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September 26, 1974

SUBJECT:

U. S. TRADE DEFICIT SURGED  
IN AUGUST

The U.S. Trade deficit surged to a record \$1.13 billion last month from July's \$728.4 million deficit. Oil import costs continued to climb and steel imports also increased. Overall imports increased 5.2% while exports gained only 0.8%.

What is the President's reaction to the surge in the U.S. Trade deficit?

GUIDANCE: Of course we are disappointed in the trade deficit, but must realize that this reflects the negative impact of increased oil purchases at much higher prices. Most oil consuming nations are experiencing similar difficulties, often to a greater degree because of their greater dependency on foreign sources of energy.

I might just point out one interesting statistic. In June 1973, we imported 119 million barrels at a cost of \$360 million (for oil). In June 1974, we imported just about the same number of barrels, 120 million, but the cost was now \$1.4 billion.

What is the Administration doing to correct this large deficit, particularly in the field of oil?

GUIDANCE: I think you can tell from the President's speeches, and those of Secretary Kissinger in the last few weeks, that they are very much aware of this problem, and very much concerned. Along with the President, Secretary Simon and Secretary Morton also addressed this problem at the World Energy Conference in Detroit.

June 20, 1975

SUBJECT: PRESIDENT OPPOSED TO IMPORT QUOTAS

Why can't the President use the import quota this year or next to achieve conservation?

GUIDANCE: First, the import quotas are set loosely enough in 1975 and 1976 to not result in any conservation.

Secondly, the import quotas cannot be adjusted except to take account of temporary circumstances such as changing weather or economic phenomenon.

Most importantly, import quotas do not lessen demand or increase supply, but merely restrict supply, and therefore, will either have no effect or cause a supply shortage.

May 27, 1975

SUBJECT:

BALANCE OF TRADE FOR APRIL

The Balance of Trade figures show that the U.S. foreign trade surplus dropped to about \$550 million for April from \$1.4 billion in March.

What's your reaction to the drop in the April Balance of Trade figures?

GUIDANCE: The sharp increase in oil imports last month underscores the pressing need for a comprehensive U.S. program of conservation and production of energy. The heavy reliance of this country on foreign petroleum has been demonstrated in recent months by the dominance of oil in the foreign trade picture. Special factors caused oil imports to fluctuate in the first three months of the year and the total trade balance generally followed the ebb and flow of oil imports.

In April, petroleum imports increased dramatically, slicing the U.S. foreign trade surplus by \$800 million. Oil imports have now returned to approximately the average monthly level of the last six months of 1974, indicating there has been no improvement in the basic problem of dependence on foreign sources of energy. In considering both our foreign trade situation and the general health of our domestic economy, it is obvious that a comprehensive and effective energy program is long overdue.

JGC

05-27-75 10:03EDT

NO27

R

DEATHS

BY THE ASSOCIATED PRESS

COUNT GIOVANNI PERDICARI

ROME (AP) -- COUNT GIOVANNI PERDICARI, 78, DIED SUNDAY IN ROME. PERDICARI, WHO PREFERRED TO GO BY THE NAME OF JOHN, WAS A NATIVE OF FLORENCE. H  
BUST IT

05-27-75 10:04EDT

NO28

R

URGENT

TRADE BALANCE

BY G. DAVID WALLACE

WASHINGTON (AP) -- THE NATION'S FOREIGN TRADE ACCOUNTS WITHSTOOD A SURGE OF IMPORTED OIL IN APRIL TO RECORD THEIR THIRD MONTHLY SURPLUS IN A ROW, THE COMMERCE DEPARTMENT ANNOUNCED TODAY. OIL IMPORTS, WHICH HAVE FLUCTUATED WIDELY SO FAR THIS YEAR IN RESPONSE TO PRESIDENT FORD'S IMPOSITION OF A \$1 PER BARREL TARIFF FEB. 1, JUMPED BY 69 PER CENT IN APRIL TO 201 MILLION BARRELS. THE OIL SURGE DROVE UP THE VALUE OF ALL GOODS IMPORTED INTO THE COUNTRY BY 9.2 PER CENT. THE VALUE OF GOODS EXPORTED DROPPED 1.7 PER

CENT. BUT THE TRADE ACCOUNTS STILL MANAGED TO POST A \$556.8 MILLION SURPLUS AFTER MARCH'S RECORD \$1.4 BILLION SURPLUS.

SO FAR THIS YEAR, EXPORTS HAVE EXCEEDED IMPORTS BY \$2.6 BILLION, COMPARED TO A \$851.9 MILLION SURPLUS IN THE SAME PERIOD LAST YEAR. THE NATION POSTED A RECORD DEFICIT IN ITS TRADE ACCOUNTS LAST YEAR, AND ADMINISTRATION ECONOMISTS ARE EXPECTING A DEFICIT AGAIN THIS YEAR DUE TO AN INCREASE IN OIL IMPORTS DURING THE LAST HALF OF THE YEAR IN RESPONSE TO AN ANTICIPATED ECONOMIC RECOVERY.

OIL IMPORTS HIT A RECORD 285 MILLION-BARREL LEVEL IN JANUARY AS IMPORTERS RUSHED TO BEAT THE \$1 PER BARREL TARIFF. IMPORTS DROPPED DRASTICALLY IN FEBRUARY AND MARCH. BUT NOW THAT THOSE SWINGS ARE PAST, THE AVERAGE AMOUNT OF OIL IMPORTED OVER THE FIRST FOUR MONTHS OF THIS YEAR IS ABOUT ON A PAR WITH THE FINAL FOUR MONTHS OF LAST YEAR.

THE MONTHLY AVERAGE IS RUNNING 190.2 MILLION BARRELS THIS YEAR, COMPARED TO THE 190.7 MILLION BARRELS AT THE CLOSE OF 1974. THIS STEADY DEMAND FOR IMPORTED OIL IN THE FACE OF DECLINING PRODUCTION IS A BIG REASON ECONOMISTS EXPECT DEMAND TO JUMP SHARPLY LATER.

A BREAKDOWN OF APRIL'S TRADE FIGURES SHOWED A \$163 MILLION DROP IN THE MAJOR CATEGORIES OF AGRICULTURAL EXPORTS -- RICE, CORN, SOYBEANS AND FATS AND OILS. THE DROP MORE THAN OFFSET AN INCREASE OF \$87 MILLION IN WHEAT AND ANIMAL FEED EXPORTS.

OTHER EXPORTS SHOWING SHARP DECLINE, WERE CIVILIAN AIRCRAFT, PULP AND WASTE PAPER, COAL, FERTILIZERS AND IRON AND STEEL TUBES.

IMPORTED PRODUCTS INCREASING ALONG WITH PETROLEUM WERE NONFERROUS METALS AND SUGAR. IMPORTS OF IRON AND STEEL, TRANSPORTATION EQUIPMENT, ELECTRICAL MACHINERY, AND NONELECTRICAL MACHINERY DECLINED.

05-27-75 10:10EDT

NO29

R

April 10, 1975

SUBJECT:

EXECUTIVE ORDER LIMITING IMPORTS  
OF TRANS-SHIPPED CHEESE

The President has signed an Executive Order authorizing the Secretary of the Treasury to implement an agreement with the Commission of the European Community to prevent the trans-shipment to the United States of certain cheeses on which restitution payments have been made.

This means that the Secretary of the Treasury will issue regulations prohibiting the entry into the United States of highly subsidized cheeses originating in the European Community, but entering the United States from a third country-mainly Canada.

What happened to the President's statement that he would impose countervailing duties on European Community dairy products if they instituted the system of subsidies on cheese destined for the United States?

GUIDANCE: As you know, the European Community on February 5th did reinstitute subsidies on cheese, and the Administration was prepared to impose countervailing duties in March. However, there has been a postponement to allow additional time for further negotiations with the European Community. We want to see if the Europeans can make further modifications in their export practices to solve the problem that would require the imposition of countervailing duties.

I would expect a decision on the imposition of countervailing duties within the next ten days to two weeks.

JGC

March 25, 1975

SUBJECT:

COUNTERVAILING DUTIES ON  
EUROPEAN COMMUNITY DAIRY PRODUCTS

On February 5, 1975, after a seventh month suspension, the European Community reinstated a system of subsidies on cheese destined for the United States. In a speech in Sioux City on October 31, 1975, the President stated that "If the Europeans reinstate their export subsidies on dairy products directed at this market, I will impose countervailing duties."

Why has the President not imposed countervailing duties as he had promised?

GUIDANCE: As you may be aware, the Administration was prepared to impose countervailing duties around March 20. However, there has been a two week postponement until April 4, to allow additional time for further negotiations with the European Community. We want to see if the Europeans can make further modifications in their export practices to solve the problem that would require the imposition of countervailing duties.

March 10, 1975

SUBJECT:

EUROPEAN ECONOMIC COMMUNITY  
RESUMES CHEESE EXPORT SUBSIDIES

Since the European Economic Community has resumed subsidizing cheese exports, does the President plan to take any action?

GUIDANCE: The President stated on October 31st in Sioux City, Iowa, that "This Administration is not going to permit foreign dairy producers to compete against American dairymen in the U.S. market with subsidized products. If the Europeans reinstitute their export subsidies on dairy products directed at this market, I will impose countervailing duties on these products."

The President stands by that pledge, and as you probably know, the Treasury Department has already issued a preliminary notice of countervailing duty determination in accordance with Section 303 of the Tariff Act of 1930, and as recently amended by the Trade Act of 1974. This preliminary notice is now out for public comment, and following this period, the Treasury intends to move promptly in reaching a final decision.

JGC



January 30, 1975

SUBJECT: U.S.S.R. WANTS CORN INSTEAD OF WHEAT

The U.S.S.R. is asking that its commitment for 100,000 tons of wheat be changed to a commitment for 100,000 tons of the new corn crop.

What is the White House's reaction to the request by Russia?

GUIDANCE: The U.S.S.R. has requested that they be given 100,000 tons of new corn in lieu of 100,000 tons of wheat. The issue is now under review at the White House and a decision should be coming shortly.

JGC

# Quotas Shelved On Beef

## Ford to Ask Voluntary Import Curbs

By Dan Morgan  
Washington Post Staff Writer

President Ford has decided against invoking general beef import quotas for the time being, and will seek to prevent any flooding of the American market in 1975 by getting foreign suppliers to voluntarily limit their shipments here.

The decision, to be announced within the next few days, was described by senior officials yesterday as an attempt to strike a balance between the interests of consumers and the stricken U.S. livestock industry.

Cattle growers, who have been hard hit by sagging prices for their animals, have been urging the administration to reimpose quotas on foreign beef. These quotas were suspended in mid-1972 in response to rising meat prices.

However, a senior official said yesterday that there were a number of strong arguments for rejecting this course for the time being. One is that imposition of quotas would be resented by consumers already hit by rising food prices and inflation. Another is that such a move could create complications in coming negotiations between the United States and its trading partners on reform of the world trading system.

As a result, several sources said, the President has decided to get foreign countries to hold their shipments here in 1975 to 1.15 billion pounds, 35 million pounds more than

still have a club in the closet," said one aide.

President Ford promised a campaign audience in Sioux City, Iowa, in November that if imports get out of hand he would either impose quotas again or work out voluntary restraints agreements with major foreign suppliers.

Some officials said yesterday they were reluctant to comment on the compromise plan because foreign governments have not yet been informed.

There was no reaction as yet from governments abroad.

Since both Japan and the nine-member European Common Market imposed virtual embargoes on beef imports this year to protect their livestock and dairy steer industries, administration officials have been concerned that the United States could become a dumping ground for foreign beef, thus worsening the plight of American cattle-growers.

At this time, the United States has quotas only with Canada. These were imposed by the President in November in retaliation for the quotas put into effect by that country in August.

There are no indications these quotas will be removed despite the new policy.

Under the partial embargo, Canada is limited to annual exports here of 17,000 head of cattle, 50,000 hogs, 17 million pounds of beef and 38 million pounds of pork.

So far, prices are so low in this country that there has been no move by countries such as Australia to step up shipments here. Hundreds of thousands of head of Australian cattle have been kept on their pastures instead of being slaughtered. The concern of U.S. officials is that the price picture could shift next year and Australian frozen beef could head for the American market, where it would compete directly with older breeding cows being slaughtered by American livestock growers for hamburger meat.

The compromise plan favored by the administration allows more flexibility than the import quota method. The quota system gives foreign meat imports a fixed share of U.S. domestic production amounting to about 6.7 per cent.

The Agriculture Department reportedly estimates that under this formula, the 1975 quota for fresh, frozen and chilled beef and mutton would be 1.074 billion pounds. Under the law, mandatory controls would be triggered when imports exceeded that by 10 per cent, or reached 1.181 billion pounds.

WASH POST 12/27/74

P. 1.

Unless Seidman has better guidance out here, you should say only that we have no announcement today. Don't get into guidance or whether it's right or wrong.



THE WHITE HOUSE


WASHINGTON

November 16, 1974

MEMORANDUM FOR:

RON NESSEN

FROM:

JIM CAVANAUGH 

SUBJECT:

Proclamations on Sugar Quotas  
and Limitation on Exports of  
Beef to Canada

Later this afternoon you should receive copies of the above proclamations to make available to the Press. The Sugar Proclamation is accompanied by a Presidential Statement which should take care of any press questions.

The State Department has provided the attached Q and A's on the Beef Proclamation which should be helpful in taking questions on this.

Attachment

Qs and As on Canadian Action

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Question - Why was this action taken?

Answer - As the Presidential proclamation states, the purpose of the action is to bring about a removal of unjustifiable Canadian quotas on cattle, beef and veal imported from the U.S. The Canadian quotas were implemented last August 12, and for a period of one year allow imports from the U.S. of only 82,000-plus head of cattle and 17.9 million pounds of beef and veal, considerable below what the U.S. has been sending to Canada recently.

Question - Why are the Canadian quotas unjustified?

Answer - For several reasons: (a) We object to the imposition of quotas on beef and cattle from the US on general trade policy grounds, and have in the past years also protested restrictions by the EC and Japan. These were not major markets for U.S. exports, however, as in Canada; (b) The quotas are unduly restrictive, since they represent less than one-third of what the US had been shipping in a recent representative period; (c) the US was not consulted in advance before the quotas were imposed last August.

Question - Under what authority was the action taken?

Answer - Under Section 252 (a) of the Trade Expansion Act of 1962, which permits the President to restrict imports in order to bring about removal of unjustifiable restrictions on US exports to other countries.

Question - How were the US quotas determined?

Answer - By determining what recent US exports to Canada of beef and veal had been, calculating the damage which had been done to that trade by the Canadian quotas, and then restricting US imports from Canada by the amount of the damage. We estimate the damage ~~AT~~ \$109 million.

Question - Why was the US action expanded to include pork and hogs, when the original Canadian restrictions applied only to beef and cattle?

Answer - It must be kept in mind that our action is not a punitive one, intended to punish the Canadian beef and cattle industry and its Government for restricting the market for beef and cattle. Our purpose is to gain removal of the restrictions. In order to have maximum effectiveness for this purpose, we felt it was necessary to expand our action to cover related and competitive products. This intention was made clear in the hearings which the Office of the Special Trade Representative held late last month, which included discussion of restrictions on ~~pork~~ and hogs.

Question - Why couldn't this question be settled amicably through diplomatic channels?

Answer - This action was taken only as a last resort. We have been discussing the question for over a year, beginning with the imposition of an import surcharge by the Canadians back in November of last year. The Canadians later stopped all

US exports in April of this year by their ban on DES, and then when we had reached agreement on a certification system on US exports, they replaced the ban with the present quota system. Throughout this entire period we have been in frequent contact with the Canadians, and on two separate occasions -- in July and September of this year -- sent US negotiation teams to Canada. None of these efforts succeeded. Our purpose remains to have the Canadian quotas removed. If the Canadians take this action, we will, of course, remove our restrictions.

Question - Won't this action to restrict imports of meat add to the price inflation of food in the US?

Answer - The imports involved represent less than 1% of US domestic consumption. The inflationary impact will be minimal.

Question - Why were the quotas set retroactive to August 12? Isn't that punitive since the Canadians are allowed so little they will have already filled their quota?

Answer - The quota period was set to coincide with the Canadian quota period to make the two actions parallel.

October 23, 1974

SUBJECT:

WISCONSIN BEEF TO HONDURAS

What did the White House finally do with the Wisconsin farmers who were threatening to kill their cattle and bury it if the Administration would not assist in shipping the cattle to Honduras?

GUIDANCE: As I mentioned last week, the White House asked the U.S. Department of Agriculture to check into the situation. They did, and recommended that the American Red Cross, along with assistance from A.I.D. handle the situation. If you have any questions on what has happened, you could call the American Red Cross.

FYI: It is my understanding that the American Red Cross, with assistance from A.I.D., will be shipping the beef to Honduras. END FYI.

JGC

October 18, 1974

SUBJECT:

U.S. CONSIDERING ~~THE~~ IMPORT QUOTAS  
ON CANADA

According to a story in the Los Angeles Times, the United States is preparing to impose beef and possibly pork import quotas on Canada. Is this correct?

GUIDANCE: There have been no decisions to impose beef or pork import quotas on Canada. However, we are working closely with the Canadian government in an effort to have them remove their non-tariff barriers, such as the DES ban.

JGC



October 18, 1974

SUBJECT: **WISCONSIN CATTLE TO HONDURAS**

The White House has received a telegram stating that "Wisconsin farmers have 1,000 more calves they cannot afford to feed at current rate of loss. Dubuque Packing Company has offered to slaughter, freeze, and deliver the carcasses to Moline, Illinois where they can be consigned to you for delivery to the poor U.S. relief agencies in Honduras. The calves must be shot and buried if this arrangement cannot be made. It's up to you. Please advise by Thursday P.M. We must make decision by weekend."

Did you respond by Thursday P.M., and what was your response?

GUIDANCE: The letter was received near midnight on Wednesday evening, or Thursday morning, so the time frame did not permit a response by Thursday P.M.

As the President said in Sioux Falls on Wednesday, he is particularly disturbed by the wasteful protest in Wisconsin at a time when we are trying to increase the supply of food. The President fully recognizes the frustration that prompted these demonstrations, and is aware of the cost price squeeze in which livestock producers and feeders find themselves. The President, as he stated in Sioux Falls, has requested the Department of Agriculture and every other Department in the Federal government to provide him with information on what can be done to assist the farmers and ranchers. The President has also asked the Council on Wage and Price Stability to examine the disparity between the reduced earnings of the cattle growers and the higher prices charged to consumers by the supermarkets.

The White House has responded to the farmers in Wisconsin and advised them that the U.S. Department of Agriculture is checking in to see what arrangements can be made. *Red Cross Aid*

Will the President be meeting with cattlemen, and if so, when?

GUIDANCE: That meeting is being arranged, and I believe it will take place before the end of the month (October 30 is now the tentative date).

JGC

Unanimous Resolution Adopted by the  
Directors of the Texas and Southwestern Cattleraisers  
Association, in College Station, Texas, October 3, 1974

Whereas the cattle industry is currently suffering from the most punitive cost/price ratio in its history, and

Whereas the untenable situation of oversupply at the producer level will undoubtedly be followed by severe shortages of beef, and the departure from the industry of those producers who cannot survive these devastating conditions, and

Whereas the Texas and Southwestern Cattleraisers Association, representing 15,000 members, is working constantly to reach a solution to this problem,

Now, therefore, be it resolved that the Association does not approve intemperate protest acts such as the proposed wasteful destruction of hundreds of cattle, and that, instead, the Association supports and advocates the prohibition of unrestricted imports, the allocation of more funds for beef promotion, increased research efforts for the industry, fiscal responsibility at all levels of government, and continuing the efforts to fight inflation, so that the average consumer will have more disposable income for the purchase of beef.