tariffs, then we should be prepared to adjust ours upward in order to achieve equal access. The trade agreements program, including the Trade Expansion Act of 1962, has since its conception contained authority for the President to negotiate upward adjustments in tariffs. Such authority should not only be continued but also exercised when necessary to accomplish the objective of equal access.

The Kennedy round negotiations produced mixed results with respect to aluminum foreign trade. Most aluminum tariffs of the major industrial nations were lowered. In some cases, the gap between the generally lower U.S. tariffs and usually higher foreign tariffs was narrowed. However, there were important instances in which the gap was widened. This was especially true with respect to the EEC which, after the United States, is the largest market for aluminum in the world.

It is particularly significant that the most important U.S. objective with respect to aluminum tariffs—a reduction in the EEC ingot tariff—was not realized in the Kennedy round. Ingot is the largest product group involved on either the import or the export side of aluminum foreign trade. The EEC aluminum ingot tariff remains today, as before the Kennedy round, at 9 percent. The only change was the replacement of previous year-to-year 5 percent tariff quotas for individual member countries of the EEC with a "bound" EEC

quota of 130,000 tons at the same 5 percent rate; this bound tariff quota is less than the pre-Kennedy round year-to-year quotas. On the other hand, the U.S. aluminum ingot tariff was reduced by 20 percent. The Kennedy round worsened the U.S. tariff position in aluminum ingot, as against the EEC. Before the Kennedy round, the EEC tariff was 60 percent higher than the U.S. tariff. After the Kennedy round changes, it will be at least double the U.S. tariff.

Another subject that should be considered is industry sector negotiations. During the Kennedy round negotiations, it became apparent to some, including the Director-General of GATT, Mr. Eric Wyndham-White, that special progress in dealing with foreign trade problems could be made in "certain sectors of industrial production." He pointed out more specifically that this should be the case in industries "characterized by modern equipment, high technology and large scale production, and by the international character of their operations and markets * * *"

These are the characteristics of the aluminum industry that make sector negotiations especially advantageous and feasible for dealing with aluminum foreign trade problems of both tariff and nontariff types.

Proposals have been made from time to time for the elimination of duties on aluminum on what amounts to a bilateral basis between the United States and Canada. Two proposals having such effect are current. One would provide for a free-trade arrangement with Canada limited to aluminum. The second would permit duty-free entry into the United States of those products, regardless of source, for which Canada is the dominant supplier to the United States.

Clearly, such proposals would be inconsistent with the principle of equal access among all major trading countries. On the contrary, the effective disparities between United States and overseas tariffs would be increased. Both proposals would be inimical to the interest of the U.S. aluminum industry.

Moreover, a free-trade arrangement in aluminum only would be contrary to the GATT as well as to U.S. law, since it would violate the unconditional most-favored-nation principle.

What the North American aluminum industry both in Canada and in the United States needs is freer access to the markets of the rest of the world, and this objective would simply not be served and indeed would be prejudiced by such arrangements.

Sector negotiations should make it possible to capitalize on the industry's special characteristics. The opportunities for negotiating meaningful trade relationships among "aluminum" countries become lost in the larger arena of a typical GATT "round."

This is especially the case when an industry is still growing, and growing worldwide. Under such conditions, meaningful trade negotiations should be geared to future prospects rather than to historical statistics, as they must be in negotiations as diverse as a GATT round.

One of the advantages of the sectoral approach is that it permits the identification of all barriers to trade, both tariff and nontariff, which affect the movement of goods in international trade in an industry such as the aluminum industry.

Some of these nontariff barriers can be isolated and dealt with in the context of a particular sectoral negotiation. An example is that

of the Canadian antidumping procedures. Others, which are more general in application, are border taxes, export subsidies and buy-national policies.

Unlike tariffs, nontariff barriers are not susceptible to easy quantification or even to comparison on a country-by-country basis. Special problems will arise with regard to the techniques and standards which the Congress will use in authorizing the President to enter into nontariff barrier negotiations, should a prior delegation of authority be indicated.

Clearly, there are formidable problems, but these should not overshadow the importance of getting on with the task of negotiating in this area.

Another nontariff barriers issue—one that has been receiving increasing attention at home—is that of import quotas. The interest of the Aluminum Association in this subject derives from the fact that aluminum foreign trade takes place in the same economic and political climate as does other U.S. foreign trade. Thus, major developments in other industries also affect aluminum foreign trade conditions. For example, the United States-EEC Kennedy round controversies over agriculture undoubtedly added to the U.S. negotiators' difficulties in dealing with the EEC on aluminum.

Similarly, the current efforts of some domestic industries to obtain import quotas are bound to influence the policies and practices of those nations which feel that such quotas would restrict their sales in the quota-protected markets.

Many of the quota-sensitive countries also export aluminum products to the United States and, to some degree, are markets for U.S. aluminum exports.

Should import quotas be established by the United States for other major domestic industries, fairness would require safeguards for the U.S. aluminum industry from the possible repercussions of such quota action. Aluminum tariffs are low here, and there are virtually no tariff barriers to keep imports out. Without appropriate safeguards, foreign nations seeking dollar exchange, but kept out of other product markets in the United States by quotas, might concentrate disproportionately on selling in the readily accessible aluminum markets here. This type of import, stimulated by frustration elsewhere rather than by regular business competition, would not make for healthy foreign trade in aluminum.

When national interest or the basic health of an essential industry does require the intervention of governmental regulation, it should be as temporary and flexible as possible. Accordingly, limitations on imports should not take the form of fixed "ceilings" over extended periods.

Mr. Chairman, again we are grateful to you and the committee for the opportunity to present the Aluminum Association's views on this vital subject.

Thank you.

(Mr. Mitchell's prepared statement follows:)

STATEMENT OF JOHN M. MITCHELL, THE ALUMINUM ASSOCIATION

My name is John M. Mitchell, Executive Vice President of the Aluminum Company of America. I appear here today on behalf of the Aluminum Associa-

tion. I may note in passing that I had the privilege of serving under Presidential appointment as a member of the Public Advisory Committee for Trade Negotiations during the Kennedy Round.

The Aluminum Association* is grateful to the Committee on Ways and Means for this opportunity to present its views on aspects of U.S. foreign trade policy. The Committee's announcement of these hearings invited comment on a comprehensive list of issues which include the proposals of the Administration embodied in H.R. 17551. Our presentation will not deal specifically with provisions of this legislation, however, except to note that the Association favors continued liberalization of world trade on a truly reciprocal basis. Instead, we should like to discuss those items on the agenda that relate to the techniques of trade negotiations and problems of trade barriers, and we shall deal with them principally from the vantage point of aluminum industry conditions and developments.

A fundamental consideration in what will follow is that the problems of foreign trade policy have become incomparably more complex and subtle than they were when the Reciprocal Trade Agreements program was first initiated in 1934, or indeed than they were just two decades ago. The basic objectives of United States foreign trade policy remain valid: to seek the continued liberalization of world trade policies and the development of consistent programs to advance the expansion of world trade. At this juncture, however, it is important to use deal with the real problems of trade expansion and which exploit its real opportunities.

BASIC RECOMMENDATIONS

The principal points that we recommend, based on the past experience and anticipated future requirements of the aluminum industry, can be summarized as follows:

1. The general objective of United States trade policy should be the creation and maintenance of world market conditions that permit true international competition on a business basis. This means competition based on differences in business skills and judgments, and on more efficient use of resources, rather than on differences resulting from national economic or political policies. Non-tariff barriers and other practices or devices which distort or prevent such international business competition should be minimized, eliminated, or offset.

2. Tariffs on aluminum products should be harmonized at the lowest level possible. In this regard, an unresolved problem is the increased disparity between United States and European Economic Community tariffs on aluminum ingot which resulted from the Kennedy Round. There is also significant disparity between the United States and the EEC with respect to semi-fabricated aluminum products. The harmonization of these tariffs is essential as one step towards more equitable aluminum foreign trade conditions.

3. Industry sector negotiations—an approach which was undertaken in a tentative way in the Kennedy Round—are recommended as more suitable to the complex and diverse character of aluminum foreign trade than are conventional negotiations which deal simultaneously with many industries.

4. Effective and uniform international antidumping standards and procedures are prerequisites to healthy international business competition. A realistic definition of dumping is needed—a definition that weeds out anticompetitive practices and does not exclude competition by suppliers whose home market prices are higher than those prevailing in other markets.

5. The key to aluminum market development is the industry's continued research and promotional efforts at home and abroad. More equitable foreign trade conditions are needed to permit this developmental work to continue.

6. Recognition must be given to the fact that when governmental restraints are placed on capital outlays for foreign investments essential to competitive foreign operations, they are also likely to inhibit United States aluminum exports. The adverse effects of these restraints are certain to be felt if the mandatory controls on foreign investment are not relaxed at an early date.

CHARACTERISTICS OF THE ALUMINUM INDUSTRY

The above recommendations are based on characteristics common to the aluminum industry both in the United States and abroad:

*See Appendix A for description and list of members.

1. The major aluminum companies of the free world have substantial and growing foreign investments that are greatly affected by such factors as market access, power costs and availability of resources. The existence of trade barriers is an important consideration in investment decisions because of their bearing on market access. Investment that has taken place in the less developed countries because of the availability of bauxite and low-cost power can only be viable as access to markets in the developed countries is assured. Thus, market access is vital both to the North American aluminum industry and to operations located in less developed countries.

2. Marketing and sales activities are becoming increasingly international. Approximately 30% of free-world aluminum production enters into international trade. United States exports of aluminum have risen rapidly over the past decade and considerable new market potential abroad exists, although it continues to be restrained by various types of trade barriers.

3. A major restraint on the healthy expansion of the aluminum industry worldwide is insufficient market development abroad where there is considerable opportunity for it. The United States leads the world in per capita consumption of aluminum, while aluminum usage abroad, and especially in the EEC, is comparatively low.

The importance of market development is underlined by the fact that the major free-world primary aluminum producers do not enjoy significant competitive advantages, one over the other aside from those created by variations in governmental policies. Further, technology is widespread and generally available. It follows that aggressive market development cannot fail to benefit all producers; therefore, it is shortsighted to maintain or adopt trade restrictions that inhibit this development.

The United States aluminum industry is convinced that the future has an abundant potential for market expansion both at home and abroad, with corresponding potential for expansion of international trade and investment. The existence of various types of trade barriers is inimical to the interest of the aluminum industry worldwide in that such trade barriers:

(a) restrain the development of markets and the expansion of demand which are essential to growth; and

(b) distort the rational and economic pattern of investment and production with the resultant misallocation of economic resources.

HARMONIZATION OF TRADE BARRIERS TO ACHIEVE EQUAL ACCESS

The existence of different levels of tariffs and unequal trade barriers among major aluminum producing countries is dangerous and unwarranted. Differences in tariff and trade restrictions result in the husbanding of uneconomic production facilities. With capital costs in the aluminum industry high, there is considerable incentive to produce at maximum productive capacity. As a result, the disposal of excess production in periods of oversupply can cause considerable disruption in the markets of low-tariff countries while high-tariff countries remain protected. The United States is especially vulnerable to such tactics because it maintains exceedingly low tariffs and has virtually no other restrictions on imports of aluminum. Because of the size of the United States market, which is in major part a result of the market development efforts of the domestic aluminum industry, the United States is a natural dumping ground for foreign aluminum without having the same ease of entry into major foreign markets, notably the EEC.

The basic recommendation of The Aluminum Association with respect to trade policy is that the United States should seek to establish conditions of equal access to markets for aluminum. There is no justification for differences in tariff rates and other trade restrictions among the major industrial countries of the free world. The United States aluminum industry recommends that equal access to markets should be at the lowest level of tariffs possible. However, we would also point out that an inherent aspect of the equal access principle is that if other major aluminum trading countries or trading blocs, particularly the EEC, are not prepared to reduce their aluminum tariffs, then we should be prepaed to adjust ours upward in order to achieve equal access. The trade agreements program, including the Tade Expansion Act of 1962, has since its conception contained authority for the President to negotiate upward adjustments in tariffs. Such authority should not only be continued but also exercised when necessary to accomplish the objective of equal access.

The Kennedy Round negotiations produced mixed results with respect to aluminum foreign trade. Most aluminum tariffs of the major industrial nations were lowered. In some cases, the gap between the generally lower United States tariffs and usually higher foreign tariffs was narrowed. However, there were important instances in which the gap was widened. This was especially true with respect to the EEC which, after the United States, is the largest market for aluminum in the world. These instances are identified and discussed in Appendix B to this statement.

As indicated in Appendix B, it is particularly significant that the most important United States objective with respect to aluminum tariffs—a reduction in the EEC ingot tariff—was not realized in the Kennedy Round. Ingot is the largest product group involved on either the import or the export side of aluminum foreign trade. The EEC aluminum ingot tariff remains today, as before the Kennedy Round, at 9%. The only change was the replacement of previous year-to-year 5% tariff quotas for individual member countries of the EEC with a "bound" EEC quota of 130,000 tons at the same 5% rate; this bound tariff quota is less than the pre-Kennedy Round year-to-year quotas. On the other hand, the United States aluminum ingot tariff was reduced by 20%. The Kennedy Round *worsened* the United States tariff position in aluminum ingot, as against the EEC. Before the Kennedy Round, the EEC tariff was 60% higher than the United States tariff. After the Kennedy Round changes, it will be at least *double* the U.S. tariff.

SECTOR NEGOTIATIONS

Another subject that should be considered is industry sector negotiations. During the Kennedy Round negotiations, it became apparent to some, including the Director-General of GATT, Eric Wyndham-White, that special progress in dealing with foreign trade problems could be made in "certain sectors of industrial production". He pointed out more specifically that this should be the case in industries "characterized by modern equipment, high technology and large-scale production, and by the international character of their operations and markets . . ." These are the characteristics of the aluminum industry that make sector negotiations especially advantageous and feasible for dealing with aluminum foreign trade problems of both tariff and nontariff types. Although the implementation of any decisions must be compatible with the trade policies of the participating nations, considerable progress could be made through sector negotiations towards eliminating intra-industry difficulties, distortions and misunderstanding on a worldwide basis.

Proposals have been made from time to time for the elimination of duties on aluminum on what amounts to a bilateral basis between the United States and Canada. Two proposals having such effect are current. One would provide for a free-trade arrangement with Canada limited to aluminum. The second would permit duty-free entry into the United States of those products, regardless of source, for which Canada is the dominant supplier to the United States. Clearly, such proposals would be inconsistent with the principle of equal access among all major trading countries. On the contrary, the effective disparities between United States and overseas tariffs would be increased. Both proposals would be inimical to the interest of the U.S. aluminum industry. Moreover, a free-trade arrangement in aluminum only would be contrary to the GATT as well as to United States law, since it would violate the unconditional most-favored-nation principle. What the North American aluminum industry both in Canada and in the U.S. needs is freer access to the markets of the rest of the world, and this objective would simply not be served and indeed would be prejudiced by such arrangements.

During the Kennedy Round, United States negotiators were much better informed on aluminum than during previous GATT negotiations. They maintained better lines of communication with the industry and devoted considerable time and effort to the aluminum tariff problem and its ramifications. It became evident, however, that to deal with the complex details of a number of industries as well as agricultural products simultaneously during these negotiations was unrealistic and unfair to the negotiators as well as to the industries involved.

Sector negotiations should make it possible to capitalize on the industry's special characteristics. The opportunities for negotiating meaningful trade relationships among "aluminum" countries become lost in the larger arena of a typical GATT "round". This is especially the case when an industry is still

growing, and growing worldwide. Under such conditions, meaningful trade negotiations shoud be geared to future prospects rather than to historical statistics, as they must be in negotiations as diverse as a GATT round.

The sector approach increases the possibility of making trade policy more relevant and responsive to the industry's market prospects. In the case of aluminum, with its many multinational companies, it should be possible to create a trade policy that makes maximum use of, and reflects, the interrelationship between imports, exports, foreign operations and market development, both at home and abroad.

NONTARIFF BARRIERS

One of the advantages of the sectoral approach is that it permits the identification of all barriers to trade, both tariff and nontariff, which affect the movement of goods in international trade in an industry such as the aluminum industry. Some of these nontariff barriers can be isolated and dealt with in the context of a particular sectoral negotiation. An example is that of the Canadian antidumping procedures.* Others, which are more general in application, are border taxes, export subsidies and buy-national policies. For the future, some of the most fruitful areas of international trade negotiation will be those involving nontariff barriers. The great variety of these nontariff barriers, and the fact that a number of them arise out of the domestic policies of the countries applying them, suggest that coping with them effectively will require considerable sophistication and the use of techniques that are quite different from those applicable to tariffs.

Unlike tariffs, nontariff barriers are not susceptible to easy quantification or even to comparison on a country-by-country basis. Special problems will arise with regard to the techniques and standards which the Congress will use in authorizing the President to enter into nontariff negotiations, should a prior delegation of authority be indicated. Clearly, there are formidable problems, but these should not overshadow the importance of getting on with the task of negotiating in this area.

One nontariff barrier on which the Aluminum Association would like to offer specific comment, is the subject of antidumping. Even before the Kennedy Round began, the Association advocated negotiating an international antidumping convention embodying uniform international standards and procedures for dealing with dumping. An antidumping convention was negotiated as part of the Kennedy Round, and effective subscription to it by other countries should help to remove a substantial nontariff barrier affecting export of aluminum by the United States.

We continue to maintain, however, as we have in the past, that a new definition of dumping is required which is oriented to conditions and prices in the affected markets rather than the home market. The concept of a fair price is a function of the conditions of competition prevailing in the foreign markets in which the article is being sold rather than in the home market.

IMPORT QUOTAS

Another nontariff barrier issue—one that has been receiving increasing attention at home—is that of import quotas. The interest of The Aluminum Association in this subject derives from the fact that aluminum foreign trade takes place in the same economic and political climate as does other United States foreign trade. Thus, major developments in other industries also affect aluminum foreign trade conditions. For example, the United States-EEC Kennedy Round controversies over agriculture undoubtedly added to the United States negotiators' difficulties in dealing with the EEC on aluminum. Similarly, the current efforts of some domestic industries to obtain import quotas are bound to influ-

*The effect of the Canadian antidumping procedures has been to greatly restrict U.S. exports of aluminum to Canada. We hope this situation will be alleviated now that Canada is a signatory to the International Dumping Code negotiated concurrently with the Kennedy Round. It should be noted, however, that legislative action by the Canadian Parliament is required to conform internal Canadian law to the provisions of the new international code. This is most unlikely to happen prior to the July 1, 1968, deadline date established by the code. The dissolution of Canada's Parliament earlier this year puts off the legislative action required to implement the new international code until after a new Parliament is elected. Nobody can predict at this time when the new Parliament will consider this matter. But, even assuming Parliament acts, the question still remains as to what the new Canadian procedure will be and how it will be administered.

ence the policies and practices of those nations which feel that such quotas would restrict their sales in the quota-protected markets.

Many of the quota-sensitive countries also export aluminum products to the United States and, to some degree, are markets for United States aluminum exports. Quota action for other United States industries could thus have a two-way effect on United States aluminum foreign trade: (a) heavier imports of aluminum or aluminum-containing products into the United States than the domestic market could absorb in healthy fashion, and (b) more difficulty in maintaining or expanding United States exports of aluminum or aluminum-containing products.

Should import quotas be established by the United States for other major domestic industries, fairness would require safeguards for the United States aluminum industry from the possible repercussions of such quota action. Aluminum tariffs are low here, and there are virtually no tariff barriers to keep imports out. Without appropriate safeguards, foreign nations seeking dollar exchange, but kept out of other product markets in the United States by quotas, might concentrate disproportionately on selling in the readily accessible aluminum markets here. This type of import, stimulated by frustration elsewhere rather than by regular business competition, would not make for healthy foreign trade in aluminum.

Because of the pressure of governmental policies, we can no longer take for granted that the international market place can make adjustments rapidly enough or sufficient to assure healthy competition or the most efficient utilization of natural and human resources. Nevertheless, trade policy should favor, as much as possible, reliance on business competition, rather than on governmental regulation.

When national interest or the basic health of an essential industry does require the intervention of governmental regulation, it should be as temporary and flexible as possible. Accordingly, limitations on imports should not take the form of fixed "ceilings" over extended periods.

It may prove necessary, in specific instances, to place temporary and reasonable limits on market participation by imports when disparate national policies undermine the conditions of international business competition. However, competing domestic and foreign suppliers should have the incentive and opportunity to increase their shipments to a market, and even to increase their share of that market. The emphasis should be on flexibility and on providing the opportunity to stimulate, and participate in, market growth.

Mr. Chairman, again we are grateful to you and the Committee for the opportunity to present The Aluminum Association's views on this vital subject.

APPENDIX "A"

NATURE OF THE ALUMINUM ASSOCIATION

The Aluminum Association is a non-profit, unincorporated organization composed of companies within the United States engaged in the production and fabrication of aluminum. The Aluminum Association was organized in 1935 to promote the general welfare of the aluminum industry, its members, and all others affected by it, and to increase the usefulness of the industry to the general public. As of the present time, the Association is comprised of 77 members accounting for 100 percent of the primary aluminum production in the United States and manufacturing roughly 80 percent of the country's semi-fabricated aluminum products. The following companies are members:

Acme Aluminum Foundry Company
Alcan Aluminum Corporation
Alloys and Chemicals Corporation
All-State Welding Alloys Co., Inc.
Aluminum Limited, Incorporated
Aluminum Casting & Engineering Co.
Aluminum Company of America
Aluminum Extrusions, Inc.
Amax Aluminum Company
American Aluminum Casting Co.
Anaconda Aluminum Company
Anaconda Wire & Cable Company
Archer Products, Inc.
The Arcola Wire Company
Capitol Products Corporation
The Castings Corporation
Clendenin Bros. Inc.
Cliff Manufacturing Company
Club-Monarch Aluminum Division
Collyer Insulated Wire Company
Consolidated Aluminum Corp.
Continental Copper & Steel Industries, Inc.
Copperweld Steel Company

Dirilyte Company of America, Inc.
The Dow Chemical Company
Eastern Casting Corporation
Ekco Packaging
Fischer Casting Company, Inc.
Foote Mineral Company
General Cable Corporation
Great Northern Mfg. Corp.
Harvey Aluminum (Incorporated)
The Harvey Metal Corporation
Homeshield Industries Inc.
Howe Engineering Co., Inc.
Howmet Corporation
Independent Nail, Inc.
Intalco Aluminum Corporation
Kagan-Dixon Wire Corporation
Kaiser Aluminum & Chemical Corp.
McCannalloy Division, Hills McCanna Company
Miami Extruders, Inc.
Mideast Aluminum Corp.
Midwest Aluminum Corporation
Minalex Corporation
National-Standard Company
New Jersey Aluminum Extrusions Company, Inc.
New York Wire Company
Nichols Alúminum Company
Oberdorfer Foundries, Inc.
The Okonite Company
Olin Mathieson Chemical Corp.
The Pacific Coast Company
Permold, Inc.
Phelps Dodge Aluminum Products Corporation
Phifer Wire Products, Inc.
Republic Foil Inc.
Revere Copper and Brass Inc.
Reynolds Metals Company
Ross Pattern & Foundry, Inc.
Saramar Aluminum Company
Schick Products, Inc.
Scovill Manufacturing Company
Simplex Wire & Cable Company
Solon Industries, Inc.
Sonken-Galamba Corporation
Southwire Company
Stranahan Foil Company, Inc.
Texas Aluminum Company, Inc.
Triangle Conduit & Cable Co., Inc.
United Smelting & Aluminum Company, Inc.
U. S. Reduction Company
V.A.W. of America, Inc.
Wellman Dynamics Corporation
Wells Aluminum Corporation
Wolverine Tube Division of Calumet & Hecla Corp.
Wyman-Gordon Company

APPENDIX "B"

ALUMINUM TARIFF DISPARITIES IN THE KENNEDY ROUND

The Kennedy Round negotiations produced mixed results with respect to aluminum foreign trade. Most aluminum tariffs of the major industrial nations were lowered. The gap between the generally lower United States tariffs and usually higher foreign tariffs was narrowed. There were, however, disturbing exceptions.

1. *Ingot.*—Most significant is the fact that the single most important United States objective with respect to aluminum tariffs, a reduction in the E.E.C. ingot tariff, was not realized. Ingot is the largest product group involved on either the import or the export side of aluminum foreign trade. The E.E.C. aluminum ingot tariff remained undiminished at 9%. The only change was the replacement of previous individual country year-to-year 5% tariff quotas with a "bound" E.E.C. quota of 130,000 metric tons at the same 5% rate: over-quota imports are subject to the higher 9% duty.

This very limited action by E.E.C. contrasts with a 20% Kennedy Round cut in the United States ingot tariff, from 1¼¢ to 1¢ per pound. The reduced tariff of 1¢ per pound, expressed on an ad valorem basis, will amount to about 4½% at today's ingot price. If the price of ingot rises between now and January 1972, when the Kennedy Round cuts become fully effective, the United States tariff will be less than 4½% ad valorem.

The Kennedy Round worsened the United States tariff position in aluminum ingot, as against the E.E.C.:

[In percent]

	Before Kennedy round changes	After Kennedy round changes
EEC ingot tariff	9.0	9.0
U.S. ingot tariff	5.6	4.5

Thus, before the Kennedy Round changes, the E.E.C. tariff was 60% higher than the United States tariff. After the Kennedy Round changes it will be at least double the United States tariff.

This *widening* of the gap between the already higher E.E.C. external tariff and the already lower United States tariff serves only to interfere with the healthy development of international trade in ingot. This is particularly so because E.E.C. has been, and still is, a net *importer* of ingot. The tariff disparity creates artificial inducements to otherwise uneconomic E.E.C. ingot capacity expansion and unfairly inhibits the operation or construction of more economical ingot capacity elsewhere in the world.

2. Sheet, Rod and Bar.—Turning to the other major United States aluminum imports, a 20% Kennedy Round tariff cut was also made on sheet, circles, plate, rod and bar. The United States tariff on these products was already low before the Kennedy Round negotiations began: 2½¢ per pound, or 5.5% to 8.0% of dutiable value. The 20% Kennedy Round cut, to 2¢ per pound, brings the tariff on these semi-fabricated products down to an equivalent of 4.4% to 6.4% of dutiable value.

The E.E.C. tariffs for the same products were also reduced 20%, but they were higher than United States levels before the Kennedy Round and they will remain higher afterwards. The E.E.C. tariff was cut from 15% to 12% of dutiable value. With these post-Kennedy Round E.E.C. tariffs from 1.9 to 2.7 times as high as the United States tariffs, once again the United States aluminum industry finds itself at a substantial tariff disadvantage. This is especially important competitively since E.E.C. countries are the principal sources of United States imports of semi-fabricated aluminum products.

3. Extrusions, Cable and Pipe, etc.—The tariffs on products which historically accounted for a minor portion of United States aluminum imports were cut the maximum 50% authorized by the Trade Expansion Act of 1962.

The aluminum products in this category include all foil products (other than those which are not over .00035" thick and not over 55¢ per pound) extrusions and tubes, hollow cast extrusion ingot, cable, wire and powder. Most of these imports have been reported separately only since September 1963. Full year data are therefore available only since 1964.

Imports are already up sharply for many of these classifications during the past three years:

[Millions of pounds]

	1964	1967
Angles, shapes and sections (extrusions)	0.12	4.14
Cable (A.C.S.R.)	0.26	3.06
Pipe and tube	0.81	2.94

The pronounced rise of these imports over such a short period of time, rather than their volume as a share of the United States market, warrants attention. In addition, some special conditions which affect these imports should be taken into account.

In the case of the Angles, Shapes and Sections classification, presumably extrusions for the most part, the 1967 imports came almost entirely from Canada—3.89 out of the 4.14 million pound total. Of these Canadian shipments, over 92% (dollar value) were duty-free, $1,762,477 out of the $1,906,064 total. These represented government defense purchases and were exempt from duty. The question here, for the time being, is the predominance of duty-free imports—rather than the impact of the Kennedy Round cut in duty from 19 to 9½%.

Cable imports are almost entirely from West Germany and Yugoslavia. In 1967 these two countries, on almost an equal share basis, supplied over 85% of the cable imports. Once again, with West Germany operating after July 1, 1968 under the E.E.C. Common External Tariff, the cable tariff there will be cut less than here as a result of the Kennedy Round:

CABLE TARIFF

[In percent]

	Before Kennedy round	After Kennedy round
United States	15	7½
West Germany	19	12

The United States tariff disadvantage will thus be increased from a 4% gap to a 4½% gap. In the case of cable imports from Yugoslavia, there is the intricate problem of competing with state-owned industry. As these imports grow in volume the earlier question of groundrules for international competition becomes all the more relevant. Yugoslavia, for example, was the largest supplier of our rod, bar and wire imports as well as a close second in cable; it ranked third among the sources of all semi-fabricated aluminum products.

Canada supplied almost half of the 1967 pipe and tube imports (1.43 of the 2.94 million pound total). Over 90% ($985,241 of the $1,080,582 total) of these imports come in duty-free, presenting the same general question as was raised earlier in discussing Angles, Shapes and Sections imports. The next largest source of these imports was West Germany with 0.73 million pounds. Prior to Kennedy Round negotiations, the United States tariff and the E.E.C. Common External Tariff on pipe and tube were identical: 19%. As a result of the Kennedy Round, the United States tariff will be 9½% but the E.E.C. (including West Germany) tariff will be 12%, putting the United States at a tariff disadvantage.

4. Electrical Capacitor Foil.—Of particular concern in this group is the 50% cut in the United States tariff on light gauge foil for manufacture into paper condensers and high purity unetched, etched and formed foil for manufacture into electrolytic capacitors. While the import tonnage statistics on these technical foil imports are not impressive, they have risen sharply. Etched capacitor foil imports, for example, have almost doubled since 1964, totaling 329,000 pounds last year.

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Here is how this change affects the United States market and foreign trade picture. Less than half a dozen United States foil mills make, or are capable of rolling or etching, high purity foil for the manufacture of electrolytic capacitors. The etched product, which accounts for the bulk of these imports, is made in this country largely by technically oriented firms of limited size. Import competition necessarily falls especially hard on companies of this size and type.

France is the largest source of these imports, 147,967 pounds in 1967 with a dutiable value of $757,735 or $5.12 per pound. French exporters will, therefore, realize a tariff saving of 43.5¢ per pound on their sales in the United States market as a result of the Kennedy Round cuts. The next largest exporter to the United States is West Germany, with 115,273 pounds in 1967, valued at $301,838 or $2.62 per pound. Italy is the third largest with 42,450 pounds, valued at $126,949. The E.E.C. thus accounts for over 90% of the volume and over 95% of the dollar value of our etched capacitor foil imports.

The contrast between the effect of the United States tariff cut and that by France, the principal beneficiary of the United States cut, is startling and disturbing. France, as a member of the E.E.C. tariff bloc, will cut its capacitor foil tariff only 20%. The tariff rates thus show this difference:

[In percent]

	United States	France
Before Kennedy round	17.0	[1]15
After Kennedy round	8.5	12

[1] EEC common external tariff, effective July 1, 1968.

The United States and France thus reverse tariff positions. The United States had the higher tariff rate before the Kennedy Round; it will have the lower rate as a result of the Kennedy Round.

The practical result of this difference in tariff action becomes clearer when put on a dollars and cents basis. As noted earlier, the United States Kennedy Round cut from 17% to 8½% means a 43.5¢ per pound tariff savings on French exports to the United States (from 87¢ to 43.5¢ per pound). United States foil exporters will "enjoy" theoretically ** a 15.4¢ per pound tariff saving as a result of the French tariff dropping from 15% to 12% (from 76.8¢ to 61.4¢ per pound).

The net result is a reversal of the United States and French tariff positions. Before the Kennedy Round the United States tariff was 10.2¢ higher than the French: 87.0¢ as against 76.8¢. After the Kennedy Round the United States tariff will be 17.9¢ lower: 43.5¢ as against 61.4¢.

(The statement of May 20, 1968, of the association's Foreign Trade Committee referred to follows:)

ALUMINUM FOREIGN TRADE AND UNITED STATES POLICY

(Brief of the Aluminum Association, by its International Policy Committee (Formerly Foreign Trade Committee), to the Trade Information Committee, hearings on the future of foreign trade policy, May 28, 1968)

INTRODUCTION

The Aluminum Association* is grateful for this opportunity to present its views on future foreign trade policy to the Trade Information Committee pursuant to the Notice of Public Hearing filed on December 14, 1967.

This brief is primarily concerned with aluminum industry conditions and developments. To put this presentation in proper perspective, however, recognition should be given to these underlying economic and political realities:

1. Foreign trade policy cannot be considered in isolation, apart from other major national economic policies.

2. While many nations want more foreign trade, no country subordinates its full employment or labor standards programs to unequivocal free trade. Neither do nations pursue knowingly foreign trade policies which could make them dependent on imports for such essentials as food, basic industrial materials, or instruments of national defense if there are domestic capabilities for providing them. Instead, many countries give their key industries special economic, political, or financial support.

3. Present trends towards regional trading blocs, such as E.E.C. (European Common Market) and L.A.F.T.A. (Latin American Free Trade Association) are likely to continue.

Since these hearings deal with the "Future of United States Foreign Trade Policy", this brief is oriented towards future possibilities in aluminum foreign trade, rather than towards the past.

A proposal for the elimination of tariffs on all aluminum products involved in trade between the United States and Canada was made during testimony before the Trade Information Committee on April 8, 1968. The Aluminum Association Foreign Trade Committee issued a statement on May 20, 1968 opposing the proposal. A copy is attached (See Appendix B).

SUMMARY AND CONCLUSIONS

1. National Trade Policy

(a) The general objective of United States trade policy should be the creation and maintenance of world market conditions which permit international competition on a business basis. This means a competition based on differences in business skills and judgments and on more efficient use of resources, not on differences resulting from national economic or political policies. Nontariff

**Theoretical because substantial nontariff, as well as tariff barriers make United States foil exports to France insignificant. The $5.12 per pound dutiable value of 1967 French exports to the United States is used to compute the above tariff saving.

*See Appendix A for description and list of members.

barriers and other practices or devices which distort or prevent such international business competition should be minimized, eliminated, or offset.

(b) A prerequisite to healthy international business competition is effective and uniform international antidumping standards and procedures. A realistic definition of dumping is also needed; this means one that weeds out anti-competitive practices and does not ban competition from suppliers whose home market prices are higher than those prevailing in other markets.

2. Aluminum Trade Policy

(a) Sector negotiations are recommended as more suitable to the complex and diverse character of aluminum foreign trade than are conventional negotiations which deals simultaneously with many industries.

(b) In the tariff area, there is the unresolved problem of the increased disparity between United States and E.E.C. tariffs on ingot as a result of the Kennedy Round. Ingot is the largest single aluminum export and import category in international trade.

The United States is also at a tariff disadvantage, as against the E.E.C., with respect to semi-fabricated aluminum products. The distortion between United States and E.E.C. tariffs is especially serious in the case of etched electrolytic capacitor foil, a highly strategic aluminum product.

The reconsideration of these tariffs is recommended as a step towards more equitable aluminum foreign trade conditions.

(c) The thorough review and overhaul of Census Bureau classifications used to report aluminum foreign trade are strongly recommended. For a long time there has been a need for better classifications and data. Kennedy Round tariff changes and the continued rapid changes of the international aluminum picture make the drastic improvement of Census Bureau aluminum foreign trade data a critical necessity.

(d) The key to aluminum trade promotion is the industry's continued product and market development efforts, at home and abroad. More equitable foreign trade conditions are needed to permit this developmental work to continue.

Recognition must also be given to the fact that when foreign investments essential to competitive foreign operations are discouraged, the likelihood is that United States aluminum exports are also being discouraged. Such will be the case if the mandatory controls on foreign investment are not relaxed at an early date.

A. Basic Principles

The Alumnium Association approach to foreign trade policy is based on these principles:

1. The United States aluminum industry should have the same opportunity to compete with other suppliers in foreign countries as their aluminum industries have to compete here. Attention is called to the comment made by the Canadian-American Committee *, in connection with its recommendation for the development of rules for international competition:

"We may well find that our greatest immediate concern is no longer the degree to which international trade can be made free, but the degree to which the resulting competition can be made both real and acceptably fair."

Admittedly, it is not easy to determine or maintain conditions of fair competition, but that makes it no less essential to healthy foreign trade.

2. The United States aluminum industry should have freedom of growth internationally. The aluminum industry has been growing world-wide. It continues to expand its capacity to produce, as well as its markets. The United States aluminum industry should have the unrestricted opportunity to participate competitively in such growth.

The increasingly international character of the aluminum industry has made the freedom to compete internationally inseparable from the United States aluminum industry's freedom to compete domestically. In this connection, it should be noted that seven member companies of the Aluminum Association are wholly-owned or substantially owned affiliates of five major foreign aluminum companies with headquarters in Britain, Canada, France, Germany and Switzerland. Conversely, many other members of the Association, with United States headquarters, have subsidiaries and affiliates with aluminum producing or fabricating facilities in foreign countries.

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*Sponsored by the National Planning Association (U.S.A.) and the Private Planning Association of Canada.

3. The equal opportunity to compete in world markets requires the reduction and elimination of nontariff barriers. Of special importance in this area is the development of uniform international antidumping standards and procedures.

4. The terms and conditions of aluminum international trade should accommodate the continued development of aluminum markets, domestic and foreign. As has been emphasized previously in Aluminum Association presentations to this Committee, the healthy growth of aluminum world trade is dependent on an expanding aluminum consumption base. Such expansion requires an industry able to support the research and promotion activities essential to today's "Battle of Materials" to build markets and to stay competitive.

B. Sector Negotiations

During the Kennedy Round negotiations, it became apparent to some, including the Director-General of GATT, Eric Wyndham White, that special progress in dealing with foreign trade problems could be made in "certain sectors of industrial production". Mr. Wyndham White pointed out more specifically that this should be the case in industries "characterized by modern equipment, high technology and large-scale production, and by the international character of their operations and markets . . ." These are the characteristics of the aluminum industry, and as it becomes more multinational each year, sector negotiations should prove especially advantageous and feasible for dealing with all aluminum foreign trade problems, nontariff as well as tariff barriers. Granted that the implementation of sector negotiations must be compatible with the trade policies of the negotiating nations. However, considerable progress could be made through such negotiations towards the elimination of differences, distortions, and confusion among the aluminum industries of the negotiating nations.

During the Kennedy Round, United States negotiators were much better informed on aluminum than during previous GATT negotiations. They maintained better lines of communication with the industry and devoted considerable time and effort to the aluminum tariff problem and its ramifications. It became evident, however, that to deal with the complex details of a number of industries simultaneously during these negotiations was unrealistic and unfair to the negotiators as well as to the industries involved.

Sector negotiations should make it possible to capitalize on the industry's special characteristics. The opportunities for working out mutually beneficial arrangements among "aluminum" countries get lost in the larger arena of a typical GATT "round". This is especially the case when an industry is still growing, and growing world-wide. Under such conditions, meaningful trade negotiations should be geared to future prospects rather than to historical statistics, as they must be in negotiations as diverse as a GATT round.

The sector approach increases the possibility of making trade policy more relevant and responsive to the industry's market prospects. In the case of aluminum, with its many multinational companies, it should be possible to create a trade policy which makes maximum use of, and reflects, the interrelationship between imports, exports, foreign operations and market development, both at home and abroad. This applies not only to United States based multinational companies but also to foreign based companies with United States plants.

C. Tariffs

During this Committee's 1964 hearings in connection with the Kennedy Round negotiations, the Aluminum Association expressed its preference for the lowering of foreign aluminum tariffs to United States levels as a step towards equal opportunity to compete. At that time, it was also pointed out that if such reductions in foreign tariffs could not be achieved, that the differences between United States and foreign aluminum tariffs should be eliminated by raising United States tariffs to the level of foreign tariffs. The elimination of differences between United States and foreign aluminum tariffs is still necessary if a sound basis for international competition is to be established.

The Kennedy Round negotiations produced mixed results with respect to aluminum foreign trade. Most aluminum tariffs of the major industrial nations were lowered. The gap between the generally lower United States tariffs and usually higher foreign tariffs was narrowed. There were, however, disturbing exceptions.

1. Ingot.—Most significant is the fact that the single most important United States objective with respect to aluminum tariffs, a reduction in the E.E.C. ingot tariff, was not realized. Ingot is the largest product group involved on

either the import or the export side of aluminum foreign trade. The E.E.C. aluminum ingot tariff remained udiminished at 9%. The only change was the replacement of previous individual country year-to-year 5% tariff quotas with a "bound" E.E.C. quota of 130,000 metric tons at the same 5% rate: over-quota imports are subject to the higher 9% duty.

This very limited action by E.E.C. contrasts with a 20% Kennedy Round cut in the United States ingot tariff, from 1¼¢ to 1¢ per pound. The reduced tariff of 1¢ per pound, expressed on an ad valorem basis, will amount to about 4½% at today's ingot price. If the price of ingot rises between now and January 1972, when the Kennedy Round cuts become fully effective, the United States tariff will be less than 4½% ad valorem.

The Kennedy Round worsened the United States tariff position in aluminum ingot, as against the E.E.C.:

[In percent]

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Thus, before the Kennedy Round changes, the E.E.C. tariff was 1.6 times as high as the United States tariff. After the Kennedy Round changes it will be at least twice as high.

This widening of the gap between the already higher E.E.C. external tariff and the already lower United States tariff serves only to interfere with the healthy development of international trade in ingot. This is particularly so because E.E.C. has been, and still is, a net importer of ingot. The tariff disparity creates artificial inducements to otherwise uneconomic E.E.C. ingot capacity expansion and unfairly inhibits the operation or construction of more economical ingot capacity elsewhere in the world.

2. Sheet, Rod and Bar.—Turning to the other major United States aluminum imports, a 20% Kennedy Round tariff cut was also made on sheet, circles, plate, rod and bar. The United States tariff on these products was already low before the Kennedy Round negotiations began: 2½¢ per pound, or 5.5% to 8.0% of dutiable value. The 20% Kennedy Round cut, to 2¢ per pound, brings the tariff on these semi-fabricated products down to an equivalent of 4.4% to 6.4% of dutiable value.

The E.E.C. tariffs for the same products were also reduced 20%, but they were *higher* than United States levels before the Kennedy Round and they will remain higher afterwards. The E.E.C. tariff was cut from 15% to 12% of dutiable value. With these post-Kennedy Round E.E.C. tariffs from 1.9 to 2.7 times as high as the United States tariffs, once again the United States aluminum industry finds itself at a substantial tariff disadvantage. This is especially important competitively since E.E.C. countries are the principal sources of United States imports of semi-fabricated aluminum products.

3. Extrusions, Cable and Pipe, etc.—The tariffs on products which historically accounted for a minor portion of United States aluminum imports were cut the maximum 50% authorized by the Trade Expansion Act of 1962.

The aluminum products in this category include all foil products (other than those which are not over .00035" thick and not over 55¢ per pound) extrusions and tubes, hollow cast extrusion ingot, cable wire and powder. Most of these imports have been reported separately only since September 1963. Full year data are therefore available only since 1964.

Imports are already up sharply for many of these classifications during the past three years:

[Millions of pounds]

	1964	1967
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The pronounced rise of these imports over such a short period of time, rather than their volume as a share of the United States market, warrants attention. In addition, some special conditions which affect these imports should be taken into account.

In the case of the Angles, Shapes and Sections classification, presumably extrusions for the most part, the 1967 imports came almost entirely from Canada—3.89 out of the 4.14 million pound total. Of these Canadian shipments, over 92% (dollar value) were duty-free, $1,762,477 out of the $1,906,064 total. These represented government defense purchases and were exempt from duty. The question here, for the time being, is the predominance of duty-free imports—rather than the impact of the Kennedy Round cut in duty from 19 to 9½%.

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CABLE TARIFF

[In percent]

	Before Kennedy round	After Kennedy round
United States	15	7½
West Germany	19	12

The United States tariff disadvantage will thus be increased from a 4% gap to a 4½% gap. In the case of cable imports from Yugoslavia, there is the intricate problem of competing with state-owned industry. As these imports grow in volume the earlier question of groundrules for international competition becomes all the more relevant. Yugoslavia, for example, was the largest supplier of our rod, bar and wire imports as well as a close second in cable; it ranked third among the sources of all semi-fabricated aluminum products.

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Tonnage statistics, however, are not the only criteria for measuring the significance of an import. For example, electrolytic capacitor foil is a highly strategic material and absolutely essential to various sophisticated technological and military applications. The 1967 imports had a total dutiable value of $1,238,210, an average of $3.77 per pound. Before the Kennedy Round, the United States duty of 17% amounted to $63.9¢ per pound. The 50% Kennedy Round cut (from 17 to 8½% of dutiable value) means a tariff saving to foreign competitors in United States markets of 31.9¢ per pound.

Here is how this change affects the United States market and foreign trade picture. Less than half a dozen United States foil mills make, or are capable of rolling or etching, high purity foil for the manufacture of electrolytic capacitors. The etched product, which accounts for the bulk of these imports, is made in this country largely by technically oriented firms of limited size. Import competition necessarily falls especially hard on companies of this size and type.

France is the largest source of these imports, 147,967 pounds in 1967 with a dutiable value of $757,735 or $5.12 per pound. French exporters will, therefore, realize a tariff saving of 43.5¢ per pound on their sales in the United States market as a result of the Kennedy Round cuts. The next largest exporter to the United States is West Germany, with 115,273 pounds in 1967, valued at $301,838 or $2.62 per pound. Italy is the third largest with 42,450 pounds, valued at $126,949. The E.E.C. thus accounts for over 90% of the volume and over 95% of the dollar value of our etched capacitor foil imports.

The contrast between the effect of the United States tariff cut and that by France, the principal beneficiary of the United States cut, is startling and disturbing. France, as a member of the E.E.C. tariff bloc, will cut its capacitor foil tariff only 20%. The tariff rates thus show this difference:

[In percent]

	U.S.	France
Before Kennedy round	17.0	[1] 15
After Kennedy round	8.5	12

[1] EEC common external tariff, effective July 1, 1968.

The United States and France thus reverse tariff positions. The United States had the higher tariff rate before the Kennedy Round; it will have the lower rate as a result of the Kennedy Round.

The practical result of this difference in tariff action becomes clearer when put on a dollars and cents basis. As noted earlier, the United States Kennedy Round cut from 17% to 8½% means a 43.5¢ per pound tariff savings on French exports to the United States (from 87¢ to 43.5¢ per pound). United States foil exporters will "enjoy" theoretically ** a 15.4¢ per pound tariff saving as a result of the French tariff dropping from 15% to 12% (from 76.8¢ to 61.4¢ per pound).

The net result is a reversal of the United States and French tariff positions. Before the Kennedy Round the United States tariff was 10.2¢ higher than the French: 87.0¢ as against 76.8¢. After the Kennedy Round the United States tariff will be 17.9¢ lower: 43.5¢ as against 61.4¢.

D. Nontariff Barriers and Antidumping Measures

Along with many others, the aluminum industry has had to cope with nontariff barriers in its efforts to enter foreign markets. In addition to the twelve types of nontariff barriers listed in the Federal Register announcement of these hearings, consideration should also be given to antidumping standards and procedures.

The Aluminum Association favored an international treaty on dumping, when it appeared before this Committee in February 1964 during the pre-Kennedy Round hearings. Again in September 1966 the Association appeared before this Committee during the hearings on the antidumping code, reiterating and enlarging on its 1964 views. The Aluminum Association continues to recommend uniform international standards and procedures for dealing with dumping. They are an essential prerequisite to the development of meaningful rules of international competition.

During your Committee's 1966 hearings, the question of a modern and realistic definition of dumping was raised. It was suggested at that time that the definition of dumping be oriented to conditions in the affected markets "rather than tied to the arithmetic of home market and export prices". (Aluminum Association Statement, September 2, 1966, Page 9.) There is still need for this kind of definition.

The home market price of an exporter is not relevant to the question of dumping under today's complex market conditions. The prospects are that home market prices will become even less relevant to competitive prices in other markets in the future. More and more the home market price is an amalgam of many forces, especially the general price level of a country, its economic and monetary policies, and the emphasis being placed at home on wage or price restraints. Once again, the Aluminum Association recommends that a more realistic definition of dumping than the present one be developed.

**Theoretical, because substantial nontariff, as well as tariff barriers make United States foil exports to France insignificant. The $5.12 per pound dutiable value of 1967 French exports to the United States is used to compute the above tariff saving.

Coming back to the nontariff barriers listed in the Federal Register announcement, we do not have a simple or surefire technique to suggest for eliminating them. They require individual assessment and negotiation, in our judgment. As far as the Aluminum Association is concerned, to the extent that these practices and extra costs of entry significantly distort the conditions of trade, or favor one competitor over another, the effort should be made to eliminate them.

We feel, as others do, that in the interest of equity and international competition, the GATT ground rules need review and revision. The bias in the present rules, in favor of nations which rely on indirect taxes as their major source of revenue, should be eliminated.

At the heart of the nontariff barrier problem are the commitments of foreign governments to full employment, to the support of their own farmers, and to the establishment or maintenance of certain basic or "status" industries. These national policies and philosophies unavoidably result in some kinds of barriers to international trade.

In those countries, where the Kennedy Round reductions were not matched by correspondingly liberal national economic policies, it was to be expected that the nontariff barriers would remain undiminished or even strengthened and increased. While every effort should be made to minimize and eliminate foreign trade barriers as a step towards more equitable conditions of international competition, ultimate effectiveness depends on more fundamental economic policy changes.

E. Import Quotas

As explained at the very outset of this statement, it is primarily concerned with "aluminum industry conditions and developments". However, since aluminum foreign trade takes place in the same economic and political climate as does other United States foreign trade, major developments in other industries also affect aluminium foreign trade conditions. Thus, the United States–E.E.C. Kennedy Round controversies over agriculture, for example, undoubtedly added to the United States negotiators' difficulties in dealing with the E.E.C. on aluminum. Similarly, the current efforts of some domestic industries to obtain import quotas are bound to influence the policies and practices of those nations which feel that such quotas would restrict their sales in the quota-covered markets.

Many of the quota-sensitive countries also export aluminum products to the United States and, to some degree are markets for United States aluminum exports. Quota action for other United States industries could thus have a two-way effect on United States aluminum foreign trade: (a) heavier imports here than the domestic market could absorb in healthy fashion, and (b) more difficulty in maintaining or expanding United States exports of aluminum products or of aluminum containing products.

Should import quotas be established for other major industries, fairness would require safeguards for the aluminum industry from the possible repercussions of such quota action. Aluminum tariffs are low here and there are virtually no nontariff barriers to keep imports out. Without appropriate safeguards, foreign nations seeking dollar exchange, but kept out of other United States markets by quotas, might concentrate disproportionately on selling in the readily accessible aluminum markets here. This type of import, stimulated by frustration elsewhere rather than by regular business competition, would not make for healthy foreign trade in aluminum.

We can no longer take for granted that the international market place, under the pressure of current or foreseeable governmental commitments, can make adjustments rapidly enough or sufficient to assure healthy competition or the most efficient utilization of natural and human resources. Nevertheless, trade policy should favor, as much as possible, reliance on competition, rather than on governmental regulation.

When national interest or the basic health of an essential industry does require the intervention of governmental regulation, it should be as temporary and flexible as possible. Accordingly, limitations on imports should not take the form of fixed "ceilings" over extended periods.

It may prove necessary, in specific instances, to place temporary and reasonable limits on market participation by imports when disparate national policies undermine the conditions of international business competition. However, competing domestic and foreign suppliers should have the incentive and opportunity to increase their shipments to a market, and even to increase their share of that market. The emphasis should be on flexibility and on providing the opportunity to stimulate, and participate in, market growth.

F. *Foreign Trade Data*

A major handicap to government and industry is the absence of adequate information on aluminum foreign trade. Census Bureau import reports are tariff, rather than market, oriented. Its import and export classifications are not compatible with each other and neither are they compatible with the classifications used by the Census Bureau to report domestic shipments.

Nine years ago, the Aluminum Association suggested that comparable product classifications be used by the Census Bureau in reporting the three basic categories of aluminum shipments: domestic, imports and exports. No discernible progress has been made in this direction. Language and classification changes have been made, but import, export, and domestic classifications are probably less compatible with each other now than they were nine years ago.

A few comparisons will illustrate the inadequacy of present Census Bureau import and export classifications:

(*a*) Sheet and Plate.—Two sheet and two plate classifications are used to report domestic shipments. Sheet and plate are reported on a combined basis in import and export classifications.

(*b*) Extruded Shapes.—This is the second largest class of domestic mill product shipments. No extruded shapes classification, as such, is used to report imports or exports. The nearest foreign trade classification is "Wrought aluminum angles, shapes and sections" which may include rolled and forged, as well as extruded products.

(*c*) *Rod and Bar.*—Reports on domestic shipments distinguish between rolled and extruded, while foreign trade classifications do not. All three classifications, domestic as well as imports and exports, fail to distinguish between redraw rod and screw machine stock and between electrical conductor and other rod.

Import classifications of various aluminum products distinguish between: "alloys" and "other than alloys", "clad" and "not clad", "coated or plated" and "not coated or plated".

These classification subdivisions have no current significance or usefulness. Export classifications make none of these distinctions. Domestic shipments classification generally distinguish between "heat-treatable" and "nonheat-treatable" alloys, or between designated groups of alloys.

The three-way compatibility of domestic, import and export classifications should be responsive to the needs in each of these areas. If screw machine stock imports are significant to the domestic industry and need to be reported separately, a similar breakdown of domestic and export shipments should also be made. When this type of import is not significant enough to be reported separately, it could be discontinued if there is no other reason for the separate report. Similarly, if domestic shipments of bare, nonconductor wire warrant separate reporting, imports and exports of such wire should also be reported separately.

A thorough review and overhaul of the Census Bureau aluminum foreign trade classifications, in conjunction with domestic shipment classifications, are needed if the import-export data are to be as meaningful and useful as they could be in promoting healthy foreign trade.

Better aluminum foreign trade data have long been needed. The Kennedy Round tariff changes and changing world aluminum markets make more accurate and meaningful data an urgent necessity.

G. *Trade Promotion*

Aluminum industry performance since World War II demonstrates its ability to promote trade—at home and abroad. Ingot and mill product shipments to United States aluminum markets have multiplied more than 5 times: from 816,000 tons in 1946 to 4,163,000 tons in 1967. United States aluminum exports of ingot and mill products, during the same period, multiplied 16 times: from 20,000 tons to 328,000 tons. No other major metal has a comparable record of growth. Promotion, through product and market development, played a leading role in this market growth.

The aluminum industry has every incentive to continue to promote aluminum trade, domestic and foreign. Supplies are abundant and productive capacity continues to grow throughout the world. The United States industry particularly seeks to expand trade and improve markets everywhere, in its effort to improve its currently unsatisfactory return on investment.

Looking ahead, the aluminum industry's goals, in the areas of market development and increased consumption, are compatible with the objectives of progressive and healthy trade promotion. However, in order to achieve the promotion objec-

tives of both government and the aluminum industry, more equitable foreign trade conditions are needed. The unresolved tariff problems discussed earlier interfere with the healthy growth of aluminum foreign trade. In the area of nontariff barriers, the burden falls much heavier on United States exporters to foreign aluminum markets than it does on foreign firms exporting to United States aluminum markets. In addition, foreign exporters have the benefit of export rebates and other financial aids which are not available to United States aluminum exporters.

Effective promotion of aluminum trade abroad involves the foreign operations of United States companies as well as United States exports. The ability to promote trade abroad, as here, depends on the ability to develop successfully both products and markets. Such developmental work requires the kind of risk-taking, which in private business normally depends on the availability of, and prospects for, profits. In the fullest sense, therefore, the maximum promotion of aluminum trade abroad requires a healthy relationship not only among exports and foreign operations, but also imports and domestic operations.

Aluminum foreign trade developments, particularly during the past decade, reflect a close relationship between United States exports and foreign operations of the United States industry. A significant share of United States aluminum exports consists of raw or semi-fabricated aluminum products used by foreign affiliates in the manufacture of more finished products or sold by them in conjunction with their own products. Consequently, when foreign investments essential to competitive foreign operations are discouraged, the likelihood is that United States aluminum exports will suffer. Such would be the danger if the mandatory controls on foreign investment were not relaxed at an early date.

Appendix "A"

Nature of the Aluminum Association

The Aluminum Association is a non-profit, unincorporated organization composed of companies within the United States engaged in the production and fabrication of aluminum. The Aluminum Association was organized in 1935 to promote the general welfare of the aluminum industry, its members, and all others affected by it, and to increase the usefulness of the industry to the general public. As of the present time, the Association is comprised of 77 members accounting for 100 percent of the primary aluminum production in the United States and manufacturing roughly 80 percent of the country's sem-fabricated aluminum products. The following companies are members:

Acme Aluminum Foundry Company
Alcan Aluminum Corporation
Alloys and Chemicals Corporation
All-State Welding Alloys Co., Inc.
Aluminium Limited, Incorporated
Aluminum Casting & Engineering Co.
Aluminum Company of America
Aluminum Extrusions, Inc.
Amax Aluminum Company
American Aluminum Casting Co.
Anaconda Aluminum Company
Archer Products, Inc.
The Arcola Wire Company
Capitol Products Corporation
The Casting Corporation
Clendenin Bros. Inc.
Cliff Manufacturing Company
Club-Monarch Aluminum Division
Collyer Insulated Wire Company
Consolidated Aluminum Corp.
Continental Copper & Steel Industries, Inc.
Copperweld Steel Company
Diriltye Company of America, Inc.
The Dow Chemical Company
Eastern Casting Corporation
Echo Packing
Fischer Casting Company, Inc.
Foote Mineral Company
General Cable Corporation
Great Northern Mfg. Corp.
Harvey Aluminum (Incorporated)
The Harvey Metal Corporation
Homeshield Industries Inc.
Howe Engineering Co., Inc.
Howmet Corporation
Independent Nail, Inc.
Intalco Aluminum Corporation
Kagan-Dixon Wire Corporation
Kaiser Aluminum & Chemical Corp.
McCannalloy Division
Hills McCanna Company
Miami Extruders, Inc.
Mideast Aluminum Corp.
Widwest Aluminum Corporation
Minalex Corporation
National-Standard Company
New Jersey Aluminum Extrusions Company, Inc.
New York Wire Company

Nichols Aluminum Company
Oberdorfer Foundries, Inc.
The Okonite Company
Olin Mathieson Chemical Corp.
The Pacific Coast Company
Permold, Inc.
Phelps Dodge Aluminum Products Corporation
Phifer Wire Products, Inc.
Republic Foil Inc.
Revere Copper and Brass Inc.
Reynolds Metals Company
Ross Pattern & Foundry, Inc.
Saramar Aluminum Company
Schick Products, Inc.
Scovill Manufacturing Company
Simplex Wire & Cable Company
Solon Industries, Inc.
Sonken-Galambra Corporation
Southwire Company
Stranahan Foil Company, Inc.
Texas Aluminum Company, Inc.
Triangle Conduit & Cable Co., Inc
United Smelting & Aluminum Company, Inc.
U. S. Reduction Company
V.A.W. of America, Inc.
Wellman Dynamics Corporation
Wells Aluminum Corporation
Wolverine Tube Division of Calumet & Hecla Corp.
Wyman-Gordon Company

APPENDIX "B"

STATEMENT BY THE ALUMINUM ASSOCIATION, FOREIGN TRADE COMMITTEE, ON THE PROPOSED ALUMINUM TRADE PACT BETWEEN THE UNITED STATES AND CANADA, MAY 20, 1968

The Aluminum Association Foreign Trade Committee opposes the recent proposal for a preferential duty-free aluminum trade pact between the United States and Canada. The proposed pact, which was presented as a trade-liberalizing step, would in fact aid virtually no one but the Canadian aluminum industry. The proposal, made by the wholly-owned United States subsidiary of Canada's largest aluminum producer in testimony last month before the Trade Information Committee in Washington, called for preferential treatment of the aluminum trade between the United States and Canada by eliminating all tariffs on aluminum products between the two countries. The effect of the suggestion would be an aluminum trade bloc, limited to the United States and Canada. Such a proposal, by favoring Canadian trade at the expense of international trade, would be a step in the wrong direction.

CANADA WOULD BENEFIT DISPROPORTIONATELY

The benefits from the proposed trade pact would be decidely one-sided. For the Canadian aluminum industry the advantages of the pact far outweigh any possible disadvantages. For the United States industry the reverse is true, with the disadvantages much greater than the possible advantages. The pact would give the Canadian industry a duty-free, preferential position in the United States market, the world's largest by far, accounting as it does for over 40% of the entire world's consumption of primary aluminum. In sharp contrast, the United States industry would get a duty-free position in the Canadian market, which is less than one-fifteenth as large as that of the United States. Also, by virtue of the basic differences between United States and Canadian anti-dumping policies, the United States industry now has far more restricted access to the Canadian market than the Canadian industry has to the United States market. The proposed pact is especially unfair to the United States industry because the much greater size of the United States market is the result, in part, of decades of vigorous product and market development work by the domestic industry, costing many millions of dollars annually.

Another indication of how the preferential trade pact would favor Canada, is the sharp difference in immediate benefits from savings in duty payments. On the basis of the 1967 volume of primary aluminum imports from Canada, 712.4 million pounds, the current United States duty (1.2¢ per lb.) would amount to $8,548,800. Net receipts by the United States Treasury would be less to the extent that "drawback" refunds of the duty are made on the metal used in the manufacture of United States exports. Duty payments on primary aluminum exports to Canada would amount to $94,800, on the basis of the 7.9 million pounds shipped in 1967 and a duty rate of 1.2¢ per pound.

The vast difference between the two duty payments reflects the fact that the United States imported 90 times as much primary aluminum from Canada

in 1967 as it exported to that country. Thus, the immediate dollar benefits from duty savings under the proposed pact, with respect to primary aluminum, would be about 90 times as large for the Canadian industry as it would be for the United States industry, modified only by drawback payments.

The next largest area of aluminum trade between the two countries, sheet and plate, presents a much more complex picture. The wholly-owned United States fabricating subsidiary of Canada's largest producer is reportedly by far the largest United States exporter of sheet and plate to Canada. Consequently, it would be the major immediate beneficiary of the duty-free flow of aluminum sheet and plate from the United States to Canada. Again, using 1967 trade data, the savings in duty on United States sheet and plate exports to Canada would be over $3,800,000 and the duty savings on Canadian shipments here would be about $213,600.

From the viewpoint of government treasuries, the duty losses (before drawback adjustments) would compare as follows:

	United States	Canada
On primary imports	$8,548,800	$94,800
On sheet and plate imports	213,600	3,800,000
Total	8,762,400	3,894,800

From the viewpoint of industry, the immediate benefits from the proposed pact, through savings in duty, would be much more one-sided. Canada's largest primary producer supplies the bulk of the Canadian primary shipped to the United States and so would realize most of the immediate duty savings on those shipments. Its United States fabricating subsidiary apparently would also be the major beneficiary from the duty savings on the United States side on the shipments of sheet and plate to Canada. Thus, by far the largest share of these savings in duty would go, directly or indirectly, to Canada's largest aluminum company.

PACT COULD DISTORT TRADE FOR UNITED STATES

Under the proposed pact, international trade in aluminum could be grossly distorted. By virtue of its world-wide operations and sales, Canada's largest producer could in effect become a duty-free Canadian conduit for aluminum exports to United States markets which would normally come from Europe and Asia on a dutiable basis. The Canadian company could deliver its products to United States markets on behalf of European and Asian suppliers, in exchange for their deliveries to other markets on behalf of the Canadian company. The possibilities of this type of substitution of Canadian duty-free shipments for overseas dutiable shipments to the United States market is indicated by the magnitude of the Canadian's company's sales outside of Canada and the United States In 1967 they totaled 642,700 tons of aluminum products. All in all, the proposed pact offers much more promise of increased profits for Canada's largest aluminum company than it does for promoting healthy international trade in aluminum products between the United States and the rest of the world, including Canada.

PACT SIMPLY CREATES ANOTHER PREFERENTIAL TRADING AREA

The proposed aluminum customs union is also contrary to the United States position in the Kennedy Round Negotiations, because it would implement the concept that the European and North American markets should be mutually exclusive, each supplying its own requirements and each becoming independent of the other. The Aluminum Association's position is that major industrial markets throughout the world should be equally accessible, that it should be as easy for United States firms to export to these countries as it is for foreign firms to export to the United States; this means that the much higher European aluminum tariffs should be reduced to United States levels, thus liberalizing trade throughout the European and North American market area. The objective is to promote healthy international trade, not economic isolation through a regional arrangement as this proposal would do.

Experience with other trade blocs among industrial nations, notably the European Common Market, demonstrates that they increase the discriminatory effect of tariff differences between members and non-members of the trade bloc.

Such discriminatory blocs hamper the development of truly international trade. During the Kennedy Round tariff negotiations, for example, the European Common Market countries, bargaining as a trade bloc, proved to be the most serious obstacle to trade liberalization. This was especially true with respect to aluminum.

PACT DOES NOT PROVIDE UNITED STATES EQUAL ACCESS TO CANADIAN MARKET

The proposed pact, which would give Canadian firms free access to the United States aluminum market (the world's largest), makes no mention of the much-discussed Canadian anti-dumping procedure which restricts imports into Canada much more effectively than do existing tariffs. This omission perhaps is due to the fact that Canada is a signatory to the new international anti-dumping code, negotiated concurrently with the Kennedy Round. It should be noted, however, that legislative action by the Canadian Parliament is required to conform internal Canadian law to the provisions of the new international code. This is most unlikely to happen prior to the July 1, 1968 deadline date established by the code. The dissolution of Canada's Parliament last month puts off the legislative action required to implement the new international code until after a new Parliament is elected on June 25, 1968. Nobody can predict at this time when the new Parliament will consider the matter. But even assuming Parliament acts, the question still remains as to what the new Canadian procedure will be and how it will be administered.

RECOMMENDATIONS FOR LIBERALIZING TRADE

The Aluminum Association has repeatedly urged equal access to markets as the basis for truly international trade. The relatively low aluminum tariffs between the United States and Canada do not represent the basic problem. The already very large United States imports of aluminum from Canada are proof of that fact. Rather it is the tariff and non-tariff barriers of Europe and Asia that hamper the development of international trade in aluminum products.

Consequently, the interests of increased foreign trade in aluminum could be best advanced at this time by concentrating government and industry efforts in these two areas.

(a) Continue to seek parity between foreign and United States tariff levels and the further elimination of non-tariff barriers, as has been urged repeatedly by The Aluminum Association. When that has been achieved, consideration can be given to the further reduction of aluminum tariffs by all industrial nations. In this way trade barriers can be reduced meaningfully and truly international trade in aluminum can be stimulated.

(b) Establish greater uniformity in anti-dumping standards and procedures among industrial nations. This is especially necessary in the case of Canada.

The CHAIRMAN. We appreciate your doing so, Mr. Mitchell. Are there any questions of Mr. Mitchell?

If not, we thank you, sir, for bringing your testimony to the committee.

Mr. MITCHELL. Thank you.

(The following letter was received for the record by the committee:)

HOMESHIELD INDUSTRIES,
Elmhurst, Ill., July 3, 1968.

Hon. WILBUR D. MILLS,
Chairman, Ways and Means Committee, U.S. House of Representatives,
House Office Building, Washington, D.C.

DEAR SIR: As one of the many relatively small independent fabricators of aluminum products in the U.S. and as a member of The Aluminum Association we wish to add our views to those already expressed before your Committee on the subject of trade policies regulating the importation of aluminum into the U.S.

We believe that our individual interests along with those of the entire industry and the consuming public will best be served by a continuation of government efforts to bring about free trade in aluminum.

That the consumption of aluminum has, more than in any other part of the world, achieved its most spectacular advances in the U.S. is valid testimony

to the advantage and importance of vigorous and unrestricted competition in the market place. Essential to the continuation of this growth is free access to foreign sources of aluminum and its raw material, bauxite or alumina.

Free access to foreign aluminum is of particular importance to the independent fabricator who may, presently or in the future, find that his domestic aluminum supplier is competing with him in the same end products markets. Whereas my company has not as yet found it necessary to purchase its aluminum requirements from foreign sources we believe strongly that the unrestricted availability of such metal will provide important future protection.

We also believe that our aluminum industry should receive full reciprocal advantages from foreign countries but that inability or delay in attaining this desired objective should not deter our government from ensuring lowest cost access to foreign supplies by domestic producers and fabricators alike.

Respectfully,

JOHN D. FOSKETT, *President.*

The CHAIRMAN. Mr. Trigg.

STATEMENT OF ERIC A. TRIGG, PRESIDENT, ALCAN ALUMINUM CORP.

Mr. TRIGG. Mr. Chairman, I am Eric A. Trigg, president of Alcan Aluminum Corp.

The CHAIRMAN. We are glad to have you with us, Mr. Trigg. You are recognized, sir. If it is necessary for you to omit any parts of your statement in order to comply with our time situation do so, Mr. Trigg, with the knowledge that the entire statement will be a part of the record.

Mr. TRIGG. Thank you very much.

Alcan Aluminum Corp. is a major fabricator of aluminum products in the United States with headquarters in Cleveland, Ohio. We operate 14 aluminum fabricating plants in nine States; our gross assets are in excess of $200 million and employment amounts to over 4,000 persons. Our company is a wholly owned subsidiary of Alcan Aluminum Ltd. of Montreal, Canada.

We are participating, along with other U.S. companies, in purchasing the excess of stockpile of aluminum held by the U.S. Government.

Alcan Aluminum Corp. is a member of the Aluminum Association of the United States and a representative of the international policy committee of that association has just presented a statement to this committee. Our separate statement and appearance is necessary because despite attempts to reconcile viewpoints, we do not agree with some of the major recommendations of the majority of the international policy committee of the association. More importantly, we believe that the separate views of aluminum fabricators in the United States who are dependent on sources outside of their own facilities for an assured supply of primary aluminum should be placed before the Congress.

We join with other members of the Aluminum Association in their support of trade liberalization in aluminum. In particular, we join with them in opposing the adoption of quotas on aluminum or aluminum products, and in supporting the International Dumping Code which becomes effective July 1, 1968. We also support H.R. 17551, the bill before the committee to extend the trade agreements program. However, we do not believe, and this is where we disagree with other members of the association committee, that it is practicable to tie the modification or removal of trade barriers in aluminum to the willing-

ness of the European Common Market to reduce its barriers. The world of aluminum industry and trade therein should not be shackled to the refusal of one trading region to go along with liberal trade conditions, particularly one region which is not the major trading partner of the United States in aluminum.

If the Trade Expansion Act be continued as set forth in the pending bill we strongly support utilization of the remaining tariff reduction authority to effect a further reduction in the duty on this important industrial material.

Tariff reductions which have taken effect in the series of GATT negotiations will have reduced the U.S. rate of duty on unwrought aluminum to an eventual 1 cent per pound after the Kennedy round is fully implemented. Through the period of these reductions the use of aluminum in the United States has expanded greatly. The companies and the number of workers engaged in producing and fabricating it have grown steadily. We believe this growth has been encouraged by the reduction of U.S. tariff levels because of its adding to the assurance of the consumer that adequate supplies of metal will be available at competitive prices.

It is not always recognized that the U.S. aluminum industry is fundamentally dependent upon imports in one form or another. A recent U.S. Bureau of Mines chart illustrated that in 1966, 90 percent of the U.S. aluminum demand was dependent upon imports of either bauxite, alumina, or aluminum, most of which came from areas contiguous or close to the United States. The producers of primary aluminum in the United States have long been dependent on sources outside the United States for their principal supplies of bauxite. More recently, the trend to importing alumina has been growing.

The recent action of this committee approving H.R. 7735 to provide for immediate free entry of bauxite and alumina will be of substantial benefit to the primary producers. In the case of bauxite, the relief will be roughly equal to $6 million annually or about 4 percent of the value of the imports on an ad valorem basis. On alumina, the relief, which approximates 10 percent of the value of the imports on an ad valorem basis, equaled about $4.8 million in 1967 when the volume was almost double that of 1966 and four times that of 1965.

Independent fabricators of aluminum in the United States whose mill product market share has grown from 5 percent in 1952 to 31 percent in 1967 are dependent to a very substantial extent on sources outside the United States for a continuous and assured supply of their basic material, primarily aluminum.

This industry—these hundreds of aluminum fabricators—it is suggested, might well also be given encouragement through a broadening of the principles of H.R. 7735 to encourage an available supply of primary aluminum to them.

The foregoing represents what might be termed short-range objectives in U.S. tariff policy. From a long-range standpoint, on which it is understood the committee is also interested in receiving comments, we would strongly support the statement by Special Trade Representative Roth of this committee advocating that a study be carried forward of regional trade. We, too, believe that such a study will reveal benefits to the United States of regional trade agreements looking to establishment of more liberal tariff treatment, particularly a bilateral

arrangement between the United States and Canada, such as that contemplated by H.R. 17768 recently introduced by Congressman King. Regional trade agreements might include not only the United States and Canada but also Caribbean countries, in all cases limited perhaps to important raw materials of interest to the countries involved. The United States, Canada, and certain Caribbean countries together already form a large production and marketing area.

Successful application of such a policy would require, however, that the United States continue as heretofore to exert its leadership and influence on the side of liberal treatment of international trade in aluminum.

This whole purpose would be defeated and trade would be impeded if the United States should freeze its existing tariff treatment of products and delay any further progress toward removal of trade obstacles, awaiting similar action by countries not prepared to go forward toward trade liberalization.

Thank you, Mr. Chairman.

(Mr. Trigg's prepared statement follows:)

STATEMENT BY ERIC A. TRIGG, PRESIDENT, ALCAN ALUMINUM CORPORATION, CLEVELAND, OHIO

Alcan Aluminum Corporation is a major fabricator of aluminum products in the United States with headquarters in Cleveland, Ohio. We operate 14 aluminum fabricating plants in 9 states, our gross assets are in excess of $200 million and employment amounts to over 4,000 persons. Our company is a wholly-owned subsidiary of Alcan Aluminium Limited of Montreal, Canada.

Our operations in this country include the manufacture and sale of a wide range of products which extend from venetian blind stock for household use to ballistic plate for armored vehicles. We make rolled sheet and plate for various manufacturing uses and our impact forgings play an important role in the United States defense effort. Additionally, we manufacture a wide range of building products, aluminum wire and cable, and a comprehensive line of metal powders. We are participating, along with other United States companies, in purchasing the excess of stockpile of aluminum held by the United States Government.

Alcan Aluminum Corporation is a member of the Aluminum Association of the United States. A representative of the International Policy Committee of that Association is due to testify before this Committee. Our separate statement and appearance is necessary because despite attempts to reconcile viewpoints, we do not agree with some of the major recommendations of the majority of said International Policy Committee. More importantly, we believe that the separate views of aluminum fabricators in the U.S. who are dependent on sources outside of their own facilities for an assured supply of primary aluminum should be placed before the Congress.

As stated by the Tariff Commission in its recently published Summary of Tariff Information—

"Many independent fabricators are reluctant to be entirely dependent on domestic producers for their raw material requirements when they must compete with these same concerns in marketing their fabricated products."

There are hundreds of such independent aluminum fabricators employing, we estimate, at least 50,000 workers. The value of shipments of the non-integrated fabricators is over $2 billion. It is believed that the views expressed by our company will find wide support among these aluminum fabricating companies.

We join with other members of the Aluminum Association in their support of trade liberalization in aluminum. In particular, we join with them in opposing the adoption of quotas on aluminum or aluminum products, and in supporting the Internatioinal Dumping Code which becomes effective July 1, 1968. We also support HR 17551, the bill before the Committee to extend the Trade Agreements program. However, we do not believe, and this is where we disagree with other members of the Association committee, that it is practicable to tie the modification or removal of trade barriers in aluminum to the willigness of the European

Common Market to reduce its barriers. The world aluminum industry and trade therein should not be shackled to the refusal of one trading region to go along with liberal trade conditions.

If the Trade Expension Act be continued as set forth in the pending bill, we strongly support utilization of the remaining tariff reduction authority to effect a further reduction in the duty on this important industrial material.

Over the years imports of aluminum ingot into the Untied States have been an important and essential source of supply for the United States industry, reaching a level of 500,000 tons in recent years. While Norway has been a significant supplier for many years and France and Japan have been offshore suppliers on a more intermittent basis. Canada is by far the major supplier of unwrought aluminum imports into the United States.

Tariff reductions which have taken effect in the series of GATT negotiations will have reduced the United States rate of duty on unwrought aluminum to an eventual 1¢ per pound after the Kennedy Round is fully implemented. Throughout the period of past reductions the use of aluminum in the United States has expanded greatly. The companies and the number of workers engaged in producing and fabricating it have grown steadily. We believe this growth has been encouraged by the reduction of U.S. tariff levels because of its adding to the assurance of the consumer that adequate supplies of metal will be available at competitive prices.

In 1947 when total United States industry shipments were just over 1 million tons there were three integrated aluminum producers in the United States and a small number of independent fabricators. During the intervening years when United States import duties have been declining, those major U.S. producers have expanded to record size, six other U.S. fabricators have established domestic sources of aluminum ingot supply, and now represent approximately 18% of total ingot capacity, total annual U.S. industry shipments have passed the level of 4.5 million tons, and the number of independent fabricators has grown more than tenfold. Independent fabricators have seen their share of the mill product market rise steadily from less than 5% in 1952 to 31% in 1967. This rise in market share of the independent fabricators has been, in part, due to the assurance of continued supply from foreign sources. The U.S. aluminum industry in all its segments is indeed a growing viable force in the United States economy.

The aluminum industry worldwide is characterized by a most rapid growth rate; consumption has been doubling every ten years for many decades; present productive capacity in the Free World totals about 7,300,000 tons. A doubling of this capacity over the next ten years would cost approximately $5.5 billion, exclusive of the cost of power facilities to service this capacity. Financing this type of expansion has been and will continue to be a difficult problem for the industry as a whole. Customs duties and non-tariff barriers inhibit and distort international trade and represent an unnecessary burden on the aluminum industry's future growth.

It is not always recognized that the United States aluminum industry is fundamentally dependent upon imports in one form or another. The U.S. Bureau of Mines chart attached to this statement illustrates that in 1966, 90% of the U.S. aluminum demand was dependent upon imports of either bauxite, alumina or aluminum, most of which came from areas contiguous or close to the United States. The producers of primary aluminum in the United States have long been dependent on sources outside the United States for their principal supplies of bauxite. More recently, the trend to importing alumina has been growing.

The recent action of this Committee approving H.R. 7735 to provide for immediate free entry of bauxite and alumina will be of substantial benefit to the primary producers. In the case of bauxite, the relief will be roughly equal to $6,000,000 annually or about 4% of the value of the imports on an ad valorem basis. On alumina, the relief on 1967 levels equalled about $4,800,000, or close to 10% of the value of the imports on an ad valorem basis, and the volume of such imports is on a strong rising trend.

Independent fabricators of aluminum in the United States are dependent, to a very substantial extent, on sources outside the United States for a continuous and assured supply of their basic material, primary aluminum. This industry—these hundreds of aluminum fabricators—it is suggested, might well also be given encouragement through a broadening of the principles of H.R. 7735 to encourage an available supply of primary aluminum to them.

U.S. affiliated companies are important in aluminum production in a number of other countries, including Canada, Australia, Mexico, United Kingdom, Norway, Ghana, Surinam, Venezuela and India. The opportunity to export from such countries to the U.S.A. free of U.S. duty would appear to be desirable to such companies and to their parent U.S. companies. The recent Tariff Commission report, above referred to, contained the following statement:

"If U.S. producers continue the trend apparent in 1960–66 of locating more and more of their new production capacity in countries that do not have adequate markets for the new production, such as Australia, Ghana, and Norway, it is virtually certain that imports will capture an increasing share of the growing U.S. market."

As far as can be foreseen, the U.S. will continue to rely on imports for a substantial amount of its supply of this important metal.

Today, aluminum ingot is sold at approximately the same prices in major world markets. Production conditions are reasonably similar and cost advantages arising from either advantageous wage rates, low power costs, favorable raw material supply, or proximity to market, tend to balance out among the developed countries within market areas.

The foregoing represent what might be termed short-range objectives in U.S. tariff policy. From a long-range standpoint, on which it is understood the Committee is also interested in receiving comments, we would strongly support the statement by Special Trade Representative Roth, before this Committee, advocating that a study be carried forward of regional trade. We, too, believe that such a study will reveal benefits to the United States of regional trade agreements looking to establishment of more liberal tariff treatment, particularly a bilateral arrangement between the United States and Canada, such as that contemplated by H.R. 17768, recently introduced by Congressman King. Regional trade agreements might include not only the United States and Canada, but also Caribbean countries; in all cases limited, perhaps, to important raw materials of interest to the countries involved. The United States, Canada and certain Caribbean countries together already form a large production and marketing area.

Successful application of such a policy would require, however, that the United States continue as heretofore to exert its leadership and influence on the side of liberal treatment of international trade in aluminum.

This whole purpose would be defeated and trade would be impeded if the United States should freeze its existing tariff treatment of products, and delay any further progress toward removal of trade obstacles, awaiting similar action by countries not prepared to go forward toward trade liberalization.

(See chart on p. 3375.)

The CHAIRMAN. Thank you, Mr. Trigg. Are there any questions? If not, we thank you.

(The following letters and telegrams were received by the committee:)

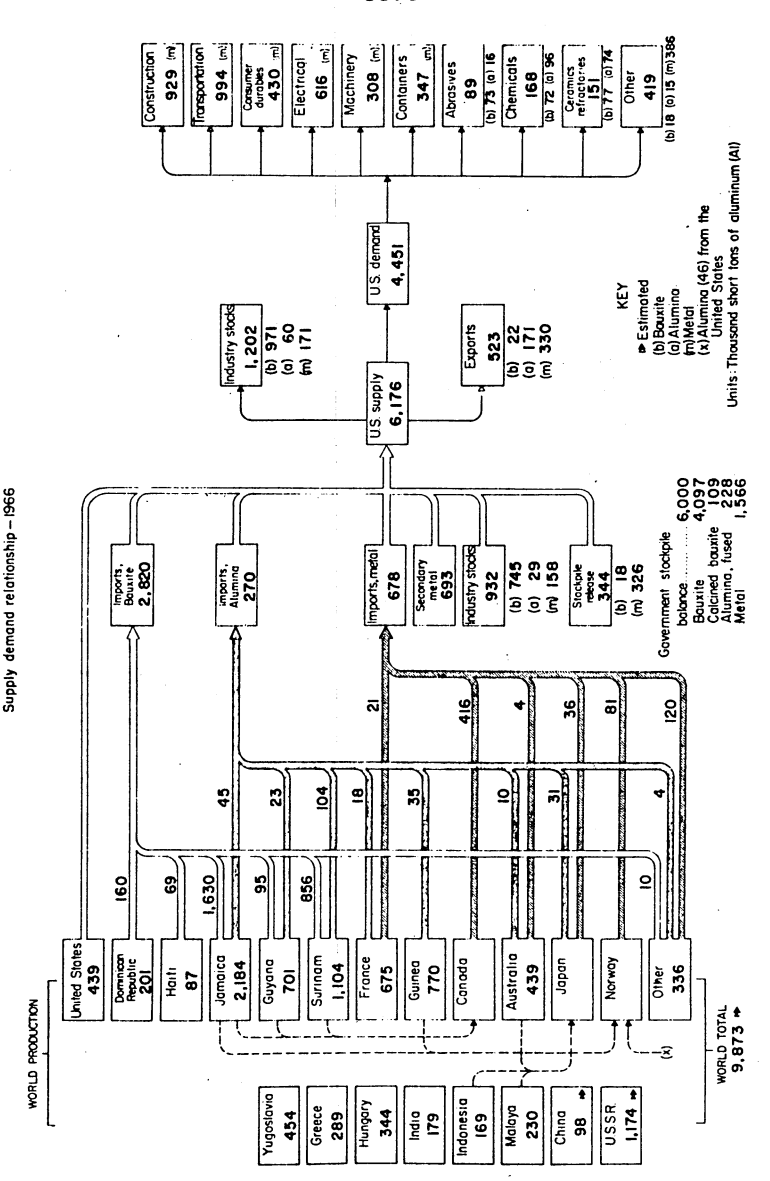
ALL-STATE WELDING ALLOYS CO., INC.,
White Plains, N.Y., July 3, 1968.

Congressman WILBUR D. MILLS,
Chairman, Ways and Means Committee,
House of Representatives,
Washington, D.C.:

DEAR CONGRESSMAN MILLS: We are an independent aluminum fabricator in the United States manufacturing aluminum welding wire. We employ a total of 180 people. In connection with the trade hearings now being held regarding the U.S. tariff on imported aluminum ingot, we wish to go on record as supporting the position of Alcan Aluminum Corporation regarding a reduction in the U.S. tariff on aluminum ingot without its being directly related to European Common Market action.

Yours very truly,

THOMAS D. NAST, *President.*



Source: U.S. Bureau of Mines

ST. LOUIS, MO.,
July 3, 1968.

Congressman WILBUR D. MILLS,
Chairman of the Ways and Means Committee,
House of Representatives,
Washington, D.C.:

We are a sizable independent aluminum curtain wall fabricator. We agree with and support Alcan's position before your committee and would disagree with any delays in proceeding with U.S. tariff reductions.

C. C. MORAN,
President, Cupples Products Division, H. H. Robertson Co.

KINKEAD INDUSTRIES INC.,
Chicago, Ill., July 1, 1968.

Congressman WILBUR D. MILLS,
Chairman, Ways and Means Committee,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MILLS: We are writing you in connection with the recent tariff hearings your Committee has held, specifically the existing tariff duties on unwrought aluminum.

Since we rely considerably on imported aluminum from Canada for our requirements, we definitely favor Alcan's stand, i.e., to reduce or, preferably, eliminate the U.S. import duty on aluminum ingot products. This would provide us with an even greater opportunity to buy metal from whomever we choose, domestic or foreign. As we see it, there would be no advantage in waiting for the European Common Market area to decide on any tariff reduction over there; we should proceed on our own and perhaps establish regional and liberal trade agreements in our own Western Hemisphere.

We manufacture various aluminum products—decorative trim and moldings, a complete line of residential building products and employ about 600 people in five plant locations.

Very truly yours,

E. R. MEYER.

COLUMBIA, S.C., *July 8, 1968.*

Congressman WILBUR D. MILLS,
Chairman, Ways and Means Committee,
House of Representatives,
Washington, D.C.:

We are independent fabricators of aluminum and employ 220 people and use approximately 25,000,000 pounds of aluminum per year. We rely on following metal as a source of supply. We support Alcan statement before your committee and disagree with the Mitchel statement that favors delaying tariff reduction.

J. W. PARRISH,
President, the Loxcreen Co.

PEERLESS OF AMERICA, INC.,
Chicago, Ill., July 1, 1968.

Congressman WILBUR D. MILLS,
Chairman, Ways and Means Committee,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MILLS: In connection with the recent trade hearings before your Committee relating specifically to unwrought aluminum, we are an independent fabricator of aluminum products for refrigeration, air conditioning and heating equipment and employ about 200 people.

As part of our raw material requirements, we do buy from a foreign source and, as our business grows, our dependence on said supplier should increase. We can see no plausible reason to impede the efforts of foreign suppliers in general as they do fulfill an important role for us and we are sure, for other independent aluminum fabricators in the U.S.

Thus, we support the stand recently expressed before your Committee—by one of these foreign suppliers—Alcan—namely, to reduce and eventually eliminate the U.S. Tariff on aluminum ingot products. We believe our entire industry can benefit by removing trade barriers between countries and thereby allow our free enterprise system to operate most effectively.

Yours very truly,

J. M. O'CONNOR, *Executive Vice President.*

AMERICAN METAL IMPORTERS ASSOCIATION, INC.,
New York, N.Y., July 1, 1968.

COMMITTEE ON WAYS AND MEANS,
U.S. House of Representatives
Washington, D.C.

GENTLEMEN: I am writing to you in my capacity as President of the American Metal Importers Association, Inc., a non-profit trade association incorporated in New York, which numbers among its members the principal importers of Aluminum Products and other Non-Ferrous Metal Products from Europe and other parts of the world.

We wish to state for the record our support of the Trade Expansion Act of 1968 and of a continued expansionary U.S. trade policy. Our membership is strongly opposed to any general or specific quota or other trade restrictive proposals presently being considered by you.

We are gratified to know that the U.S. Aluminum Industry has taken a similar position in its testimony before you. In turn, we fully agree with the U.S. Aluminum Industry's request that the United States seek in future trade negotiations to reduce tariff and non-tariff trade in non-ferrous metals and metal products between the United States and its trading partners in the GATT. This forward looking view in the United States and Aluminum Industry should be an indication to the Committee of the strength of the sentiment among responsible American businessmen for an expansion of mutually beneficial trade.

In conclusion, we wish to express our gratitude to the Committee for the opportunity afforded us to express our views on future U.S. trade policy.

Very truly yours,

AUBREY L. MOSS, *President.*

UNITED STATES EXTRUSIONS CORP.,
Woodbury, Long Island, N.Y., June 27, 1968.

Congressman WILBUR D. MILLS,
Chairman, Ways and Means Committee,
House of Representatives, Washington, D.C.

DEAR SIR: We are writing in regard to the hearings your Committee is conducting on the U.S. tariff on aluminum ingot.

We are an independent aluminum extruder, and, together with our affiliates, employ approximately 500 people.

The Aluminum Association, which for all practical purposes is the domestic primary producers of aluminum, seek not only the retaining of the present tariff, but an increase, solely so that they, once again, may be the only suppliers to the aluminum industry in this country.

Some years back, when this was the case, the domestic primes sold their basic metal to independents, such as ourselves, at whatever prices they thought fit, and then proceeded to kick the devil out of us, in the market place of fabricated and semi-fabricated products.

It was only when companies such as ours were able to import metal, particularly from Canada, did the U.S. primes become more competitive in the sale of ingot, but their ability to freeze us out of any market they chose was substantially reduced.

We respectfully suggest that we do not think it is the intention of your committee to allow the domestic prime producers to hold the power of life or death over the heads of the independent member of the aluminum industry, or to shape American trade and/or foreign policies.

We, and the hundreds of other similar companies, throughout the country, ask that you reduce the import tariff on aluminum ingot in the interests of fair

play, the preservation of small business, and for the maintenance of healthy international trade.

Thank you, Sir, for your time and consideration.

Very truly yours,

EMIL H. BUCKNER, *Secretary/Treasurer.*

HARRY BLUMENTHAL & SONS, INC.,
Minneapolis, Minn., July 8, 1968.

Congressman WILBUR MILLS,
Chairman, Ways and Means Committee,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MILLS: Regarding the current discussions on tariffs; we would like to direct our comments to "Unwrought Aluminum." We suggest lower or no tariffs on a regional basis since the "Common Market" really has no bearing on the trade with our immediate neighbors.

We sincerely believe that the best interests of our Nation are served by an intelligent approach to the countries and the products involved. Certainly our export volume is affected by the manner in which we handle our imports.

Your consideration in this important matter is deeply appreciated.

Respectfully yours,

HARRY BLUMENTHAL, *President.*

The CHAIRMAN. Without objection the committee will recess until 2 p.m., when we will hear the next commodity, fish.

(Whereupon, at 12:13 p.m., the committee recessed to reconvene at 2 p.m., the same day.)

AFTER RECESS

(The committee reconvened at 2 p.m., Hon. James A. Burke presiding.)

Mr. BURKE. The hearing will come to order.

The first subject to be discussed this afternoon is the subject of the fish industry.

Our colleague from Massachusetts, Mr. Bates, is our next witness. We appreciate having you with us this afternoon, and you are recognized.

STATEMENT OF HON. WILLIAM H. BATES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. BATES. Mr. Chairman, it is very heartening that your committee is considering the many legislative proposals introduced to provide relief for domestic industries which are being injured by the rising tide of imported products that sell here at lower prices because of the low-cost labor and, in some instances, Government subsidies in foreign countries. While I am deeply concerned about the plight of some of our manufacturing industries, about which I shall address you at a later session, I appreciate this opportunity to speak today about one of our nation's oldest and most vital food industries, fishing.

You will recall that earlier this year I was one of nine Members of Congress who wrote you requesting the Committee on Ways and Means to ask the Tariff Commission to undertake a section 332 study of the import of foreign imports on the American fishing industry. I believe the need for this study is emphasized by the two investigations

currently being made by the Bureau of Customs as the result of charges that Canadian cod and haddock are being dumped on the American market.

Even without a Tariff Commission study, however, I think the facts being presented at this hearing will demonstrate the necessity for seafood import controls if an American fishing industry is to be preserved. I shall leave it to the labor and management leaders here to give you the details, but I wish to stress my great concern lest a large percentage of American fishermen be thrown out of business because their Government felt the welfare of foreign fishermen was more to our national interest.

Mr. Chairman, the Kennedy round agreements will compound the import problem of our fishing industry, as they will so many other domestic industries, unless some form of quota control legislation is enacted. Whether it be along the lines proposed in Congressman Keith's bill, H.R. 12696, or the Fair International Trade basis provided in Congressman Herlong's bill, H.R. 16936, I sincerely hope your Committee will include protection for the beleaguered American fishing industry. Only by imposing ceilings on imports can domestic production and fair and equitable international trade be promoted.

Among those addressing you at this hearing is Mr. James D. Ackert, president of the Atlantic Fishermen's Union. I especially call your attention to what he has to say, for he follows the problems of his industry about as well as anyone I know. It was he who lodged the charges against the dumping of fish from Canada, and he spearheaded the efforts which only last month prompted many thoroughly discouraged fishing boatowners in Gloucester, Mass., to take their vessels back to sea. The boatowners found that imported fish fillets and portions were so flooding the market that they were losing money on their own fresh fish catches, and even had no market at all in some cases.

The Commonwealth of Massachusetts, as the result of Governor Volpe's directive, is henceforth requiring that all fishery products it purchases for its various institutions, and in the school lunch program, shall be "100 percent domestically caught and processed." Some of us are seeking means of assuring greater purchases of domestic seafood products by federal agencies.

I cite these points to reassure this committee that we realize quota controls alone will not solve the problem. I must say again that failure to regulate the influx of fishery products can further gravely affect the ability of domestic fishermen to survive.

Before concluding, Mr. Chairman, I wish to urge that, in connection with such legislation as may ultimately be reported, your committee also consider the provisions and objectives of two bills which I introduced in the current Congress. One bill seeks to amend the tariff schedules to protect a promising new segment of the domestic seafood business, while the other would eliminate the duty on a single fish product.

Years ago I sponsored the legislation which established the 30 percent ad valorem tariff on imported fish sticks. H.R. 8048 would set a similar rate on imported irradiated fish. The irradiation process has been developed by the Bureau of Commercial Fisheries at the world's first marine products irradiator in Gloucester, and it is hoped that all tests will soon be completed to satisfy the requirements for Food and

Drug Administration approval. When this comes, a vast new era in the fresh fish industry will emerge.

In endorsing H.R. 8048, Salvatore J. Favazza, executive secretary of the Gloucester Fisheries Commission, wrote to Chairman Mills of the Ways and Means Committee, in part, as follows:

> Fortunately, the U.S. Congress at the start of the "fish stick era" enacted a 30 percent ad valorem tariff on prepared fish sticks, thereby preserving the processing segment of the American fish stick industry for the American processor. The American fisherman seeks by enactment of H.R. 8048 the same protection for himself that is accorded the American fish stick processor by the 30 percent ad valorem tariff on fish sticks.
>
> Irradiated fresh fish imports would enter this country as fillets ready for marketing without further processing. Such a product will offer no gainful employment to either the producing or processing segments of our fisheries, while threatening the existence of the entire American fresh fish industry.

Michael E. Mineo, also of Gloucester and president of the Domestic Seafood Producers, wrote me registering unanimous support of H.R. 8048 by the members of his organization. Noting that "the frozen groundfish fillet market of the United States is completely lost by domestic producers to imports because of the present cost structures," he continued:

> Fresh whole fish and fillet sales account for the economic majority of the New England producing industry. The irradiation process will enable fresh fillet producers to broaden their markets greatly, creating the opportunity for domestic growth in new vessels, producing facilities, and labor. Irradiation of seafood will also enable importers to market greater quantities of fresh fish fillets into the United States markets.
>
> Should the domestic groundfish industry lose the fish market because of foreign price competition, as it has lost the frozen fillet market, it will have lost all its markets, and will cease completely as a producing industry.

With that, Mr. Chairman, I trust that the appropriate amendment can be made to the Tariff Schedules so that any quota controls applicable to the fishing industry will include imported irradiated fresh fish, as well as imported fish sticks.

My second bill is H.R. 10329, which would amend the Tariff Schedules so as to make certain fish glue free from import duty. It may seem unique at a time when so many industries are seeking import quota controls to call for doing away with an existing duty. However, in the days when the duty was established on fish glue, it was a highly competitive business. Today, I understand, there is no fish glue manufactured in the United States, but it still has many uses by various industries, who must depend on its importation—largely from Canada. Ironically, one of the chief domestic distributors of this product, LePage's of Gloucester, formerly was the largest producer of fish glue in the United States.

Even though the Kennedy round did cut the tariff on fish glue by 50 percent, it is still at a disadvantage in competing with other adhesives. The fish glue duty has long since served its purpose of providing protection for domestic industry, and should, therefore, be repealed. Accordingly, I hope that any tariff changes your committee may now recommend will include this provision.

Thank you, Mr. Chairman and members of the committee, for considering my views on these matters related to fish product imports.

Mr. BURKE. Are there any questions, if not, then thank you Mr. Bates, for sharing your views with us.

The next witness is from Washington, the Honorable Thomas M. Pelly. Mr. Pelly, we appreciate your being with us and you are recognized, sir.

STATEMENT OF HON. THOMAS M. PELLY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. PELLY. Mr. Chairman, I appreciate the opportunity to appear in response to your invitation to testify on the general subject of tariff and trade. My statement today has special reference to proposals relative to imposition of quotas. In this connection, I desire to express my views in favor of my bill, H.R. 17242, which is identical to H.R. 16936, introduced by a distinguished member of this committee, Mr. Herlong. And, I believe other House Members are sponsoring this legislation. These bills would limit import expansion of foreign products under certain conditions to protect our domestic producers.

My testimony will be directed especially to the problems and the interests of the American fishing industry, an important segment of which is located in my congressional district, as well as throughout the Puget Sound region and the coastal areas of the State of Washington. I believe the enactment of this legislation could be extremely helpful to the domestic fishing industry, employment in which includes 135,636 fishermen and 88,748 shore workers.

That the economic plight of the fishing industry needs some form of protection is well demonstrated by the statistics on the obsolescence and age of the U.S. fishing fleet. In this connection, the Bureau of Fisheries recently published these facts:

> The U.S. fishing fleet consists of 82,127 vessels of various kinds which average 20 years of age. One-half of the vessels are between 16 and 45 years. There are 250 vessels which are more than 55 years old, and the average age has increased almost a year every 2 years over the past 10 years.

The reason for this depletion and that fishermen cannot afford to replace their aged vessels to a large degree is the flood of foreign imports. The market is flooded with low-cost and often inferior fish products.

Just one example of the adverse effect on the domestic market is the sale of so-called Greenland halibut which is really turbot containing a higher fat and lower protein content than true halibut. The housewife in the marketplace buys this imported product, thinking it is true halibut, and the price differential is such the American halibut fisherman is lucky if he makes expenses.

Actually, what has been going on, as far as fish are concerned, is that world production of fish has increased from 40 billion pounds in 1948 to 125 billion pounds in 1967. Meanwhile, our domestic production has decreased to 4 billion pounds, the lowest since 1943.

While our domestic production has been decreasing, our consumption of fish is at an all-time high. In 1948, we produced 80 percent of our domestic needs; now we only produce 29 percent and the balance of 71 percent consists of ever-increasing imports from some 116 nations.

As to the trend, hereinafter is a tabulation of two classifications of fish products showing the comparison of domestic production and imports of groundfish and fish meal during the past 8 years:

	Groundfish domestic production	Groundfish imports	Fish meal domestic production	Fish meal imports
Year:				
1960	93,818	155,550	290,137	131,561
1961	93,039	195,099	311,265	217,845
1962	93,625	221,420	312,259	252,307
1963	83,419	231,768	255,907	376,321
1964	75,166	246,569	235,252	439,143
1965	77,180	294,954	254,051	270,666
1966	75,418	315,097	223,821	447,784
1967	71,032	283,570	211,514	651,486

The figures clearly show the decline of domestic production and the substantial increase in imports during these past few years.

The fact should be recognized also that by foreign assistance and technical aid, we have subsidized and supported improvement and expansion of foreign fishing fleets and foreign industry and thereby encouraged and brought on ourselves the invasion and destruction of fishing resources on the very waters traditionally fished by our own American fishermen and much of these resources adjacent to our own coastal waters. As a result, the livelihood of American fishermen, as well as the national economy, is being detrimentally affected by the heavy flow of imported fish and seafood products.

The provisions of H.R. 17242 are a fair and reasonable basis of allowing imports, such as fishery products, to share in equal proportion to the growth of the American market and still allow our own industries to produce and continue to operate.

Take the case of groundfish, under section 5(d)3 of the bill, using previously cited figures; the 1960 imports supplied more than 40 percent (actually 81 percent) of domestic consumption, and imports since 1960 have increased by more than 15 percent.

Under this formula, as provided in the bill, the Tariff Commission would report to the President that the groundfish industry is at a serious competitive disadvantage in relation to imports and would set a ceiling to be applicable to imports of groundfish. The ceiling would be based on the average annual share of domestic consumption supplied by imports during the preceding 5 years which the President would proclaim as a future ceiling on imports for not more than 5 years.

Without going into too much detail, it should be mentioned that the bill contains safeguards, in the event of deficiency, or surplus for recalculation; there is a provision for new ceilings. In other words, this proposed legislation has a reasonable formula for establishing ceilings and, by the way, only then after investigation and public hearings by the Tariff Commission and certification of competitive disadvantage. It first establishes a fair share of domestic consumption to be available for imports where justified.

Certainly, Mr. Chairman, speaking not only for the distressed fishing industry, but for other industries which employ American labor

and support high living standards, this proposed import ceiling legislation would prevent the complete saturation of the American market with foreign imports.

I don't advocate any policy to shut off sales of foreign goods to America. All I say is that foreign imports in certain instances threaten our way of life. Therefore, I think we should have a policy of live and let live, and H.R. 17242 would accomplish this by sharing the growth of the American market with foreign nations.

Thank you again, Mr. Chairman, for this opportunity to testify. I hope my testimony will be helpful.

(Attachments to Mr. Pelly's statement follow:)

Herewith, for Committee consideration is a letter and statistical data on relationships between imports and consumption of fish and fish products prepared for me by the Director of the Bureau of Commercial Fisheries with specific reference to H.R. 17242.

FISH AND WILDLIFE SERVICE,
BUREAU OF COMMERCIAL FISHERIES,
Washington, D.C., May 24, 1968.

Hon. THOMAS M. PELLY,
House of Representatives,
Washington, D.C.

DEAR MR. PELLY: In response to your letter of May 17, 1968, our staff has developed the requested statistical data on the relationship between imports and consumption of fish and fish products. Two important United States fish industry products have been considered under the proposed act, H.R. 17242. We believe the type of analysis made here is realistic under terms of the bill and in accordance we have prepared analyses of groundfish and fish meal. The computed statistical data for each is attached in Tables 1 and 2 respectively.

The groundfish analysis includes the species: cod, cusk, haddock, hake, pollock, and ocean perch. Imports are primarily in the form of frozen blocks and slabs which are processed principally into fish sticks and portions. Under terms of the proposed bill this product would fall into Section 5, (3) since imports had exceeded 40 percent of the domestic consumption by 1960 and since they had increased by 82 percent by 1967.

Section 5(2) of the bill applies to fish meal. Imports of fish meal had reached 31 percent of total apparent United States consumption by 1960 and they increased by 395 percent between 1960 and 1967. The two cited examples represent segments of the industry which have recently registered some concern for the effect of imports on their industries.

Sincerely yours,

H. E. CROWTHER, *Director.*

[Enclosures]

TABLE 1.—GROUNDFISH SUPPLY, UTILIZATION, AND PERCENT IMPORTS ARE OF CONSUMPTION, UNITED STATES, 1960-67

Year	(In thousands of pounds)							Ratio imports/ consumption (percent)
	Domestic production	Imports	Beginning stocks	Total	Ending stocks	Exports	Apparent consumption	
1960	93,818	155,550	64,438	249,368	55,766	568	193,034	81
1961	93,039	195,099	55,766	343,904	49,388	600	293,916	66
1962	93,625	221,420	49,388	364,433	53,897	612	309,924	71
1963	83,419	231,768	53,897	369,084	56,860	543	311,681	74
1964	75,166	246,569	56,860	378,595	49,825	563	328,207	75
1965	77,180	294,954	49,825	421,959	64,029	764	357,166	82
1966	75,418	315,097	64,029	454,544	74,721	1,196	378,627	83
1967	71,032	283,570	74,721	429,323	64,671	1,242	363,410	78

TABLE 2.—FISHMEAL SUPPLY, UTILIZATION, AND PERCENT THAT IMPORTS ARE OF COMPSUMPTION, UNITED STATES, 1960–67

[Fishmeal statistics in tons]

Year	Domestic production	Imports	Beginning stocks [1]	Total	Ending stocks [1]	Exports [2]	Apparent consumption	Ratio, imports to consumption (percent)
1960	290,137	131,561	----------	421,698	----------	----------	421,698	31
1961	311,265	217,845	----------	529,110	----------	----------	529,110	41
1962	312,259	252,307	----------	564,566	----------	----------	564,566	45
1963	255,907	376,321	----------	632,228	----------	----------	632,228	60
1964	235,252	439,143	----------	574,395	----------	----------	674,395	65
1965	254,051	270,666	----------	524,717	----------	----------	524,717	52
1966	223,821	447,784	----------	671,605	----------	----------	671,605	67
1967	211,514	651,486	----------	863,000	----------	----------	863,000	75

[1] Stocks of fishmeal are not computed for the United States but are known to be relatively minor.
[2] Exports of fishmeal are very minor and data are not available as a separate item but are combined with similar products in published statistics.

Mr. BURKE. Are there any questions, if not, then thank you Mr. Pelly.

Our next witness is the Honorable David N. Henderson of North Carolina. Proceed as you see fit, sir.

STATEMENT OF HON. DAVID N. HENDERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. HENDERSON. Mr. Chairman and distinguished members of the committee, I appreciate the opportunity to make the following statement with respect to legislation now under consideration with regard to the problem of the fish meal and oil industry.

As a member of Congress whose district is directly effected, I would like to record with your committee my plea for consideration of some relief for this important domestic industry.

The third district of North Carolina which I have the honor to represent, contains the coastal counties of Carteret, Onslow, and Pender and commercial fishing leading to the manufacture of fish meal, fish oil, and fish solubles is of great importance, providing jobs for many constituents living in those counties.

The counties of Duplin, Pender, Wayne, and Sampson of the third district are engaged in poultry and animal production and are typically heavy users of fish meal and solubles products. For example, last year the gross sales of poultry products in my home county of Duplin exceeded $20 million and in recent years this production exceeds the gross income of the county's tobacco production.

I am advised that U.S. imports have risen from 100,000 tons in 1958 to 650,000 tons in 1967, accounting for approximately 75 percent of the U.S. supply. Imports during the first quarter of 1968 have been almost 200,000 tons and thusly will equal almost 800,000 tons for the year. These foreign imports have been at prices, particularly during the past year, that were less than production costs for U.S.-produced fish meal.

As a consequence, the U.S. fish meal industry is rapidly being put out of business. If this industry is to survive, it must receive some relief.

I would not propose to suggest tariffs or import quotas, but would leave such decisions to the usual fine judgment of your committee. Let me urge that the least we can do is enable one of the oldest domestic industries to continue to operate at a level that would insure the continuing job opportunities of those who are dependent upon this industry for their livelihood.

I will appreciate your consideration and request that these views be made a part of your hearing record.

Mr. BURKE. Thank you, Mr. Henderson, for bringing to us your thoughts. Are there any questions?

Is Congressman Keith here?

Congressman Keith.

STATEMENT OF HON. HASTINGS KEITH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. BURKE. You may identify yourself for the record, Congressman.

Mr. KEITH. I appreciate the great interest which you, Mr. Chairman, have shown in the problems of foreign competition, particularly in the fields of shipbuilding and shoe manufacturing. I know, too, that you have been sympathetic to the problems of the fishing industry, which is the subject of our present discussion. I am grateful for your courtesy in permitting me to testify and in hearing two of the outstanding authorities in this beleagured industry.

I have New Bedford in my consituency, one of the outstanding seaports of the world. It, along with the other traditional fishing ports of Gloucester and Boston is faced with some very serious difficulties. They have truly come on hard times, and it is a matter of extraordinary significance to my district, and I believe it is of extraordinary importance to our Nation that we find some way to alleviate the difficulties that are facing our Nation in its efforts to sow and reap a good harvest from the sea.

We have extraordinarily good port facilities. We have fishermen who are very eager to put to the sea in their vessels.

We have a nation and a world that is crying for fish protein in many different forms, but we are being very hard pressed by imports that make it almost impossible for our fishermen, vessel owners, and processors to eke a living out of this life that has always been a very great contributor to the economy of the coastal communities.

I have with me today two men who are extraordinarily well qualified to speak in person and dramatic terms about the nature of this problem, and perhaps help us in our efforts to find a solution.

James Ackert is the president of the Atlantic Fishermen's Union in Boston, and Howard Nickerson is the executive director of the Seafood Dealers Association in the city of New Bedford. Both of these men have been to sea, and both of them have been familiar with the problems of management and of labor from the catching of the fish until it hits the consumer.

I am sure that they can enlighten this committee as to the problems that face this industry and this Nation.

I would appreciate it very much if you would allow me to present these two gentlemen, James Ackert and Howard Nickerson.

(Prepared statement of Mr. Keith follows:)

STATEMENT OF HON. HASTINGS KEITH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

This morning, Mr. Chairman, as your Committee hears the cases presented by many hard-pressed industries, the fishing industry of New England is in the midst of its worst, and perhaps last, crisis. In traditional fishing ports of Gloucester, Boston, and New Bedford, captains are tying up their boats in desperation at their vanishing profits and their disappearing markets. Inundated by imports and left helpless by government inaction, this industry now faces the ultimate prospect of extinction.

To my understanding, this has never been what is meant by "free trade." The argument for healthy competition with imports has never meant monopoly domination of our market by imports. And yet this is exactly what the American fishing industry is facing today. In the fish products market as a whole, foreign imports now supply 60%—some $720 million annually—but in the market for New England's groundfish products, imports supply an astounding 80%.

For New England especially, the situation has obviously gone beyond any definition of the word competition. Verified dumping attempts by foreign exporters indicate that their intention is to eliminate the American domestic supplier from the American market entirely. The United States has now become the world's foremost importer of fish products, and has slipped from second to sixth place among fishing nations—behind Russia, Communist China, Japan, Peru, and Norway.

The plight of this industry, Mr. Chairman, is solid evidence of the need for some minimal protection—whether through the comprehensive fair trade bill now before your Committee, or through the particular legislation which I have filed affecting imported fish products. American fishermen are not asking for elimination of foreign competition; they are asking for protection against extinction.

We who represent fishing communities know that import restrictions are no substitute for a strong and competitive industry, and it is essential that American fishing be upgraded and modernized. While this industry struggles to get back on its feet, however, it is crucial to reserve some share of the American market for its products.

Should the process of monopolization by imports continue, American commercial fishing will have no chance to grow and our opportunity to participate in the further development of the vast food resources of the seas will be lost. As one who has long worked for government approval of Fish Protein Concentrate—a revolutionary new food product, commonly called "fish flour"—I believe the oceans can produce a tremendous new abundance of food for the hungry both here and abroad.

Hunger is not confined to the underdeveloped countries of South America, Africa, and Asia, but as was shown in the CBS documentary of several weeks ago, it is prevalent even in this, the richest country in the world. Kwashiorkor, a disease of malnutrition which I witnessed in trips to Peru and Mexico ten years ago, is present even now in several areas of the United States.

Food from the ocean can help eliminate this blight. But to tap these resources, and to develop the ocean food technology of the future, we must retain a viable commercial fishing industry. Help is needed if this industry, which has contributed so much to the Nation's past, is to survive and contribute to the future.

Mr. BURKE. You will stay here for the questioning, Congressman?

Mr. KEITH. Yes.

Mr. BURKE. Mr. James D. Ackert will be the leading witness.

Is it the intention of all you gentlemen to testify together? Are you all on the same side?

STATEMENT OF JAMES D. ACKERT, DOMESTIC PRODUCERS ASSOCIATION OF NEW ENGLAND

Mr. ACKERT. I will be the only witness, Congressman, to speak for my local area, and then Mr. Nickerson will be speaking for New Bedford.

Mr. BURKE. If Mr. Nickerson wishes to come up here, he can sit at the table, here.

Mr. NICKERSON. I would like to follow Mr. Ackert, if you please, Mr. Chairman.

Mr. BURKE. Will you please identify yourself for the record, Mr. Ackert?

I know you very well, and you are very well known up in New England for the great work that you have done.

Mr. ACKERT. Mr. Chairman and members of the committee, my name is James D. Ackert, president of the Atlantic Fishermen's Union of Boston, Gloucester, and New York.

Today I am speaking in behalf of the Domestic Producers Association of New England, whose listed membership has been filed with Mr. Martin, chief counsel for this committee.

We are speaking in favor of the passage of H.R. 16936, Fair International Trade Act of 1968, as we do not believe the U.S. Government can sacrifice domestic industries by neglecting the impact of increased imports.

The domestic groundfish industry of the United States requested an investigation by the Department of the Interior, Bureau of Commercial Fisheries, on the effect of imported fresh and frozen groundfish upon the domestic groundfish industry under Public Law 1024, section 9(b) and also under U.S. Fish and Wildlife Service, title 16, paragraph 742 H, section (b). The attached tables from the preliminary report is included as attachment to my statement. Dr. Gale H. Lyon of the Bureau of Commercial fisheries assured me that the completed report would be available for this committee within a few weeks. We believe the investigation speaks for itself, and in its final analysis shows that the domestic groundfish industry is being forced out of business by the impact of increased imports. In 1957 we produced 67 percent of our needs, and imported 33 percent. The figures now have been completely reversed—in 1967 the United States produced 22 percent and imported 78 percent, as stated in table 1 of the report of the Bureau of Commercial Fisheries, titled "Groundfish Supply, Utilization, and Percent Imports Are of Consumption, United States, 1960–67."

The U.S. Government has stated on numerous occasions that to feed future generations we will have to go to the sea for more food. How can this happen, when we see an overage fleet of fishing vessels and a steady downgrade of wages for our fishermen, caused by increased imports? Please note in table 8 the hourly wage rate of fishermen as compared with other industries and occupations shows that we are below standard. The fishermen average 3 hours for every 2 hours worked by nonsupervisory personnel in other industries. This is only for the large trawlers out of Boston. If we take the smaller trawlers, who have no watch (6 hours on and 6 hours off), the relationship of hours worked would be much greater. Also, there are no paid vacations or sick leave for fishermen, as there are in other industries. We are sure that when this committee has the opportunity to review this excellent report of the investigation by the Bureau of Commercial Fisheries that they will see the importance of a ceiling on fishery imports into the United States.

We wish to call to this committee's attention that twice the Tariff Commission found for groundfish industry of the United States, and twice the Presidents would not sign the recommendation of an increase in duty. Stated reason was on the ground of foreign relations and national defense, and the prospect that the then newly developed fish stick market would provide relief to the groundfish fishermen. The latter proved to be untrue, since developments proved that almost 100 percent of the fish sticks and later fish portions were made from foreign-produced fish blocks. United States fishermen, particularly those in the Northeast region, cannot compete with low-cost Canadian and European fish of the same species. The foreign fish is produced at about 50 percent of the cost in New England ports, due to the cheaper labor, construction, operating costs, and particularly Government subsidies at all levels of production. Last month the Canadian Government announced that the wages of the fishermen for the last 3 years would be averaged, and at the end of 1968 if the wages does not reach the average of the prior 3 years, the Canadian Government would subsidize the fishermen by paying to the fishermen the wage difference. This is to keep the ex-vessel price of fish low to put the U.S. fishermen out of business.

In the statement by the Treasury Department of the United States before this committee, the mention was made of two important laws affecting our imports which the Treasury Department is responsible for administering; namely, antidumping and countervailing duties. First let me comment on antidumping. Please note graph and date of filing by the Atlantic Fishermen's Union on cod and haddock dumping by the Eastern Canadian Provinces. Note the rise in the price of cod in November of 1967, with no justification by a rise in the price paid ex-vessel to the Canadian fishermen.

With your permission, Mr. Chairman, I will refer to two graphs which the Atlantic Fishermen's Union filed in June of 1967, of dumping by Canada of haddock and cod.

Here it is now going into late June of 1968, and no determination has been made yet.

The top two lines are the price of Canadian fish sold in Canada. The two bottom lines are the maximum and the minimum prices of Canadian fish sold into the United States.

Gentlemen, if this is not definite proof of dumping, I have never seen it in my life.

Mr. BURKE. Excuse me.

In the lower one, the top line is the selling price in the United States, or in Canada?

Mr. ACKERT. The top line is the selling price in Canada of Canadian fish. The bottom line is the Canadian fish being sold upon the American market.

Mr. BURKE. Is that the wholesale price?

Mr. ACKERT. The wholesale price, yes, sir.

If this isn't complete evidence of dumping, I am not aware of any other evidence.

We have been informed by the Bureau of Customs that all the information has been compiled and will be sent to the Treasury Department for recommendation. Because of the long period of research that is required, an industry could be forced out of business because of

dumping. We believe that this process should be speeded up to protect the domestic industries. Please note that the "Canadian Monthly Fishery Statistics" have, as of January 1968, eliminated the wholesale prices of specific fishery products that have been in their publication for years. Also please note that the "Withholding of Appraisement" notice by the Bureau of Customs was January 1, 1968. Is this a coincidence, or not?

Please note, included in my brief, "Enclosure A" on "Canadian Comments on Kennedy Round." Mr. C. A. Annl's Director of Tariffs, Federal Department of Finance, pointed out concerning fish: "We attempted to go the limit and generally succeeded. We wanted a great deal, especially from the United States, and we were generally successful." He called attention to the provision for free entry on a wide range of fish imported into the United States. I will quote only one, but please note that there are more comments included in the brief.

As far as countervailing duties, to the best of our knowledge, no countervailing duties have been imposed on groundfish imports, even though the countries who export groundfish to the United States are directly and indirectly subsidizing their fisheries much greater than the United States subsidizes her fisheries.

"Foreign Fishing Industries in Difficulties: Proposed Solutions Have International Repercussions." This is the report from the International Office, Branch of Foreign Fisheries, Bureau of Commercial Fisheries.

Here is evidence of complete subsidization. The Treasury has not as yet ever recommended any countervailing duties for fishery products.

Gov. John Volpe of Massachusetts last month directed that all State institutions and schools in the State purchase 100 percent domestically caught and processed fish. We hope that other States will follow suit in the future.

Last Tuesday I flew to Baltimore to see the first of two factory-type trawlers for the United States. The first will be christened in September of this year and go fishing shortly thereafter. We believe that this is an answer to our fishery production.

I believe so much in this, myself, that I am taking a leave of absence from the union to become master of the first ship. Gentlemen, she is beautiful. This will be an American-flag fishing ship we can be proud of. There will be more of her type built, but please put a ceiling on fishery product imports, so that we can once again look at the U.S. fishing fleet and be proud of it. We owe this to future generations of American citizens; also to the American fishermen of today.

Thank you, Mr. Chairman and members of the committee, for allowing me to appear before this committee to present the problems of the American fishermen in regard to the increasing rise of fishery imports, and its impact on our industry.

(The attachments referred to follow:)

Appended to my testimony are supporting data in tables and charts. Unless otherwise stated, groundfish data in tables include the following species: cod, cusk, haddock, hake, ocean perch, and pollock.

TABLE 1. THE RELATIONSHIP OF THE OTTER TRAWL CATCH TO THE TOTAL CATCH OF SELECTED SPECIES IN NEW ENGLAND FOR SELECTED YEARS

Species	Year	Landings			Value		
		Total	Otter Trawl		Total	Otter Trawl	
		Thousand Pounds		Percent	Thousand Pounds		Percent
Cod	1947	64,040	52,500	82.0	3,675	2,942	80.1
	1952	42,401	34,561	81.5	2,994	2,433	81.3
	1957	31,911	28,359	88.9	1,941	1,696	87.4
	1962	43,946	38,260	87.1	2,956	2,587	87.5
	1963	39,901	34,533	86.5	2,794	2,443	87.4
Flounder	1947	67,533	67,004	99.2	5,997	5,938	99.0
	1952	55,411	54,885	99.1	7,080	7,013	99.1
	1957	53,869	53,483	99.3	6,421	6,378	99.3
	1962	86,711	86,255	99.5	8,175	8,132	99.5
	1963	106,767	106,484	99.7	8,744	8,709	99.6
Haddock	1947	162,102	156,954	96.8	11,137	10,731	96.4
	1952	161,341	155,535	96.4	12,492	11,958	95.7
	1957	133,409	131,722	98.7	10,186	10,048	98.6
	1962	134,169	131,004	97.6	10,903	10,614	97.3
	1963	123,881	120,847	97.6	11,695	11,395	97.4
Pollock	1947	20,906	12,912	61.8	747	479	64.1
	1952	26,953	20,322	75.4	996	797	80.0
	1957	22,030	19,301	87.6	775	699	90.2
	1962	16,331	14,788	90.6	685	629	91.8
	1963	14,601	13,223	90.6	670	627	93.6

Source: Branch of Fishery Statistics, Division of Economics, Bureau of Commercial Fisheries

TABLE 2. NUMBER AND PERCENT OF OTTER TRAWLERS AND GROSS TONNAGE IN THE UNITED STATES, ATLANTIC COAST, AND PACIFIC COAST GROUNDFISH FLEETS, 1957-66

1957-59 = 100

Year	United States			Atlantic Coast			Pacific Coast		
	Number	Percent	Tonnage	Number	Percent	Tonnage	Number	Percent	Tonnage
1957	788	100	27,783	568	100	21,277	220	101	6,506
1958	786	99	27,842	579	101	21,650	207	95	6,192
1959	795	101	28,217	567	99	21,374	228	104	6,843
1960	798	101	47,987	562	98	36,471	236	108	11,516
1961	772	98	46,866	539	94	35,637	233	107	11,229
1962	750	95	46,666	534	93	36,335	216	99	10,331
1963	759	96	47,931	530	93	37,290	229	105	10,641
1964	734	93	46,380	514	90	36,228	220	101	10,152
1965	730	92	47,122	514	90	37,192	216	99	9,930
1966	767	97	50,583	531	93	39,670	236	108	10,913

Source: Branch of Fishery Statistics, Division of Economics, Bureau of Commercial Fisheries.

TABLE 3. GROUNDFISH VESSELS BY YEAR OF CONSTRUCTION AS OF 1965

Year	Atlantic Coast	Pacific Coast	Year	Atlantic Coast	Pacific Coast
	Number	Number		Number	Number
			Otter Trawlers		
1875	1	0	1935	2	2
1887	1	0	1936	9	1
Unknown	2	0	1937	13	5
1900	0	1	1938	8	5
1901	1	1	1939	5	9
1903	2	0	1940	11	4
1907	1	1	1941	22	7
1908	0	2	1942	17	8
1910	1	1	1943	23	6
1911	0	3	1944	42	9
1912	0	4	1945	34	15
1913	0	4	1946	41	13
1914	2	3	1947	27	6
1915	0	9	1948	11	4
1917	5	10	1949	11	3
1918	4	3	1950	9	1
1919	1	3	1951	10	6
1920	0	5	1952	16	0
1921	2	1	1953	6	0
1922	2	2	1954	5	0
1923	4	1	1955	4	2
1924	7	3	1956	10	0
1925	11	5	1957	4	0
1926	6	8	1958	3	0
1927	5	13	1959	4	0
1928	16	9	1960	3	0
1929	15	5	1961	9	2
1930	12	6	1962	4	1
1931	9	0	1963	10	1
1932	4	0	1964	9	0
1933	4	0	1965	7	0
1934	5	1	Total	512	214
			Sink Gill Netters		
1925	2	0	1929	1	0
1927	1	0	1930	1	0
			Total	5	0

Continued

TABLE 3 (Continued)

Year	Atlantic Coast	Pacific Coast	Year	Atlantic Coast	Pacific Coast
	Number	Number		Number	Number
			Handliners		
Unknown	0	1	1948	0	3
1918	0	2	1949	0	4
1926	0	1	1950	1	1
1930	1	0	1954	0	1
1931	1	0	1957	1	1
1938	1	1	1959	1	0
1940	1	0	1961	0	1
1944	0	1	Total	8	18
1946	1	1			
			Longliners		
Unknown	0	1	1940	0	3
1912	0	1	1941	2	6
1913	0	8	1942	1	6
1914	0	5	1943	0	1
1915	0	3	1944	1	4
1916	0	1	1945	2	12
1917	0	7	1946	0	12
1918	1	2	1947	0	4
1919	0	2	1948	0	8
1920	0	6	1949	1	5
1923	0	4	1950	0	10
1924	0	7	1951	1	6
1925	0	10	1952	0	3
1926	0	5	1953	0	0
1927	0	10	1954	1	1
1928	0	13	1955	1	1
1929	0	10	1956	0	2
1930	1	4	1957	1	0
1931	0	2	1958	1	1
1932	0	1	1959	3	1
1933	0	1	1960	0	1
1934	0	3	1961	0	1
1935	1	5	1962	1	2
1936	0	2	1963	0	2
1937	0	4	1964	2	5
1938	0	5	1965	0	1
1939	0	4	Total	22	224

Source: Branch of Fishery Statistics, Division of Economics, Bureau of Commercial Fisheries

TABLE 4. NUMBER OF FISHERMEN, ATLANTIC COAST AND PACIFIC COAST GROUNDFISH FLEETS, 1957-66

1957-59 = 100

Year	United States		Atlantic Coast		Pacific Coast	
	Number	Percent	Number	Percent	Number	Percent
1957	4,125	101	3,316	101	809	99
1958	4,103	100	3,307	101	796	98
1959	4,058	99	3,215	98	843	103
1960	4,068	99	3,142	96	926	113
1961	3,849	94	2,961	90	888	109
1962	3,789	93	2,944	90	845	104
1963	3,772	92	2,928	89	844	103
1964	3,663	89	2,847	87	816	100
1965	3,612	88	2,819	86	793	97
1966	3,778	92	2,912	89	866	106

Source: Branch of Fishery Statistics, Division of Economics, Bureau of Commercial Fisheries

TABLE 5. AGE DISTRIBUTION OF U. S. MALE CIVILIAN LABOR FORCE AND BOSTON OFFSHORE TRAWLER LABOR FORCE, 1964

Age Group	Male Labor Force	Boston Offshore Fishermen[a]
	Percent	
Under 25	20	2
25-34	21	10
35-44	22	9
45-54	20	17
55-64	13	41
65 and over	4	21

[a]Includes part-time and full-time fishermen

Source: U. S. Department of Labor, Manpower Report of the President, Washington, D. C., March 1965, p. 195

TABLE 6. NUMBER OF VESSELS, FISHERMEN, AGE OF FISHERMEN AND INVESTMENT PER FISHERMAN, PACIFIC COAST, 1967

Fishing Area	Vessels		Fishermen		Age of Fishermen	Investment Per Fisherman
	Number	Percent	Number	Percent	Years	Dollars
Inside 3 miles	1,502	56.6	3,513	50.0		
3 to 12 miles	828	31.1	1,980	28.1	41.3	7,964
Outside 12 miles	325	12.5	1,545	22.0	47.5	16,167
Total	2,655	100.0	7,038	100.1	-	-

Source: Extractions from the "Results of Mail Questionnaire" by D. R. Moore, April 1967, unpublished data.

TABLE 7. QUANTITY AND PERCENT OF GROUNDFISH LANDED UNITED STATES, ATLANTIC COAST, AND PACIFIC COAST, 1956-67

1956-58 = 100

Year	United States		Atlantic Coast		Pacific Coast	
	Thousand Pounds	Percent	Thousand Pounds	Percent	Thousand Pounds	Percent
1956	390,122	106	370,031	106	20,091	100
1957	352,283	95	331,318	95	20,965	105
1958	367,636	99	348,565	99	19,071	95
1959	348,892	94	327,834	94	21,058	105
1960	344,771	93	330,557	94	14,214	71
1961	356,285	96	340,775	97	15,510	77
1962	349,574	94	329,062	94	20,512	102
1963	327,153	88	297,206	85	29,947	149
1964	311,422	84	284,035	81	27,387	137
1965	311,947	84	273,442	78	38,505	192
1966	298,079	81	266,232	76	31,847	159
1967[a]	249,755	67	225,300	64	24,455	122

[a]Preliminary

Source: Branch of Fishery Statistics, Division of Economics, Bureau of Commercial Fisheries

TABLE 8. QUANTITY AND PERCENT DISTRIBUTION BY AREA OF GROUNDFISH LANDED UNITED STATES, ATLANTIC COAST, AND PACIFIC COAST, 1956-67

Year	United States		Atlantic Coast		Pacific Coast	
	Thousand Pounds	Percent	Thousand Pounds	Percent	Thousand Pounds	Percent
1956	390,122	100	270,021	95	20,091	5
1957	352,283	100	331,318	94	20,965	6
1958	367,636	100	348,565	95	19,071	5
1959	348,892	100	327,834	94	21,058	6
1960	344,771	100	330,557	96	14,214	4
1961	356,285	100	340,775	96	15,510	4
1962	349,574	100	329,062	94	20,512	6
1963	327,153	100	297,206	91	29,947	9
1964	311,422	100	284,035	91	27,387	9
1965	311,947	100	273,442	88	38,505	12
1966	298,079	100	266,232	89	31,847	11
1967[a]	249,755	100	225,300	90	24,455	10

[a]Preliminary

Source: Branch of Fishery Statistics, Division of Economics, Bureau of Commercial Fisheries

TABLE 9. QUANTITY AND PERCENT OF GROUNDFISH AND FLOUNDER LANDED BY SPECIES, ATLANTIC COAST, 1956-67

1956-58=100

Year	Total[a]		Cod		Cusk		Haddock	
	Thousand Pounds	Percent	Thousand Pounds	Percent	Thousand Pounds	Percent	Thousand Pounds	Percent
1956	376,542	94	35,127	95	2,056	109	152,246	113
1957	400,616	100	34,068	93	1,969	104	133,571	99
1958	425,826	106	41,362	112	1,643	87	119,554	88
1959	402,861	100	46,481	126	2,246	119	112,629	83
1960	409,922	102	40,381	110	1,927	102	118,697	88
1961	426,153	106	46,591	126	1,905	101	133,597	99
1962	433,516	108	46,910	127	1,858	98	134,250	99
1963	422,705	105	42,177	114	1,909	101	123,972	92
1964	412,987	103	38,746	105	2,319	123	133,498	99
1965	407,246	102	36,048	98	2,177	115	133,892	99
1966	393,922	98	37,576	102	2,218	117	132,288	98
1967	336,200	84	43,300	117	1,700	90	98,500	73

TABLE 9 (Continued)

1956-58=100

Year	Hake		Ocean Perch		Pollock		Flounder	
	Thousand Pounds	Percent	Thousand Pounds	Percent	Thousand Pounds	Percent	Thousand Pounds	Percent
1956	6,466	116	151,113	104	23,023	89	65,111	92
1957	5,745	103	133,931	93	22,034	85	69,298	98
1958	4,467	81	148,645	103	32,894	126	77,261	110
1959	5,230	94	136,703	95	24,545	94	75,027	106
1960	5,785	104	141,433	98	22,334	86	79,365	112
1961	5,214	94	132,062	91	21,406	82	85,388	121
1962	5,728	103	123,983	86	16,333	63	104,454	148
1963	6,249	112	108,292	75	14,607	56	125,499	178
1964	6,917	124	89,268	62	13,283	51	128,956	183
1965	6,007	108	83,608	58	11,856	46	133,658	189
1966	3,580	64	81,552	56	9,018	35	127,690	181
1967	2,800	50	71,500	49	7,500	29	110,900	157

[a]Includes Flounder

Source: Branch of Fishery Statistics, Division of Economics, Bureau of Commercial Fisheries

TABLE 10. QUANTITY AND PERCENT OF GROUNDFISH AND FLOUNDER LANDED BY SPECIES, PACIFIC COAST 1956-67

1956-58 = 100

Year	Total[a]		Cod		Ocean Perch		Flounder	
	Thousand Pounds	Percent	Thousand Pounds	Percent	Thousand Pounds	Percent	Thousand Pounds	Percent
1956	70,286	102	9,825	85	10,266	120	50,195	103
1957	69,024	101	11,928	104	9,037	106	48,059	99
1958	66,696	97	12,785	111	6,286	74	47,625	98
1959	67,597	98	13,328	116	7,730	91	46,539	96
1960	61,897	90	5,372	47	8,842	104	47,683	98
1961	63,233	92	3,067	27	12,443	146	47,723	98
1962	71,387	104	3,185	28	17,327	203	50,875	105
1963	81,246	118	6,369	55	23,578	276	51,299	105
1964	74,782	109	6,414	56	20,973	246	47,395	97
1965	84,968	124	10,153	88	28,352	332	46,463	96
1966	78,677	115	9,983	87	21,864	256	46,830	96
1967	69,520	101	9,000	78	[b]15,455	181	[b]45,065	93

[a]Includes Flounder

[b]Preliminary, estimated figures

Source: Branch of Fishery Statistics, Division of Economics, Bureau of Commercial Fisheries

TABLE 11. EX-VESSEL PRICES OF GROUNDFISH, ROUNDWEIGHT BASIS, BY SPECIES AND BY ATLANTIC AND PACIFIC COASTS, 1960-66

Years	Atlantic Coast							Pacific Coast		
	Cod	Cusk	Flounder	Haddock	Hake	Ocean Perch	Pollock	Cod	Flounder	Ocean Perch
	Cents Per Pound									
1960	6.7	5.1	12.3	7.9	4.5	3.8	3.3	4.9	6.6	4.8
1961	6.4	5.3	10.9	7.4	4.1	3.9	3.7	4.9	6.6	4.8
1962	7.0	5.4	10.0	8.1	3.9	4.2	4.2	5.0	6.9	4.8
1963	7.4	5.8	8.9	9.4	4.1	4.8	4.6	5.5	7.2	5.0
1964	6.9	5.1	8.4	8.9	4.5	4.2	5.0	5.5	7.2	4.8
1965	7.9	6.0	11.4	10.1	4.8	4.1	6.1	5.2	7.3	4.7
1966	8.5	6.0	12.4	10.5	5.8	4.2	5.7	5.2	8.1	5.0

Source: Fishery Statistics of the U.S.

TABLE 12. INDEX OF NEW ENGLAND FINFISH PRICES, 1956-67[a]

1957-59 = 100

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Weighted Annual Average
1956	117	93	96	78	73	72	83	79	79	84	93	96	83
1957	121	90	104	92	75	75	77	77	81	96	94	109	87
1958	136	132	104	96	87	90	87	94	107	107	102	124	98
1959	132	149	121	82	84	92	97	87	83	109	106	107	99
1960	123	114	113	82	79	80	76	87	83	84	87	105	88
1961	114	103	93	75	82	77	75	79	79	73	77	94	82
1962	100	100	104	80	67	72	76	82	82	87	92	102	85
1963	127	105	94	82	76	78	79	82	94	88	102	122	89
1964	108	110	92	72	66	70	76	77	94	85	87	102	83
1965	131	111	106	88	79	82	82	97	100	100	105	91	93
1966	141	119	99	98	87	90	97	105	112	119	111	117	105
1967	115	147	104	100	95	92	95	99	106	104	118	138	105

[a]Based on cod, flounders, haddock, and ocean perch

Source: Branch of Current Economic Analysis, Bureau of Commercial Fisheries

TABLE 13. COD: MASSACHUSETTS EX-VESSEL PRICES BY MONTHS, 1939-67

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Weighted Average
	Dollars Per Pound												
1939	.039	.030	.031	.018	.018	.021	.018	.021	.032	.037	.027	.028	.025
1940	.044	.038	.043	.039	.032	.034	.022	.026	.034	.036	.032	.041	.034
1941	.052	.037	.034	.024	.024	.029	.034	.042	.047	.050	.043	.052	.036
1942	.083	.083	.073	.046	.052	.067	.069	.075	.080	.077	.089	.106	.065
1943	.116	.111	.050	.101	.096	.086	.074	.060	.063	.081	.081	.082	.080
1944	.078	.080	.124	.063	.062	.062	.060	.060	.061	.079	.073	.081	.069
1945	.082	.083	.084	.063	.062	.062	.062	.061	.064	.081	.081	.082	.071
1946	.082	.084	.076	.063	.066	.071	.070	.071	.096	.099	.079	.071	.076
1947	.090	.072	.056	.054	.047	.057	.057	.065	.089	.087	.101	.095	.066
1948	.127	.107	.068	.057	.059	.061	.066	.085	.099	.086	.069	.081	.074
1949	.096	.071	.071	.056	.053	.056	.059	.067	.081	.084	.069	.068	.068
1950	.097	.103	.088	.067	.052	.051	.064	.070	.078	.077	.071	.079	.072
1951	.081	.090	.081	.072	.068	.076	.070	.082	.089	.097	.099	.103	.082
1952	.112	.110	.089	.063	.070	.069	.066	.083	.099	.105	.108	.093	.084
1953	.095	.088	.078	.059	.068	.074	.067	.086	.098	.099	.074	.090	.078
1954	.097	.083	.067	.066	.068	.054	.057	.073	.072	.064	.071	.081	.069
1955	.084	.074	.073	.064	.058	.063	.050	.068	.067	.079	.082	.087	.068
1956	.101	.068	.072	.057	.066	.071	.070	.062	.078	.077	.079	.085	.071
1957	.110	.068	.066	.067	.068	.058	.056	.068	.066	.095	.082	.092	.070
1958	.098	.103	.078	.078	.073	.082	.074	.078	.104	.112	.086	.105	.088
1959	.120	.143	.094	.059	.076	.079	.078	.072	.077	.094	.081	.075	.082
1960	.101	.082	.072	.059	.063	.064	.064	.088	.087	.087	.078	.095	.076
1961	.124	.089	.071	.061	.060	.066	.065	.072	.079	.073	.067	.099	.073
1962	.109	.100	.091	.065	.064	.063	.063	.075	.078	.085	.088	.111	.079
1963	.106	.103	.097	.072	.065	.068	.061	.068	.090	.078	.105	.142	.083
1964	.119	.107	.087	.061	.059	.065	.066	.068	.093	.086	.084	.114	.089
1965	.125	.093	.091	.074	.070	.076	.086	.103	.110	.116	.122	.094	.094
1966	.155	.115	.096	.072	.074	.088	.096	.096	.111	.120	.105	.114	.105
1967[a]	.122	.131	.102	.090	.080	.071	.082	.083	.101	.105	.124	.133	.098

[a]Preliminary

Source: 1939-42, Landings by Fishing Vessels at Certain New England Ports, including cod landings at Portland, Maine; 1942 to present, Massachusetts Landings, Branch of Fishery Statistics, BCF

TABLE 14. FLOUNDER: MASSACHUSETTS EX-VESSEL PRICES BY MONTHS, 1939-67

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Weighted Average
	Dollars Per Pound												
1939	.035	.042	.039	.029	.021	.015	.035	.035	.035	.031	.043	.040	.031
1940	.041	.032	.042	.040	.028	.030	.032	.031	.030	.033	.036	.030	.033
1941	.039	.039	.051	.036	.028	.036	.044	.041	.033	.047	.044	.048	.040
1942	.062	.082	.056	.039	.042	.048	.044	.043	.049	.051	.077	.088	.054
1943	.085	.089	.114	.099	.070	.070	.056	.044	.053	.085	.087	.077	.076
1944	.077	.078	.084	.074	.066	.064	.059	.056	.066	.091	.094	.090	.072
1945	.080	.093	.086	.074	.072	.069	.065	.063	.062	.082	.076	.085	.075
1946	.089	.086	.081	.073	.073	.088	.084	.089	.110	.101	.084	.079	.087
1947	.101	.103	.113	.094	.056	.060	.074	.101	.100	.100	.125	.113	.093
1948	.172	.185	.152	.125	.083	.080	.089	.112	.114	.090	.080	.115	.107
1949	.149	.133	.087	.103	.081	.095	.118	.091	.102	.103	.087	.096	.100
1950	.101	.131	.163	.127	.087	.083	.097	.110	.127	.111	.124	.130	.111
1951	.115	.178	.186	.115	.110	.125	.132	.152	.134	.151	.142	.176	.138
1952	.185	.176	.190	.112	.109	.105	.103	.128	.146	.153	.152	.141	.136
1953	.184	.188	.156	.162	.105	.091	.124	.114	.125	.109	.104	.142	.124
1954	.180	.142	.153	.136	.106	.076	.096	.128	.151	.134	.098	.132	.120
1955	.172	.156	.145	.156	.088	.108	.100	.120	.138	.128	.123	.136	.126
1956	.136	.134	.167	.149	.099	.105	.136	.136	.114	.110	.137	.147	.128
1957	.175	.146	.190	.161	.108	.100	.107	.120	.138	.123	.123	.111	.130
1958	.165	.188	.157	.167	.122	.109	.095	.105	.102	.094	.083	.127	.118
1959	.170	.216	.171	.104	.105	.114	.127	.111	.095	.131	.130	.136	.128
1960	.182	.193	.212	.129	.104	.107	.098	.127	.108	.100	.088	.118	.122
1961	.131	.154	.146	.112	.117	.095	.095	.097	.090	.088	.079	.107	.106
1962	.128	.131	.148	.104	.072	.089	.094	.093	.089	.084	.081	.093	.097
1963	.169	.118	.103	.089	.067	.075	.071	.078	.088	.070	.082	.099	.084
1964	.099	.137	.118	.081	.058	.067	.072	.075	.084	.070	.062	.081	.080
1965	.136	.129	.136	.105	.091	.085	.078	.101	.107	.104	.116	.083	.095
1966	.189	.165	.122	.123	.107	.105	.095	.130	.144	.133	.128	.148	.127
1967[a]	.133	.194	.134	.119	.100	.108	.089	.120	.137	.104	.105	.124	.117

[a]Preliminary

Source: 1939-42, Landings by Fishing Vessels at Certain New England Ports, including flounder landings at Portland, Maine; 1942 to present, Massachusetts Landings, Branch of Fishery Statistics, BCF

TABLE 15. HADDOCK: MASSACHUSETTS EX-VESSEL PRICES BY MONTHS, 1939-67

Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Weighted Average
	Dollars Per Pound												
1939	.035	.031	.030	.022	.021	.026	.020	.021	.026	.033	.043	.034	.027
1940	.042	.039	.047	.042	.035	.034	.022	.032	.037	.044	.046	.049	.037
1941	.049	.043	.040	.032	.032	.034	.038	.041	.043	.052	.057	.061	.041
1942	.073	.087	.064	.050	.057	.066	.070	.073	.074	.083	.094	.111	.068
1943	.108	.124	.138	.092	.091	.084	.077	.068	.069	.088	.088	.090	.092
1944	.089	.089	.089	.069	.069	.069	.068	.069	.069	.088	.084	.090	.076
1945	.090	.089	.090	.070	.069	.069	.069	.070	.071	.089	.089	.090	.078
1946	.090	.090	.089	.070	.077	.089	.100	.096	.106	.122	.116	.109	.096
1947	.105	.092	.084	.069	.066	.061	.062	.060	.072	.085	.078	.111	.076
1948	.124	.115	.079	.076	.085	.079	.076	.091	.104	.106	.091	.107	.091
1949	.111	.082	.091	.064	.062	.060	.065	.068	.082	.100	.100	.110	.078
1950	.125	.104	.098	.086	.083	.075	.080	.077	.078	.077	.077	.086	.085
1951	.107	.090	.101	.077	.078	.078	.076	.078	.082	.106	.122	.140	.088
1952	.133	.113	.094	.071	.088	.072	.068	.076	.088	.101	.113	.095	.087
1953	.091	.078	.071	.072	.074	.084	.081	.093	.104	.104	.107	.113	.086
1954	.117	.092	.082	.074	.082	.059	.060	.070	.063	.053	.082	.079	.073
1955	.099	.073	.063	.052	.057	.061	.052	.064	.061	.082	.101	.117	.068
1956	.129	.082	.076	.052	.060	.057	.071	.068	.068	.075	.086	.096	.072
1957	.127	.076	.085	.076	.069	.074	.075	.064	.061	.103	.101	.148	.083
1958	.150	.145	.097	.073	.084	.100	.108	.116	.143	.148	.150	.170	.112
1959	.149	.154	.130	.084	.092	.103	.107	.096	.096	.134	.130	.130	.111
1960	.128	.097	.084	.072	.081	.082	.078	.084	.088	.097	.112	.135	.090
1961	.136	.099	.084	.067	.078	.078	.076	.085	.087	.075	.085	.103	.084
1962	.119	.124	.102	.075	.072	.071	.079	.090	.092	.104	.120	.128	.093
1963	.138	.119	.100	.086	.090	.091	.099	.102	.119	.118	.139	.170	.108
1964	.141	.124	.094	.077	.078	.080	.094	.094	.128	.114	.128	.143	.101
1965	.184	.135	.116	.100	.101	.099	.102	.121	.121	.120	.142	.119	.102
1966	.155	.126	.111	.116	.096	.099	.123	.118	.124	.150	.136	.131	.105
1967[a]	.129	.167	.120	.104	.121	.108	.123	.115	.120	.137	.171	.080	.125

[a] Preliminary

Source: 1939-42, Landings by Fishing Vessels at Certain New England Ports, including haddock landings at Portland, Maine; 1942 to present, Massachusetts Landings, Branch of Fishery Statistics, BCF

TABLE 16. OCEAN PERCH: MAINE AND MASSACHUSETTS EX-VESSEL PRICES BY MONTHS, 1939-67

Year	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Weighted Average
	Dollars per Pound												
1939	.018	.017	.019	.018	.012	.010	.011	.011	.013	.016	.017	.016	.014
1940	.016	.013	.014	.014	.016	.014	.012	.013	.014	.016	.018	.021	.015
1941	.024	.026	.026	.020	.018	.018	.018	.018	.019	.021	.021	.023	.020
1942	.032	.038	.029	.023	.022	.026	.032	.032	.032	.033	.036	.043	.030
1943	.047	.051	.053	.042	.037	.037	.037	.037	.037	.042	.042	.042	.040
1944	.042	.042	.042	.037	.037	.038	.037	.037	.037	.042	.042	.042	.039
1945	.042	.042	.042	.037	.037	.037	.037	.037	.037	.042	.042	.042	.039
1946	.042	.042	.042	.038	.038	.048	.049	.038	.042	.050	.038	.032	.045
1947	.031	.025	.024	.027	.034	.031	.030	.033	.042	.050	.058	.058	.040
1948	.063	.056	.043	.039	.036	.032	.032	.038	.048	.046	.041	.042	.040
1949	.043	.042	.047	.048	.043	.035	.036	.036	.040	.047	.048	.049	.041
1950	.049	.050	.050	.046	.034	.033	.037	.044	.051	.051	.049	.052	.044
1951	.062	.063	.060	.050	.044	.042	.041	.041	.044	.050	.054	.053	.049
1952	.049	.047	.048	.044	.042	.041	.040	.041	.044	.046	.046	.047	.043
1953	.044	.038	.039	.039	.040	.039	.041	.036	.038	.037	.037	.037	.039
1954	.040	.044	.048	.048	.043	.039	.038	.038	.038	.038	.039	.037	.041
1955	.038	.041	.045	.041	.038	.043	.037	.037	.036	.038	.040	.041	.038
1956	.042	.045	.045	.040	.039	.037	.036	.034	.035	.040	.040	.034	.038
1957	.040	.040	.039	.037	.034	.038	.038	.036	.036	.039	.041	.041	.042
1958	.043	.046	.046	.042	.040	.042	.039	.041	.043	.043	.044	.045	.041
1959	.048	.049	.048	.044	.039	.041	.040	.039	.040	.039	.039	.040	.038
1960	.044	.045	.045	.039	.040	.038	.038	.035	.033	.034	.039	.037	.040
1961	.043	.042	.040	.037	.039	.040	.038	.038	.038	.039	.046	.046	.043
1962	.047	.043	.046	.046	.040	.040	.039	.043	.042	.045	.044	.050	.048
1963	.050	.050	.052	.050	.049	.046	.046	.045	.046	.048	.050	.051	.042
1964	.046	.044	.044	.041	.041	.041	.041	.040	.041	.042	.041	.043	.041
1965	.038	.045	.045	.042	.028	.040	.041	.041	.041	.042	.023	.040	.042
1966	.044	.043	.042	.041	.041	.043	.043	.044	.041	.042	.042	.043	.039
1967[a]	.038	.037	.038	.038	.037	.040	.040	.041	.041	.041	.040	.038	.039

a Preliminary

Source: January 1939-June 1946, Yearly Report of Fish Brought Into Maine Ports, Department of Sea and Shore Fisheries, Boothbay Harbor, Maine. July 1946 to present, Maine Landings, Branch of Fishery Statistics.

TABLE 17. WHOLESALE PRICES OF FROZEN AND FRESH GROUNDFISH FILLETS: UNITED STATES
1960-67

Years	Cod		Cusk		Flounder		Haddock		Hake		Atlantic Ocean Perch		Pacific Ocean Perch		Pollock	
	Fresh	Frozen	Fresh	Frozen	Fresh	Frozen	Fresh	Frozen	Fresh	Frozen	Fresh	Frozen	Fresh	Frozen	Fresh	Frozen
	Cents Per Pound															
1960	28	32	28	26	39	39	35	30	28	30	25	23	21	25	19	19
1961	35	26	28	29	42	52	34	29	29	15	26	25	22	24	21	17
1962	35	27	32	30	39	32	37	31	30	NA	20	27	21	24	23	18
1963	36	27	31	30	38	31	38	33	30	30	30	28	23	24	24	17
1964	35	29	20	30	38	32	39	33	30	20	28	27	22	23	24	20
1965	37	32	31	29	42	37	43	37	23	24	27	27	22	25	28	23
1966	41	33	32	28	47	42	45	39	31	24	29	26	25	29	29	22
1967	40	37	35	30	47	41	48	39	33	NA	30	26	26	29	29	22

Source: Fishery Statistics of the U.S.

TABLE 18. QUANTITY AND PERCENT OF GROUNDFISH BLOCKS AND FILLETS IMPORTED BY THE UNITED STATES, 1956-67

1956-58=100

Year	Fillets		Blocks		Total Fillets and Blocks	
	Thousand Pounds	Percent	Thousand Pounds	Percent	Thousand Pounds	Percent
1956	96,376	102	38,919	83	135,295	96
1957	90,445	96	50,233	108	140,678	100
1958	95,442	102	51,147	109	146,589	104
1959	99,547	106	85,290	182	184,837	131
1960	65,878	70	89,672	192	155,550	110
1961	76,490	81	118,609	254	195,099	139
1962	77,879	83	143,541	307	221,420	157
1963	78,498	83	153,270	328	231,768	165
1964	80,403	85	166,166	355	246,569	175
1965	80,147	85	214,807	459	294,954	209
1966	108,523	115	206,574	442	315,097	224
1967	94,063	100	189,504	405	283,567	201

Source: Fishery Statistics of the U.S.
Imports of Fishery Products Entered for Consumption

TABLE 19. QUANTITY AND PERCENT OF FLOUNDER FILLETS AND FISH STICKS AND PORTIONS IMPORTED BY THE UNITED STATES, 1956-67

1956-58=100

Year	Flounder Fillets		Fish Sticks & Portions	
	Thousand Pounds	Percent	Thousand Pounds	Percent
1956	13,187	93	177	169
1957	14,540	103	80	77
1958	14,779	104	56	53
1959	14,491	102	41	39
1960	18,724	132	211	202
1961	18,420	130	403	386
1962	18,439	130	325	312
1963	16,598	117	377	361
1964	21,574	152	210	201
1965	24,122	170	277	265
1966	34,727	245	384	368
1967	33,290	235	394	378

Source: Fishery Statistics of the U.S. Imports

TABLE 20. GROUNDFISH SUPPLY, UTILIZATION AND PERCENT IMPORTS ARE OF CONSUMPTION, UNITED STATES, 1960-67[a]

Year	Domestic Production	Imports	Beginning Stocks	Total	Ending Stocks	Exports	Apparent Consumption	Ratio Imports/ Consumption
	Thousands of pounds							Percent
1960	93,818	155,550	64,438	249,368	55,766	568	193,034	81
1961	93,039	195,099	55,766	343,904	49,388	600	293,916	66
1962	93,625	221,420	49,388	364,433	53,897	612	309,924	71
1963	83,419	231,768	53,897	369,084	56,860	543	311,681	74
1964	75,166	246,569	56,860	378,595	49,825	563	328,207	75
1965	77,180	294,954	49,825	421,959	64,029	764	357,166	82
1966	75,418	315,097	64,029	454,544	74,721	1,196	378,627	83
1967	71,032	283,570	74,721	429,323	64,671	1,242	363,410	78

[a]Does not include a small amount of groundfish consumed in the headed and gutted form.

Source: Branch of Fishery Statistics, Bureau of Commercial Fisheries, USDI

TABLE 21. EDUCATION ACHIEVEMENTS OF THE U.S. MALE CIVILIAN LABOR FORCE AND OF THE BOSTON OFFSHORE LARGE-TRAWLER LABOR FORCE, 1964

Educational achievement	Male civilian labor force[1]	Boston offshore fishermen
	Percent	
Attended college	23	[2] 6
Did not attend college	77	94
With high school diploma	54	19
Without high school diploma	46	81
With some high school attendance	73	37
With no high school attendance	27	[3] 63

[1] Source: U.S. Department of Labor. Manpower Report of the President. Washington, D.C., Mar. 1965, p. 225.

[2] Includes 2 percent with post-high school training other than college.

[3] Includes 4 percent with no formal education.

TABLE 22.—AVERAGE HOURLY EARNINGS IN BOSTON OFFSHORE FLEET AND OTHER SELECTED INDUSTRIES AND OCCUPATIONS

Industry or occupation	Average hourly earnings
Boston offshore fishermen[1]	Dollars
17-man vessels:	
Deckhand	1.98
Cook	2.09
Mate	2.13
Engineer	2.13
Captain	5.09
13 and 15 man vessels:	
Deckhand	1.71
Cook	1.82
Mate	1.86
Engineer	1.86
Captain	3.76
Major U.S. industry groups:	
Mining	2.83
Manufacturing	2.53
Contract construction	3.55
Selected industries, Boston, Massachusetts, Area:[2]	
Durable goods manufacturing	2.68
Primary metal industries	2.64
Textile mill products	2.05
Food and kindred products	2.40
Carpenters, maintenance	3.13
Electricians, maintenance	3.24
Engineers, stationary	3.06
Firemen, stationary or boiler	2.66
Helpers, maintenance trades	2.62
Mechanics, maintenance	2.97
Oilers	2.48
Painters, maintenance	2.88
Pipefitter, maintenance	3.19
Tool and die makers	3.40
Janitors, porters, and cleaners	1.86
Laborers, material handling	2.25
Packers, shipping	2.32
Shipping and receiving clerks	2.50
Truckdrivers	2.91
Elevator operators	1.55
Guards and watchmen	1.74

[1] Does not include value of meals at sea. This would add approximately 28 cents per hour to the hourly wages of the offshore fishermen.

[2] Non-supervisory or production workers.

Source: U.S. Department of Labor, Bureau of Labor Statistics. Area wage survey, Boston, Massachusetts, metropolitan area. Washington, D.C., Oct. 1965, Bull. 1465-12: 13-16.

U.S. Department of Labor. Manpower Report of the President. Washington, D.C., Mar. 1965, p. 236-237.

U.S. Department of Labor, Bureau of Labor Statistics. Employment and earnings for states and areas, 1939-1964. Washington, D.C., 1965, Bull. 1370-2: 275-276.

TABLE 23. RELATION OF LABOR TURNOVER RATE TO VESSEL PERFORMANCE, 1964

Continuous Service Index[1]	Average gross stock	Average days at sea	Average age of vessel	Average labor share	Net labor share as a percent of gross stock
	Dollars	Days	Years	Dollars	Percent
Four lowest	166,393	246	24.5	4,761	37.1
Below average	209,884	269	23.0	5,535	37.5
Above average	289,636	299	18.0	6,859	39.8

[1] A low Continuous Service Index indicates a high labor turnover rate.

**

TABLE 24. MEDIAN EARNINGS FROM FISHING IN THE BOSTON OFFSHORE TRAWLER FLEET, BY NUMBER OF TRIPS MADE AND JOB CLASSIFICATION, 1964

Job classification	Number of trips made			
	1-5	6-12	13-20	21 and over
	Dollars			
Captain	3,414	3,684	8,565	13,252
Mate	1,122	1,754	4,597	7,329
Engineer	871	2,207	3,872	6,149
Cook	390	1,531	4,049	6,047
Deckhand	312	1,728	3,490	6,333
All classes	352	1,869	3,679	6,473

**

TABLE 25. DISTRIBUTION OF UNEMPLOYED FISHERMEN BY DURATION OF UNEMPLOYMENT, BY TRIP GROUP, COMPARED WITH U.S. LABOR FORCE, 1964

Weeks unemployed	Trip group				All groups	U.S. labor force[1]
	1-5	6-12	13-20	21 & over		
	Percent					
Under 5	11.2	3.8	21.5	68.7	19.5	46.1
5-10	24.6	34.2	11.7	14.5	23.2	20.6
11-14	22.6	22.1	42.8	6.4	24.7	8.2
15-26	19.0	11.2	24.0	10.4	16.4	12.6
27 and over	22.6	28.7	0	0	16.2	12.4

[1] U.S. Department of Labor. Manpower Report of the President. Washington, D.C., Mar. 1965, p. 209.

**Source: "An Economic Study of the Boston Large-Trawler Labor Force" U. S. Department of the Interior, Circular 248

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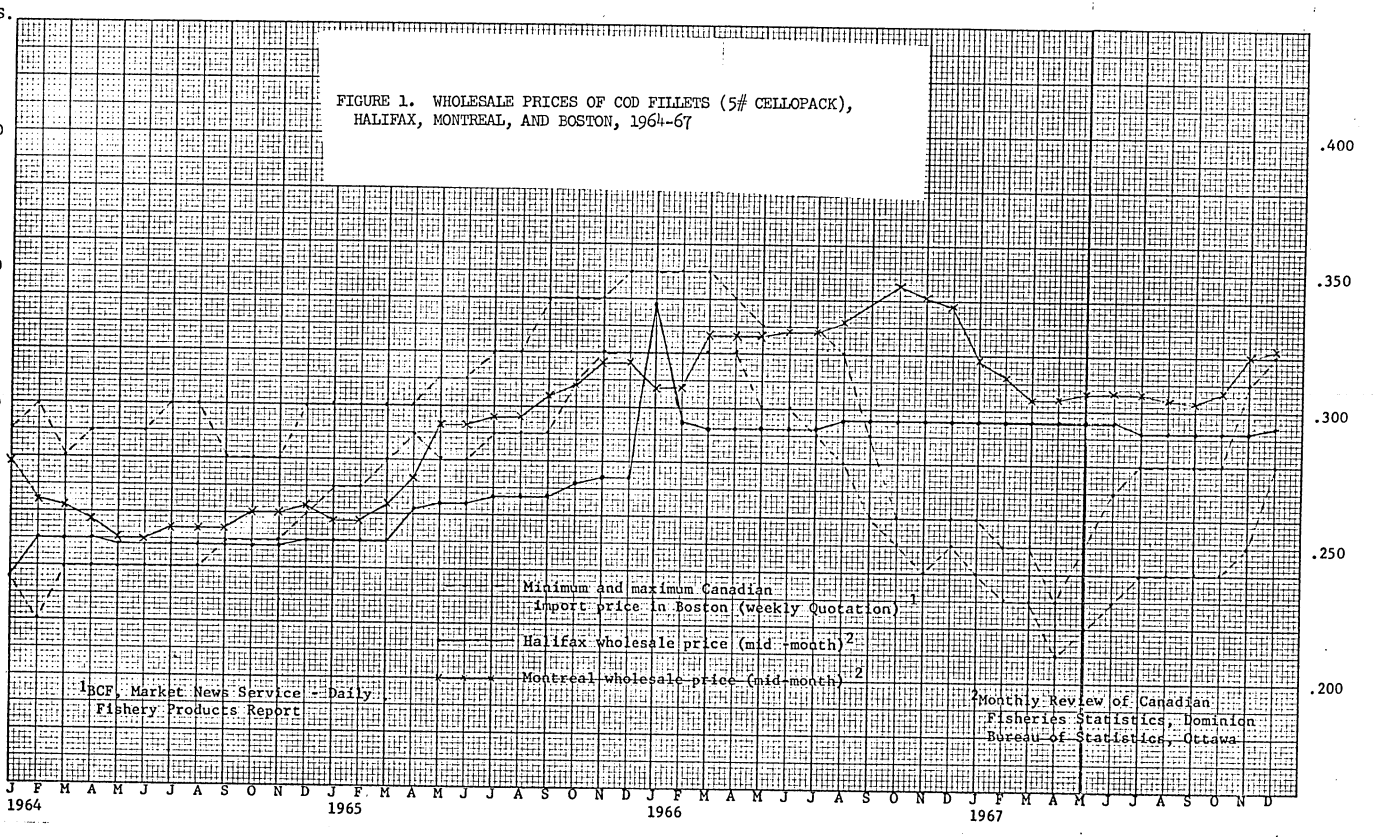


FIGURE 1. WHOLESALE PRICES OF COD FILLETS (5# CELLOPACK), HALIFAX, MONTREAL, AND BOSTON, 1964-67

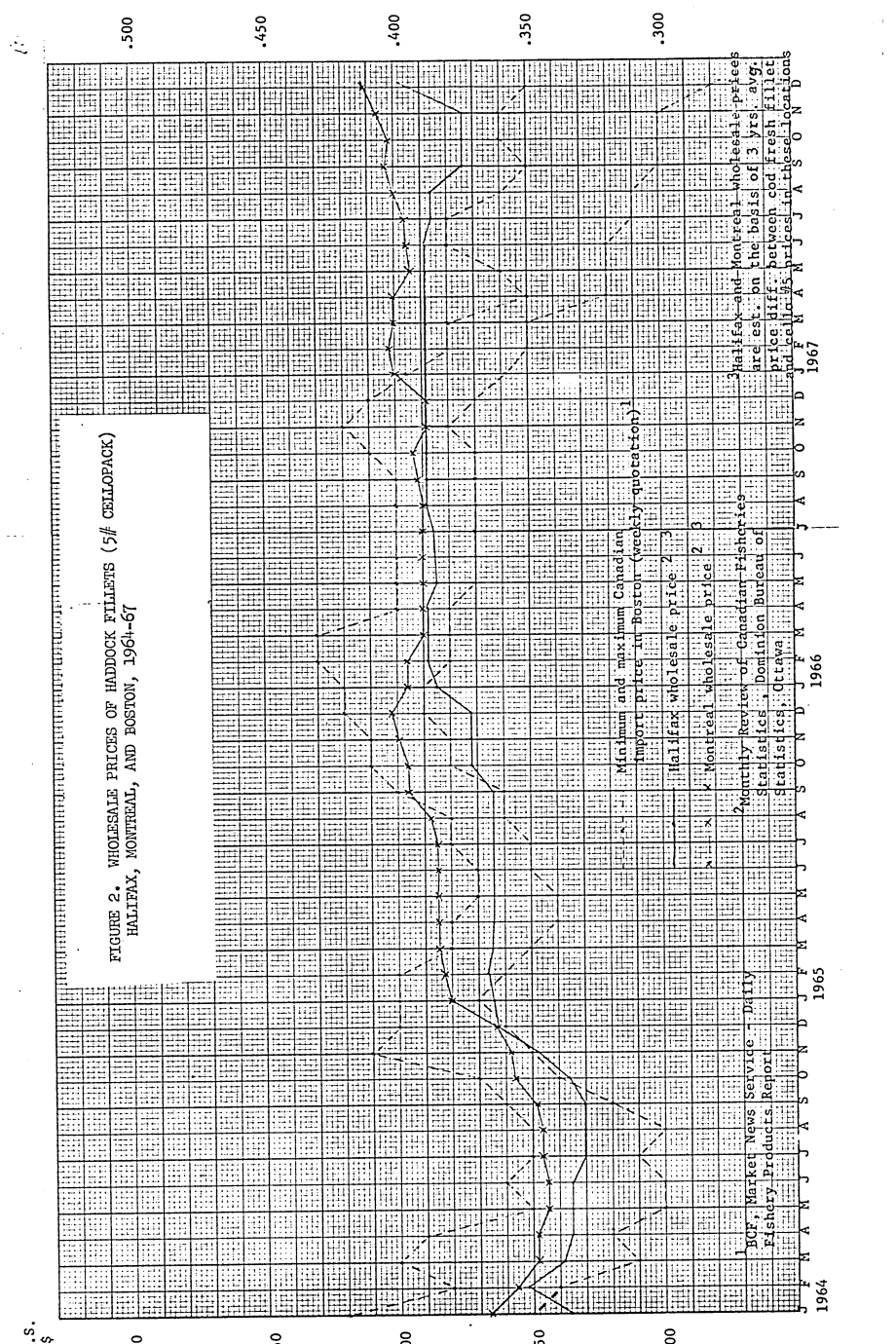


FIGURE 2. WHOLESALE PRICES OF HADDOCK FILLETS (5# CELLOPACK) HALIFAX, MONTREAL, AND BOSTON, 1964-67

1 DCF, Market News Service - Daily Fishery Products Report

2 Monthly Review of Canadian Fisheries Statistics - Dominion Bureau of Statistics, Ottawa

3 Halifax and Montreal wholesale prices are est. on the basis of 3 yrs. avg. price diff. between cod fresh fillet and cellopak prices in these locations

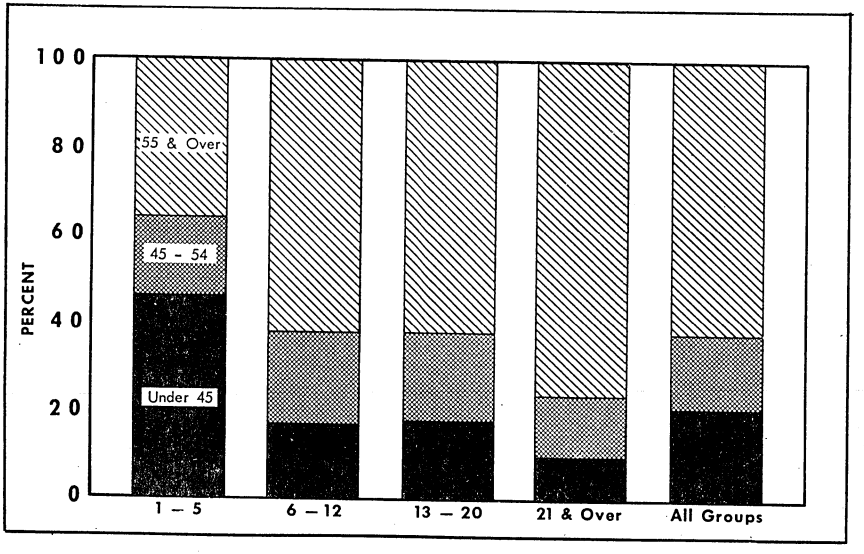


Figure 3.—Age distribution of Boston offshore fishermen. 1964, grouped by number of trips taken during year.

Source: "An Economic Study of the Boston Large-Trawler Labor Force" U.S. Department of the Interior, Circular 248.

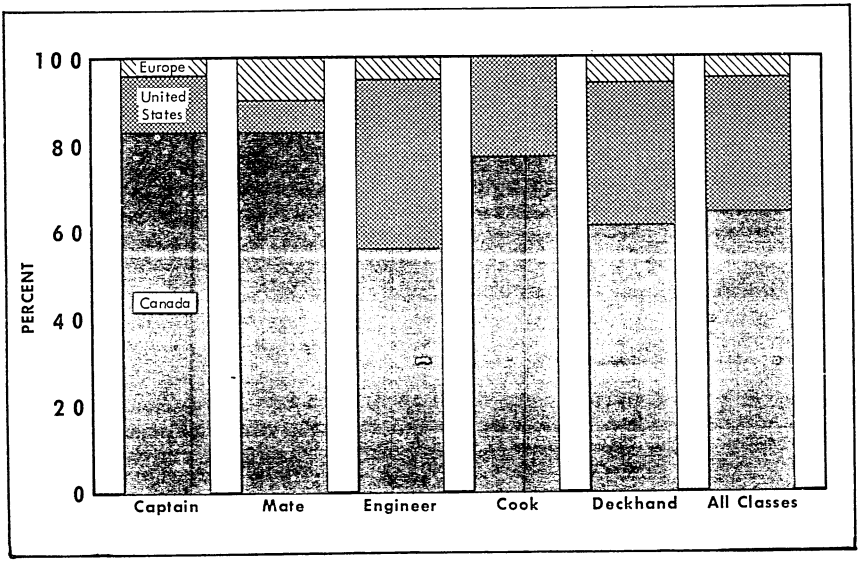


Figure 4.—Distribution of Boston offshore fishermen. 1964, by place of birth, grouped by job class.

Source: "An Economic Study of the Boston Large-Trawler Labor Force" U.S. Department of the Interior, Circular 248.

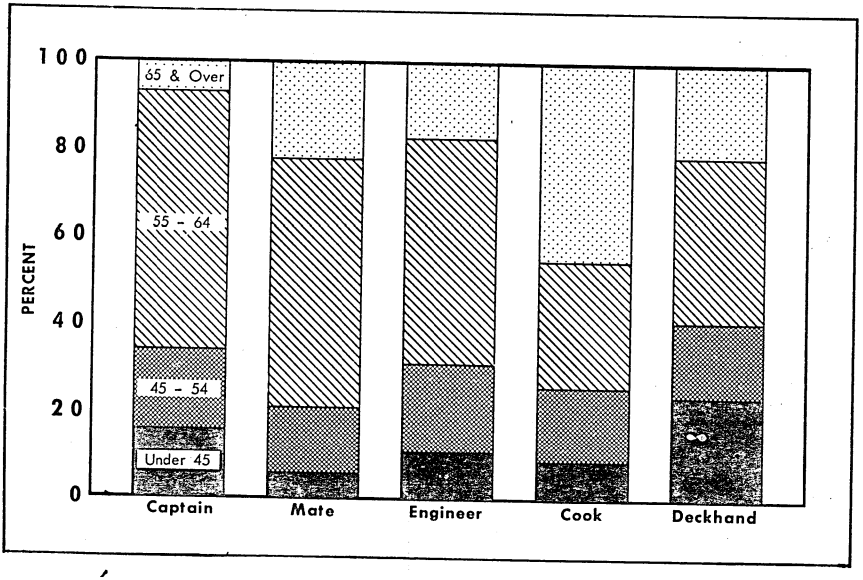


Figure 7.—Age distribution of Boston offshore fishermen, 1964, grouped by job classification.

Source: "An Economic Study of the Boston Large Trawler Labor Force" U.S. Department of the Interior, Circular 248.

[From U.S. Department of the Interior, Bureau of Commercial Fisheries, Division of Economics, Market News Service]

STUDY OF U.S. IMPORTS OF CANADIAN COD FILLETS CONTINUED BY BUREAU OF CUSTOMS

A notice was published by the Bureau of Customs in the "Federal Register," Jan. 5, 1968, that there are reasonable grounds to believe or suspect from information presented to the Bureau that the purchase price and the exporter's sales price of cod fillets, frozen, from eastern Canadian provinces is less than the foreign market value as defined in sections of the Antidumping Act, 1921, as amended.

Customs officers have been directed by the Commissioner of Customs to withhold appraisement of cod fillets, frozen, imported from eastern Canadian provinces in accordance with provisions of the Customs Regulations pending a determination as to whether such merchandise is being sold at less than fair value.

Retroactive antidumping duties cannot be assessed on imports that have been appraised.

The information alleging that the merchandise under consideration was being sold at less than fair value within the meaning of the Antidumping Act was received by the Bureau of Customs in proper form on June 23, 1967. This information was the subject of an Antidumping Proceeding Notice which was published in the "Federal Register" of August 31, 1967.

BOSTON, MASS., *June 20, 1967.*

COMMISSIONER OF CUSTOMS,
Office of Operations, Division of Appraisement and Collections, Bureau of Customs, Washington, D.C.

DEAR SIR: We request that procedures be started under the Antidumping Act, 1921, as amended (19 U.S.C. 160(b)) for cod fillets, frozen, cellowrapped, five-pound packs imported from the Eastern Canadian Provinces.

The Customs Districts of Importation are stated in Enclosure A. The names of the exporters and importers are not public knowledge. The prices in Canada and the United States are showin in Enclosures B and C from the Monthly Review of Canadian Fisheries Statistics, Dominion Bureau of Statistics and the Market News Service, Bureau of Commercial Fisheries, Boston. Canadian prices are only through March 1967 because the publication is three months behind. The Canadian fishing industry is tax exempt by Canadian Statute. The exchange rate of 7 to 8 percent amounts to only 2 cents a pound and does not substantiate the difference. The United States prices should also include the 1⅞ to 2½ cents tariff on cod fillets.

The quantity and value of domestic production is in the enclosed publication *Packaged Fishery Products—1966*, C.F.S. 4343, Bureau of Commercial Fisheries.

Sincerely,

JAMES D. ACKERT,
President, Atlantic Fishermen's Union.

ATLANTIC FISHERMEN'S UNION,
Boston, Mass., October 24, 1967.

COMMISSIONER OF CUSTOMS,
Office of Operations, Division of Appraisement and Collections, Bureau of Customs, Washington, D.C.

DEAR SIR: We request that procedures be started under the Antidumping Act, 1921, as amended (19 U.S.C. 160(b)) for haddock fillets, frozen, cello-wrapped, five-pound packs, imported from the Eastern Canadian Provinces.

The Customs Districts of Importation are stated in Enclosure A. The names of the exporters and importers are not public knowledge. The prices in Canada and the United States are shown in Enclosures B and C from the Monthly Review of Canadian Fisheries Statistics, Dominion Bureau of Statistics and the Market News Service, Bureau of Commercial Fisheries, Boston. Canadian prices are only through June 1967 because the publication is three months behind. The Canadian fishing industry is taxed by Canadian Statute. The United States prices should also include the 1⅞ to 2½ cents tariff on haddock fillets.

Note in Enclosure (D) that the Halifax price (solid Line) has always been sensitive to United States prices and has generally fallen within the price range of haddock fillets at Boston. However, the Halifax price has not dropped in response to the price break at Boston that started last December. The net result is that now the Halifax price exceeds the maximum side of the price range at Boston.

The quantity and value of domestic production is in the enclosed publication *Packaged* Fishery Products—1966, C.F.S. 4343, Bureau of Commercial Fisheries. The reason for no records for 1967 is that the publication is only published at the end of each year.

Sincerely yours,

JAMES D. ACKERT, *President.*

ENCLOSURE A

Following from page 1 of "Fishery Products Report B–210," Friday, October 27, 1967, published by the Boston Market News Service, Bureau of Commercial Fisheries, U.S. Department of the Interior, 10 Commonwealth Pier, Boston, Mass.

CANADIAN COMMENTS ON KENNEDY ROUND

The second of a Canadian series of Kennedy Round seminars for the business community was held in Halifax, September 22, 1967, at St. Mary's University, sponsored by the Federal Department of Trade and Commerce and the Provincial Departments of Trade and Industry, in association with business groups.

Canadian comments on the Kennedy Round generally were favorable. "The Kennedy Round will certainly benefit Canadian fisheries, exports of which are now 70 percent of production by value," said Ronald Smith, President of National Sea Products, Ltd. Smith stated that benefits will apply to both European and U.S. markets, F. A. J. Laws, Manager, Newfoundland Associated Fish Exporters, stated that the Kennedy Round would benefit all Canada. Canadian Minister of Trade and Commerce Robert Winters said Atlantic Province fish producers will be provided their first real opening into the American market for cooked fish sticks, as a result of the proposed 50-percent reduction in existing tariffs. C. A. Annls, Director of Tariffs, Federal Dept. of Finance, pointed out concerning fish: "We attempted to go the limit and generally succeeded. We wanted a great deal, especially from the U.S. and we were generally successful." He called attention to the provision for free entry on a wide range of fish imported into the U.S. (U.S. Consulate, Halifax, Sept. 26, 1967.)

JUNE 14, 1968.

FOREIGN FISHERIES BRIEFS NO. 68–175

Foreign fishing industries in difficulties: Proposed solutions have international repercussions. In Norway, United Kingdom, Iceland, Canada, and others, fishing is an industry of long-standing tradition and importance in nation's economy. In all of these countries expansion has been the keyword the last few year's, but that panacea for all ills—"subsidies"—are now being reinstituted. *Norway*, hit in 1967 by drastically falling prices, loss of stockfish market, loss of fresh fish market in U.K., loss of boat building boom, and losses caused by devaluation in currencies of her major trading partners, began 1968 with an abysmal failure of the winter herring fishery. Norwegian Government has had to provide US $850,000 to cover losses from devaluation, is extending a US $4 million interest-free loan to cover inventories of stockfish exporters, offered FAO 7,000 tons of stockfish for World Food Program, and likely will increase ex-vessel prices through increased subsidies. *United Kingdom* has announced a complete reversal of its fishery policy which, in line with OECD recommendations, had been geared to elimination of operating subsidies. U.K. now in process of increasing aid to various segments of fishing industry, and minimum price scheme is being discussed among government and industry leaders, and market sharing arrangements within EFTA are also being investigated. *Iceland's* fishing industry has severe structural problems (inefficiency and overcapacity), landings are not up to previous levels, and they too have lost a vital market for stockfish. Some US $5.1 million in new subsidy funds is being provided under several programs to aid Icelandic fishing industry. *Canada* is adopting floor price supports for certain

Atlantic coast species which would guarantee fishermen catching cod, ocean perch, or flounder a minimum price for 1968 catch. *Greenland* is faced with adversity in virtually every area of her fishing industry; in *Sweden* fishermen's earnings have declined 30 percent in 2 years; in *France* fishermen's strikes moved government to establish minimum import prices for several fish species; and in West Germany financial deterioration of fishing industry has prompted coastal provinces to request formal government support.

When countries are having difficulties with domestic fishing industry, problems requiring international attention are relegated to secondary consideration. Subsidies are usually provided to aid fisheries but subsidies do not solve problems. They can help an industry over short-term difficulties but unless some significant change is made within industry, the problem remains to be faced again in the future. Moreover, talk of market sharing, minimum price supports, restrictions on imports, etc. strike a responsive chord to fishermen in other nations. It is unlikely that increased government supports to fisheries will go unnoticed or unchallenged by fishing industries in other countries.

Source: Bureau of Commercial Fisheries, Division of International Office, Branch of Foreign Fisheries.

Mr. KEITH. Mr. Howard Nickerson, of New Bedford.

STATEMENT OF HOWARD W. NICKERSON, CHAIRMAN-COORDINATOR, MASSACHUSETTS COMMITTEE FOR THE PRESERVATION OF THE GROUNDFISH INDUSTRY

Mr. NICKERSON. Thank you, Congressman Keith.

Mr. BURKE. You may proceed, Mr. Nickerson.

Mr. NICKERSON. Mr. Chairman, members of the committee, I am Howard W. Nickerson, executive director of the Seafood Dealers Association of New Bedford, Mass.

Today I am representing 31 firms and associations, including one fishermen's union and one seafood workers' union in the city of New Bedford.

Massachusetts has a considerable stake in the outcome of this hearing. I requested 20 minutes for my presentation, and have been allocated 5. I can, therefore, not do justice to the brief which I have presented on behalf of the Massachusetts Committee for the Preservation of the Groundfish Industry.

I would like to have the opportunity to use this 5 minutes in an oral summation, and have the full brief inserted in the hearings for the record.

Mr. BURKE. We will see that it is included.

Mr. NICKERSON. Thank you, Mr. Chairman.

I have submitted the 75 copies of the written brief prior to being here today. You have it on hand.

I believe that you will find this brief factual, interesting, and statistically important to aid you in making a decision at the close of the hearings that will be in the best interest of the United States and all its people.

I would hope that you would find the time to read the brief that I have prepared, because a great deal of time, research, and financial responsibility have gone into the development of the brief and my visit to Washington, D.C., to have the privilege of speaking before your committee for 5 minutes.

I had to arrive Sunday to make sure that I would be here for today's hearings, and as a representative of Massachusetts, a State that ranks fifth in total volume of fish caught, third in dollar valuation, and has

more than 10,000 people employed in its fisheries, I think there is a lesson to be learned here.

This proves that in the opinion of some legislators—and not necessarily those present, because some are friends—and bureaucrats in Washington, and in my State, that we are an industry of minor importance. Our industry and its people can therefore be sacrificed to appease the importers and some foreign nations.

Therefore, we are vitally concerned about the impact that these hearings will have on Massachusetts, as well as the U.S. fishing industry as a whole, because the problems of the east coast are the problems of the west coast as well as the gulf.

It is only because we are fragmented, without a national organization to speak as the voice of one industry, that we are placed in this position.

This is due to a large measure because of the independence of the people that man the vessels, as well as the owner-operator, who is actually a small businessman that invests his savings to purchase a job with the hope of a better and more secure future.

These hardy, diligent people are too busy trying to pay their debts and make a living for their family to realize that they are being legislated out of the ocean. I believe we stand in the same position today in the fisheries as the American farmers did 40 years ago.

The members who are listed in my brief are in favor, endorse, and support H.R. 12696 and S. 24111, or any other import curb restrictions that can prevent the death of the domestic seafood industry.

I sincerely hope that you will give serious consideration to helping these hardy, diligent people to be successful and have an opportunity to earn a living. Even though they are a minority industry with a minority voice, they are still Americans, engaged in free enterprise.

(The brief referred to follows:)

BRIEF OF THE MASSACHUSETTS COMMITTEE FOR THE PRESERVATION OF THE GROUNDFISH INDUSTRY

This Brief is submitted by The Massachusetts Committee for the Preservation of the Groundfish Industry, a committee formed to act as spokesman for the Fishing Industry of Massachusetts, which represents the greatest concentration of fisheries in the New England States and is reflected in the economic dollar value of the dockside landings of this vital industry.

Massachusetts is number one on the Atlantic Seaboard and ranks number two in the United States in fishery dockside dollar valuations. This has been the standing of Massachusetts for many years and yet our valuations are not what they should be because of unfair foreign import competition which depresses prices to the American fisherman and vessel owner or operator. This committee is sanctioned to speak for over seventy-five percent of the domestic processors, dealers, and boat owners in the Massachusetts area whose capital investment approximates $350 million. The primary responsibility of the Committee is to foster and protect the growth of the New England Groundfish Industry, and to stand firm against any reduction in tariff rates which would cause further injury to a fast declining industry that is competing with heavily subsidized foreign fisheries exporters. We must also strive to curb fishery imports by sensible legislation with the consent and cooperation of the Tariff Commission and our legislators in Washington, D.C. In 1958, United States imports of fishery products were valued at $325 million, and in 1962 this value had increased $186 million to a total of $511 million, in 1966 this value had increased $209 million to a total of $720 million.

The purpose of this Brief is to explain in detail by submitting evidence and supporting statistics that will verify that the lack of adequate tariff protection has had an adverse affect upon the New England Fishing Industry and its

economy. We will prove by statistics that we need either import curb restrictions or tariff protection. It would appear that perhaps import curb restrictions could be more beneficial to the domestic producer and processor at this time because legislative approval could be less antagonistic to our neighbors and allies.

Present tariff rates or lack of the same plus heavy Foreign Government subsidization, has created a tremendous pressure on the Domestic Fishing Industry in the Northeastern part of the United States because of its proximity to Canada, our greatest competitor in the import market.

In 1956, the Tariff Commission submitted a report to President Eisenhower requesting an increase in tariffs to protect the New England Groundfish Industry. President Eisenhower did not sign this recommendation on the grounds of Foreign Relations and National Defense, and the tariffs remained as they have been since 1939.

The tremendous affect that practically unrestricted imports have had upon our country is evidenced by the fact that the United States has dropped from second place in 1956 to fifth place in 1963 and to sixth place in 1967, in worldwide fishing position.

Our domestic fish catch has not increased since 1940, but fisheries imports have increased approximately 400 percent.

Bringing the problem a little closer to home, imports of groundfish and Atlantic Ocean perch fillets have risen from 107 million pounds in 1952 to 211 million pounds in 1962 an increase of 107 percent.

The problems of our Domestic Fishing Industry are clear. The obviously totally inadequate tariff protection related to values existing thirty years ago, coupled with competition from Foreign Fishing Industries which benefit from extensive Government support in these areas, is an almost insurmountable obstacle. For our own Government to ignore these problem areas would amount to National neglect.

Tariffs offer only a minimum of protection to domestic fishery products. In 1961, the average duty on all fishery imports, in terms of the ad valorem equivalent on values was 42 percent less than the similar duty on all imports. About 43 percent of the imports of edible fishery products, for example were dutiable in 1961, at rates reduced by trade agreements. About 18 percent were also free of duty, but not bound. Of the remainder, only about 11 percent were duty-bound at the full rate, and only 1 percent were dutiable and not subject to trade agreement concessions.

Our tariff structure for fishery products is based upon trade patterns of the 1930's and needs to be studied in relation to present trade patterns which are substantially different from those existing when the Tariff Act of 1930 was enacted. While a number of changes in tariff policy have occurred since 1930, they have not kept pace with economic and technological changes that have altered the effectiveness of established duties. For example, during this period, many new fishery products, such as fish blocks have entered international trade. Since these products were not provided for in the original tariff classification, they were necessarily fitted into the classification category that appeared to be the most appropriate. The result is that many fishery products have been classified at rates which appear unrelated to the relative value of the product.

Many imported fishery products with which the domestic industry must compete are produced at lower costs because of the wage structure in other countries as opposed to the American way of life with higher salaried employees, health and welfare, pensions, and other fringe benefits so important for good labor-management relations conducive to the quality product and workmanship found in our Domestic Seafood Products. In addition many countries provide financial assistance in the form of subsidization, loans, and other aids. These factors make it difficult for the domestic industry to compete effectively with imported fishery products, particularly groundfish and flounder fillets.

The fisheries are of major economic importance to many sections of the United States. When allied industries servicing and selling fishery products are considered, the contribution of these resources to the Nation's economy is substantial. The five billion pound per year fish catch itself, when processed, is worth well over a billion dollars annually at the retail level. Employment, direct or indirect, is furnished to more than half a million persons. However, consideration must be given to the yearly five percent decline in Fishing Industry employment from 1958 to 1962 and perhaps slightly higher in the last five years.

Further evidence of impact upon the Domestic Fishing Industry is illustrated by the fact that the duties collected on foreign fish imports have risen from $6 million in 1936 to $16 million in 1961 and to $23 million in 1965. During that same period, however, the value of foreign fishery imports has risen ten times from $40 million in 1936 to just under $400 million in 1961 and $720 million in 1966.

In a recent issue of Facts on Canada, the Canadian Government proudly advised that 65 percent of their annual catch is exported and plays an important part in their economy and foreign trade. Over 100,000 people are directly employed in the industry in full time and seasonal operations. Unfortunately for the New England States, 77 percent of the 59 percent exported to the United States is shipped immediately to the New England area. The total valuation of fishery products sold in the United States in 1967 was $617 million.

Presently there is in effect the Canadian National Fisheries Development Program costing over $200 million. This program is centered around present and future development of the Canadian Fishing Industry, primarily in the field of marketing, extensive credit allowances, research and expansion, development of rural fishing communities, and establishment of Federal Standards.

Constantly in fishing periodicals, reference is being made to the tremendous investments being made in the Canadian Fishing Industry towards future development. Obviously, these investments are aimed in but one direction—exports, which will have still greater effects on United States domestic fisheries in general, and the New England Groundfish Industry in particular.

Despite the relatively low per capita consumption of fishery products in the United States, the domestic market is the most attractive in the World. Advanced distribution and merchandising systems for fresh, frozen and canned fish products and the desire and ability of the American consumer to purchase the more expensive products encourage domestic and foreign producers to seek a share of this market. Based on this ever increasing share held by the importer, often of late the domestic producer because of extenuating circumstances has been unable to meet, let alone beat this foreign competition.

Severe competition for the retail fishery products market is an immediate problem recognized by everyone associated with the United States Fishing Industry. Of equal significance, and becoming more obvious, is the rapidly developing competition for the fishery resources of the high seas. During the period from 1950 to 1961, the United States catch of fish increased only 9 percent (51 million pounds), in contrast to such striking increases as 1,174 percent (12,680 million pounds) by South America, 135 percent (21,111 million pounds) by Asia exclusive of the U.S.S.R. Since 1961, the situation and the percentages as far as the United States is concerned has not improved and in some species has worsened. Even more significant is the recent expansion by Japan, Russia, and Poland, whose fleets of large—modern fishing vessel now roam and fish the oceans of the world. George's Banks thought of by the New England fishermen as his by right and heritage is invaded by an ever increasing fishing fleet of Russian, Polish, Japanese, and Canadian vessels every spring. The past three years, many foreign factory ships have fished through the winter months which means this fishery resource must be depleted eventually and the foreign trawlers will go to other parts of the World while the smaller American trawler will panhandle around trying to eke out an existence instead of a living.

As the trend by other countries toward large—modern (Government Subsidized) fishing vessels increases, intense competition is developing between nations for the fishery resources of the high seas and for markets as well. Unless present conditions in the Fishing Industry change, the United States will have difficulty competing for this source of food. Economic conditions in the industry are not favorable to expansion of high seas operations. The competitive position of many segments of the United States Fishing Industry is that profits have been reduced to a point that has discouraged the construction of fishing vessels sufficiently large and efficient to operate in distant waters. Under these conditions, it appears that the United States Fishing Fleet must gradually surrender its position among American Industries. Should this happen, the ability of United States fisheries to use the high seas for valuable food supplies will gradually be lost.

The oldest and still the most important fisheries in New England are operated from New Bedford, Boston, Gloucester, Portland, and other smaller but important

New England ports. Although they produce most of the domestic supply of packaged groundfish fillets, particularly the Massachusetts trawler fleet shrank 40 percent and its catch 30 percent between 1949 and 1961.

United States policy in the postwar years has encouraged the development of the international trade, including trade in fishery products. This country's growing market for frozen and canned fish, coupled with the high standard of living and prices, have stimulated fishing countries around the world to export their fishery products to the United States. Tuna from Japan and Peru, shrimp from Mexico, Panama, and about 40 other countries, fish meal and oil from Peru, Angola, and Canada, and groundfish and flounder blocks and fillets from Canada, Iceland, Norway, Denmark, and West Germany are but a few examples unfortunately at the expense of the New England Groundfish Industry.

The slow and steady decline in the Groundfish Industry is dramatically reflected in the following charts and statistics.

U.S. PRODUCTION OF FISH STICKS AND PORTIONS, 1962 WITH COMPARISONS

Item	1958	1959	1960	1961	1962
Fish sticks (millions):					
Cooked	55,400	55,600	60,400	65,000	66,800
Uncooked	5,600	4,800	5,700	4,800	5,400
Total	61,000	60,400	65,100	69,800	72,200
Fish portions:					
Breaded:					
Cooked	3,400	5,500	3,300	11,000	14,000
Uncooked	16,400	29,200	39,000	46,800	62,300
Unbreaded	2,000	2,400	2,100	2,000	2,400
Total	21,800	37,100	44,400	59,800	78,700

U.S. PRODUCTION OF FISH STICKS AND PORTIONS, 1963-66

[In millions of pounds]

Item	1963	1964	1965	1966
Fish sticks:				
Cooked	77.0	77.3	67.8	74.1
Uncooked	4.3	5.2	5.8	5.2
Total	81.3	82.5	73.6	79.3
Fish portions:				
Breaded:				
Cooked	33.3	30.5	21.0	16.6
Uncooked	109.2	107.4	82.8	75.0
Unbreaded	4.1	2.6	2.5	3.0
Total (preliminary)	146.6	140.5	106.3	94.6

While the comparative analysis of imported fresh or frozen groundfish fillets reveals a small decrease between 1965 and 1962, it is most important to note that blocks and slabs, which are made up mostly of groundfish fillets, have shown a 100 percent increase during the same period. Consumer trends, during the past few years, have shown strong acceptance of fish sticks, fish balls, etc., which are produced from groundfish blocks and slabs. Therefore, the overall picture indicates that imports are on the increase yearly, evidenced by the strong upswing in cooked fish products made from imported groundfish blocks, while conversely the New England groundfish market continues to decline.

New England accounts for more than 85 percent of the groundfish landed and the groundfish fillets processed in this country. The impact on this segment of the United States fisheries has become more serious each year since the Tariff Commission reported its findings to the President way back in 1956 and recommended an increase in the tariff rates as the following table will show:

GROUNDFISH FILLETS—U.S. PRODUCTION, IMPORTS INCLUDING BLOCKS AND SLABS, AND PERCENTAGE OF EACH TO THE TOTAL U.S. CONSUMPTION

[In millions of pounds]

Year	U.S. production	Percentage of U.S. consumption	Imports	Percentage of U.S. consumption
1956	107.1	44.2	135.5	55.8
1957	96.6	40.7	140.7	59.3
1958	99.1	40.3	146.6	59.7
1959	91.1	33.0	184.8	67.0
1960	93.8	37.6	155.6	62.4
1961	93.0	32.3	195.1	67.7
1962	90.5	29.0	221.4	71.0
1966	74.9	19.0	315.1	81.0

The preceding figures show that since 1956, a period of ten years, the United States production of groundfish fillets has decreased by 32.3 million pounds and its share of the United States consumption market by 25.2 percent. During this same period, imports of groundfish fillets, blocks, and slabs increased by 179.8 million pounds representing a further increase of 25.2 percent of this country's total consumption of groundfish fillets for that year.

The yield in processing fillets from whole fish is roughly ⅓, in other words, three pounds of whole fish produces one pound of fillets. Imports of groundfish fillets, blocks, and slabs in 1966 amounted to 315.1 million pounds—the equivalent of 945.3 million pounds of whole groundfish. This was more than four times this country's catch of all species of groundfish during 1966.

The depletion of the Massachusetts Fishing Fleet and the decline in the number of dealers and domestic processors during the past ten years, has been indicative of the unsettled atmosphere that prevails throughout the New England Fishing Industry today. Yet, a positive side to the story has been the willingness (or call it yankee stubborness) of boat owners and operators to build new fishing vessels which evidences the faith that constantly exists in the planning of members of the Massachusetts Fishing Industry who look hopefully toward a future.

Although the Fishing Fleet in Massachusetts shows a small decline numerically of fishing vessels actively engaged in the industry during the past ten years, careful consideration must be given to the age of the vessels which because of extensive repairs and equipment failures have reached the stage of obsolescence in most instances. Two new trawlers valued at approximately $475,000 each were the first two new vessels to be added to the depleted Boston Fishing Fleet in more than fourteen years. These vessels became a reality through a ⅓ Government subsidy, and in desperation, the remaining moneys were supplied by private capital. The investment evidences the willingness by persons in the Fishing Industry to invest their moneys in anticipation of the possible rebirth of the Fishing Industry, provided that if all concerned, particularly the Federal Government, will participate in fostering programs that will enable the New England Fisheries to offer at least some token opposition to the heavily subsidized fisheries of competing foreign nations.

According to figures submitted by two Fishermen's Unions, there has been a decrease of over 500 fishermen from 1958 to 1968. During the past few years the two Fishermen's Unions have participated in a Government sponsored fishermen's training program in an attempt to revitalize the Massachusetts Fishing Fleets with younger personnel.

This trend from fresh fillets to cooked fish products manufactured from imported fish blocks from 1958 to 1966 shows a change in the alignment of personnel employed in the industry—according to the roster of the Seafood Workers Unions. The number of male employees has declined approximately 15 percent, whereas there has been an increase in the female ranks due to the method of preparing the imported products for today's consumer.

We submit the following statistics on the Port of Boston, once internationally known as the home of the cod because they dramatically show what can and has happened to a major fishing port without tariff protection and without federal protection or assistance will eventually happen to all of the fishing ports in the United States.

BOSTON FISH PIER LANDINGS AND EX-VESSEL PRICES BY SPECIES AND COMPARISONS

	Trips	Total pounds
1958	2,421	123,808,000
1959	2,055	111,238,000
1960	1,855	108,355,000
1961	1,683	115,016,000
1962	1,630	115,481,000
1963	1,639	105,111,000

	Trips	Pounds	Value	Average price
1963	1,639	105,111,000	$10,568,000	$10.05
1962	1,630	115,481,000	10,262,000	8.89

Although there were nine more trips in 1963 than in 1962, the total landings were 10 million pounds less. According to the Bureau of Commercial Fisheries, the 1963 landings were the lightest in 32 years. Understandably, with less fish the cost to the processor was higher—which in turn was reflected toward the consumer which in turn created some sales resistance.

The decline of jobs, vessels, and dollar value of fleet landings is similar to a lesser degree at Gloucester, Massachusetts, Portland, Maine, and New York.

New Bedford, Massachusetts has been more forunate because of a more diversified fishing operation and the fact that a sea scallop industry was developed through private initiative and capital that ranked New Bedford as the Sea Scallop Capital of the World. However, the Canadians seized upon this market development with their Government assistance and a well government subsidzed fleet took control of this production and the market—by exporting the majority of their production to the United States. Ironically, we find the major part of this production sold and consumed on the eastern seaboard. New Bedford in the late fifties had a modern fleet of 76 scallopers with 12 man crews whereas in 1967 there were only 31 vessels actively engaged in the sea scallop fishery. This is particularly serious to a 100,000 population city like New Bedford where the economical dollar has depended on a high of (31¢) thirty-one cents and an average of (27¢) twenty-seven cents from its fishery. Perhaps this is why in this modern day, New Bedford has been and continues to be placed in a depressed area category by the United States Department of Labor with the resulting large welfare load and cost that accompanies such a designation which must be paid by the taxpayer more fortunate to be gainfully employed.

SUMMARY

The Fishing Industry is a public asset as much as the resource itself. The industry is the means through which the resources benefit the public. Unlike the resource, which must be managed by the public through its governments, local and national, the industry supplies its own management. But industry can fulfill its proper function only when healthy and strong. The strength of the Fishing Industry has been drained away in several directions.

Fish, as food, is a highly recommended part of our nation's diet—which must be supplied to the ever increasing population. Those associated with the domestic Fishing Industry find it increasingly difficult to remain competitive in this highly concentrated foreign fishery import market, which continues its yearly growth at the expense of the domestic dealer.

Traditionally, the Fishing Industry is comprised of hard working people desiring to maintain their business independence and realize a return on investment in their particular phase of the fisheries. With the depletion of the fleet, the decline in fish processors, the exodus by large investors from the United States toward foreign fishery enterprise, the outlook is certainly bleak.

How can the American Fishing Industry on one hand seek Federal aid through legislation: for example (50 percent boat building subsidy, funds for research and development, review of territorial water rights), and on the other side of the ledger be concerned about reductions in tariffs that would negate any values received when this legislation obtains House approval? The charts and statistics compiled by the Bureau of Commercial Fisheries verify the plight of the New England Fisheries.

The Massachusetts Committee For The Preservation Of The Groundfish Industry respectfully requests the assistance of Congress in establishing a fair and just balance of trade and we endorse H.R. 12696 and S 24111 or any other import curb restrictions that can prevent the death of the domestic seafood industry in 1968.

In closing, I would like to present the Canadian comments on the recently negotiated Kennedy Round.

CANADIAN COMMENTS ON KENNEDY ROUND

The second of a Canadian series of Kennedy Round seminars for the business community was held in Halifax, September 22, 1967, at St. Mary's University, sponsored by the Federal Department of Trade and Commerce and the Provincial Departments of Trade and Industry, in association with business groups.

Canadian comments on the Kennedy Round generally were favorable. "The Kennedy Round will certainly benefit Canadian fisheries, exports of which are now 70 percent of production by value," said Ronald Smith, President of National Sea Products Ltd. Smith stated that benefits will apply to both European and United States markets. F. A. J. Laws, Manager, Newfoundland Associated Fish Exporters, stated that the Kennedy Round would benefit all Canada. Canadian Minister of Trade and Commerce, Robert Winters, said Atlantic Province fish producers will be provided their first real opening into the American market for cooked fish sticks, as a result of the proposed 50 percent reduction in existing tariffs. C. A. Annis, Director of Tariffs, Federal Dept. of Finance, pointed out concerning fish: "We attempted to go the limit and generally succeeded. We wanted a great deal, especially from the United States and we were generally successful." He called attention to the provision for free entry on a wide range of fish imported into the United States (U.S. Consulate, Halifax, Sept. 26, 1967).

HOWARD W. NICKERSON,
Chairman-Coordinator, M.C.P.G.I.

Representing and speaking on behalf of:

NEW BEDFORD, MASS.

Aiello Bros., Inc.
B & G Fish Co., Inc.
Coastal Fisheries
D Fillet Co., Inc.
Deep Sea Fillet Co., Inc.
Ell Vee Dee, Inc.
Gem Fillet Co., Inc.
Jay Bee Fillet Co., Inc.
New Bedford Fillet Co., Inc.
New Bedford Seafood Co-op.
Quality Fillets, Inc.
Tichon's Fish & Fillet Corp.
Wes-Stan, Inc.
Harriet Transport, Inc.
Seafood Workers Union of New Bedford ILA AFL-CIO
New Bedford Fishermen's Union.

BOSTON, MASS.

Atlantic Fishermen's Union.
Blue Sea Fish Co.
Channel Fish Co., Inc.
Columbia Seafood Co., Inc.
Hub Seafoods Co.
New England Fillet Co.
North Atlantic Fish Co.
Puritan Fish Co.
Ocean Fisheries.

GLOUCESTER, MASS.

American Fillet Co.
Atlantic Seafoods, Inc.
Empire Fish Co.
Gloucester Marine Railways Corp.
Ocean Crest Seafoods, Inc.

Mr. BURKE. Thank you.

Mr. BYRNES. Mr. Chairman.

Mr. BURKE. Mr. Byrnes.

Mr. BYRNES. When was the dumping matter brought to the attention of the Treasury?

Mr. ACKERT. June 1967. It is part of my brief.

Mr. BURKE. Your entire brief is included, and did you wish this pamphlet to be included?

Mr. ACKERT. I don't believe that that would be necessary, Mr. Chairman.

Mr. BYRNES. It has been about a year, then?

Mr. ACKERT. Yes, sir.

Mr. BYRNES. Have they given you any indication as to why there has been this delay?

Mr. ACKERT. They just tell me that it takes a long period of time to turn around and go into an investigation, and just for a matter of information, Mr. Byrnes, in January of this year, the Canadians have now taken out of their monthly report all wholesale prices of fishery products, and it seems quite a coincidence that as of January 1, 1968, the withholding of appraisement notice came out of the Bureau of Customs.

This could be a coincidence.

Mr. BYRNES. There should be little difficulty in finding out how these fish are being sold in Canada. Canada is not so far away that these facts cannot be determined.

We certainly know what is being offered here. That is the basic determination as to whether there is dumping. Then, after that, there is the matter of jurisdiction. This is one case where I can't see why they are having so much trouble finding the facts.

Mr. ACKERT. When I compiled this report, I didn't have much trouble. I just went to the Canadian Monthly Statistical Report.

Mr. BYRNES. Is that a Government or industry report?

Mr. ACKERT. It is a Government report.

Mr. BYRNES. Now they have discontinued it?

Mr. ACKERT. They have discontinued putting wholesale prices in. I am sure that, as I say, it may be coincidence.

Mr. BYRNES. It may be. That is all, Mr. Chairman.

Mr. BURKE. Of course, one of your real problems, I think, in the fishing industry, is that old vessels are being used, which are in need of a real modernization program, and with cooperation by the Federal Government.

I know Congressman Keith has been a leader, with other members of the Massachusetts delegation, in recognizing that old fishing vessels need to be replaced. We realize that this industry is being let down to a great extent, and many of us are trying to prevail upon the Government to take a realistic view of the problems of the fishing industry, because if we don't, the Japanese and Russians will soon control all the fishing areas of the world, to our detriment.

I want to compliment both of you gentlemen for your testimony, and also commend my colleague, Congressman Keith, for his alertness to this problem, and thank you for your testimony.

Mr. KEITH. Thank you,

I think the record should show that a modernization is not the only answer. We have done quite a bit through the subsidy, and we have modernized our vessels, because that is one of the requirements of the subsidy.

Mr. BURKE. That is correct.

Mr. KEITH. Captain Ackert is going to take a new giant trawler out to sea very shortly, be the captain, and try some new techniques that may be the answer to some of the industry's problems. But even with the subsidy, and even with the most modern vesssels, there is still a problem of foreign dumping, and it is a very serious one to our industry.

Mr. BURKE. You are correct in your statement. I think that we have to take a realistic view of this.

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Mr. KEITH. Thank you very much, Mr. Chairman.

Mr. BURKE. The Chair will recess because of the rollcall in the House, and we will be back here to resume hearings in about 10 or 15 minutes.

Our first witness then will be Mr. J. Steele Culbertson, when the committee returns.

(Short recess.)

Mr. BURKE. The committee will be in order.

Our next witness is Mr. J. Steele Culbertson.

We welcome you to the committee, Mr. Culbertson.

If you will identify yourself for the record, you may proceed.

STATEMENT OF J. STEELE CULBERTSON, DIRECTOR, NATIONAL FISH MEAL AND OIL ASSOCIATION; ACCOMPANIED BY EARL CONRAD

Mr. CULBERTSON. Thank you, Mr. Chairman, for this opportunity to appear before you and other members of the committee and tell you something about our industry and some of our problems.

I am J. Steele Culbertson, director of the National Fish Meal and Oil Association, whose members are engaged in this industry.

I have with me Mr. Earl Conrad from the Haynie Products Co., Inc., of Baltimore, who represents a member company.

Mr. BURKE. We welcome both of you.

Mr. CULBERTSON. Thank you.

Mr. Chairman, rather than take the time it would take to read the statement, I thought I might summarize it.

Mr. BURKE. You may summarize it, and your statement will appear in the record as though it was given.

Mr. CULBERTSON. Thank you very much.

Members of the National Fish Meal and Oil Association are engaged in commercial fishing and in the manufacture of fish meal, fish oil, and fish solubles, and account for 75 to 85 percent of the total U.S. production of these products.

They own and operate 25 to 35 large manufacturing plants situated along the Atlantic and Gulf Coasts, extending from Maine to Texas, which have a value of over $40 million.

They also own and operate one of the most modern fishing fleets in the United States, consisting of 600 fishing and auxiliary vessels, valued at more than $50 million.

The principal species harvested is the menhaden, a member of the herring family, and the largest domestic fishery.

In some years this fishery alone has produced over 2.3 billion pounds, and accounted for over 43 percent of the total combined landings of all species of fish and shellfish in the United States.

At the fisherman's level, these fish have an annual value of approximately $25 million, and at the processor's level, approximately $50 million.

It is also one of the oldest domestic fisheries which was commenced on a commercial basis almost 100 years ago for the recovery of the menhaden oil.

Other sources of raw material harvested for this purpose are herring, and other herring-like fish, and so-called bottom trash fish and

parts from the frozen fish, frozen and canned seafood industry, that are not processed into edible use.

Fish meal and solubles are used in poultry and animal feeds, and fish oil in the industrial field, and in the manufacture of coatings, lubricants, linoleums, et cetera, and for edible use in European and Canadian markets.

In some years it has been our largest and most valuable fishery export item.

Within the past few years, there has been a three-fold increase in total world production of fish meal, increasing from 1.4 million metric tons in 1958 to 4.2 million metric tons in 1967, causing world exports to almost quadruple within this 10-year period.

During this time, the U.S. imports have risen from 100,000 tons in 1958 to 650,000 tons in 1967, when they accounted for approximately 75 percent of the total U.S. supply.

As there is no duty on these imports, and because of the large amounts, they have been setting the market price here in the United States. With the subsidies or similar advantages under which they are being produced in these foreign countries, these prices, particularly during the past year, were less than production costs for U.S. fish meal.

As an illustration, I will read one item I have in my statement. This was published in the Commercial Fisheries Review of the Bureau of Commercial Fisheries of March. The title of it is "U.S. Fish Meal Prices Strongly Affected by Peru's 'Sole' Devaluation," and the text is two short paragraphs.

The 32 percent devaluation of Peru's "sole" in September, 1967 affected U.S fish meal prices much more than did Peru's fisheries promotion law of October 6, 1967. This was reported by BCF's Branch of Current Economic Analysis.

The promotion law reduced or eliminated export taxes by about $7 per ton of fish meal. The devaluation reduced the cost of fish meal by about $41 per ton. Together, these give Peruvian producers about a $48 advantage—in production costs per ton.

Mr. Chairman, that is on a product that was selling here in the United States at the time at about $120 a ton, our market having declined from about $145 to $150 8 or 9 months previous to that down to $120.

Imports during the first quarter of 1968 have been almost 200,000 tons, and at this rate will equal 800,000 tons or more for this year. Most of this, incidentally, will come from Peru, where they have this advantage.

Faced with this situation, the U.S. fish meal industry is rapidly being put out of business. Its vessels and plants are designed for this particular type of business, and would not be easily converted to other use.

Also, the 6,000 or more fishermen and employees who have historically and largely been composed of Negroes, would not have other work that they could turn to in the fishing communities in which they live.

At this time, when so much is being said in high Government places about providing jobs for the unemployed, it seems to me that we should give a lot of weight to maintaining this segment of our domestic fishing industry and the job opportunities it provides.

If this industry is to survive, it is imperative that it receive some form of governmental assistance.

First, we would suggest a 35 percent tariff; next, a quota that would restrict imports to a level of the average of the past 5 years.

At that level, we have not had any problem in this country with imports. We have not produced enough fish meal here to supply the total demand. These imports for the last 10 years, coming in at a nominal rate, have complemented our industry, and it has meant that our customers had fish meal in off-season, when we didn't have supplies.

But when it started coming in at these unrestricted amounts, and reduced our market price below what we can produce and sell it for, why, it means that we cannot continue to exist.

Now, in lieu of this kind of protection from the Government, then, we would have to have some kind of subsidy, if we are to remain in business.

I believe that summarizes my statement.

(Mr. Culbertson's statement follows:)

STATEMENT OF J. STEELE CULBERTSON, DIRECTOR, NATIONAL FISH MEAL & OIL ASSOCIATION

Thank you, Mr. Chairman and members of the committee, for the opportunity to tell you about our industry and the serious problem it faces due to greatly expanded foreign imports of fish meal.

The National Fish Meal & Oil Association, a division of the National Fisheries Institute, Inc., is a trade association located in Washington, D.C. Its member companies are engaged in commercial fishing and in the manufacture of fish meal, fish oil and fish solubles. Those companies are situated along the Atlantic and Gulf Coasts extending from Maine to Texas and account for approximately 75% to 85% of the total domestic production of these products.

The principal species of fish harvested and used for this purpose is the menhaden, a member of the herring family, and our largest domestic fishery. In some years it has accounted for over 43% of the total combined landings of all species of fish and shellfish in the United States. This fishery has a commercial history of almost 100 years, commencing with 1873. Other sources of raw fish material harvested for this purpose are herring and other herring-like fishes and the so-called bottom trash fish. Another large source of raw material used is derived from the domestic fresh, frozen and canned seafood industries and includes the parts that are not processed for edible use, such as the heads, tails, viscera, remains of carcasses from filleting operations, etc. On a weight basis this raw material represents approximately 50% of the total weight of these food fish as landed.

The menhaden industry alone operates 25 to 35 large manufacturing plants valued at over $40 million. In addition, there is more than this number of smaller processing plants operated in this industry. The menhaden fishing fleet is one of the largest and most modern of all domestic fishing fleets and consists of over 600 fishing and auxiliary boats with a gross value of over $50 million. Under normal conditiions of fishing and production, the value of the menhaden catch at the fishermen's level would be in excess of $25 million annually, while the wholesale value of the products produced would approximate $50 million. Of this overall value for the various products derived, fish meal would normally account for 55% to 65%, fish oil for 25% to 35% and fish solubles for 5% to 10%. In addition to some 4,000 fishermen who man the boats, the menhaden industry furnishes employment ashore for over 2,000 people in different phases of the industry.

Because fish meal is an animal protein that contains all the essential amino acids necessary for rapid growth of young animals, it is highly desirable as a protein supplement in the manufacture of poultry and animal feeds. The expanded use of fish meal for this purpose came about following World War II and has maintained a fairly steady growth and usage in the United States since. Over the ten year period 1950–59, for example, the average fish meal supply in the United States, which includes the domestic production and imports, was

372,000 tons per year. The maximum supply in any one year during this ten year period was 440,000 tons in 1959.

For the seven year period 1960–66, the average annual supply was 574,000 tons, which shows an average annual increase of slightly over 200,000 tons in the seven year period 1960–66 as compared with the previous ten year average. The maximum U.S. supply for any one year within this seven year period was 674,000 tons in 1964 or 100,000 tons greater than the average for the period.

In 1967, however, the total U.S. supply jumped to 837,000 tons for an increase of 260,000 tons above the seven year average preceeding 1967.

TABLE 1.—U.S. SUPPLY OF FISH MEAL, 1950–67

Year	U.S. production		Imports		Total tons
	Tons	Percent	Tons	Percent	
1950	239,954	79.0	63,855	21.0	303,809
1951	209,756	62.0	128,478	38.0	338,234
1952	221,403	52.1	203,539	47.9	424,942
1953	238,851	64.5	131,473	35.5	370,324
1954	256,967	63.8	145,777	36.2	402,744
1955	264,502	73.0	98,003	27.0	362,505
1956	295,793	76.6	90,421	23.4	386,214
1957	264,085	76.5	81,079	23.5	345,164
1958	248,140	71.2	100,352	28.8	348,492
1959	306,551	69.8	132,925	30.2	439,476
1960	290,137	68.8	131,561	31.2	421,698
1961	311,265	58.8	217,845	41.2	529,110
1962	312,259	55.3	252,307	44.7	564,566
1963	255,907	40.5	376,321	59.5	632,228
1964	235,252	34.9	439,143	65.1	674,395
1965	254,051	48.4	270,666	51.6	524,717
1966	224,434	33.4	447,784	66.6	672,218
1967	211,514	24.5	651,486	75.5	863,000

Source: U.S. Bureau of Commercial Fisheries.

As to sources of the U.S. supply of fish meal during the periods discussed, we find that of the 372,000 ton average annual supply for the ten year period 1950–59 domestic production was the dominant source and accounted for 254,600 tons compared to imports of 117,500 tons.

For the next seven year period, 1960–66, when the average annual supply was 574,000 tons, domestic production accounted for only 269,044 tons, while the contribution from imports had climbed to 305,070 tons. This upward trend in imports was greatly accelerated in 1967, when imports alone accounted for 651,000 tons of the total U.S. supply of 836,000 tons.

TABLE 2.—U.S. IMPORTS OF FISHMEAL AND SCRAP, BY COUNTRY OF ORIGIN

Origin	1967 (tons)	1966	1965	1964	1963	1962	1961	1960	1959	1958
	Thousand short tons									
Angola		2.0	2.5	1.9	0.7		1.5	0.9	20.7	18.1
Argentina		.1	.1	.1	.2		.1	.1	.1	
Canada	46,626	43.6	43.8	54.8	51.0	42.8	38.2	31.0	39.0	27.8
Chile	40,937	89.4	5.6	12.9	23.6	9.2	12.1	21.2	5.1	8.2
Denmark				.1	.2				2.3	1.1
Iceland				.1	.1		.1	2.8		
Japan				.8					.3	.1
Mexico				.1					1.3	1.4
Norway	113,243	21.0	.1		1.8	1.6	.1		.1	1.2
Peru	442,547	276.7	209.8	348.0	285.4	186.2	151.4	68.2	49.9	33.4
Portugal				.2					1.2	
South Africa Republic		6.6	5.1	18.6	12.3	10.1	13.0	7.1	9.7	7.3
Uruguay				.1	.1		.1	.1		
Other countries	8,133	8.4	3.7	1.5	.9	2.3	1.1	.3	3.2	1.7
Total	651,486	447.8	270.7	439.1	376.3	252.3	217.8	131.6	132.9	100.3

Source: "Imports of Fishmeal and Scrap," 1938–67, C.F.S. No. 3902 (H.S. No. 1, revised), Bureau of Commercial Fisheries, U.S. Department of the Interior, Washington, D.C., 6 pages, processed.

Expressed on a percentage basis, domestically produced fish meal accounted for 68.5% of the average annual supply 1950–59, compared to 31.5% for imports. For the seven year period 1960–66, we find that this trend was reversed and the larger part of the average annual supply, 53.2%, was from imports and 46.8% from domestic. 1967 imports accounted for 75.5% and domestic dropped to 24.5%.

The serious problem for us today and for the forseeable future from the standpoint of the domestic fish meal industry, with its large investment in manufacturing plants, fishing vessels and gear, and the five to six thousand people engaged in the industry, is the depressed price of fish meal on the U.S. market.

Fish meal imports were bound duty free by a Trade Agreement with Iceland in 1943 and bound under the General Agreement on Tariffs and Trade at Geneva in 1948. The Tariff Act of 1930 placed fish meal, which at that time had a 20% duty, along with tankage on the free list. The principal used for these products then was for fertilizers. This certainly is not the case today and has not been since fish meal became recognized as a high quality animal protein supplement (60% to 70% protein) and became an important ingredient in the manufacture of poultry and other animal feeds. (Now a refined version, Fish Protein Concentrate, has been approved by the Food and Drug Administration for human use.)

Under this situation fish meal imports are free to enter the U.S. market in whatever quantities are available from foreign production. As we have shown above, these imports have been a part of the U.S. fish meal supply for many years, however, up until recent years they did not account for over one half of the U.S. supply or enter in quantities that were in excess of the developed usage or outlets for fish meal in the United States, with exception to a brief period in 1959–60.

Under this situation, the U.S. market was generally maintained at price levels that permitted the U.S. fish meal industry a fair return on its large investment in fishing vessels and gear and in the plant manufacturing facilities ashore and, at the same time, providing the feed manufacturers with this additional supply of fish meal that otherwise would not have been available.

Throughout this period of moderate importation of fish meal, the question or need for restricting imports at this average level did not present itself for the simple reason that world production of fish meal and the export trade had not then experienced the rapid growth and expansion that has since taken place.

World production figures for fish meal within the past ten years illustrate this rapid buildup in world production. In 1958, for example, the total world production in the free countries was 1.39 million metric tons. By 1967, world production had more than tripled to over 4.2 million tons. During this same ten year period, total world exports of fish meal almost quadrupled, going from .596 million tons in 1958 to over 2.32 million tons in 1967.

Under this changed situation, particularly during the past fifteen months, we find that the U.S. supply, largely from the imports, exceeds the demand that can be used and marketed on an orderly basis without depressing the prices for domestically produced fish meals below U.S. production costs and in fact in some cases, as below its actual economic value for use in the formulation of poultry and other feeds in relation to other similar ingredients.

A comparison of the price situation over the past three year period, 1965-67, is shown in the attached table (Table 5), which has been compiled by the Bureau of Commercial Fisheries from price quotations at New York. While these prices for menhaden fish meal and Peruvian anchovy meal are listed as average prices over the twelve month period, it is recognized by the trade that they do not accurately reflect the average prices at which the bulk of the fish meal was sold in these years. For example, the same weight has been given to spot sales which usually involve small lots in these calculations.

In considering these values, however, it is readily apparent that the average prices received by domestic fish meal producers in 1967 have been drastically reduced. The build-up in fish meal imports and the large stocks that are presently on hand or about to be produced in foreign countries have been the determining factors. In the absence of any kind of restriction against imports entering the United States markets, the price that the domestic producers can expect to receive for their product is set and governed by these huge stocks and their flow into our market.

TABLE 3.—WORLD PRODUCTION OF FISH MEAL AND SOLUBLES BY COUNTRIES

[1,000 metric tons]

Continent and country	1967	1966	1965	1964	1963	1962	1961	1958
Africa:								
Angola	48.0	48.1	47.9	54.7	32.8	33.0	55.3	74.8
Morocco	33.5	29.0	22.0	21.8	19.9	16.0	19.0	16.6
South Africa	345.0	109.0	119.2	106.8	108.5	122.4	115.7	55.6
South-West Africa		158.8	159.6	158.9	137.1	89.9	71.9	41.9
North America:								
Canada	89.4	90.2	79.6	77.8	82.4	75.8	69.0	63.2
Mexico	7.0	4.5	7.4	5.7	5.3	4.5	6.7	1.9
Panama	10.0	10.3	4.5	2.1	.7	.8	1.2	.5
United States	167.2	269.0	307.3	287.3	319.0	383.4	372.6	332.7
South America:								
Argentina	24.0	24.0	15.8	11.8	8.0	4.4	2.7	----
Chile	163.4	221.3	92.9	174.1	107.4	91.6	58.0	18.3
Ecuador	2.0	2.0	2.0	1.7	.9	----	----	----
Peru	1,816.0	1,470.5	1,282.0	1,553.4	1,131.5	1,117.4	839.8	126.9
Venezuela	5.0	5.4	----	3.3	3.2	3.2	2.7	2.4
Asia:								
Japan	350.0	361.3	344.5	353.1	251.9	317.7	293.8	170.7
Singapore	7.0	7.0	5.5	5.3	5.7	5.2	5.3	1.6
Malaysia Federal	2.0	2.5	2.8	2.1	1.2	.1	.1	.2
Europe:								
Denmark	149.3	124.5	128.8	124.0	96.1	88.1	57.9	65.6
France	13.2	13.6	----	160.0	11.0	10.0	13.0	10.1
German Federal Republic	72.6	81.9	80.3	81.5	81.5	81.4	68.4	76.6
Iceland	112.8	176.3	173.8	126.7	91.8	103.1	71.0	43.7
Netherlands	9.0	9.6	7.0	8.1	7.8	5.8	8.0	9.6
Norway	491.6	421.8	291.4	188.1	133.5	107.6	151.5	126.5
Poland	20.0	23.9	20.4	14.4	9.9	6.1	4.3	1.5
Portgual	8.0	10.9	----	7.4	4.7	5.4	8.3	4.1
Spain	43.6	34.3	34.1	31.8	31.4	32.0	25.4	11.5
Sweden	7.8	6.9	7.5	7.5	6.5	4.8	7.5	6.4
United Kingdom	80.5	87.4	86.3	79.2	75.1	72.4	73.0	78.2
Belgium	3.8	5.0	2.8	2.8	2.2	1.9	1.9	2.2
U.S.S.R.	240.0	238.5	203.3	144.7	112.7	91.5	84.1	40.0
Total, countries shown	4,321.7	4,042.0	3,538.7	3,652.1	2,879.7	2,875.5	2,488.1	1,383.3
Others	25.0	24.0	10.3	7.9	10.3	9.5	7.9	12.7
World total	4,356.7	4,066.0	3,549.0	3,660.0	2,890.0	2,885.0	2,496.0	1,396.0

TABLE 4.—WORLD EXPORTS OF FISHMEAL[1] BY PRINCIPAL COUNTRIES

[In metric tons]

Country[2]	1966[4]	1965	1964	1963	1962	1961	1958
Angola	50.0	47.9	54.4	28.0	32.6	50.3	81.2
Morocco	7.0	7.6	21.8	20.0	16.0	19.0	16.6
South Africa and South-West Africa	160.0	224.9	280.0	214.0	207.4	169.3	89.4
Canada	55.0	55.2	58.4	52.4	44.5	37.4	28.4
Chile	200.0	66.9	146.0	86.3	72.2	41.1	10.2
Peru	1,304.5	1,412.7	1,426.4	1,038.2	1,055.9	708.4	105.8
Japan	13.0	13.1	6.2	3.6	18.1	4.9	23.7
Denmark	100.0	97.5	83.6	70.1	64.6	45.8	69.0
Iceland	160.0	147.8	126.0	103.8	71.5	71.8	55.2
Netherlands	10.0	10.3	7.2	3.5	6.0	4.8	6.1
Norway	250.0	259.7	182.8	103.5	59.9	128.4	106.9
U.S.S.R.	7.0	7.2	4.2	3.4	3.7	4.9	3.8
Total[3]	2,316.5	2,350.8	2,397.0	1,726.8	1,652.4	1,286.1	596.3

[1] Includes solubles, but the amount is of minor importance.
[2] Estimates.
[3] Refers to countries listed only.
[4] Final figure: 2,444.3, International Association of Fishmeal Manufacturers.

Source: "Yearbook of Fishery Statistics" (fishery commodities), 1965, vol. 21, Food and Agriculture Organization, Rome (1966), pp. h-30, h-31.

TABLE 5.—AVERAGE MONTHLY PRICES OF MENHADEN MEAL AND ANCHOVY MEAL[1]

F.O.B. EAST COAST PORTS, 1965–67

[Dollars per short ton]

MENHADEN MEAL

Month	1965	1966	1967
January	144.15	179.80	153.10
February	146.25	172.50	154.00
March	150.00	170.60	154.00
April	153.00	163.00	135.00
May	156.00	153.80	135.80
June	160.90	160.35	139.00
July	170.25	164.00	137.40
August	172.10	169.00	136.10
September	175.00	166.20	136.75
October	185.40	160.00	136.00
November	186.00	151.55	132.00
December	186.00	153.10	131.60
Annual average	165.40	163.65	140.15

PERUVIAN FISH MEAL (ANCHOVY)

January	141.60	173.00	148.20
February	144.90	170.90	140.00
March	142.70	165.80	134.50
April	148.40	153.75	130.50
May	153.75	155.40	127.70
June	166.50	155.50	131.25
July	172.00	161.00	131.60
August	181.00	161.00	131.50
September	182.50	152.25	128.90
October	184.90	143.10	124.30
November	186.00	144.80	121.00
December	180.25	152.50	121.00
Annual average	165.45	157.40	130.85

[1] Menhaden meal, 60 percent protein, bagged; Peruvian fish meal, 65 percent protein, bagged; as quoted at New York City.

Source: U.S. Department of Interior, Bureau of Commercial Fisheries, and the Oil, Paint and Drug Reporter.

In this connection, attention is called to Attachment 6 that explains the advantage in production costs that accured to the Peruvian fish meal producers last fall as a result of the Peruvian government's devaluation of the sole and elimination of the export tax. With imports from Peru accounting for almost 70% of U.S. imports, it is readily apparent what a $48 per ton advantage in production costs can have on our markets. This certainly helps to explain the inability of our domestic producers to produce and sell fish meal above what it costs them to produce it.

Fish meal is a special protein commodity that is used primarily in the manufacture of poultry feeds. It, therefore, has a restricted use, and in fact the amount that can be used in a poultry ration cannot exceed 10% of the total ingredients, the most of which are composed of grains. Price-wise is has to compete favorably with soybean meal, which is also a protein commodity that is in almost unlimited supply throughout the United States and most widely used in the manufacture of poultry and animal feeds. Freight cost for shipping fish meal from the sea coast to the markets inland where soybean meal is produced and is available locally is a significant part of the competition that fish meal has in order to sell in the major Midwest feed markets. The situation, therefore, tends to limit its greatest use to the states bordering the coast.

Due to this competitive feed ingredient situation, the developed markets for fish meal in the United States are limited and are not in a position to absorb the excessive supplies, mostly from imports, that were shipped to the United States throughout 1967 and which are continuing to come in even at a greater rate during the first few months of 1968. This abnormal supply situation is very critical in so far as the domestic fish meal industry is concerned. It has been

created, first, because of the large shipments of imports that are steadily being placed on the U.S. market and, second, because of the large stocks of fish meal that are stored in Peru (670–700,000 thousand tons at the end of March) and in other exporting countries that can be shipped here on short notice in unrestricted amounts. Also, there is indication that the current high rate of world production will continue to increase. On April 24, the Peruvian government granted almost a 20% increase in the anchovy catch, raising this year's limit from 8 to 9.5 million metric tons, which would produce 1.7 million metric tons of fish meal. This would be an increase of approximately 270,000 metric tons over the previous year. In this connection, according to the forecast made at the April 2–5 meeting of the Executive Council of the International Association of Fish Meal Manufacturers, the principal exporting countries expect to export 3 to 3.2 million metric tons of fish meal in 1968. At the rate at which imports came into the United States the first three months of this year, approximately 809,000 tons of this would be destined for the U.S. market (Table 7).

TABLE 7.—U.S. SUPPLY OF FISH MEAL AND SOLUBLES, JANUARY–MARCH, 1968 AND 1967

FISH MEAL

[In tons]

Item	3 months ending with March		Total, 1967
	1968	1967	
Domestic production:			
Alewives			5,506
Groundfish	(1)	2,086	5,702
Herring	1,433	773	9,492
Menhaden [2]		(1)	119,134
Tuna and mackerel [3]	3,610	10,767	31,062
Unclassified	2,690	1,060	30,869
Total	7,733	14,686	201,765
Shellfish meal and scrap	(4)	(4)	9,749
Grand total meal and scrap	(4)	(4)	211,514
Imports:			
Canada	10,993	11,160	46,626
Peru	155,981	99,097	442,547
Chile	10,783	7,193	40,937
Norway	13,652	39,614	113,243
Other countries	3,207	3,476	8,133
Total	194,616	160,540	651,486
Grand total, fish meal	202,349	175,226	863,000

[1] Included with unclassified.
[2] Includes small quantities of other species.
[3] Includes anchovies.
[4] Not available on a current monthly basis.

FISH SOLUBLES

[In tons]

Item	3 months ending with March		Total, 1967
	1968	1967	
Domestic production (wet weight)	2,655	5,333	74,657
Imports:			
Canada	309	336	1,283
Mexico	10	34	440
Peru	612		1,653
Other countries		293	293
Total	931	663	3,669
Grand total	3,586	5,996	78,326

Source: U.S. Department of the Interior, Fish and Wildlife Service, Bureau of Commercial Fisheries, Branch of Fishery Statistics, 1815 North Fort Myer Dr., room 502, Arlington, Va., 22209.

To the members of our industry it is becoming quite apparent that the industry will not be able to survive under our present trade policy with respect to fish meal imports, which gives foreign producers free and unobstructed access to the United States markets for the greatly expanded production of this commodity throughout the fish-producing countries of the free world. Under the present import and market situation, which we have attempted to describe and place before this Committee, there appears to be four choices as our industry sees it: (1) allow the present condition to continue and within a year or two from now our domestic fishing industry will be bankrupt, and its organizations, vessels and fishing equipment, and shore manufacturing facilities will be of but little use and value, as they are not readily adaptable to other uses; (2) place a duty of 35% to offset subsidies or other advantages that foreign producers enjoy; (3) place a realistic quota on imports that would maintain them at average levels of the past five year period preceding 1967; or (4) provide a support price program for domestically produced fish meal similar to that provided for certain farm commodities such as soybeans, corn, etc., that would insure the domestic producers a fair price for the fish meal they produce. We would hope that some immediate assistance can be provided under (2), (3) or (4), for certainly our industry cannot long survive under the present import situation without assistance.

We would prefer a tariff rather than a quota, because we believe it would have a more direct affect on the price of our domestic product. In order to net a 20% increase in the price of domestic fish meal we feel a 35% duty would be required, since domestic fish meals would still have to compete with the large stocks of subsidized foreign imports to our markets. It is our feeling that foreign fish meal producers have long been getting a free ride on the tariff negotiations of a number of years ago on fish meal concessions not intended for the product and use that is made of it today.

As an example of one segment of our domestic fishing industry that has remained in a healthy state, I mention the tuna industry, which has been maintained under a 35% tariff. We certainly feel that they are entitled to this protection in order that this product may be produced domestically and that the tuna industry can get a reasonable profit, preserve the fishing fleets and shore facilities, and maintain gainful employment for the large number of people engaged in this fishery. Under the present world fish meal situation, we feel equally as strong that the U.S. fish meal industry is entitled to similar protection for the same reasons mentioned. With a healthy climate for the domestic fish meal industry, it would be able to expand and develop more sources of raw material with which to supply a much larger percentage of the needs of our domestic market. In this connection, we call attention to the outflow of U.S. dollars for the 1967 fish meal imports of 650,000 tons, which at $120 per ton is $78 million. This has gone up from $44 million, for example, based on 1965 fish meal imports.

It is almost unthinkable that the largest segment of our domestic fishing industry within the period of a year or two can be now fighting for its very existence. This is especially true for those companies that have borrowed large sums of money and made recent investments in vessels, gear and plant equipment in their effort to modernize and meet the growing import competition. Such loans have not been available from the government on a long-term, low interest rate basis, but are conventional bank-type loans at 6 to 8% interest, which are now payable. Part of these large expenditures have been necessitated within the last few years to meet new requirements for plant and warehouse sanitation laid down by the Food and Drug Administration to overcome Salmonella contamination of the products. These expenditures actually became mandatory when the Food and Drug Administration declared in the Federal Register of March 8, 1967, that any fish meal found to be contaminated with Salmonella would be considered adulterated and subject to seizure. (Attachment 8)

Also, what about the people employed and who depend on this industry as their principal means of livelihood. Most of them reside in small communities along the coast, such as Reedville, Virginia; Morehead City, North Carolina; Moss Point, Mississippi; and Cameron, Louisiana to mention a few. The greater part of these people are fishermen and have not been trained to do other work. The entire economy of these small fishing communities mentioned above revolves around this industry. Historically, workers in this industry, including the fishing crews who man the vessels, have been Negroes. In most cases they have made better than average wages. At the very time when so much is being said at high levels of

government about providing jobs for the unemployed, we certainly should give a lot of weight to maintaining these job opportunities in this basic industry which has been operated for almost one hundred years. This is the only segment of the domestic fishing industry that is operated by our Negro citizens. It has been a proud industry and one in which they have taken a great part.

[Attachment 6]

1967 U.S. FISH MEAL, OIL, AND SOLUBLES PRODUCTION DECLINED

According to BCF, U.S. production of fish meal, oil, and solubles during Jan.–Dec. 1967 and 1966 was:

	January–December	
	1967 [1]	1966
Fish meal and scrap (short tons):		
Alewives	4,508	3,746
Groundfish	7,909	6,311
Herring	9,273	11,850
Menhaden [2]	119,125	134,954
Tuna and mackerel [3]	32,447	29,758
Unclassified	12,157	24,728
Total fish meal and scrap	185,419	211,347
Shellfish meal and scrap (short tons)	(4)	11,773
Grand total, meal and scrap	(4)	223,120
Fish solubles (short tons):		
Menhaden	51,536	60,769
Unclassified	22,155	22,672
Total solubles	73,691	83,441
Oil, body (1,000 lbs.):		
Alewives	1,827	(5)
Groundfish	1,348	536
Herring	5,078	7,862
Menhaden [2]	98,449	144,198
Tuna and mackerel [3]	6,210	4,884
Unclassified (including whale)	6,711	6,565
Total oil	119,623	164,045

[1] Preliminary data.
[2] Includes a small quantity of other species.
[3] Includes anchovies.
[4] Not available on a current monthly basis.
[5] Included with unclassified.

U.S. FOREIGN TRADE

The Bureau of the Census reported the following U.S. foreign trade in selected industrial products for Jan.–Dec. 1967 and 1966:

	January–December	
	1967 [1]	1966
Imports (short tons):		
Fish meal and scrap	651,486	447,784
Fish solubles	3,669	4,308
Whale oil, sperm (crude and refined) (1,000 lbs.)	51,318	58,166
Exports (1,000 lbs.):		
Fish and fish-liver oils	76,816	77,254
Whale and sperm oil	1,787	4,356

[1] Preliminary data.

U.S. FISH MEAL PRICES STRONGLY AFFECTED BY PERU'S 'SOLE' DEVALUATION

The 32% devaluation of Peru's "sole" in September 1967 affected U.S. fish meal prices much more than did Peru's fisheries promotion law of Oct. 6, 1967. This was reported by BCF's Branch of Current Economic Analysis.

The promotion law reduced or eliminated export taxes by about $7 per ton of fish meal. The devaluation reduced the cost of fish meal by about $41 per ton. Together, these gave Peruvian producers about a $48 advantage.

U.S. prices of Peruvian fish meal have dropped about $12 per ton since Oct. 1, 1967. This would mean that Peru's industry is using about three-quarters of the cost reduction to improve its financial situation.

GEORGES BANK SURVEY SHOWS MORE COD, FEWER HADDOCK

The preliminary results of a BCF groundfish survey in the Georges Bank area show somewhat more cod and fewer haddock than usual. The survey provided an estimate of the strength of the 1967-year class of haddock. Almost none was found. This indicates 1967 is one of the weakest year-classes ever measured.

It is bad news for the New England haddock fishery because it is the fourth consecutive poor year-class. Since 1963, which produced the record year-class, there has been poor survival of spawn. The 1963 year-class was overfished by the U.S. and foreign countries in 1965 and 1966 and so cannot maintain the yields of the past 2 years.

Haddock landings will continue to decline for at least 2 more years.

[Attachment 8]

TITLE 21—FOOD AND DRUGS

CHAPTER I—FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SUBCHAPTER A—GENERAL

Part 3—Statements of general policy or interpretation—Animal feeds contaminated with salmonella micro-organisms

Because of the significance to the public health of not having Salmonella micro-organisms in meat, milk, eggs, and other edible products of food-producing animals, the Commissioner of Food and Drugs calls attention to the applicability of the Federal Food, Drug, and Cosmetic Act to Salmonella contamination in animal feeds by issuing the statement of policy hereinafter set forth. Accordingly, under the authority vested in the Secretary of Health, Education, and Welfare by that act (secs. 402(a), 701(a), 52 Stat. 1046, as amended, 1055; 21 U.S.C. 342(a), 371(a)) and delegated by him to the commissioner (21 CFR 2.120). Part 3 is amended by adding thereto the following new section:

§ 3.58 Animal Feeds Contained with Salmonella micro-organisms

(a) Investigations by the Food and Drug Administration, the Communicable Disease Center of the U.S. Public Health Service, the Animal Health Division of the Agricultural Research Service, U.S. Department of Agriculture, and by various State public health agencies have revealed that processed fish meal, poultry meal, meat meal, tankage, and other animal by-products intended for use in animal feed may be contaminated with Salmonella bacteria, an organism pathogenic to man and animals. Contamination of these products may occur through inadequate heat treatment of the product during its processing or through recontamination of the heat-treated product during a time of improper storage or handling subsequent to processing.

(b) Articles use in food for animals are included within the definition of "food" in section 201(f) of the Federal Food, Drug, and Cosmetic Act. Further, Salmonella contamination of such animal feeds having the potentiality for producing the infection and disease in animals must be regarded as an adulterant within the meaning of section 402(a) of the act. Therefore, the *Food and Drug Administration will regard as adulterated* within the meaning of section 402(a) of the act shipments of the following when intended for animal feed and encountered in interstate commerce and found upon examination to *be contaminated with Salmonella* micro-organisms. Bone meal, blood meal, crab meal, feather meal, *fish meal, fish solubles*, meat scraps, poultry meat meal, tankage, or other similar animal by-products, or blended mixtures of these.

(Secs. 302(a), 701(a), 52 Stat. 1046, as amended, 1055; 21 U.S.C. 342(a), 371(a))

Dated: March 8, 1967

JAMES L. GODDARD,
Commissioner of Food and Drugs.

Mr. BURKE. Does your associate wish to make a statement?

Mr. CULBERTSON. No.

Mr. BURKE. Mr. Broyhill.

Mr. BROYHILL. Mr. Culbertson, I glanced through your statement, and tried to pick up part of your summary.

I am very much concerned about this particular problem, because commercial fishing is a very important industry in Virginia, and particularly in some areas where it is the only industry of consequence.

I am talking particularly about the menhaden fishing fleets down around the Northern Neck.

What would happen if those processing plants went out of business? What would happen to that particular area?

Are you familiar with the area I am talking about?

Mr. CULBERTSON. Yes, sir.

It would mean that an area like Reedville, which is more or less the home of the domestic menhaden industry, where most of the captains have been trained and where many of the people engaged in the industry live would have their principal means of livelihood taken away.

The economy in a village like that revolves around the commercial fishing industry, principally the menhaden industry. The filling stations and little stores and that kind of small community businesses derive the greater part of their revenue from the people that work in this industry.

So when you are talking about this industry going out of business, you are talking about the main support of the boatyards, you are talking about the little stores, and other similar businesses in those communities.

Mr. BROYHILL. What is the situation facing these industries at the present time? Are they making a profit, or much of a profit? Do you have any figures on that?

Mr. CULBERTSON. Last year I do not believe there was a member company that didn't lose money. The production that they got last year at the prices of 1966, however, would have meant $10 to $11 million more in revenue than they did receive, because of the depressed prices that fishmeal sold for because of these big imports.

Mr. BROYHILL. If I may, I would like to have a list of the profits in that area for the record as an example of a particular area that is dependent upon this industry, and what has actually happened to it. I think it may be helpful.

Mr. CULBERTSON. I don't quite understand you.

Mr. BROYHILL. I would like to have a record of the profit and loss of that industry over the past years, particularly since these increased imports from Peru began, and what may have happened as to the profits and losses of the industry for the last few years.

Mr. CULBERTSON. I am not sure we could get it for the combined industry, Congressman Broyhill.

Mr. BROYHILL. I am talking about the area of the Northern Neck we referred to. As you point out, the area is solely dependent upon that particular industry.

Mr. CULBERTSON. There are two or three companies engaged there. I can probably supply some figures and hopefully the figures you desire for the record.

(The information was not received by the committee by the time the hearings went to press.)

Mr. BROYHILL. You pointed out, and you have some charts that show this, which I have not had a chance to examine carefully, that the increased imports are the result of the devaluation of currency in Peru.

Mr. CULBERTSON. I am sure this devaluation coupled with a decrease in the export tax in Peru, did affect the flow of imports to the United States. More importantly this contributed to the decline in the selling price on the U.S. market.

Mr. BROYHILL. One of these charts shows quite an increase in the imports from Peru. Did that take place just about the time of the devaluation of the currency?

Mr. CULBERTSON. It took place last fall, at the time that maybe half of the imports were in. The table will show you how much we imported from Peru last year.

Mr. BROYHILL. That is table 2?

Mr. CULBERTSON. Yes, sir, 442,000 tons from Peru.

Mr. BROYHILL. It shows a rapid increase in the tonnage of imports from Peru. Did that sudden increase between 1962 and 1965 take place about the time of the devaluation?

Mr. CULBERTSON. The devaluation was last year, last October.

Mr. BROYHILL. But it has been going on right along.

What about the possibility of human consumption of this fish meal?

Mr. CULBERTSON. Of human consumption?

Mr. BROYHILL. Yes.

Mr. CULBERTSON. As you know, the Food and Drug Administration has approved a fish protein concentrate for human consumption, manufactured from one species, the hake, or a member of the hake family.

They have not approved FPC manufactured from menhaden or herring or other similar fishes, but it can be manufactured from these species. If this country is to get into large production of FPC, we will have to turn to a species such as the menhaden that is available in abundance, and is also economically usable for this purpose.

You see, when you make fish meal or FPC, you are going to use 5 or 6 pounds of raw material for each pound of FPC that you recover.

If you are paying 5 cents a pound for your fish, you are talking about a raw material cost of 25 to 30 cents per pound.

Mr. BROYHILL. The fish meal consists of the whole fish, inside and out?

Mr. CULBERTSON. That is correct.

Mr. BROYHILL. It is not very palatable, is it?

Mr. CULBERTSON. I think so. I eat oysters.

Mr. BROYHILL. Thank you.

Mr. BURKE. What is the significance of this attachment 8, about the Food and Drug? Would you care to elaborate on that?

Mr. CULBERTSON. Within the last 2 or 3 years, there has been a great deal of publicity about salmonella. If you are in the food business, or in the ingredient business, supplying ingredients for animal feed manufacturing, you have become aware there has been an enormous amount of research which has gone into detecting salmonella in various places and ingredients.

The Food and Drug Administration feels that this is a great menace to health, not only of animals, but of humans, and they have become very fussy about it, and as you can read here from this order, they said that any fish meal found to have salmonella in it would be considered adulterated and subject to seizure.

So that in order to comply fish meal for animal feeds has to be maintained at almost food level, to insure high standards of sanitation, particularly in your warehouses and your handling. The plants and warehouses have to be constructed and maintained free of birds, rodents, flies and animals.

You can't even walk in there without washing your shoes off in a solvent, so that you don't track anything in.

In order to comply with this, it has been very costly to our companies to put their plants in this kind of condition.

Mr. BURKE. Do these same restrictions apply to imported fish?

Mr. CULBERTSON. Well, I hardly think they do.

It is true that the Food and Drug sample some of the imports that come in, but they do not supervise the plants in those countries.

Mr. BURKE. I wonder if you have the same situation there that you have in the meat industry, where you have strict compliance in this country, but they don't have the personnel to exercise this type of inspection over the plants overseas.

Mr. CULBERTSON. Well, you wouldn't have the authority, either, perhaps. I don't know about that.

Mr. BURKE. Are there any further questions?

Thank you very much for your testimony.

Mr. CULBERTSON. Thank you, gentlemen.

(The following letter and statements were received, for the record, by the committee.)

STATEMENT OF MR. E. ROBERT KINNEY, PRESIDENT OF THE GORTON CORPORATION, GLOUCESTER, MASSACHUSETTS

MR. CHAIRMAN: I appear in opposition to import quota proposals for fisheries products. Any attempt to turn back the clock on the progress made by the new processing industry will result not only in a loss of jobs among the eighteen to twenty thousands Americans employed in this industry but also in higher prices for fishery products to the homemaker when she purchases these items in her supermarket.

In 1963 the new processing industry imported 231,768,000 pounds of frozen fillets and blocks. Last year we imported 283,570,000 pounds to meet consumer needs and provide gainful employement for our workers.

The result of a capricious and arbitrary diminution of employment by returning fishery imports to the 1963 level would seriously disrupt the economy of the Gloucester, Massachusetts area where we employ the laregst share of the working force.

In Massachusetts alone, according to Bureau of Commercial Fisheries estimates and our employment records, we could lose up to 1800 primary jobs.[1]

Such import restrictions would work to the disadvantage of the American homemaker, public school lunch programs, restaurateurs, and the grocery distribution system, retail and wholesale, by resulting in higher prices for a lessened quantity of product and eliminating entirely many menu items because domestic fishermen cannot supply the demand. The ultimate result would be a lower standard of living.

The consumer demand for these new products, which we helped to pioneer, has grown from practically nothing in 1953 to more than 280 million pounds in 1967. In effect, we have created a new industry, new demands, and new jobs.

[1] Source: Bureau of Commercial Fisheries, Dale Street Statistical Office, Gloucester, Mass., Mr. Dwight L. Hoy and Gorton Corporation employment records.

An increase in fish imports has been a common occurrence in countries which approximate our standard of living. While our supply of fishery products was being increased by some 64% in the 1956–1966 decade, West Germany was importing more fish until today they import on a per capita basis as much seafood as we do. The British, moreover, now import twice as much per capita as we do.[2]

MARKET PRICE OF FISH (HADDOCK TOTAL LANDINGS) IN THE UNITED STATES [1]

	Millions of pounds of haddock landed	Cents per pound ex vessel	Fillet price
1956	152.2	6.30	25.5
1957	133.4	7.64	29.9
1958	119.6	9.81	34.8
1959	112.6	9.71	33.1
1960	118.6	7.92	32.5
1961	133.5	7.41	31.5
1962	134.2	8.13	34.1
1963	123.9	9.44	36.2
1964	133.4	9.91	36.7
1965	133.9	10.18	40.6
1966	132.3	10.54	42.3

[1] Source: BCF Statistical Office.

According to the Bureau of Commercial Fisheries the only fish blocks produced in the United States were a few million pounds which went to the military. Total Cod landings in 1966 of 36,200,000 pounds of round fish would have produced, if turned into blocks, 12,000,000 of raw materials or enough to run only our Gloucester plant for four months. The total United States landings of Cod would meet only 6% of the nation's overall need.

Import restrictions will not aid our domestic fishing fleet which is suffering mainly from a 176-year-old restrictive law and from lack of national purpose in the exploitation of fisheries resources as compared with the leading fisheries nations of the world. Fish cannot be landed in a port of the United States except from an American built boat. Our fishermen must pay more for their boats than do their competitors because they must buy domestic. Others may buy the best ships that can be had for the cheapest cost.

As the previously mentioned Bureau of Commercial Fisheries landing figures show, the price of fish has advanced considerably since 1956.

Restrictions on fishery imports may alienate some nations with which we currently have most favorable trade relations. For instance, in 1965 we imported $141,178,000 worth of fishery products from Canada, but in total goods they imported from us 1.2 billion dollars more than we did from them.[3]

The United States currently exports nearly seventy million dollars worth of domestic fishery products and domestic producers may well feel a reciprocal closing of the fishery import door.[4]

The restriction of imports, in addition to the creation of vast unemployment in our area will impose a severe handicap upon the oldest and most famous seafood producer in the nation which has moulded itself into the fore of the new processing industry. That is why, gentlemen, as the representative of our employees and shareholders, I appreciate this opportunity to enumerate for you these considerations.

SEAFOOD PRODUCERS' ASSOCIATION,
New Bedford, Mass., May 31, 1968.

Hon. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
Washington, D.C.

DEAR SIR: The Seafood Producers Association wish to be recorded as generally in favor of bill H.R. 16936.

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[2] Source: Bank of Montreal Business Review. Mar. 31, 1966, p. 3.
[3] Sources: Department of Commerce, Bureau of the Census. Canadian Consulate, Boston, Massachusetts.
[4] Source of value of exports of domestic fishery products: Fisheries of the United States, 1966, C.F. S4400. Page 39.

We wish it known that adjustments should be considered in tariffs where the import price of seafoods is still 6 to 12¢ lower than the domestically produced fish is sold for. Such a difference gives the play to the imported product. Since there is as good market which can easily absorb both import and domestic fish the wholesale price should be the same for all species. It would be no disadvantage to imports and certainly would do much to encourage our domestic fishing enterprise. The present difference may eventually put some domestic producers out of the industry because they are faced with mounting costs and no increase in income.

Dumping of large amounts of fish as in the past brings about reduced prices on domestic fish products. This practice should be stopped.

Yours truly,

OCTAVIO A. MODESTO,
General Manager.

STATEMENT OF GEORGE JOHANSEN, SECRETARY-TREASURER, ALASKA FISHERMEN'S UNION

We appreciate the opportunity of submitting a brief on HR 17242, now before your committee. Under certain conditions, the proposed legislation pertaining to ceilings on foreign imports offers a fair and reasonable base upon which the problems of excessive imports can be dealt. The bill will not preclude foreign imports, but will establish certain limits when facts show the necessity of protection. For these reasons, we strongly support and urge favorable action on HR 17242.

The United States fishing industry is one which has suffered extensively from heavy importation of foreign fishery products. While this industry is not one of the giants within the United States industrial community, it is, nevertheless, an important industry—both economically and as a producer of food. Many of our coastal states depend heavily on the income derived from fishery products and the earnings of workers in the fishing industry. Perhaps of primary importance to citizens of the United States is the valuable food supply embodied in the fisheries. Statistics in the government publication, *Fisheries of the United States—1967*, reveal the following:

Fisherman and shore workers employed (approx.)	225,000
Boats used in fishing activities	82,127
Retail value of fishery products sold on the American market (million)	$2.578
Annual consumption, commercial and food (billion pounds)	14.2
Domestic production (billion pounds)	4.061
Foreign imports (billion pounds)	10.2

The last ten years have seen a steady decline in our production of fish and fishery products. In 1957, we produced 67% of our needs and imported 33%. The figures have been completely reversed because in 1967 the United States produced 29% and imported 71%.

Other significant changes should also be noted. World production of fishery products has risen sharply. From a total of about 40 billion pounds in 1940, the figure was 125 billion pounds in 1967. Far from making any gains, our production of four billion pounds in 1967 is comparable to our catches thirty years ago. Prior to World War II and up until 1956, the United States ranked second only to Japan in size of catch. In 1957, the expanding fisheries of mainland China passed us. During this period, Peru was developing its spectacular anchovy fishery, and the Soviet Union was building its large ocean-going fishing fleet. By 1960, the United States had dropped to fifth place. Norway went by us in 1966, and for the first time in our history, the United States is not listed among the first five nations in world fishery production.

In spite of the fact that the statistics on the United States fisheries have shown this industry has been going downhill for a number of years, no help to reverse the trend has been forthcoming. On the contrary, the Kennedy Rounds dealing with tariff and trade agreed to a further reduction in already inadequate fishery tariffs, thus insuring an increased flood of imports in the future.

Recommendations by persons responsible for the handling of fishery affairs on the national level have carefully avoided the real issue, but have instead sought to leave an impression in the public mind that our inability to produce more fish for our own market is due to obsolete, antiquated methods of fishing, poor boats and gear, inability to locate the fish on the grounds, and many other reasons.

While it must be admitted we do not possess the large modern trawlers used by many foreign countries, this, in itself, has not been the dominant factor in the reduction of our catch. The American fishing industry has the technical knowledge and the ingenuity to match any foreign fishing industry. Our fishermen can hold their own, and, if given a reasonable incentive, are well able to outproduce most foreign fishermen. The real issue is a lack of a constructive national policy which should recognize that the fishing industry is essential to the welfare of the country.

We have subsidized half the world with money, advice, and a most liberal tariff policy, to enable foreign producers an opportunity to sell their products on our market. We are still pursuing the same policy in direct competition with our own industry.

Because of a higher living standard, greater production cost, and, in some instances, strict conservation rules which have allowed American fishermen the use of their boats and gear on 25–30% of capacity, we have not been able to complete.

We have had plenty of fish available on the Pacific Coast and in Alaska to furnish the needs of our own market, but because of economic factors, our fishing fleet available for ground fish trawling has been kept in harbor, and the few boats operating have had limits imposed upon them. The argument that if we would produce more and sell for less, and thereby eliminate foreign competition, doesn't hold water. Over-all prices on fishery producted dropped 2% in 1967—in spite of the fact that living costs as a whole increased 4.2%. Prices paid to fishermen for ground fish are much too low at the present time, and to advocate additional expenses on boats and gear to create even lower prices, might be a solution to reduce the American fishermen to a standard of living below the average of other American workers, but not a solution to increased prosperity in our industry.

The net result of our national policy, or the lack of a policy, has been that not only have we lost our market to foreign competition, but by buying these products we have indirectly subsidized and made possible for these foreign producers to greatly expand their fishing activities.

The incentives we have thus created for foreign fishery nations to earn American dollars may, in time, destroy, by over-fishing, the resources we now have in our coastal waters. The danger to the conservation of these resources is indeed a real danger, unless we can again regain our former initiative in the fishery field.

We have reached a point where a change is necessary in fishery policy presently followed by the Administration, as well as a change in top personnel now handling American fisheries.

Unless there is a change, the talk about a great future in the American fisheries is meaningless when actual facts are taken into consideration. For the reasons set forth herein, we deem the enactment of HR 17242 of primary importance, as it will enable the fishing industry to present facts and figures to warrant imposing a ceiling on imports. Present conditions in the fishing industry demand relief by setting aside a fair percentage of the American market for American fishermen, and also to further the best interests of the American public by seeing to it that, through neglect and indifference, we do not lose this industry and is capacity to provide food.

HR 17242 is essential not only to the fishing industry but other domestic industries, as well, if they are not to be destroyed by foreign imports.

STATEMENT OF RONALD W. GREEN, COMMISSIONER, STATE OF MAINE, DEPARTMENT OF SEA AND SHORE FISHERIES

Presented herewith is a summary of conditions currently existing in Maine's commercial fishing industry, showing the impact of imports on the industry and pointing out specifically the unfair competition created by imports from nations providing extensive subsidies to their fisheries. We intend to show that a special situation has been created in the case of subsidized fisheries products, and that special protective measures are absolutely essential if our domestic industry is to survive. Proposals for such protective measures will be summarized at the conclusion of this presentation.

CURRENT CONDITIONS IN THE FISHERIES

Since early colonial days, commercial fishing has been one of the nation's basic and most important industries. It is Maine's oldest industry and has been the economic backbone of every coastal community in the state.

Some 20,000 people depend upon it directly for their livelihood, and the market value of the seafoods which it produces and processes has for many years been in excess of $75,000,000 annually. Altogether, about 40 species of fish and shellfish are harvested commercially by Maine fishermen. Among the most important are ocean perch, herring, whiting, cod haddock, cusk, hake, pollock, flounder and alewives. Major shellfish items include lobsters, soft-shell clams, scallops, mussels and crabs. According to statistics compiled by the United States Department of Interior, the total landings in Maine during 1967 were 196,058,944 pounds of raw product worth almost $23,000,000 to the fishermen.

In recent years conditions in the domestic fisheries have been growing steadily worse, both for the producer and the processor. As far as the fishermen are concerned, landings of most species have declined, as imports have taken an ever greater share of the market. Prices paid to the fishermen have fluctuated slightly from year to year, but over a twenty-year period the net increase per pound has been only from one to three cents, depending on the species. This small increase in income has been more than offset by increases in the cost of living, in the costs of vessels, repairs, gear, fuel and insurance. In fact, it has been more than offset by the decrease in total production alone.

The present situation of Maine fishermen is clearly indicated by the figures in the table below. (Note: all totals are for round, not dressed, fish.)

	1947 landings		1957 landings		1967 landings	
	Pounds	Average price (cents)	Pounds	Average price (cents)	Pounds	Average price (cents)
Cod	4,205,000	5.5	3,352,000	3.6	2,988,000	6.3
Cusk	567,000	4.8	584,000	4.6	11,000	6.7
Haddock	3,389,000	6.8	4,667,000	9.4	2,062,000	10.4
Hake	3,494,000	4.6	2,870,000	3.6	1,054,000	5.8
Pollock	4,310,000	3.2	3,719,000	2.6	1,095,000	5.0

To add to their problems, Maine fishermen working in the groundfish industry are forced to go to sea in vessels which have an average age of close to 24 years. Even worse, the largest trawlers in the groundfish fleet now have an average age of 32 years. Since the average useful age of a large trawler is considered, optimistically, to be no more than 25 years—with smaller draggers luck to survive 12 to 15 years of hard use—it is clear that the entire fleet is living on borrowed time. It is no wonder that the average age of Maine fishermen increases each year and that few young men are attracted to fishing as a trade or a way of life.

Maine's processors, too, are faced with equally difficult problems. The state's important sardine industry has for years been fighting a losing battle with imported sardines. One symptom of this decline may be seen from the fact that five years ago there were 30 sardine canneries in Maine. Now there are only 22. This industry, however, is vitally important to the economy of the state. During peak production periods, it still employs some 4,000 cannery workers—for the most part in areas which have been declared economically depressed where jobs of any kind continue to be notably scarce.

The Maine sardine industry has not remained passive during these years of decline. It has not been content to sit in a corner crying for governmet handouts while foreign competition slowly strangled it to death. Instead, through the Maine Sardine Council, the industry created a self-imposed tax, and with these funds it has carried out an aggressive program of advertising, sales promotion, quality control, product improvement, and technological research. Altogether, the Council has spent some $7.5 million for this purpose. Yet, in spite of this huge investment, the industry has found itself less and less able to compete with highly subsidized imports.

Groundfish processors in the state are no better off. Like the sardine canners, they are caught in a grinding economic strangulation caused by rising labor and production costs and increasingly strict governmental quality standards on the one hand, and on the other by a rampaging flood of seafood imports which is fast approaching one billion pounds a year, throughout the country. Again, there have been plant closures and jobs lost, and each year the plant owners find it more and more difficult just to stay in business, let alone to carry out essential modernization programs. It should be noted that the loss of such plants in Maine creates

an even more severe economic burden on the state than it does in other, more heavily industrialized areas. Out-of-work fish plant employees are all too likely to remain unemployed here, whereas in the neighboring state of Massachusetts, where fish processors have also been hard hit, this labor force is much more easily absorbed by a far greater number and variety of industries.

CAUSES OF THE CRISIS

There is a single basic reason for the crisis which now faces Maine's (and much of the nation's) commercial fishing industry: there is no possible way for the unsubsidized domestic product to compete with a highly subsidized imported product.

To what degree are these nations which are shipping more and more fisheries products into the United States subsidizing their industry?

One detailed answer should be sufficient. Take the case of Canada, which represents the most serious threat to our domestic industry. Canada's Atlantic Coast fisheries are receiving subsidies from the federal government and from the various provincial governments. There are subsidies and other special benefits for vessel construction, for plants and quipment, and even, in the case of some species, for the fish itself.

Specifically, federal subsidies are provided for fishing vessel construction; some provinces also provide a direct "bounty" for vessel construction, or interest-free loans with no date for repayment; federally guaranteed loans for vessels are also provided; federal insurance for fishing vessels is available; and provincial insurance plans are in some cases even more liberal. Processing plants can get both federal and provincial guaranteed loans. There are also provincially operated collection points and freezers. Finally, during 1967, the Province of Quebec introduced a compensation payment (or subsidy) to fishermen and boat operators for cod, ocean perch and sole which is processed in Canadian fish plants. (See Appendix A).

The above information is spelled out in detail in a publication of the Organization for Economic Co-operation and Development titled: *Financial Support to the Fishing Industry.* This publication sums up the Canadian program as follows: "On the Atlantic Coast, a large number of support schemes on a federal as well as on a local scale, are in operation and the net federal and provincial government expenditure is relatively high." It concludes by noting: "Apart from canned salmon . . . almost all exports of fish products are sent to America: the main example is the export of fresh and frozen fish which are totally taken by the United States."

With subsidies and assistance programs of this magnitude, it is not surprising to find a major New England seafood dealer complaining in a national publication that Canadian fish fillets are being imported into the United States for only 43¢ per pound, while it costs him 72¢ per pound to produce the same product. Likewise, it is not surprising to find canned sardines, F.O.B. Canada, quoted at $7.90 a case, while it costs Maine sardine canners $9.90 to pack the same product.

In addition to all this, of course, Canadian fish producers and processors have other advantages as well. In some instances, less strict government regulations permit Canadian processors to pack fish which could not be packed by our domestic industry. As in the case of Canadian sardines, these inferior quality items are then marketed in underdeveloped countries. Furthermore, Canadian firms precent enjoy a 7½ cent advantage in the rate of exchange on United States funds over Canadian. Finally, there is evidence that a number of Canadian fisheries products have recently been sold on the United States market for prices which are lower than those charged in the Canadian market, even though this appears to be a clear violation of the so-called Anti-Dumping Law. The strategy behind this appears to be to force domestic fisheries firms out of business, leaving a clear field for Canadian companies who could then charge whatever the traffic would bear for their products.

An extremely clear picture of the effect of Canadian imports on one segment of our domestic industry may be seen in the case of the ocean perch industry. Statistics show (see Appendix B) a steady decline over the past five years in domestic ocean perch landings, while Canadian ocean perch landings show an almost exactly corresponding increase. At the same time, prices for ocean perch fillets during this same five-year period on the domestic market have also shown a steady drop—a 4½¢ decrease for one-pound boxes, and a whopping 9¢ decrease for five-pound boxes. Even a quick glance at the figures in Appendix B shows

that the Canadian ocean perch industry is "calling the tune" in the United States market, and it is clear that, without immediate Federal assistance, our ocean perch industry will soon cease to exist.

PROPOSALS FOR PROTECTION

From the above, it seems obvious that this is no ordinary case of competition between domestic and foreign industries where both start out on a relatively equal basis. Nor do we have here a situation where the foreign industry begins with an advantage obtained by lower labor and production costs. Instead, we submit, this is a special case. Although the foreign industry does indeed have an initial advantage as a result of lower labor and production costs, it also has a far greater advantage resulting from a complete program of direct and indirect governmental subsidies. No amount of skill and efficiency on the part of the domestic industry, no amount of technological development, product improvement, or promotion and marketing programs can be expected to cope with this situation. We are not simply facing a problem of "adjustment." There is no way whatsoever that the domestic fishing industry can adjust to this type of unfair competition, except by going out of business.

Failure of the domestic fishing industry would have extremely grave consequences, not only for the fish-producing states directly concerned, but on the entire country. Already the imbalance between fisheries imports and exports is adding substantially to the critical problem of the dollar drain and the balance of payments deficit which is one of the major concerns of our Federal Government at this time. With the complete elimination of our domestic fisheries, the dollar drain in this area would be multiplied many times. Furthermore, consumers in the United States would no longer have the protection afforded by normal competition; exporting nations would be free to set their own prices on all fisheries products sold in this country.

For the good of the entire nation, therefore, we believe that action must be taken to give the domestic fisheries adequate protection. This protection might be considered as a form of "export incentive," rather than as a protective tariff or direct subsidy. It might be called an "equilization tax" designed to prevent unfair competition. But it would presumably take one of the following forms:

1. A direct subsidy and assistance program which is equal to that presently enjoyed by the Canadian fishing industry.
2. A selective increase in tariffs on fisheries products imported from subsidizing nations.
3. The establishment of quotas based on 1962 levels for fisheries imports from subsidizing nations.

CONCLUSION

Any of the above proposed courses of action would seem to be both reasonable and equitable. Indeed, one course or another is absolutely essential to the survival of Maine's commercial fishing industry and to many segments of the entire domestic fisheries. The need for such action is great. It is also urgent. Therefore, it is our hope that this Committee will take whatever steps are necessary to implement one or another of these proposals at the earliest possible time.

APPENDIX A

SUMMARY OF A RULING BY THE GOVERNMENT OF THE PROVINCE OF QUEBEC REGARDING COMPENSATION PAYMENT TO THE FISHERMEN FOR 1967

This Ruling concerns a compensation payment on the price of fish to fishermen and boat proprietors in the Province of Quebec.

1. Said compensation applies to *cod, perch,* and *sole processed in the frozen fish plants only.* There is no compensation for perch measuring 9" and less, which is not to be bought for commercial production.

2. Maximum compensation prices are:

0.01¼ lb. for cod
0.0¾ lb. for perch
0.0½ lb. for sole

providing the producer pays a minimum of:

0.02¾ lb. for cod

0.02 lb. for perch
0.02¾ lb. for sole
when compensation payment is at maximum level.

3. According to a chart based upon the eventual recovery of the markets, compensation payments will decrease until none at all are effected, while the producer will, in order to let the fishermen benefit from the compensation subsidy, increase his price in proportion to the decrease in subsidy.

4. The subsidy will be paid through the producer, who must *show separately* on each boat settlement the payment effected by himself on the one hand and the government compensation on the other hand.

The producer shall transmit his account, with proof of payment, once at the end of the month.

5. A thirty-day notice will be given to the producer regarding change in the compensation rate.

6. This ruling is limited to the 1967–68 fishing season.

7. The following chart refers to variations in compensation prices in relation with market prices. The price is established in American funds, including Custom duties, for products delivered on the East Coast of the United States (Boston area) and is based upon:

for cod: Blocks
for perch: 5's fillets, not going over 8 fillets per lb.
for sole: Blocks

[Cents per pound]

American market price, U.S. east coast			Compensation price		
Cod	Perch	Sole	Cod	Perch	Sole
0.230	0.230	0.250	0.0125	0.0075	0.0050
.235	.235	.255	.0100	.0060	.0040
.240	.240	.260	.0075	.0045	.0030
.245	.245	.265	.0050	.0030	.0020
.250	.250	.270	.0025	.0015	.0010
.255	.255	.275	.0000	.0000	.0000

PRICE DECLINE OF MARKET ON OCEAN PERCH

I. CANADIAN LANDINGS OF OCEAN PERCH (IN THOUSANDS OF POUNDS)

Province	1962	1963	1964	1965	1966	1967
Nova Scotia	15,174	20,937	12,613	20,112	29,278	15,387
New Brunswick	1,876	4,244	4,692	12,782	27,396	28,972
Newfoundland	35,817	48,221	41,674	61,383	76,847	62,847
Quebec	7,935	9,677	20,207	27,808	42,035	64,299
Prince Edward Island						6,001
Total	60,802	83,079	79,186	122,085	175,556	177,506

Note: This does not include landings by French islands of St. Pierre and Miquelon.

II. U.S. LANDINGS OF OCEAN PERCH

	1962	1963	1964	1965	1966	1967
All sections	123,983	108,292	89,268	83,607	81,553	71,310

III. PRICES F.O.B. BOSTON FOR OCEAN PERCH FILLETS (AVERAGE PRICES)

	1962	1963	1964	1965	1966	1967	1968
1-lb. package	0.30	0.305	0.305	0.30	0.29	0.265	0.255
5-lb. package	.28	.285	.2725	.27	.265	.24	.19

IV. PRICES PAID U.S. FISHERMEN FOR OCEAN PERCH

	1962	1963	1964	1965	1966	1967
August prices	0.0425	0.0475	0.0450	0.0450	0.0475	0.0450

V. LABOR RATES FOR FISH PLANT WORKERS

	1962	1963	1964	1965	1966	1967
Hourly wage	$1.47	$1.52	$1.57	$1.60	$1.65	$1.75

Note: VI. Present Canadian selling prices reported to be $0.28 1-lb. package, f.o.b. Toronto Limited Market. Little or no demand for 5-lb. package in Canada.

STATEMENT OF DR. E. W. HARVEY, ADMINISTRATOR, OTTER TRAWL COMMISSION OF OREGON

Legislation Requested.—At the request of this commission H.R. 12696 and S. 2411 were introduced respectively by Representatives Wyatt, Ullman and Keith, and by Senators Morse, Hatfield, Brooke, Muskie, Gruening, Jackson and Magnuson in late August and Mid-September 1967. Other house introductions were made by Representatives Pelly, Dent, Clausen, Sandman, Dellenback, O'Neill and Burke. The purpose is to amend the Tariff Schedules of the U.S. to provide that the amount of ground-fish imported into the U.S. shall not exceed the average annual amount thereof imported during 1963 and 1964. With the domestic industry being able to produce only 19% of the total U.S. consumption because of importations, the small margin requested would allow some domestic growth and expansion, and more stable marketing conditions. This proposal is endorsed by twenty-three other substantial and well-founded organizations of both coasts, and awaits hearings by Ways and Means, and Finance respectively.

Effect of Importations.—With the high percentage (81%) of ground-fish importations from subsidized countries our domestic industry is faced with a loss of men, a decrease in boats, decreases in wages, low-priced imports, loss of markets, and a steady decline generally throughout the industry. Four times in recent years ('54–'56–'62–'64) investigations by the Tariff Commission have shown import injury to the domestic industry—but the administration has not allowed help or given relief from the continually increasing importations. Now again in 1968 we have requested an investigation by the Tariff Commission and also one by the U.S.D.I. These will show injury to the domestic industry, but will we get executive help?

Other Requested.—Another bill, H.R. 16936, the "Fair International Trade Act of 1968" was introduced by Representative Herlong on April 30th and referred to your committee. This commission has requested our Representatives Al Ullman and Wendell Wyatt to introduce and support this legislation also. This bill is so written as to give relief to the U.S. ground-fish and other industries being adversely affected by importations.

Summary.—We, the ground-fish industry of both coasts, seek and implore the assistance of our Congress in establishing a *fair* and *just* balance of trade.

Mr. BURKE. Our next industry is bicycle parts and accessories.

Mr. C. J. Warrell.

We welcome you to the committee, Mr. Warrell, and if you will identify yourself for the record, you may proceed.

STATEMENT OF C. J. WARRELL, ON BEHALF OF DOMESTIC BICYCLE TIRE AND TUBE INDUSTRY

Mr. WARRELL. Mr. Chairman and members of the committee, I am Carrol Warrell, president of the Carlisle Tire and Rubber Division of the Carlisle Corp. of Carlisle, Pa., and I appear here today on behalf of the domestic bicycle tire and tube industry.

Although I am listed to speak on behalf of the cycle parts manufacturers, I request permission to submit a brief at the end of the testimony on their behalf.

Mr. BURKE. Without objection, you may do so.

(The brief referred to was not received by the committee by the time the hearing went to press.)

Mr. WARRELL. I will limit myself to speaking about the bicycle tire and tube industry, which is very fairly typical of the industry today.

The bicycle tire and tube industry in the United States today is composed of three manufacturers. They are the Goodyear Tire and Rubber Company of Akron, Ohio; Uniroyal, Inc., New York City; and the Carlisle Corp. of Carlisle, Pa. All of these manufacturers are members of the Cycle Parts and Accessories Association, and through this trade association have participated in testimony concerning foreign import problems before various congressional committees in the past. Because bicycle tires and tubes are the major purchased cost component of a bicycle, and because of the increasing gains made by imported tires and tubes, we in the industry felt it best that a separate statement be made outlining our particular problems.

The facts that I present today will demonstrate the serious injury which has already been inflicted upon our industry under the existing tariff and labor standard bills already on the books, as well as the regulations and interpretations made concerning them. At one time, there were in excess of 15 manufacturers of bicycle tires in this country. This number has been reduced to three, through the competitive effects of our economic system. I mention this so that you will recognize that those companies that remain have done so through superior competence in the technical, manufacturing, and marketing fields of this market.

It will be pertinent to note that there are no manufacturers of bicycle chain in this country today, and only one manufacturer of bicycle brakes.

Since 1957, imported bicycle tires and tubes have made steady and relentless progress to take away more and more of the domestic market from our industry. This has been done solely on the basis of price, not technical skill or marketing excellence. Low-labor costs in foreign countries, both in Europe and Asia, have meant the difference. In 1957, 5.4 percent of the bicycle tires sold in the United States were brought in from abroad, and by 1967, foreign tires accounted for 44.3 percent. At this rate of increase, there will be no domestic bicycle tire industry by 1976. A table showing bicycle tire shipments for the years 1957 through the first quarter of 1968 is attached to this statement and marked "Exhibit A."

In addition to the substantial quantities of loose foreign tires coming into this country; that is, tires not mounted on bicycles, the domestic bicycle tire and tube manufacturers are also losing sales because of the import of foreign bicycles that, of course, are imported with foreign tires. If these figures are added to those just mentioned, the foreign manufacturers had over 50 percent of the total market in 1967.

Japan, which country accounted for over half of the tires imported into the United States, has labor rates of less than one-sixth that of

U.S. rubber manufacturers. Tires are now showing up in this country from Hong Kong, Korea, Poland, and Formosa. Indeed, it looks as though the situation may get much worse. In 1957, a popular sized set of two bicycle tires, two bicycle inner tubes, and two rim strips was selling for $3.50 to a typical bicycle manufacturer in this country. By 1968, the domestic manufacturers price had dropped to $2.80, and regular foreign merchandise is still about 40 cents per set cheaper. The Kennedy Round of tariff reductions, effective January 1, 1968, and extending over the next 5 years, will reduce our current tariff protection from 30 percent on inner tubes to 15 percent, and 10 percent on tires to 5 percent ad valorem.

In the first quarter of 1968; that is, the first period for which figures are available since the Kennedy Round of tariff reductions went into effect, the number of lost foreign tires has increased to 52.2 percent of the total market, as compared with 41.1 percent in the first quarter of 1967.

Bicycle tires and tubes of foreign manufacture are consistently being sold to bicycle tire jobbers and mass marketers in this country for less than the bare manufacturing cost of domestic companies. When I talk of bare manufacturing cost, I mean cost without a provision for selling, administrative, and shipping expense, or, of course, profit.

The quality level of foreign tires was at one time far below that of the domestically produced bicycle tire and tube, but today, with the dissemination of technical information on a worldwide basis, this quality gap becomes less and less. As an example, for the last 4 years, American firms have been selling tires containing nylon cord for added strength and durability, and Japanese firms started using this material on a large scale during 1967.

Despite an absolutely herculean effort made by domestic manufacturers to automate and mechanize, we are still unable to compete fully. Added protection of some sort is essential for the continuation of a healthy bicycle tire and tube industry. This could be accomplished by ceilings placed on imported tires and tubes in a manner as outlined in the present proposed legislation, which would allow both foreign and domestic manufacturers to participate at a rate similar to the market growth in this country.

It is estimated that about 900 persons were gainfully employed in this industry in 1957. This year it is estimated that only about 800 persons are employed in this country, with another 800 jobs going to employees in foreign countries. On the basis of technical, manufacturing, and marketing know-how, this added employment should have gone to Americans. The substantially lower labor costs of foreign manufacturers has just been too much for Yankee ingenuity to overcome.

The legislation proposed in the Fair International Trade Act of 1968, H.R. 16936, or similar measures, is most necessary to assure the American public that the harm done to domestic industries and workers injured by increased imports from low-wage areas is held in further check.

In conclusion, I wish to place the domestic bicycle tire and tube industry solidly behind this proposed legislation.

Thank you for your time and attention this afternoon.
(Exhibit A to Mr. Warrell's statement follows:)

EXHIBIT A

LOOSE BIKE TIRE SHIPMENTS

	Domestic	Percent domestic	Imports	Percent Imports	Total market
1957	8,799,839	94.6	506,305	5.4	9,306,144
1958	8,569,190	88.4	1,122,471	11.6	9,691,661
1959	9,092,969	73.7	3,245,037	26.3	12,338,006
1960	8,167,824	68.7	3,718,570	31.3	11,886,394
1961	9,033,813	75.0	3,009,713	25.0	12,043,526
1962	9,804,615	67.0	4,839,735	33.0	14,644,350
1963	10,163,681	64.4	5,608,802	35.6	15,772,483
1964	11,622,274	60.0	7,748,639	40.0	19,370,913
1965	10,446,299	55.2	8,469,804	44.7	18,916,103
1966	10,503,575	58.6	7,415,629	41.4	17,919,204
1967	10,424,063	55.7	8,298,125	44.3	18,722,188
1967 (1st quarter)	2,384,019	58.9	1,664,495	41.1	4,048,514
1968 (1st quarter)	2,503,062	47.8	2,731,758	52.2	5,234,820

Note: Imported tires that come into this country on bicycles are excluded from the above.

Sources: Domestic figures are shipments of bicycle tires as reported to the Rubber Manufacturers Association by 100 percent of the domestic producers. Import figures are as reported by the U.S. Department of Commerce.

Mr. BURKE. Are there any questions?

Thank you very much, Mr. Warrell, for your testimony.

Mr. BURKE. Our next witness is Mr. Glenn Gibson.

We welcome you to the committee, and if you will identify yourself, you may proceed.

STATEMENT OF GLENN GIBSON, EXECUTIVE SECRETARY, AMERICAN BEEKEEPING FEDERATION; ACCOMPANIED BY JOE M. PARKHILL

Mr. GIBSON. Mr. Chairman and members of the committee, I am Glenn Gibson of the American Beekeeping Federation. The gentleman with me is Mr. Joe Parkhill, of Berryville, Ark.

I have filed a statement with your clerk covering our position in supporting H.R. 10677, the Honey Import Act of 1967.

With your permission, I would like this statement to be included in the record.

Mr. BURKE. Without objection, it will be included in the record.

Mr. GIBSON. Since my statement and the attached chart deal with past years, my remarks this afternoon will cover the 1968 honey import figures.

First, on behalf of the beekeeping industry, I want to thank the committee for the opportunity to testify for the Honey Import Act of 1967.

As expected, our market conditions have worsened in 1968. Production costs are up. Imports have increased. Exports have dwindled, and 11 million pounds of our 1967 honey crop was unredeemed as of May 31.

The Department of Agriculture reports a terrific increase in honey imports during the first 4 months of this year. Six and one-fourth million pounds were imported from January 1 to April 30. This is a

60-percent increase over the total, the record total of the same period in 1967.

We expect this upward trend to continue during the rest of the year.

Our Canadian friends have become competitors instead of customers. In 1967 we sold 755,000 pounds of honey to Canada during the first 4 months, but during this same period in 1968, the Canadians sold us 722,000 pounds.

This reflected a terrific drop in the Canadian honey prices, brought on by a loss of exports to Europe. Canadian honey exports in 1966 amounted to 7.9 million pounds, but in 1967 this was reduced to 3.1 million pounds.

Official figures for honey imports from Canada for the month of May are not available, but we understand that 2 million pounds were imported from Canada in one deal.

It is our understanding that all Canadian honey meets table-grade requirements.

World honey production has been increasing. Red China has proven to be a formidable competitor in Germany and Japan and other buyers of U.S. honey. Red China's exports of honey have increased eightfold in a few years.

To make matters worse, our honey exports for the first 4 months of this year amounted to 2,194,000 pounds, which is 63 percent down for the same period in 1967. We expect this downward trend to continue.

Our industry is in deep trouble. Imports are cheapening our prices, aggravating our price-support program, and generally demoralizing a proud industry.

We must continue to emphasize the importance of a thriving domestic beekeeping industry in this country.

Transport of pollen by honey bees from Florida is so essential to production that beekeeping must be carried on to maintain agriculture.

We must point out that heavy importations of honey will surely harm the seed and fruit production of more than 70 crops.

We strongly urge the committee to act favorably on our Honey Import Act, House Resolution 10677.

Mr. Chairman, this concludes my statement.

(Mr. Gibson's prepared statement follows:)

STATEMENT OF GLENN GIBSON, EXECUTIVE SECRETARY, THE AMERICAN BEEKEEPING FEDERATION

My name is Glenn Gibson, Executive Secretary, The American Beekeeping Federation, a nationwide farm organization with membership from all elements of the beekeeping industry. These include beekeepers who operate from 100 or less to many thousands of colonies. Our membership also includes bee research workers, bee supply manufacturers, honey packers, queen breeders, and package bee shippers. The main function of the Federation is to promote the well being of the beekeeping industry.

HONEY BEE POLLINATION—A VITAL AGRICULTURAL SERVICE

The honeybee is our only source of honey and beeswax. It produces more than 250 million pounds of honey and about 5 million pounds of wax annually in the United States. However, these are merely by-products of the honeybee. Its principal role is in the pollination of over 70 important crops. If it were not

for these pollinating insects, we would soon be reduced to a diet of cereal and nuts. The honeybee is the most important flower-visiting insect. Transfer of pollen from flower to flower is so essential to seed and fruit production that beekeeping must be carried on to maintain a profitable agriculture.

In any attempt to explain the indispensable role of honeybees in American agriculture, it is desirable to review briefly the pollination complex of various seed, fruit, and vegetable crops. The grasses as a group—and these include corn, wheat, oats, and other cereal crops,—are wind-pollinated. They produce pollen in abundance. This pollen is carried by wind currents from one plant to another, thereby affecting pollination.

The majority of flowering plants, however, are insect pollinated. These plants bear heavy, sticky pollen which is not and cannot be tranferred by wind currents from the male to the female reproductive organs. To obtain seed or fruit in these plants, insects—particularly bees—are the only practical means of transferring pollen.

The following is a partial list of seed, fruit, vegetable, and nut crops that either depend entirely on bees for production or produce heavier crops when flowers are freely visited by bees.

Alfalfa
Clovers:
- Sweetclovers:
  - Annual: White
  - Annual: Yellow
  - Hubam
  - Sour
- True clover:
  - Alsike
  - Arrowleaf
  - Ball
  - Berseem
  - Crimson
  - Persian
  - Red
  - White, Ladino
  - Lespedeza (brush)
  - Trefoil
  - Vetch (hairy)

Garlic
Leek
Onion
Broccoli
Brussels sprouts
Cabbage
Cauliflower
Chinese cabbage
Collard
Kale
Kohlrabi
Mustard
Radish
Rape
Rutabaga
Turnip
Cantaloup (muskmelon)
Cucumber
Citron
Honeydew melon
Persian melon
Pumpkin
Squash
Watermelon
Carrot
Celeriac
Celery
Parsley
Parsnip
Asparagus
Buckwheat
Lotus
Sunflower
Fruits and nuts:
- Almond
- Apple
- Apricot
- Avocado
- Blackberry
- Blueberry
- Cherry
- Chestnut
- Cranberry
- Dewberry
- Gooseberry
- Grape
- Huckleberry
- Macadamia nut
- Mandarin
- Mango
- Nectarine
- Passion fruit
- Peach
- Pear
- Persimmon, native
- Plum
- Prune
- Raspberry
- Strawberry

A quick glance at the list will show that they represent an important sector of agriculture. No matter how well these crops are grown, including good soil and weather conditions, perfect control of insect pests and diseases, economical production would be impossible without honeybee pollination. Honeybees are the

only pollinators that can be controlled. They can be moved from one crop to another. For instance, an economical crop of alfalfa seed cannot be produced without the use of honeybees.

One might ask where can sufficient numbers of bees be obtained to pollinate a large acreage of one single seed or fruit crop. The commercial beekeeper is the answer. His importance in this area far outweighs his importance as a honey producer. For instance, the commercial apple production in the United States is valued at approximately $240 million. The total estimated value of the 1966 Honey Crop in the United States was $43 million.

PRODUCTION AND SALES DATA

Production and marketing of honey occurs in practically all states. It is estimated that 200,000 beekeepers owning 4,770,000 colonies produced 246,972,000 pounds of honey in 1966.

This approximate ownership and production can be divided as follows:

185,000 hobbyists (25 colonies or less) produces 19% of the total production;

12,000 side-liners (25–399 colonies) produces 37% of the total annual production;

1,200 commercial (400–30,000 colonies) produces 44% of the total annual production.

No reliable figures are available on the methods used for selling and distributing honey. Perhaps 50% of the total production is sold by the producer direct to consumers and nearby grocery stores. Producer-packers and commercial bottlers handle the balance.

HONEY EXPORTS

Before World War II, the United States was usually a net exporter. During the war, because of the demand for sweets of all kinds, imports were greatly increased. Beekeepers responded to this demand by increasing production. This increase in production and imports continued after the war, but the demand for honey declined sharply. This decline was caused mostly by industrial users discontinuing the use of honey when other sweets became available. Consequently, beekeepers found themselves in a tight cost price squeeze with honey selling at pre-war levels.

In 1949, the American Beekeeping Federation asked Congress for assistance. Congressional response was favorable. Honey was included in the Agricultural Act of 1949 as one of the "Designated Nonbasic Commodities" to be supported at a level between 60 and 90 percent of parity. Justification for this action was based on the pollination value of the beekeeping industry. The House Committee on Agriculture had this to say:

"Since the close of the war, the price of honey has dropped to the point where beekeepers are finding it impossible to obtain their cost of production. It appears obvious to the committee that, if these vitally important insects are to be maintained in sufficient numbers to pollinate our crops, the beekeeping industry must have immediate assistance. Until the time comes when beekeepers can receive an adequate return from pollination services, the committee believes that a price support program for honey, as provided for in this bill, is the only answer to this problem."

During the past 18 years since honey was included in the act, the program has worked quite well and beekeepers generally feel that it has provided the industry with a degree of stability. However, the industry has felt that the support rate should have been higher.

In an attempt to build a much needed honey export business, the Federal Government subsidized honey exports during the crop years of 1950 through 1954. The subsidy, which was paid out of Section 32 funds, varied from 2½ to 4½ cents per pound. Table I shows that this program caused exports to reach a peak of 32.9 million pounds in 1953.

This subsidy program was perhaps the greatest influence on our honey export program, but since its expiration in 1954, our exports have dwindled to an average of 13 million pounds during the last 8 years. Our 1967 exports fell below this 8 year average to 11,673,000 pounds. We expect this downward trend to continue since our average market price is considerably above the world market and our costs are increasing daily.

HONEY PRICE SUPPORT PROGRAM

Honey was included in the Agricultural Act of 1949 as one of the nonbasic commodities to be supported at a level between 60 and 90 percent of parity. The program has worked quite well for the industry and generally beekeepers feel that it has given a degree of stability to the industry whether it was used or not.

Table III shows that beekeepers generally have made very little use of the price support program. Small quantities have been placed under loan and even smaller quantities acquired by CCC. The take-over honey has been disposed of primarily through the National School Lunch Program with very little difficulty. The greatest activity in terms of CCC take-over honey took place in the initial 3 years after the implementation of the program. Table III shows that during the 13 year period from 1953 to 1966 only very small amounts were delivered to CCC in 6 years, and no honey was delivered in the remaining 7 years. During this period the support rate ranged from a low of 60% to a high of 75%. This percentage, translated in cents per pound on a national average, set support prices from 8.3 to 11.4 cents per pound. The 1968 price support program set the support on honey at a national average of 67% of parity.

These figures by themselves would suggest that the honey market in the United States is not distressed. If the market was distressed and beekeepers were plagued with price depressing imports and high costs, why doesn't the price support program absorb more honey? We sought this information from the commercial honey producers themselves.

HONEY PRODUCER ATTITUDE TOWARDS THE PRICE SUPPORT PROGRAM

A good number of beekeepers do not understand the mechanics of the program and generally do not want government assistance unless absolutely necessary. A great majority favor the program whether they use it or not. Their comment indicates that they feel like the program is good insurance against disastrously low prices. It is also a good place for a quick loan at low interest, and an opportunity to hold their honey until a better market develops, or delivery to the CCC.

Quite a number of beekeepers reported that they would rather sell to a cash buyer if his price is near the loan figure. Beekeepers say that when freight, loan service charge, loss of containers and other charges incidental to doing business with the government is figured he can afford to take 1 to 1½ cents per pound less money for his honey at his warehouse when containers are exchanged. This means that white honey selling for 11½ cents in the West and 11.9 cents in the East would be approximately the same price as honey delivered to CCC, and the beekeeper feels that he is operating without help from the government. Since honey price support loans are unavoidably expensive, the net returns for beekeepers delivering honey to CCC is considerably less than 67% of parity.

Selling for cash, which nets about the same as a price support loan, and the desire to operate without government help seems to be the main reasons beekeepers have not used the loan program more. This means that under present condition commercial beekeepers have been netting about 60% of parity and this is definitely a distressed figure.

The average price of imported honey in 1967 was 11 cents per pound duty paid at port. (See Table V). Add freight costs and we have a sales figure close to the market of our own domestic honey. This is a strong indication that the domestic beekeepers are meeting the imported price. This would also explain why imports remain as low as they are.

IMPORTS DEPRESS OUR MARKETS

When discussing the honey import problem, officials in the Department of Agriculture have repeatedly stated that imports have not materially affected our price support program and that so far honey exports have exceeded imports. Table I does show that exports exceed imports during 14 of the last 17 years. Table III also shows that imports have not materially affected our price support program. But these figures do not tell the full story. Beekeepers are meeting the prices of foreign honey which means that all domestic honey is selling at a distressed level of 60% of parity. This cost price squeeze has caused many of our commercial beemen to quit business or drastically curtail their operations so that no high priced labor would be needed.

Domestic beekeepers cannot continue to operate on a 60% of parity price. The ads in the bee journals show that each year more beekeepers are anxious to sell to a dwindling number of newcomers. Honey prices remain at the 1942 levels.

Table II shows that our beehive count has dwindled from a high in 1947 of 5,916,000 to 4,770,000 in 1966. In less than 20 years, we have lost 20% of our bees. Can the agricultural economy stand the loss? Maybe! The need for bees to pollinate more than 70 food and fiber crops cannot be overemphasized. S. E. McGregor, Apiculture specialist, from the USDA, says: "This industry (beekeeping) is now in a depressed condition when it should be increased 20 fold."

During a 15 year period from 1953 through 1967 imports have consistently undersold the domestic honey market. Table V shows that the import prices follow about the same trend of our export prices, but always lower. The 1967 figures reflect the greatest spread of 7 cents per pound. This would indicate that our costs are increasing, while other countries are cutting prices.

Honey production in Argentina and Mexico has been increasing during the past 10 years. About 90% of our imported honey comes from these countries. Domestic beekeepers are more concerned with heavy imports of Argentine honey since it is used mostly for the bottling trade. Mexican honey seems to offer less competition since most of the Mexican honey is used for the baking trade. Domestic honey production could easily fill this baking need, but our prices would be higher.

Argentine honey shipments to this country commenced in 1959. (See Table IV.) Shipments have varied from 1 million pounds to a high in 1967 of 9 million pounds. We expect this upward trend to continue, since the United States honey market is the best in the world. The 1 cent per pound duty is too low to slow imports from countries whose standard of living is below ours.

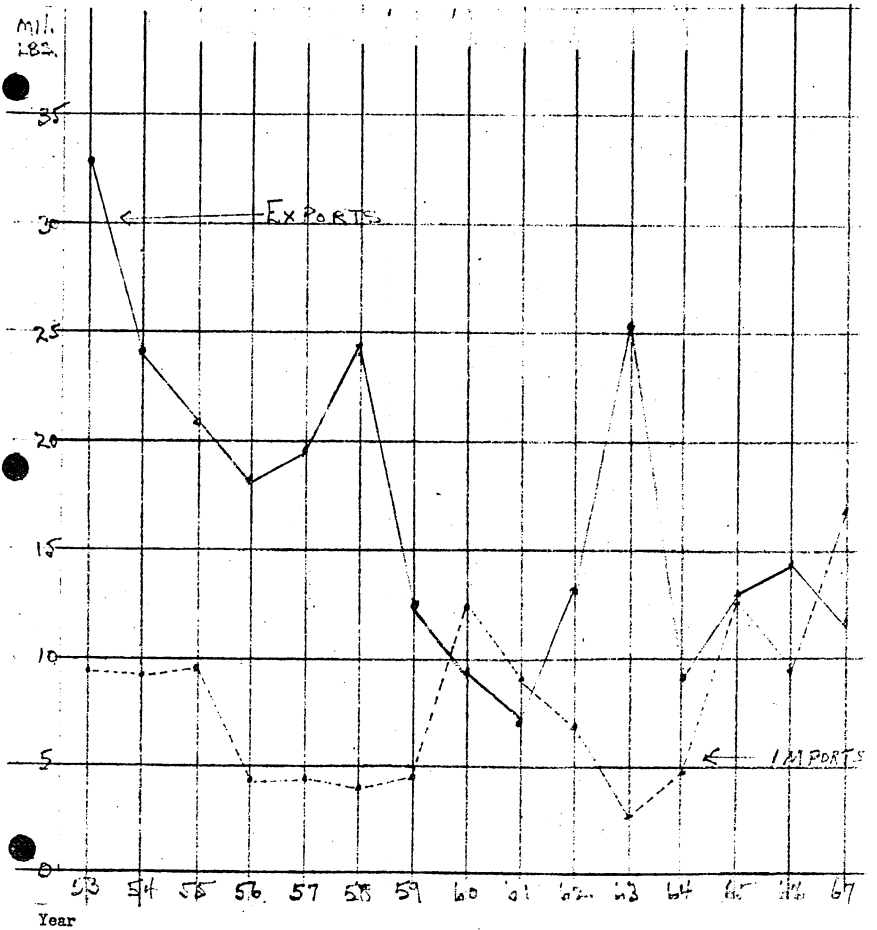
Our legislation HR 10677 and other bills pending in the House are designed to protect the domestic honey industry by raising the duty from 1 cent to 3 cents per pound and imposing limitations on honey shipments coming into this country. Since this country is the top producer and consumer of honey, an increase in our duty will automatically strengthen the honey market all over the world. However, we expect the world honey price to remain lower than ours. This legislation would also help us increase our prices from a low of 60% of parity.

We urge the Committee act favorably on our legislation, HR 10677. Please consider the following points during your deliberation:

1. Foreign beekeepers do nothing to promote a market for honey.
2. Other than the low 1 cent per pound duty on honey, foreign producers do not support our government.
3. Domestic costs of honey production are much greater than costs in Argentina and Mexico.
4. The domestic honey production can supply the demand.
5. Bees render a service to agriculture. More than 70 food and fiber crops depend entirely on bees for production or produce heavier crops when flowers are freely visited by bees.
6. The average market price of our domestic honey is approximately 60% of parity—far below the price support levels.
7. Our beehive number is dwindling and many beekeepers are anxious to sell.

Five exhibits and charts follow:

Table I — Honey: Exports and Imports



Exports ————
Imports - - - - -

Source: Official figures, Bureau of Census

TABLE II.—HONEY: NUMBER OF COLONIES AND PRODUCTION, UNITED STATES, 1940–66 [1]

Year	Number of colonies (thousands)	Honey production (thousand pounds)	Year	Number of colonies (thousands)	Honey production (thousand pounds)
1940	4,350	205,767	1954	5,451	216,419
1941	4,477	221,959	1955	5,252	255,222
1942	4,893	177,672	1956	5,195	214,035
1943	4,887	189,867	1957	5,199	241,218
1944	5,217	188,917	1958	5,152	260,522
1945	5,460	233,070	1959	5,109	236,578
1946	5,787	213,814	1960	5,005	242,802
1947	5,916	228,582	1961	4,992	255,868
1948	5,721	206,185	1962	4,900	249,608
1949	5,578	226,334	1963	4,849	266,778
1950	5,601	232,431	1964	4,840	251,188
1951	5,546	257,522	1965	4,783	244,549
1952	5,493	272,011	1966	4,770	246.972
1953	5,520	223,770			

[1] Excludes Hawaii, 1940–54, for all items.

Source: Statistical Reporting Service.

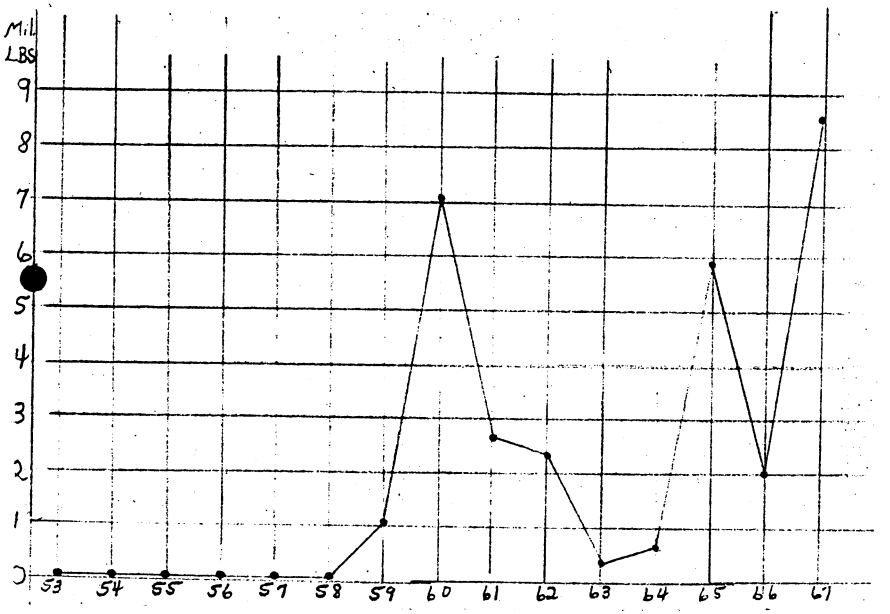
TABLE III.—HONEY: PRICE SUPPORT ACTIVITY, 1953–66

Year	Price support rate	Support as percent of parity	Quantity placed under loan		Quantity acquired by CCC (million pounds)
			Amount (million pounds)	As percent of production	
1953	$0.105	70	3.1	1.4	0.5
1954	.102	70	1.5	.7	0
1955	.099	70	1.9	.8	0
1956	.097	70	1.6	.7	0
1957	.097	70	2.9	1.2	.1
1958	.096	70	5.6	2.1	2.0
1959	.083	60	1.3	.5	0
1960	.086	60	1.1	.4	0
1961	.112	75	4.2	1.5	1.1
1962	.112	71	3.4	1.2	0
1963	.112	67	3.2	1.1	0
1964	.112	65	9.6	3.4	2.2
1965	.112	63	17.3	6.2	3.3
1966	.114	61	[1]	[1]	[1]

[1] Data not available.

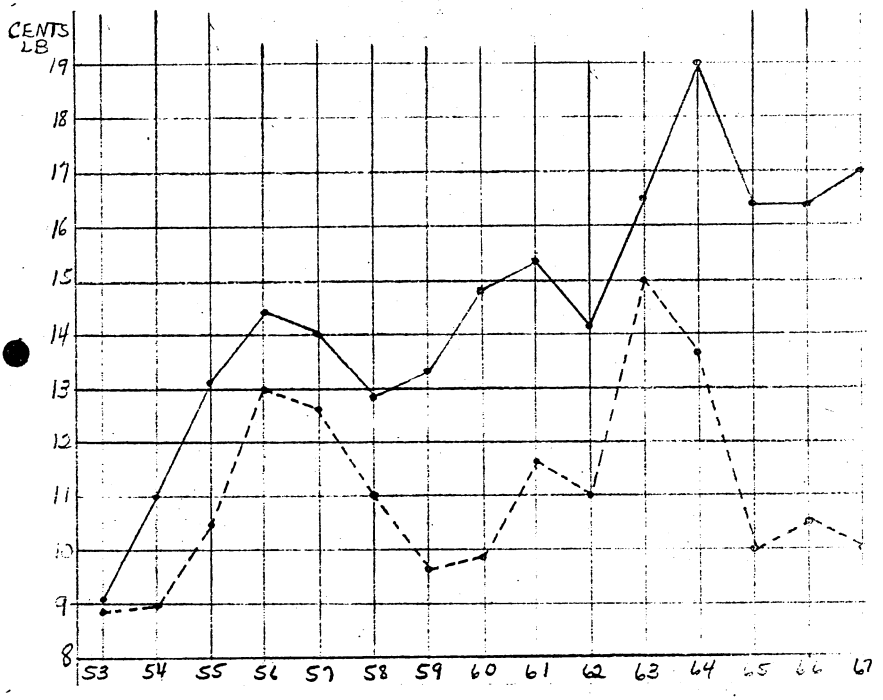
Source: Policy and Program Appraisal Division, ASCS, USDA.

Table IV — Honey IMPORTS: Argentina 1953 - 1967



Source; Official figures, Bureau of Census

Table V — Honey: Export and Import Prices 1953-1967



Source: Official figures, Bureau of Census

Mr. BURKE. Thank you.

Are there any questions?

I noticed here in the figures that we have from the Department of Commerce that the ratio of imports to production in 1961 was 3.5 percent, and then it was increased up to 1967 to 7.5 percent.

The ratio of imports to consumption went from 3.5 percent in 1961 to 7.3 percent in 1967.

I was wondering, have you any figures about the first quarter of this year, as to increasing or holding, or what?

Mr. GIBSON. None on the consumption. No, sir.

Mr. BURKE. Thank you very much for your testimony.

Our next witness is Mr. Robert B. Willson.

We welcome you to the committee, and if you will identify yourself, you may proceed.

STATEMENT OF ROBERT B. WILLSON, PRESIDENT, R. B. WILLSON CO., INC., ACCOMPANIED BY HARRY J. LAMBETH, COUNSEL

Mr. WILLSON. My name is Robert B. Willson, and I would like to present our Washington attorney, Mr. Harry Lambeth.

Mr. BURKE. We welcome Mr. Lambeth here.

Mr. WILLSON. As president of R. B. Willson Co., Inc., of New York, a company which is perhaps the largest exporter of American honey, as well as the largest importer of honey in the United States. I am grateful for the privilege of testifying in opposition to H.R. 10677 and similar bills with the Ways and Means Committee of the House of Representatives. I request that my company's statement be made a part of the official record of the hearings on increased tariffs and import quota restrictions on honey.

I have long been associated with the American honey industry, have twice been president of the National Honey Packers and Dealers Association, twice chairman of the Honey Industry Council of America, and am currently and have been for about 10 years chairman of the council's research committee, to which is entrusted the self-raised sums for our own private research.

I hold a degree in science from Cornell University.

H.R. 10677 and 12 similar bills have two key features. These bills would raise the tariff on imported honey from its present 1 cent per pound to 3 cents per pound, and they also would establish import quotas on honey brought into the United States, based on the years 1961 through 1964, and decreased or increased by the same percentage of consumption of honey during the years 1961 through 1964.

As a large American exporter and importer of honey, it is our considered judgment that this legislation would be detrimental to our Nation and harmful to the two friendly countries who export honey to the United States. In brief, this bill is aimed solely at Mexico and Argentina, the two foreign lands which export about 95 percent of honey that comes into our country.

Let us examine the real situation regarding honey imports.

U.S. honey production for the years 1963 through 1967 averaged 269 million pounds per year. All U.S. statistics quoted in this paper are U.S. Government published figures. Our exports during that period averaged 14,796,255 pounds per year. Our imports of honey during the same period averaged 9,443,487 pounds per year, 5,362,786 pounds less per year than our exports, and our average annual imports of honey were only 3.5 percent of our average annual production. This includes the heavy imports of over 16 million pounds in 1967. However, in 1968, Argentina had an almost complete crop failure, so we can estimate 1968 imports to be less than the 5-year average.

But suppose someone insists that this tiny percent of imports does depress prices at home. The honey from Mexico, our largest supplier of imported honey year in and year out, is used solely for industrial purposes in our country, most of it entering the United States along our Atlantic seaboard, lesser quantities through the Port of New Orleans, but all of it well removed from our major sources of honey production. None of it, to the best of our knowledge, is used for packing honey in jars that one finds on the shelves of our grocery stores and supermarkets.

But some honey producer may say it is not that industrial honey that bothers us—it's honey from Argentina. Let us examine this argument. Our average annual imports of honey from Argentina, all of which is table quality, for the 5-year period 1963 through 1967 was just about 3½ millions pounds, or less than 1½ percent of our production of honey in the United States. This is a tiny percentage of honey. Surely

this amount of imports cannot be considered a menace to the welfare of the American honey industry.

But suppose the argument is made that even though these quantities of imports are small, they nevertheless have a depressing effect on our market and thus cause distress to U.S. honey producers. Let us therefore put this to still another test.

In this land of ours, honey, like the basic crops, cotton, corn, and wheat, is under mandatory price support. Honey, a minor agricultural crop, is supported to encourage the keeping of an abundance of honeybees that will insure the pollination of more than 100 important fruit and seed crops valued at $1 billion annually by the USDA in their publication, "Beekeeping in the United States," Agriculture Handbook No. 335. Wherever a greater concentration of bees is needed over what is normally present in the United States, beekeepers are paid a fee to move their bees into the orchard or melon farms or alfalfa fields, and thus get an added income from their beekeeping operations.

And Government price support levels are now and for several years have been above world market price levels. And, like cotton, corn, and wheat, honey is a world commodity.

Were there distressed honey about our country, were there large quantities of honey for which there was no market at good prices, our producers would have no major worry, because all they would have to do is turn that honey over to the Federal Government at support prices. But is there in fact a large quantity of honey being turned over to the Federal Government? Published figures of the U.S. Department of Agriculture show the quantities of honey taken in by our Government through the crop years 1962–66, average 1,715,000 pounds, or less than two-thirds of 1 percent of our national production. 1967 figures have not as yet been published. Once again, we are dealing with trivial quantities of honey that cannot conceivably be the cause of any possible distress to the American honey producer.

A final aspect of this proposed legislation that needs examination is what would its effect be on our international relations? As pointed out, this means Mexico and Argentina—two friendly neighbors in Latin America.

This request for an unprecedented quota comes when we are in the era of the Kennedy Round in international negotiations for trade. This is the era of breaking down trade barriers, not putting them up higher than ever before.

In Yucatan, from whence comes most of our Mexican imports, honey production 20 years ago was a mere 300,000 pounds. Today, the nectar-rich jungles of that land are yielding 30 million pounds. The gathering of this great natural product has been accomplished by the Yucatan people 100 percent with their own resources, with not 1 cent of point IV or Alliance for Progress aid. For the first time in their existence, the poor and almost penniless rural people of Yucatan have a cash crop.

Are we going to shut the door on these people—our next-door neighbors, who have with their own intelligence and industriousness, turned this natural resource of their jungles into so much self-help—so much improved living?

Mexico has little to export to us except her agricultural products. According to the statistical abstract issued by the U.S. Department of

Commerce, U.S. exports to Mexico in the 3-year period 1964–1965–1966, averaged $1,125 million per year. U.S. imports from Mexico, on the other hand, averaged, during the same period $677 million per year, leaving a balance of trade in favor of the United States of $448 million per year.

Even more striking is the picture with Argentina. Our trade with that country is only about one-quarter what it is with Mexico, but the balance of trade for 7 years, 1960 through 1966, totaled over $1,250 million in our favor. And here, also, the Argentines can ship practically 100-percent agricultural products only, such as meat, skins, fruits, and honey.

Should we not ask ourselves: is it proper, is it considerate, is it fair, to place a quota and treble the duty on these honey imports that do not really hurt us, especially with countries like Mexico and Argentina, with whom we enjoy over a half billion dollars a year balance of trade in our favor? At the present state of our balance of payments, we cannot afford to jeopardize this, or any other trade that gives us a favorable balance. To pass such legislation would be to invite retaliation and bring on once again the disastrous blows to our foreign trade that followed the last protectionist tariffs of Smoot-Hawley in 1929–1930.

The answer to this whole matter is self-evident. There is no distressed situation with the honey producers in the United States, and our friendly neighbors, from whom we buy and import small quantities of honey, but with whom we enjoy a highly profitable balance of trade, need our encouragement, not penalizing quota and tariff legislation.

I respectfully request, Mr. Chairman, that the commodity honey be eliminated from consideration in the matter of restrictive quotas, and that the tariff on honey not be increased, and that H.R. 10677 not be approved by this committee.

Mr. BURKE. Thank you, Mr. Willson.

Are there any questions?

Mr. CURTIS. Just for the record, whom do we export honey to?

Mr. WILLSON. Our primary customer is Germany. We also export to France, Italy, Belgium, and Holland. We export lesser quantities to the Scandinavian countries.

Mr. CURTIS. It is mostly to Western Europe?

Mr. WILLSON. It is mostly to Western Europe, yes, sir.

Mr. BURKE. Mr. Betts?

Mr. BETTS. Mr. Willson, you said that these imports were not the cause of the distress of the honey industry. Would you tell us what the cause of the distress is?

Mr. WILLSON. I think, sir, there is a claim to distress, but actually, when the U.S. Government offers price support, so that a man, when he has a crop of honey to produce, can go to his local CCC and get cash for his honey at prices that today are above world market prices, I don't think that there is any distress.

Mr. BETTS. So you don't think there is any cause for the bee industry or the honey industry to ask for help at this time. Is that correct?

Mr. WILLSON. I don't think that the honey industry can make a valid claim that there is distress.

Mr. BETTS. Well, I just wanted to comment.

I respect your judgment, and have been interested in what you had to say, but frankly, I have always been interested in how the small businessman fares in international trade.

You come in here claiming you are the largest producer of honey in the country, and I respect you for attaining that position, but I also think that it is up to the committee to see that the small honey industries are not injured, too, and I always find it a little difficult to rationalize trade balances by saying that we should protect the poor peasants of Yucatan at the expense of the honey industry of this country.

I find it difficult to follow that argument.

Mr. WILLSON. Did you interpret my remarks, sir, as saying that I am a large producer? I am not a producer, sir. I am a merchant who deals in honey as a bulk commodity, and I am an importer and exporter, as well as being a dealer in American-produced honey, which I distribute to bottlers and manufacturers, bakers, and whatnot.

Mr. BETTS. You don't represent the producers, at all?

Mr. WILLSON. I am not a producer of honey, although when I was a young man, I was a producer of honey.

Mr. BYRNES. Mr. Chairman.

What is the Government support price for honey?

Mr. WILLSON. The support prices today?

Mr. BYRNES. Yes.

Mr. WILLSON. I can read them to you from my notebook, if you would like to hear them.

There are two sets of prices based on the Eastern part of the United States out to just west of the Mississippi River, and then to the Rocky Mountains and Pacific Coast, based on grade: 13.4 for white honey in the East; for extra light amber honey, 12.4; for light amber, 11.4; for other table honey, 9.4; and non-table honey, 9.4.

Now, in the Western area, it is reduced by four-tenths of a cent per pound: 13, 12, 11, 9, and 9.

Mr. BYRNES. According to a report I had, that is considerably below the price of honey in recent years. Is that true?

The report I had relates to the price of the lighter extracted domestic bulk honey, which is what we are talking about, isn't it?

Mr. WILLSON. No. With regard to imports, sir, we are talking about honey that comes from Argentina, which is white honey, that competes with our table brands.

Mr. BYRNES. That is what I am talking about.

Mr. WILLSON. The honey from Mexico competes only with our dark honey that is used for industrial purposes.

Mr. BYRNES. The prices you are giving are the light honey?

Mr. WILLSON. The price of 13.4 is for white honey.

Mr. BYRNES. Oh.

Mr. WILLSON. Then when you get down to light amber honey, here in the East the price is 11.4, 2 cents less than that.

Mr. BYRNES. What is the cheaper honey? You had some prices there that were 8 cents and 9 cents.

Mr. WILLSON. The nontable honey is possibly two or three percent of our American honey production.

Mr. BYRNES. I am asking you about the prices that you quoted. You had some there that you quoted around 9 cents. What kind of honey is that?

Mr. WILLSON. This, according to the United States Department of Agricuture, is graded as nontable and other table honey.

What "other table honey" is, I, as a man who makes my living out of trading in honey, cannot define for you, cannot explain it to you, but I would say that these categories of other table and nontable honey constitute probably not more than 2 or 3 percent of our total production in the United States. In other words, it is inconsequential.

Mr. BYRNES. Can you tell me why in 1965 imports rose by almost two and a half times over 1964, and again increased in 1967 over the average of the last number of years by over two times? Why, in these two years, have you had the increase?

Mr. WILLSON. We have these fluctuations from time to time.

Mr. Gibson has some charts appended to his paper which are very interesting. You see curves like this in honey production based on the great variation in crop production.

Honey is very sensitive in its production to rainfall, for example.

Now, this year, in Argentina, I had two contracts to buy Argentine honey, and I was given in once case one and a half cents a pound, and in another case one and a quarter cents, to cancel the contracts, because they didn't have the honey this year.

They just didn't make the honey down there this year, and that is what frequently happens. It can happen in the Plains States in the United States. It can happen in Glenn Gibson's territory in Oklahoma. We can have a crop failure due to bad weather conditions.

Mr. BYRNES. You attribute that increase in imports to bad conditions relating to domestic production?

Mr. WILLSON. One other factor, sir.

I am glad you asked that question, because my answer would not be complete without saying this: If, for example, Argentina should have a bumper crop, they would be willing to take a lower price than if they had, let's say, an ordinary or medium crop.

If they have a bumper crop, in order to get rid of it, they do sell it at a lower price, and we take advantge of that lower price and bring it into the United States.

But this year we can't buy it at any price, because it isn't there.

Mr. BYRNES. Why have you had a steady decline in U.S. production since 1963?

Mr. WILLSON. That is not an easy question for me to answer, and I don't know whether there is an easy or ready answer to that question.

I do know from talking to honey producers in all parts of the United States at the meetings that I go to that there is scarcely an area in the United States where a man can go into commercial honey production without infringing on the territory of another commercial honey producer.

The territory in the United States, as far as commercial honey production is concerned, is pretty well filled up.

Now, there can be areas like Wyoming and Montana, where for 5 years they have had crop failures due to lack of rainfall, and the beekeepers move away. They have no alternative.

Mr. BYRNES. I was impressed at the figures that show—and again these are Government figures—a constant decline, whereas consumption has stayed relatively level, hasn't it, at around 244 million pounds?

Mr. WILLSON. Yes, despite the fact that we have had a greatly increased population.

Mr. BYRNES. 244 million, 242 million, and the average of 246 million, but our domestic production has fallen from 266.7 million to 251.1 million to 254.5 million. You had a little increase in 1966, and then a big drop in 1967 to 223 million.

Mr. WILLSON. The honey industry, sir, recognizes that these figures are true. We recognize that we have to do something about it.

We have before Congress, introduced by Congressman Quie of Minnesota, a bill which would be an enabling Act to allow us to raise money from within our own industry for honey promotion and research.

We are hopeful that we can do that, to bring consumption of honey back on the increase, rather than on the decrease.

Mr. BYRNES. There was a large decline in consumption in 1967, but you can't analyze the causes of this big dropoff from the six-year average?

Mr. WILLSON. We know that where honey is sold, it is in the main in the supermarkets, we have got lots of competition there with marmalades and jams and jellies and everything else, frequently at lower prices than a one-pound jar of honey, for example. We have plenty of competition.

Mr. BYRNES. But you had that in 1966, in 1965 and in 1964. All of a sudden, though, you have a drop from 242 million pounds to 228 million pounds.

That seems to me to be quite a drop from a level that was rather constant. You are in the business of analyzing the market, and I thought maybe you had some idea as to what has happened to that market.

Did the price go up considerably?

Mr. WILLSON. No. I think we should allow maybe five percent or six percent for what is known in the scientific world as a scientific error in the making up of these figures.

Mr. BYRNES. Oh, you are suggesting that the figures aren't particularly accurate; is that it?

Mr. WILLSON. I think that there is a good chance for there to be inaccurate figures within at least 5 percent; yes, sir.

Mr. BYRNES. But that margin of error would also exist in the other years, it would seem to me. The margin of error is always there.

That is all, Mr. Chairman.

Mr. CURTIS. Mr. Chairman, could I ask a question?

Mr. BURKE. Mr. Curtis.

Mr. CURTIS. What is the physical situation with respect to storability of honey? Can you store it? Can you have honey stored and last a year, or is it a product that has to be sold pretty quickly?

Mr. WILLSON. Honey is generally considered, sir, to be a product that can be stored almost indefinitely at room temperature.

If the honey to begin with is a sound product, well ripened by the bees, in other words, of a relatively low moisture content, it can be good for a year or two or three.

What happens to make it a little bit less valuable, as far as the market is concerned, is that it darkens somewhat in color, and that depreciates its price, and there is a certain loss through evaportion of those things which give honey its flavor, which is essential oils, esters, alcohols, that just jump out into space and are lost.

Mr. CURTIS. The reason I asked the question, and I think you can see why, is that if you have a product that is so dependent, on or fluctuates so much, due to crop conditions as you have described, then if it were storable to some degree, you could preserve some stability in the market.

Does the storage factor enable you to even out those erratic crop years?

Mr. WILLSON. To a very moderate extent, but generally speaking, the honey producer himself needs cash, and he is financially unable to carry honey over for another year or two. He is obliged to sell.

As far as the mechants are concerned, like myself, let's say, we are relucant. Generally speaking, merchants like myself do not take a position in speculating on honey.

Mr. CURTIS. Thank you.

Mr. BURKE. Could you answer one question?

When honey is imported into the country, does it come in in bulk, 50-gallon drums, or small jars?

Mr. WILLSON. The honey comes into the United States, 95 percent of it, in a 300-kilo drum that holds approximately 60 pounds.

This is something new, relatively new, in the honey industry. Twenty-five years ago, the export container or the import container was a 5-gallon can packed in a carton, but today 95 percent of the honey of world commerce coming into the United States and going out of the United States is in a steel drum.

Mr. BURKE. The honey that is sold in the markets that you referred to, the supermarkets, is that shipped here in drums?

Mr. WILLSON. The honey that is sold in the markets; no. This honey in drums goes to, let's say, the National Biscuit Co., and their bakeries that put it in tanks, dump it in and put it in tanks and use it in their honey graham crackers.

It goes to the General Baking Co., who dumps it from these drums, and use it in those loaves of bread which require 5 or 6 pounds of honey per 100 pounds of flour for making loaves of bread.

It goes to the A. & P. Tea Co. at Horseheads, N.Y., where they have a great big food processing complex and pack about 2 million pounds of honey a year under their own label, the Ann Page label. They dump it into their tanks and blend it with other varieties of honey and pack it up.

Mr. BURKE. There being no further questions, thank you very much.

(The following statement and telegram were received for the record by the committee:)

STATEMENT OF GRANT BLAKE, PRESIDENT, IDAHO BEEKEEPERS ASSOCIATION, INC.

Gentlemen:

The Honey Production Industry in Idaho. Thank you for this opportunity to present testimony regarding the Honey Production Industry in Idaho. Idaho is one of the top honey producing states in the nation, usually ranking 5th or 6th. Several thousand people are dependent upon the honey industry in Idaho for their livelihood and their jobs.

The Honey Industry is in serious trouble.—In 1941 honey sold for 12¢ per pound. In 1967 the majority of the honey crop also sold for 12¢ per pound. There has been no increase of any consequence in the honey market for the past 26 years. As you know, costs have gone up.

American workers cannot compete against foreign labor prices.—Beekeepers helpers are drawing from $13.00 to $16.00 per day in Idaho. These people of the honey industry are competing against imported honey shipped in at 1¢ to 3¢ per pound less than domestic honey. This honey is produced in nations like Mexico and other South and Central American countries where the prevailing wage for a beekeepers helper is 30¢ per day.

Mortgages have been foreclosed.—More mortgages have been foreclosed on honey business in Idaho than ever before. It is very difficult to find financing for the normal seasonal operations of a honey business in Idaho.

Immediate remedy would be to control imports.—The most effective immediate remedy to this disastrous price condition in Idaho would be to control imports. Import quotas are a dire necessity plus an increased tariff on the other foreign honey to help promote the sale and consumption of this commodity.

Crops are dependent on honey bees.—Over 50 different agricultural crops are dependent on honey bees for pollination. In the present declining status of the American Honey Industry there will not be enough honey bees available to pollinate the necessary crops in the future.

WINNER, S. DAK.,
June 22, 1968.

CHAIRMAN OF HOUSE WAYS AND MEANS COMMITTEE,
House Office Bldg., Washington, D.C.:

Beekeepers are not able to compete with imports of honey. Mr. Glenn Gibson will testify in our behalf on H.R. 10677, the Honey Import Act. Please act favorably on this bill as soon as possible.

DONALD R. SCHMIDT,
President, South Dakota Beekeepers Association.

Mr. BURKE. The next industry is the candy industry, and we will hear from Mr. Burr Sifers and Mr. James Mack.

Mr. Curtis.

Mr. CURTIS. Mr. Chairman, I would like to introduce Mr. Sifers to my colleagues here.

He is one of our distinguished citizens from Kansas City, Mo., and he and I were just talking a couple of days ago.

We are very pleased to have you here.

Mr. BURKE. We welcome you to the committee.

Will you identify yourself and your associate?

STATEMENT OF BURR SIFERS, CHAIRMAN, BOARD OF DIRECTORS, NATIONAL CONFECTIONERS ASSOCIATION OF THE UNITED STATES; ACCOMPANIED BY JAMES K. MACK, COUNSEL

Mr. SIFERS. Mr. Chairman, my name is Burr Sifers, and with me today is James Mack, our general counsel for the National Confectioners Association.

Mr. Chairman, I am in the candy manufacturing business. My company is the Sifers Valomilk Confection Co., of Kansas City, Mo., and I am a partner in the company.

The appearance I am entering here today is in behalf of the National Confectioners Association, of which I am the immediate past chairman of the board of directors. The National Confections Association is the national trade association of candy manufacturers, who are located throughout the United States. It also consists of companies supplying goods and services to the industry.

THE U.S. CONFECTIONERY INDUSTRY

The confectionery business in the United States is a substantial industry. In 1967 the industry produced, according to the U.S. Department of Commerce, approximately 3,765 million pounds of candy, with an estimated manufacturers' value of $1,617 million and at the manufacturing level employed 64,800 people. Many thousands more were employed in distribution and also in providing the raw materials and machinery used by the industry.

The U.S. confectionery industry also extensively is involved in international trade. Most importantly, we purchase annually many millions of dollars of raw materials used in the manufacture of candy. A substantial quantity of the sugar we use is imported, as are all of the cocoa beans. We also import extensive quantities of tree nuts, including Brazil nuts, filberts, and other nuts, and various flavorings and fruits. There is substantial importation of candy, but very little export of candy.

THE 1962 TRADE EXPANSION ACT

In April 1962, when this committee was considering what ultimately became the Trade Expansion Act of 1962, the National Confectioners Association presented a witness at the hearings. He was Mr. Stephen T. Powers, vice president of E. J. Brach & Sons, Chicago. He expressed the reasons for opposition of the National Confectioners Association to the proposed legislation. He stated that enactment would be, "A step in the wrong direction." He also said:

> Although the supporters of this program think they are right, we urge them to stop for a moment and think, "Could we possibly be wrong?" If so, then even the advocates of unbridled free trade should be convinced that the present proposal would be ruinous to American industry, because after the effects were being felt, what steps then could the United States take to correct the situation? We know from experience the howls which have been heard from countries having high tariff walls themselves when on rare occasions a United States tariff has been increased, following injury to a domestic industry. How loud and wide would they howl if many United States tariffs had to be increased because of injury following injudicious reductions? The history of the program shows that our negotiators either did not try very hard, or else they did not know how to bargain. Should we broaden the authority of these negotiators, or would it be better judgment to eliminate their authority, and reappraise the entire problem of how best to handle tariffs?
>
> We think it would be desirable if Congress would reassert its constitutional responsibility and legislate directly on the subject of tariffs.

RESULTS OF U.S. TRADE POLICY

We recognized then that if the program proved to be unsound, as we believe it now has proved to be, that correcting it would be difficult; and, just as he predicted then, the mere mention now of the United States considering corrective action has brought forth the howls that we felt would occur. Unwise as we believe it was to go forward with the Trade Expansion Act and as uncomfortable as some may feel it will be to make adjustments now, it will be far better to face up to the situation now rather than later. It would have been far better to have faced up to the situation in 1962; and, if we had done so, we do not

believe we would have had today the current much more difficult situation which we now should meet squarely.

Regretfully, Congress did not accept our recommendations or those of the numerous other witnesses who made comparable recommendations, and here we are today, even without the results of the Kennedy round really beginning to be felt; and we have a serious balance-of-payments problem, an international financial crisis, and many U.S. industries confronted with a serious unfair import competition problem. The same governmental leaders, or their successors in office, who were before you in 1962 urging the Trade Expansion Act, are back before you again seeking more power and authority. We are hopeful that this time you will listen to us instead of to them. They painted glorious pictures in 1962. We think the committee at this time should hold them accountable.

We believe that U.S. negotiators have not done a good job for the United States at the various international negotiations—notwithstanding the extensive publicity by the administration to the contrary—and that the situation we are into today is the proof of the accuracy of this contention. In brief, we think the United States has given much more than it has received and that frequently we have accepted from other countries concessions covering items which present little or no competition with their own industries, while the United States has granted concessions on products highly competitive with our own U.S. industries.

A basic problem, we believe lies within the framework of GATT itself. It is well known that the United States has been supergenerous in the concessions it has granted, and a few other countries also have granted substantial concessions, although probably not as extensive as has the United States, but many member countries of GATT have granted only limited concessions.

An even greater evil we believe occurs as a result of the most-favored-nation rule which, as you know, provides that if a country grants a concession to one country, it extends the concession, with the exception of Communist countries to every other country of the world, even to the countries which themselves are not members of GATT and, such countries, therefore, do not give anything in return but merely accept the tariff benefits negotiated by GATT members. A classic example is Mexico which does not belong to GATT, grants no concessions on its own part, but accepts the benefits of all of the concessions granted by the United States and other GATT members. While the statistics show that Mexico buys more from the United States than the United States buys from Mexico, much of that which we buy is competitive with our own industry, while Mexico places actual embargoes and prohibitive duties on practically every item competitive with its own industry including confectionery.

CURRENT RECOMMENDATIONS OF THE PRESIDENT (H.R. 17551)

In the report to the Ways and Means Committee from the President requesting enactment of the provisions of H.R. 17551, the President's letter on page 3 of the committee print states that, "When trade barriers fall, the American people and the American economy benefit." He states that open trade lines:

1. Reduce prices of goods from abroad.
2. Increase opportunities for American businesses and farms to export their products. This means expanded production and more job opportunities.
3. Help improve the efficiency and competitive strength of our industries. This means a higher rate of economic growth for our Nation and higher incomes for our people.

Tearing down trade barriers the way the United States has been tearing them down does reduce prices of goods from abroad but to the detriment of the U.S. industries and workers. We cannot have our cake and eat it too. If we want to pay by far the highest wages in the world and want our farmers to receive subsidized prices for their agricultural production, we cannot expect our manufactured products to compete with products from abroad unless there is a reasonable measure of import protection.

The "opportunities" which the President refers to for American businesses and farmers to export their products, it is suggested, means in the case of businesses, largely those industries concerning which there either is not any or very limited foreign competition; or, in the case of farm commodities, largely our surplus agricultural commodities bearing artificially high prices on which the taxpayers already have taken a huge loss because of the uneconomic programs involved. Certainly, unfair import competition does not do as the President contends and "help improve the efficiency and competitive strength of our industries." Obviously, it has done just the opposite, and the condition of many industries today is proof of that contention.

THE CONFECTIONERY INDUSTRY AND IMPORT COMPETITION

The confectionery industry still has not been seriously hurt by import competition from abroad. We have, however, observed many other industries get hurt badly. We do not want that to happen to the confectionery industry.

In 1962, when Mr. Stephen Powers appeared before you, he stated that the candy industry was convinced that the "rate of increased confectionery imports will continue even without further tariff reductions," and he pointed out that this was good reason not to further cut the confectionery duty. Imports have continued to increase, and while the confectionery duty was cut in half at the Kennedy round, reflecting gross misjudgment in our opinion, imports increased through 1967 even though Kennedy round effects did not commence until January of this year. Last year confectionery imports exceeded 121 million pounds in contrast to over 68 million pounds for 1961 when Mr. Powers warned that this would occur. In 1948 imports of confectionery and chocolate were less than two-tenths of 1 percent of domestic industry production. Last year imports accounted for a quantity equivalent to over 3 percent of domestic industry production without any of the results of the Kennedy round being felt.

We know there is trouble ahead for us, just as other industries already have encountered trouble; and we are hopeful Congress will do something about it this time by accepting the advice of those whose predictions have come true and disregarding the advice of those whose advice has been followed in the past but who have been proven to be wrong by the turn of events.

RECOMMENDATIONS

Our recommendations in connection with H.R. 17551 are as follows:

1. Do not grant the requested authority to effectuate unused tariff cutting authority. Administrative authorities have demonstrated that they are ruthless when given tariff cutting authority. Our recommendation in this connection actually has no bearing on the confectionery industry because confectionery and chocolate duties were cut 50 percent at the Kennedy round. In our national interest, however, it is wrong to give additional authority to those who have used it injudiciously and without temperance and restraint. As a practical matter, our national situation is such that we cannot afford any additional tariff cuts in the foreseeable future.

In this connection we think it is interesting that the President, in his letter to the Congress requesting extension of tariff cutting authority, cites as a justification that—

> The United States might find it necessary to increase the duty on a particular article as the result of an "escape clause" action or a statutory change in tariff classification. In such event, we would be obliged to give other nations compensatory tariff adjustments for their trade losses.

We think it would require a most unintelligent fish to take this bait and certainly not you members of the Ways and Means Committee. What tariffs have been increased through the escape clause procedure under the 1962 act? As you are aware, the answer is none. We believe there would be no tariff increases by administrative action under this requested extended authority if granted. If fair treatment is to be obtained for U.S. industries and workers, we are convinced it will occur as a result of Congress taking the action and not by administrative action.

2. Liberalization of the adjustment assistance provisions should not be enacted. In fact, authority for all adjustment assistance should be terminated. The principle of adjustment assistance or "relief," as we consider it to be, is unsound. Instead of liberalizing it so that some companies and workers could go on "relief," it should be abolished. A private enterprise country should adopt a trade and tariff policy which will develop economically sound U.S. industries and not one which provides relief to industries and workers injured by unfair import competition.

3. Attention should be given to the most-favored-nation rule in two respects. One is that we should not extend most-favored-nation tariff rates to countries which are not members of the General Agreement on Tariffs and Trade and do not grant us tariff concessions in return. If countries want the benefits of tariff concessions negotiated through GATT, they should affiliate with GATT and not obtain the benefits if they do not affiliate unless the United States grants concessions as a result of a bilateral treaty with each such country.

Likewise, it is a mistake to grant most-favored-nation treatment to Communist countries. The items which a Communist country sends to the United States, the quantities of such items which are shipped to the United States, and the prices at which they are offered for sale are determined by the governments of the Communist countries involved, and such countries in turn make their determinations based on what they consider to be their relative needs for foreign exchange and par-

ticularly U.S. dollars. The prices for such goods do not necessarily reflect costs of production which is what U.S. manufacturers must use as a basis for their pricing and, therefore, products of Communist countries should not be permitted to be offered for sale in the U.S. market on most-favored-nation treatment basis because to do so creates unfair competition.

4. The United States should change its valuation system to a landed basis from an f.o.b. basis. An argument may be made for either a landed basis or for an f.o.b. basis but inasmuch as practically all of the principal trading partners of the United States use a landed basis for import statistical purposes and also for import valuation, the United States should do likewise. Actually, U.S. imports are undervalued by approximately 15 percent because the United States uses an f.o.b. basis in contrast to a landed basis which most other countries use. We overvalue our exports because they include the value of our foreign aid shipments and subsidized agricultural commodities dumped abroad at distressed prices. When allowance is made for the undervaluation of our imports and the overvaluation of our exports, the United States actually does have an unfavorable balance in trade which is at the root of our problem.

5. A border tax should be imposed on all commodities except those which are not produced in the United States. The United States needs the revenue very much. How much better off we would be with the current fiscal situation if we were not losing the revenue we are now losing from Kennedy round tariff reductions. The President has stated in his letter to the Ways and Means Committee that "restriction begets restriction." Yes, it does. The European countries practically all have border taxes. They should have realized that restriction begets restriction when they imposed them, but with their not having done so sensibly the United States is faced with no choice but also to impose a border tax.

6. Lastly, and this is our most important recommendation, there should be enactment of H.R. 16936 or comparable legislation by Representative Sydney Herlong. In the situation in which the United States finds itself today, we believe this is the only reasonable solution. Admittedly, we think it would have been better, had the United States not unwisely reduced its import duties on a broad scale creating our current problems. It would have been better had our import duties been established at levels so as to bring about fair competition between imports and the products of our most efficient manufacturers. We contend that import duties should be only sufficient to compensate for the higher prices for raw materials which our manufacturers must pay and the higher prices which our manufacturers must pay for labor both due to policies of our Federal Government. However, because our duties have been cut away under GATT, we believe that the quota approach is the only logical approach. The Herlong bill would permit foreign manufacturers to share in the U.S. market in the case of any given item and either increase or decrease their sales in the U.S. market as the total U.S. market increases or decreases. It may be referred to as an orderly marketing approach. Under the provisions of the bill, confectionery imports would have to more than double over their current level before the confectionery industry could obtain

the benefit from the legislation, but the legislation is in the national interest. It will save some industries from ruin at this time, and fearfully there well may come a day when the candy industry would need to avail itself of the provisions of the bill.

In concluding, I would like to repeat once again one thought I have tried to convey. Please, this time follow the recommendations of those of us whose observations in the past have proven to be right, and not follow the recommendations of those whose recommendations have been followed in the past which have been largely responsible for the difficulties in which we find ourselves today.

Mr. BURKE. Thank you.

Are there any questions?

Mr. Collier.

Mr. COLLIER. First, I would like to say that I wasn't one of those who followed the recommendations in 1962, and I am very much in accord with the conclusions you have expressed here, and pretty well am in accord with the recommendations you have made, particularly Nos. 1 through 4.

At the same time, since imports of confectionery appear to be comparatively a very small part of the domestic industry, Mr. Sifers, why is the confectionery industry concerned at this juncture?

Mr. SIFERS. While imports as a percentage of domestic production are small, they have increased considerably, and with the recent GATT negotiations authorizing a cutting in half of the duty, we know that all the elements are present for a real drastic onslaught on the market.

We have studied the experiences of other industries, for instance, Mr. Collier, the shoe industry. We do not want that to happen to us, that which we have seen occurring to other industries.

We can see the trend. The trend in 1948 was two-tenths of 1 percent. In 1962, it was 1½ percent, and in 1968, 3 percent.

Mr. COLLIER. I had a couple of other questions, but basically, then, why wouldn't the industry be better off trying to stimulate foreign markets, rather than support the Herlong proposal, which, incidentally, I cosponsored?

But in your particular case, why wouldn't you be better off trying to stimulate a market abroad for American production?

Mr. SIFERS. Mr. Collier, Mr. Mack would like to speak to that point.

Mr. MACK. Of course we would like to increase our exports. However, it is not very practical to do so.

First, the production costs in the United States are much higher than elsewhere, particularly in the raw materials that we purchase with which to manufacture candy.

In addition, practically every country in the world has a high import duty on candy. Some have astronomical duties. Others have outright embargoes.

One export market in which we are interested is Canada, but at the recent GATT negotiations, Canada reduced its sugar confectionery duty from 22½ percent down to only 20 percent, and this over a period of 5 years. Their chocolate confectionery duty they reduced only from 20 to 15 percent.

What did the United States do? We had already only 14 percent duty on candy. That has been cut to 7 percent, or, in half. On choco-

late, it was 10 percent, and was cut to 5 percent, so that we now will have, when the full effect of the Kennedy round is felt, Canadian confectionery and chocolate duties of 20 and 15 percent, compared to U.S. duties of 7 and 5 percent, when actually our costs are higher than theirs.

It is another illustration of our State Department doing a poor job.

Mr. COLLIER. Mr. Chairman, it just seems to me that we run into this situation in these negotiations, where it seems we always come out second best, when they start to renegotiate tariff cuts, and my great concern is that it is virtually senseless, it seems to me, for us to continually negotiate tariff cuts, without doing something first about the nontariff barriers.

What in the world good is it going to do us to negotiate tariff cuts, when the obstacles, barriers, that prevent free competition are permitted to remain abroad?

I just don't get the reasoning in this whole picture.

That is all I have.

Mr. BURKE. Thank you very much.

You have explained very clearly in a precise way the problem, particularly this tariff question.

I guess we do not have any real hard Yankee negotiators sitting down at that table.

Mr. MACK. Further, in what I said about Canada, Mr. Chairman, if I may, I would like to mention, for instance, Great Britain. They granted no concessions in the Kennedy round on confectionery. The Common Market had duties of 27 percent, imagine, 27 percent, when they started. They are cutting it down to 13 and 12 percent, sugar candy and chocolate confectionery, but still they will have 13 and 12. We will have 7 and 5 percent.

Here again our costs are much higher than theirs, and the duties should be just the reverse.

Mr. BURKE. Thank you very much.

This concludes the testimony for today and the hearings for today, and the committee now stands adjourned, to meet on the trade problem tomorrow morning at 10 a.m.

Mr. SIFERS. Thank you, Mr. Chairman.

(Whereupon, at 4:10 p.m., the committee adjourned, to reconvene at 10 a.m., Tuesday, June 25, 1968.)

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