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1976

HEARINGS

BEFORE THE

**COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES**

NINETY-FOURTH CONGRESS

FIRST SESSION

ON

**AGRICULTURAL ADVISORY COMMITTEES
APRIL 17, 1975**

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**WHEAT MARKETING YEAR CHANGE
MAY 20, 1975**

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**GIFTS TO NATIONAL ARBORETUM
JULY 28, 1975**

H.R. 6403

**CONTROL AND ERADICATE PLANT PESTS
JULY 28, 1975**

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SEPTEMBER 25, 1975**

H.R. 11126

**FARM POUNDAGE QUOTAS FOR BURLEY TOBACCO
DECEMBER 18, 1975**

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AGRICULTURAL ADVISORY COMMITTEES

THURSDAY, APRIL 17, 1975

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DEPARTMENT OPERATIONS,
INVESTIGATIONS AND OVERSIGHT OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to notice, in room 1301, Longworth House Office Building, Hon. E de la Garza (chairman of the subcommittee) presiding.

Present: Representatives Breckinridge, Weaver, Thone, and Grassley.

Also present: Robert M. Bor, counsel; Hyde H. Murray, counsel; John E. Hogan, associate counsel; Steve Allen, staff consultant; Robert Palmer, staff consultant; Subcommittee on Department Operations, Investigations and Oversight; Anita Brown, staff assistant.

MR. DE LA GARZA. The subcommittee will be in order. We will be utilizing the subcommittee's oversight function this morning to hear USDA officials discuss the establishment of an Agricultural Policy Advisory Committee and eight Agricultural Technical Advisory Committees for trade negotiations under the Trade Act of 1974.

I am informed that we have Mr. Richard Goodman, Associate Administrator, Foreign Agricultural Service, who is accompanied by Mr. George White, Deputy Assistant Administrator for International Trade Policy, and Mr. Ken Guenther, Assistant Special Trade Representative, Office of the Special Representative for Trade Negotiations.

We will be happy to have you at the witness table. Mr. Goodman, we will hear from you initially.

STATEMENT OF RICHARD GOODMAN, ASSOCIATE ADMINISTRATOR, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE

MR. GOODMAN. Thank you, Mr. Chairman. We appreciate the opportunity to appear before the subcommittee to brief you on the Agricultural Policy Advisory Committee and the eight Technical Advisory Committees for Multilateral Trade Negotiations which the Department announced on April 8.

This is Mr. Guenther on my left, and Mr. White on my right here at the table.

When the Trade Act of 1974 was being considered by the Congress, there was included a provision (Section 135) establishing a formal

vehicle to insure liaison between Government and the private sector in the conduct of trade negotiations.

That vehicle is an advisory committee system, which includes the two committees we are discussing here today, their counterparts for U.S. industry and labor, and an overall Public Advisory Committee for Trade Negotiations, which is yet to be established. The public committee will comprise of 45 members, representing agriculture, labor, industry, small business, service industries, retailers, consumer interests, the general public, and Government.

In agriculture, our policy advisory committee represents producers, traders, and processors; and the technical committees each represent an agricultural commodity area.

Before describing the organization and work of these committees, let me briefly summarize their basic function which is threefold and bears upon the approach to and the conduct and results of the negotiations.

First, the committees will participate in the preparation and definition of U.S. bargaining positions by providing technical information and advice on particular products and on policy prior to negotiations of tariff and nontariff barrier agreements.

Second, the committees will be called upon to provide advice and information on significant developments, issues, and objectives as the negotiations progress.

Third, after each trade agreement is reached, the committees are required to report to the Congress and the Executive on the agreement. The report of the policy advisory committee will include an advisory opinion as to the effect of the agreement on the economic interests of the United States; and the report of the appropriate commodity committee is to include an advisory opinion on whether the agreement meets the tests of equity and reciprocity.

There also is a final report required of each committee, due after the legislative authority conferred by the Trade Act expires 5 years from the date of its enactment. In effect, these reports are to summarize the agreements entered into and appraise their overall economic effects on a national and commodity basis.

You will note that while the Trade Act mandates Executive consultation with the advisory committees, it does not bind the Special Trade Representative for Trade Negotiations to a committee's advice or recommendations. It does require that he informs the committee if he fails to accept their recommendations, and also that the President include in his annual report to the Congress on the trade agreements program an explanation by the Special Representative for his rejecting any committee advice.

Let me now turn to the establishment of the policy advisory and sector advisory committees under authority of section 135 of the Trade Act.

The President, in Executive Order 11846 of March 27, delegated this authority to the Special Representative acting through the Secretaries of Commerce, Agriculture, and Labor as appropriate. The Agricultural Committees were announced by the Department and the Special Trade Representative on April 8.

There are approximately 150 people on the committees we have established, representing U.S. agriculture. The Agricultural Policy

Advisory Committee consists of approximately 27 members, representatives of agricultural producers, processors, and traders. This committee will advise, consult with, and make recommendations to Secretary Butz and Ambassador Frederick Dent, the Special Representative for Trade Negotiations, on matters concerning agriculture.

The eight agricultural technical advisory committees cover cotton, dairy, fruits and vegetables, grain and feed, livestock and livestock products, oilseeds and products, poultry and eggs, and tobacco.

There are about 125 members on the eight agricultural technical advisory committees. The individual committee membership varies depending upon the particular product coverage. For example, the Fruits and Vegetables Advisory Committee, which covers an extremely broad and diverse commodity range, has approximately 20 members; whereas, the Tobacco Advisory Committee, representing a more concise industry, has approximately 10 members.

These agricultural technical advisory committees will advise, consult with, and make recommendations to the Secretary and the Special Trade Representative on matters within their commodity area which are of mutual concern to the Government and to the American producers, processors, and traders in connection with the trade negotiations.

Secretary Butz and Ambassador Dent will serve as cochairmen of the Agricultural Policy Advisory Committee. There will be joint executive secretaries for this Committee—one from STR, and one from the Foreign Agricultural Service.

Each agricultural technical advisory committee will select a chairman from among its members. The executive secretaries of these committees will be from the commodity divisions of FAS.

Members of these committees—the policy committee and the technical committees—are serving at their own expense. Costs incurred by agencies in supporting these committees will be absorbed by the agencies, although the Foreign Agricultural Service has requested in its 1976 budget one additional secretarial position to help handle correspondence, type minutes of meetings, and handle the distribution of documents and reports. We have estimated that the costs to STR and the Department of Agriculture to administer these committees will be approximately \$75,000 per year. We expect these costs will continue over the entire length of the negotiations.

All committee members are authorized to have access to classified information that pertains to the multilateral trade negotiations.

The first meetings of the committees will be on Monday, May 5, and Tuesday, May 6. This was announced in the Federal Register on April 9. The Federal Register notice also included the agenda for the meetings. The May 5-6 meetings will generally be closed under the provisions of section 135 of the Trade Act. This is being done because the discussions at these meetings will include possible U.S. negotiating tactics and strategy, advance knowledge of which could give our trading partners a negotiating advantage.

Mr. Chairman, with this short summary, I have tried to give you a brief overview of the functions and status of the agricultural advisory committees for the multilateral trade negotiations. We are prepared to answer your questions; but, first, I believe it might be useful to the committee if Mr. Guenther were to make a few comments

about the advisory program as seen from the Office of the Special Representative for Trade Negotiations. Thank you.

Mr. DE LA GARZA. Thank you very much, Mr. Goodman. We concur with your suggestion, and will be very happy to hear from Mr. Guenther at this time.

STATEMENT OF KEN GUENTHER, ASSISTANT SPECIAL TRADE REPRESENTATIVE, OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

Mr. GUENTHER. Thank you, Mr. Chairman.

Mr. Chairman and members of this committee, I also appreciate this opportunity to appear before this subcommittee.

As Mr. Goodman mentioned, I have a very short statement on the overall advisory structure that has been or will be established under section 135 of the Trade Act of 1974.

The law is very explicit. It indicates that: "the President shall establish an Advisory Committee for Trade Negotiations to provide overall policy advice on any trade agreement referred to in Section 101 or 102." The law specifies that some agricultural representatives be named to this 45-man advisory committee.

Additional to this, the law states that the "President may * * * establish general policy advisory committees for industry, labor and agriculture to provide general policy advice on any trade agreement * * *" and that the "President shall * * * establish such industry, labor, or agriculture sector advisory committees as he determines to be necessary for any trade negotiations * * *."

Thus, the law looks to a three-tiered structure—namely, an umbrella advisory committee; three policy advisory committees covering industry, agriculture, and labor; and, in turn, specific sector advisory committees under these three policy advisory committees.

The following is the status of this rather complicated advisory structure.

The President has not yet nominated the members for the 45-man public advisory committee. These nominations are in the final stages of review and should be forthcoming shortly. The Special Trade Representative, Ambassador Dent, will chair the meetings of this advisory committee.

As mentioned, there are then three policy advisory committees established. Let me discuss briefly industry and then labor. Mr. Goodman has already talked about agriculture.

INDUSTRY

Under the joint chairmanship of the Special Trade Representative and the Secretary of Commerce, an Industry Policy Advisory Committee and 26 sector advisory committees have been established.

The sector advisory committees cover the major sectors of United States industry, including food and kindred products, textiles and apparel, lumber, paper, chemicals, drugs, rubber and plastic materials, leather, glass, metals, machinery, office equipment, machine tools, household appliances, scientific instruments, photographic equipment, transportation equipment, et cetera. Some 20 to 25 members will sit on

every ISAC committee. "ISAC" stands for Industrial Sector Advisory Committee.

The first round of the ISAC meetings have now been held and the individual ISAC members are now completing their initial task of preparing technical information, advice, and recommendations for the negotiators. Based on these individual submissions, Commerce Department officials are now compiling industrial sector advisory reports for each of these 26 industrial sectors. Starting May 1, there will be a second meeting of the sector advisory committees to discuss these draft industrial sector advisory reports.

As Mr. Goodman has mentioned, after this initial phase of their work is completed, these industry committees, like the agriculture committees, will be called upon for advice and information as the negotiations progress. They are also required by law to report to the Congress and to the Executive on any trade agreements that are negotiated.

We also expect that the Industrial Policy Advisory Committee will meet in the very near future and substantive issues papers have been submitted to them for their consideration and advice.

LABOR

The establishment of the advisory structure for labor is almost complete. A Labor Policy Advisory Committee and six sector advisory committees will be established in the very near future looking towards their initial meetings in mid-May. So the agriculture structure is a bit ahead of the labor structure.

The overall Labor Policy Advisory Committee will consist of some 60 union presidents. Under this policy committee, six sector labor committees will be established covering: electrical equipment and supplies and nonelectrical machines; textile, apparel and leather products, and miscellaneous manufactures; food and agricultural products, chemicals, plastics and rubber; services; lumber, wood and paper products, stone, clay and glass; transportation equipment and primary and fabricated metal products.

Ten to twelve union presidents and two to three alternates will be represented on these sector committees.

As indicated, Mr. Goodman has described the advisory structure which has been established for agriculture and which will do its work in parallel with the industry and labor advisory committees.

I would be happy to answer any questions.

MR. DE LA GARZA. Thank you very much, Mr. Guenther. Mr. White, are you along for moral support, or would you like to say a few words?

MR. WHITE. I am here primarily for moral support, Congressman.

MR. DE LA GARZA. I have some questions which could apply to either of the witnesses, so the one who feels that it fits into his category may answer. We would appreciate it.

First, we will start with the meetings of the committees that are already scheduled. Is there any firmly proposed agenda as to when the committees will meet, or will they just meet as it becomes necessary for them to meet?

MR. GOODMAN. During the course of the meetings on May 5 and 6, the committees will become organized and will begin the process. We don't have a specific agenda of dates for further meetings since that is

somewhat dependent upon the progress of the negotiations to some degree. But we will be discussing a possible, fairly loose agenda for further meetings of the committees at the May 5 and 6 sessions.

Mr. DE LA GARZA. Perhaps we are a little ahead on that, but do you have no plan now for bimonthly meetings or monthly meetings or anything of that sort?

Mr. GOODMAN. Not at this time; no, sir.

Mr. DE LA GARZA. Again, we may be ahead of ourselves here; but, will all of the meetings be held here in Washington or would they go to other areas in the United States?

Mr. GOODMAN. We probably would have the meetings here in Washington, although it is possible that some of the commodity committees may meet outside of Washington. We have not really faced that question. It is possible that they might meet in the geographic regions where the commodities are produced.

All of the meetings would, of course, be closed. There would not be any general public participation in their meetings. So it would probably be most sensible to have them in Washington.

Mr. DE LA GARZA. Did you say that all of the meetings would be closed? I understand from your testimony that the initial meetings or meetings where you have sensitive trade materials would be closed, but is the testimony now that all meetings would be closed?

Mr. GOODMAN. As far as we have planned it; yes, sir. We believe that the meetings will always be pertaining to the sensitive issues at hand, and the work of the committees will progress step by step in handling these kinds of questions.

Mr. DE LA GARZA. When you say that the members of the advisory committee will serve at their own expense, what does that mean exactly? Does that mean everything—transportation, lodging, food?

Mr. GOODMAN. Yes, sir. There is no per diem or travel provided for the committee members from Government funds.

Mr. DE LA GARZA. Following along with that idea, is it anticipated that these committees or representatives of this committee would go to Geneva?

Mr. GUENTHER. Mr. Chairman, we would expect from time to time that members of the committee would travel to Geneva. Again, I think it depends on the pace of the negotiations, but I do believe that our mission in Geneva will be prepared to handle private sector visitors when they come through, and particularly when there are matters of key interest to them in terms of the negotiations.

Mr. DE LA GARZA. Would that also be at their own expense or at their industry's expense?

Mr. GUENTHER. Yes, sir.

Mr. DE LA GARZA. We have a list, Mr. Goodman, which was put out by the Department of Agriculture, and which lists "cotton," "dairy," "fruits and vegetables," and so forth. Now I don't want to go into detail on any individual, but could you give us a general idea as to why these people were selected?

Mr. GOODMAN. Mr. Chairman, we began the membership selection process by developing a very broad list of prospective candidates. This list was put together from contact that we had in a preliminary way with all of the commodity organizations and agricultural groups. The

list was then reviewed, and final selections were made by the office of the Secretary.

Mr. DE LA GARZA. Do you know if the trade organizations were asked for recommendations or any input into the selection process?

Mr. GOODMAN. Yes; they were.

Mr. DE LA GARZA. Could you tell me, for example, if the Texas Fruit & Vegetable Growers Association were consulted about submitting names? You don't have to be specific; I simply used that name as being representative.

Mr. GOODMAN. I would believe so. I can't be specific about that; but, I believe that all of the fruit and vegetable associations were contacted in some manner for nominations.

Mr. DE LA GARZA. I see that the executive secretary from the Texas Fruit & Vegetable Growers Association is on the list for fruit and vegetables, but I see no other one from Texas. And Texas grows a great amount of the fruit and vegetables used in the United States.

Mr. GOODMAN. This is a very broad committee. It includes the potato people, the apple people, almond growers, peanut interests.

Mr. DE LA GARZA. I don't want to quarrel with you about that, but Texas grows so much and I saw only one name. Did you have an allocation per State or per industry, or did this come from a long list?

Mr. GOODMAN. Every specific product in the fruit and vegetable area is represented on the technical committee. As I mentioned in my statement, the Fruit and Vegetable Committee is the largest one of the group. It has around 20 members. Of course, it couldn't be too large. It had to be reasonably manageable in size. We tried to get representation for all of the specific commodity interests in the general field.

Mr. DE LA GARZA. I do not want you to take the next question in any other way than the way I say it—merely for the protection of the chairman and the subcommittee. But did you look at the political affiliations of the prospective appointees?

Mr. GOODMAN. That is a question that I think should be referred to the Office of the Secretary. That is not in our purview in this process. We developed the lists, as I indicated, and—

Mr. DE LA GARZA. You are hedging on me.

Mr. GOODMAN. Well, I am being honest. We submitted the list to the Office of the Secretary.

Mr. DE LA GARZA. To your knowledge, did you look at political affiliation? Did you put "Republican," "Democrat," or "Independent" in the résumé?

Mr. GOODMAN. No, sir; no, sir.

Mr. DE LA GARZA. We may have to invite the secretary here to get the answer.

Perhaps this will be for Mr. Guenther. Do we begin with a trade position, or do we start from the beginning with nothing and have these people help formulate it?

Mr. GUENTHER. Mr. Chairman, that is an excellent question. We are in the preliminary stages, which means that there are basically three channels of advice that we are seeking.

First, the International Trade Commission is now going around the country and holding hearings on what is called the Public List. The Public List is all items in our tariff schedule. As you know, sir, the law

does permit tariff cuts, and the hearings of the International Trade Commission are to ascertain what effect these tariff cuts will have on our domestic industry. So that is one channel of advice.

The second channel of advice will be the hearings that my office will hold under another committee called the Trade Information Committee. And again, anyone can appear before the Trade Information Committee and make any presentation he wants in terms of negotiating strategy—of what they would like to see and what they wouldn't like to see.

The third channel of advice, a very important one, is new under this law. I do not think we have seen such a structure in any of the trade laws which I have reviewed. This is the new public advisory structure established under section 135 of the law. I can assure you, sir, that there will be nothing in terms of meat-and-potatoes negotiations going forward in Geneva until the advice is received through these 3 channels. For example, we will not be tabling specific tariff offers until we have the advice of the International Trade Commission. If we happen to move into sector negotiations on iron and steel and the rest, again, this will not go forward until we have the advice in hand from the iron and steel ISAC.

So I do think that what you are seeing in Geneva now and what you are reading in newspapers, sir, is the procedural phase. They are talking about how to organize the negotiations, what is the committee structure to handle the negotiations, and how will the subcommittees and committees organize their work. This is what is going forward now, sir.

And one last word, Mr. Chairman. We hope that this process will be wrapped up by the end of the summer, and that we will have the advice in hand from these three separate channels.

Mr. DE LA GARZA. Let me advise the members of the subcommittee that if any member has questions he would like to ask at this time or at any time as I go through my questions, he may ask me to yield.

Mr. GRASSLEY. Would the gentleman yield?

Mr. DE LA GARZA. Mr. Grassley.

Mr. GRASSLEY. In a sense, I am asking you to anticipate what the committees' roles might be; and, that may not be clearly defined at this point. But do you feel that all eight committees which are pretty much in their separate specialties will be going down the same road; or do you think that in some instances, say dairy, for example, that they might give advice which would be opposite the advice that some other committee group might give? Do you think that there will be unanimity among these groups?

Mr. DE LA GARZA. Would the gentleman yield and let me add a question which fits right into that? If there be conflict, how will that be settled?

Mr. GOODMAN. We think that there will be some degree of general unanimity of the direction of the negotiation, of the advice which they will give toward the general direction of negotiations which is to liberalize and expand trade. Now it is entirely possible that there will be some advice at the technical committee level that would be in conflict with the general direction. It would be our anticipation that the Policy Advisory Committee would be the place where this would be worked out.

Mr. DE LA GARZA. Mr. Breckinridge.

Mr. BRECKINRIDGE. Gentlemen, we thank you for your testimony.

I am interested in a very limited matter here this morning; one which arises out of my lack of understanding of where we are in a time frame and where we will be 5 years from now when we get a summary report, of the flow of information from the various committees and the department to the Congress and, more particularly, to the members of this committee.

I notice in Mr. Guenther's statement that he refers to a compilation of a variety of industrial sector advisory reports for the 26 industrial sectors by the Commerce Department. As a member of the Small Business Committee I have an interest in that.

Then, Mr. Guenther, you have reference to substantive issues papers which have been submitted by the Industrial Policy Advisory Committee. And I think over in Mr. Goodman's testimony, on the first page, I find reference to the 45-member public committee representing a variety of groups which may not receive such reports.

I wonder, not necessarily as a matter of law, but as a matter of administrative practice and procedure, if these reports initially are available to us; and too, whether or not other pipelines will be kept open over the period of future years?

MR. GUENTHER. Yes, sir. I cannot answer your specific question. I know these reports are available to the designated congressional members who are appointed as the official advisors to negotiations. I believe, sir, that there are 5 members of the House Ways and Means Committee and 5 members of the Senate Finance Committee. Again, the staff of Ways and Means and the staff of Senate Finance will have access to these reports. These are the designated congressional members and designated staff.

But let me just go through one stage. For example, if the small business representative of ISAC sends in his report that has business confidential information—and this is the type of information we are seeking—there has to be a procedure established to protect this business confidential information. So in terms of the designated congressional members and the designated congressional staff, there has been a security clearance procedure. I think they are cleared through secret. There is also the procedure to store the appropriate documents which include not only business confidential reports, but also reports on the negotiating meetings.

I don't know, sir whether this type of arrangement has been made with either the Senate Agriculture Committee or the House Agriculture Committee.

MR. BRECKINRIDGE. I think I understand the gentleman's answer, however, I was not concerned primarily about any data that might be considered business confidential involving trade secrets or matters such as that. Obviously, the wide variety of these reports are not of that nature.

With the Chair's permission, I would like to ask that the record be kept open at this point in order that I might ask the witness to let us have specifically what data was referred to herein, and what data will be made available to whom under what limitations. I would like to know what reports are available to members of our committee, and what data and reports are not available, in order that the committee might give it further consideration.

I am really concerned about picking up where you are, and being able to track you and understand what your business is. I am not concerned

about intruding; I just want to be in a position of understanding. I don't understand from your answers, and I want to be able to do that. I just need to understand what the status is.

MR. DE LA GARZA. Could one of you gentlemen supply that for the record?

MR. GUENTHER. Mr. Chairman, if I may just add one word. The negotiations began in Geneva on February 11 through 13 in the trade negotiating committee. Congressman Ullman, Representative Green, and Representative Conable were at the opening sessions. I would assume that the same courtesy would be extended to any member of the Congress if they wanted to be in Geneva.

MR. DE LA GARZA. The Chair might add that we have a jurisdictional situation with regard to which committees attend which meetings or seminars or international functions. Basically, all trade negotiations fall within the sphere of jurisdiction of the Ways and Means Committee, although this member does not agree entirely with it since I see no expertise in the agricultural field in that committee—with all due respect to the members of that committee. But this is one of the things over which we have little or no control at all.

However, if you can give further details as to the specific question of Mr. Breckinridge, we would appreciate it. You may submit it for the record within a reasonable time.

[The following information was submitted to the subcommittee:]

MAY 8, 1975.

HON. E. (KIKI) DE LA GARZA,
Chairman, Subcommittee on Department Operations, Investigations and Oversight,
House Committee on Agriculture, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to the questions that you and members of your subcommittee asked me during the hearings of April 17, and for which I indicated that I would furnish a reply for the record.

Regarding the Labor Advisory Committees, both organized industrial labor and agricultural labor will be represented. The Labor Policy Advisory Committee will consist of union presidents or alternates. In turn, six labor sector advisory committees have been established and the unions represented on the Policy Advisory Committee will be invited to serve on at least one of the six sector committees. Representatives of agricultural unions, including the Farm Workers of America and the American Federation of Grain Millers, will be represented on the overall Labor Policy Advisory Committee as well as on the food and agricultural products, chemicals and plastic and rubber products sector advisory committee.

I believe that the enclosed exchange of correspondence between Chairman Thomas S. Foley and Ambassador Frederick B. Dent is responsive to the questions put to me by Congressman John B. Breckinridge.

Finally, I have asked the appropriate officials of the U.S. Department of Commerce to reply directly to your question as to the countries which use government funds for export promotion.

If I can be of any further assistance, please let me know.

Sincerely,

KENNETH A. GUENTHER,
Acting Deputy Special Representative.

Enclosures.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
LONGWORTH HOUSE OFFICE BUILDING,
Washington, D.C., April 25, 1975.

HON. FREDERICK B. DENT,
Special Representative for Trade Negotiations, Washington, D.C.

DEAR MR. AMBASSADOR: As you know, the Trade Act requires that before entering into trade agreements relating to barriers to or other distortions of inter-

national trade, the President shall consult with the Committee of the House which has jurisdiction over legislation involving the matter affected by the agreement as well as with the House Ways and Means Committee. The President recently delegated this function to the Special Trade Representative. Any agreement resulting from negotiations can enter into force only after it has been approved by the Congress.

It is our desire that the Special Trade Representative conduct periodic briefings with members of the House Committee on Agriculture on trade negotiations affecting agriculture, because of the impact it may have on legislation that is under the jurisdiction of this Committee. At the time of the briefings arrangements should be made for members of the House Ways and Means Committee or of its staff to be present if they should desire to participate. I have discussed the matter with the Chairman of the House Ways and Means Committee, who concurs in having the briefings carried out on this basis.

Please accept my heartiest congratulations on your recent appointment as the Special Trade Representative.

With kindest personal regards,

Sincerely,

THOMAS S. FOLEY,
Chairman.

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS,
Washington, May 7, 1975.

HON. THOMAS S. FOLEY,
Chairman, Committee on Agriculture, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your letter of April 25, 1975, requesting that the Special Trade Representative conduct briefings with members of the House Committee on Agriculture on trade negotiations affecting agriculture.

As you may know, this matter was also raised when Ken Guenther of my staff testified before Congressman de la Garza's subcommittee on April 17, 1975.

You are correct that Section 102(c) of the Trade Act (as implemented by Executive Order 11846) requires the Special Trade Representative to consult with each committee of Congress which has jurisdiction over the subject matter affected by the agreement, as well as with the House Ways and Means and Senate Finance Committees. You also are correct that any agreement on nontariff measures negotiated under section 102 of the Trade Act can enter into force only after it has been enacted into law by the Congress. Thus, your interest in remaining currently informed about the negotiations is both welcome and appropriate.

In addition, Section 161 of the Trade Act makes specific provision for the selection by the Speaker, upon the recommendation of the Chairman of the Ways and Means Committee, of five members of the Ways and Means Committee who shall be accredited by the President as official advisors to the multilateral trade negotiations. This section also provides that I keep each official advisor informed on "U.S. negotiating objectives, the status of the negotiations in progress, and the nature of any changes in domestic law or the administration thereof which may be recommended to Congress to carry out any trade agreement."

I do note that you have discussed your request with the Chairman of the Ways and Means Committee who concurs that periodic briefings be carried out providing that members of the Ways and Means Committee or its staff be present if they should desire to participate.

On this basis and as appropriate I would be happy to brief members of your committee on the negotiations upon your request.

Sincerely,

FREDRICK B. DENT.

Mr. DE LA GARZA. Mr. Grassley, do you have a question?

Mr. GRASSLEY. I have a question asking you to comment in as specific a way as you can on the interrelationship between the position which I think is called Assistant Secretary for World Food Policy and the Department of State. What is the role of that individual with your

Department and trade negotiations? The reason I specifically ask this question is that I am trying to ascertain on my own part the influence the State Department has on the export of agricultural products and generally the encouragement of a free trade policy for agricultural products as opposed to USDA's having the primary role in that policy.

Mr. GOODMAN. In this advisory structure at the technical committee level, these technical committees will be doing their work under the Department of Agriculture's purview. Those technical committees will be staffed by people from the Foreign Agriculture Service. Their work will be going to the Secretary of Agriculture and the Special Trade Representative.

Now the Policy Advisory Committee is jointly staffed by the Department of Agriculture and the Office of the Special Trade Representative because that committee is cochaired by the Secretary and Ambassador Dent. This is all done within that structure and there are no other agencies that participate at the staff level in that work.

Mr. GRASSLEY. So you are in a sense saying that there isn't going to be any input from this office in the State Department, which I called the Office for World Food Policy, and these trade negotiations?

Mr. GOODMAN. No; I was referring to the work of the advisory committees. Certainly the State Department has input into the negotiation process through interagency structure. Mr. Guenther can speak to that. That would be in the operations of the Office of the Special Trade Representative.

Mr. GUENTHER. Just one specific example, Congressman. Under the law there is a Cabinet level committee formed which is called the Trade Policy Committee. This is chaired by the Special Trade Representative.

When this Trade Policy Committee meets, representatives of the various agencies are there. It is up to the agency to designate who should attend. Theoretically, the Trade Policy Committee does meet at the Cabinet level; and if the Cabinet officer in question chooses not to attend, he sends a representative that is usually at the Assistant Secretary level. So this is the formal mechanism that has been established under the law and Executive order, and it is in this Committee where the key issues facing the trade negotiators will be met and joined within the executive branch.

Mr. DE LA GARZA. USDA and FAS used to have an observer to the Common Market stationed in Brussels. Do we still have that?

Mr. GOODMAN. Yes, sir; we have an agricultural attaché in Brussels, attached to the U.S. Mission to the European Community.

Mr. DE LA GARZA. Will he have any input? I see no mention of other governmental input except those that are listed as Secretaries or technical assistants. Will he have any input into the overall process?

Mr. GOODMAN. Yes; through our Foreign Agricultural Service organization, we have a constant flow of reporting and observation from that particular attaché post pertaining to the negotiations. We will be using that material with respect to our work with the Office of Special Trade Representative and in the work of the Advisory Committee if it is information that they will need to handle.

Mr. DE LA GARZA. Do you have any questions, Mr. Weaver?

Mr. WEAVER. Yes; gentlemen on the Agricultural Advisory Committees, are there representatives of the American grain companies included in this input. If so, are they grain exporting companies?

Mr. GOODMAN. The Technical Advisory Committee for Grain and Feed has a representative from the International Trade Committee of the National Grain and Feed Association. That association, of course, has membership from all of the grain companies.

Mr. WEAVER. Are there no people who serve as officers of these corporations on the Advisory Committee?

Mr. GOODMAN. There are no companies directly represented on the committees. The representation comes through the association. Now the association uses, in this particular case that I mentioned, the chairman of their international trade committee to represent them. He is, of course, a member of a company.

Mr. WEAVER. But he is just on the grain and feed committee, isn't he. No representative of this association is on the oilseeds committee?

Mr. GOODMAN. Well, likewise on the oilseeds committee, the American Feed Manufacturers Association is represented there by a member of that association's trade committee, I believe.

Mr. WEAVER. Who is that?

Mr. GOODMAN. That is Mr. Cordes. He serves on that committee as a member of the Ralston Purina Co.

Mr. WEAVER. Mr. Cordes?

Mr. GOODMAN. Edward J. Cordes—C-o-r-d-e-s.

Mr. WEAVER. Will the trade negotiations that are coming up deal entirely with import tariffs, or will they also deal with export prices? I will give you an example. Will they be negotiating what Canada and Australia might sell their beef for? Do you advise their export program?

Mr. GOODMAN. There are two general areas at work in the negotiating process. One is essentially the offers that the United States will be putting on the table. That will be proposals to reduce our tariffs or nontariff barriers in some manner. The other part of the process is the requests that we will be making of other countries in the way of concessions to reduce tariffs or nontariff barriers that are of interest to us as a trading nation to liberalize and expand world trade generally and in some specific commodity areas. So we will be, with the advice of these committees, making up the request lists of concessions by other countries that we have a trade interest in.

Mr. WEAVER. But that would be a quid pro quo on our import tariffs as opposed to their. We would not in any way guarantee them that we would establish maximum prices or minimum prices on our exports. This would not in any way affect the prices at which we export our commodities, would it?

Mr. GOODMAN. No; we don't in any way anticipate that.

Mr. GUENTHER. Sir, we will be getting into the subsidy practices of other nations in these negotiations—if they are subsidizing their exports into our market or to a third country market to the detriment of our exports to the third country market. So this is the type of thing we will be getting into.

Mr. WEAVER. If the United States had a wheat board similar to that of Canada, would this in any way affect your negotiations?

Mr. GOODMAN. I don't think so. But the question of state trading is of a special nature in that the role of boards in the area of export subsidization is a question that will be taken up. But, generally speaking, what we are looking at are the barriers to trade at the border and the levels of protection that these barriers represent and how they can be reduced.

Mr. WEAVER. If we were to set a minimum price at which we would export wheat, would that in any way affect your negotiations? What if we were to say that we would not sell our wheat to anybody for less than \$4 a bushel?

Mr. DE LA GARZA. Will the gentleman yield and let me add a further question to that? How will price support programs and local marketing agreements enter into our negotiations? Will they have any effect, or will they be considered?

Mr. GOODMAN. We don't anticipate that there will be, on our part, any negotiation that would affect the general price support programs in agriculture. If there were some aspect of a trade agreement that would require some change in a program or in a statutory requirement, that, of course, would come to the Congress for the Congress to consider. We don't anticipate any specific example of that at the moment. I, of course, could not rule it out. We here in the United States are in pretty good shape on that score. We don't have very many, if any, domestic programs that are major trade barriers to other countries.

Mr. WEAVER. Mr. Chairman, if I may ask one final question. In Mr. Goodman's testimony, he says that the committees will make recommendations to Secretary Butz. I am curious to know if these committees intend to make recommendations within a month?

Mr. GOODMAN. We anticipate that their first round of work of recommendations for the beginning stage of the negotiations will be completed by the end of summer. Their first meetings will be in early May.

Mr. WEAVER. I don't anticipate that Mr. Butz will be the Secretary of Agriculture by the end of summer, so I would recommend that you address it to the Secretary of Agriculture.

Mr. DE LA GARZA. I say this in a half serious tone, but if what they say of Mr. Butz is true, he doesn't take advice from anybody. You don't have to speak to that. I may even strike it from the record when it comes by.

Our colleague, Mr. Richmond, of New York, had to be out of the city on official business, but he left a question for you. He would like to know why the Public Advisory Committee has not yet been selected; and, on what basis the members will be selected; and, what its function will be.

Mr. GUENTHER. Mr. Chairman, just a little history. The day the trade bill passed the Senate, Ambassador Eberle, who headed STR, resigned. His replacement did not come onboard until approximately 3 weeks ago. His replacement is Frederick Dent who previously served as the Secretary of Commerce. I do believe that this gap at our STR political level does account in part for the delay in naming the members to the Public Advisory Committee.

As indicated, I do think this is now moving forward. We expect a prompt Presidential announcement as to the membership of this com-

mittee. At that time I believe a meeting of this committee will be called under the chairmanship of Ambassador Dent, and we will begin seeing exactly what they would like to do and what their input will be.

I have a thought in this regard which refers to an earlier question about what happens if there is a conflict between what one advisory committee recommends and what another advisory committee recommends. It is clearly within the realm of possibility that there may be conflict between what the Agricultural Policy Advisory Committee recommends and what the Industry Policy Advisory Committee recommends or what the Labor Policy Advisory Committee recommends. This clearly would be the type of task that the overall umbrella Public Advisory Committee would take up.

MR. DE LA GARZA. Can you add any more to the previous answer given by Mr. Goodman as to how they will be selected?

MR. GUENTHER. Again, sir, it is a matter of Presidential selection. I do think that there will be the attempt to build balance into the committee. By "balance," I mean that if you have six or eight representatives from the agricultural community, it would make sense to also have six or eight representatives from the industry community. I do believe there will be some educators. The law is specific in terms of who must be represented on this committee. There will be retailers; there will be public members. I do think also in selecting this committee that there will be some attention paid to the past experience of the members—their trade background and the rest. But this process, as indicated, is by Presidential selection.

MR. DE LA GARZA. Agriculture has been divided here into dairy, cotton, et cetera. But during negotiations, will they not all be lumped into one area?

MR. GOODMAN. We are attempting to organize the negotiations as much as possible on what we call functional lines—where negotiations will take up such things as export subsidies as an across-the-board type of trade distortion that needs work. This will cover all commodities, hopefully. So the major part of the negotiation is of the functional kind, and the advice of the technical committees will pertain to the position of these particular products in that general approach.

MR. GUENTHER. Mr. Chairman, if I may supplement that answer. The law again, in section 103 which is very short, sets out the overall negotiating objective. It reads, in the second sentence:

To the maximum extent feasible, the harmonization, reduction, or elimination of agricultural trade barriers and distortions shall be undertaken in conjunction with the harmonization, reduction, or elimination of industrial trade barriers and distortions.

We read this to mean that you now have a tariff group set up in Geneva that will be looking at the tariff reductions or the tariff negotiations across the board including agricultural tariffs.

MR. DE LA GARZA. But you are not going to be dealing in Geneva according to U.S. law. My question was: Could we be in a situation where a list on tariffs is brought, and you could conceivably say, "We will give in on zinc if you will give in on grapefruit."? Or will they be talking solely of agriculture; or even further branched off, solely fruits and vegetables?

Mr. GUENTHER. No. As the negotiations go forward, I think they will be talking about industrial products and agricultural products together. This is the way we read the law and the intent of the Congress—that the negotiations should go forward with the agricultural negotiations in conjunction with the industrial negotiations. I think this is a rather clear mandate that the Congress has given us.

Mr. DE LA GARZA. When you say, “agricultural in conjunction with industrial”, does that mean together?

Mr. GUENTHER. Yes.

Mr. DE LA GARZA. So you could have a list with one giving on zinc and one giving on grapefruits?

Mr. GUENTHER. Yes.

Mr. DE LA GARZA. This is quite dangerous to the agriculture sector, but that is beyond the sphere of our jurisdiction. I won't bother you with that.

Can you give me an answer, Mr. Guenther, as to labor's participation? Will labor be representing all labor per se, or will they branch off into industrial labor or agricultural labor?

Mr. GUENTHER. Sir, I cannot answer that now. I would be happy to answer it for the record at a later date. The reason for this is that the labor program is not yet completed. There are talks going on between the Labor Department, STR, AFL-CIO, and other unions. I do think this will be firmed up very quickly; but, at this time it would be premature for me to answer that question. When we do have the labor mechanism in place, again, we would be very happy to provide this for you.

Mr. DE LA GARZA. You may have answered this, but I will ask it anyway. Will the agricultural sector have any input into labor questions that are related to agriculture?

Mr. GUENTHER. No, sir. I think in my testimony I used the phrase “in parallel”. I think what the labor sector will be doing will be independent of what the agricultural sector will be doing, and independent of what the industrial sector will be doing. Where these three streams will come together will be at the overall umbrella advisory committee, the Public Advisory Committee.

Mr. DE LA GARZA. Also speaking on the way that things supposedly will be handled, where will what we know as “cereals” fit into the negotiating categories?

Mr. GOODMAN. Do you mean wheat and the various grains?

Mr. DE LA GARZA. Yes.

Mr. GOODMAN. There is a technical advisory committee, and we will be looking for improved access to markets for grains in the negotiations in terms of reduced trade barriers that affect that particular product area. Of course the work in Geneva along the lines of quotas, export subsidies, tariffs will include the barriers that affect grains and cereals.

Mr. DE LA GARZA. Would any domestic reserve policy on grains be considered in the negotiations?

Mr. GOODMAN. We don't anticipate that at this time. As you know, there have been talks going on in London under the auspices of the International Wheat Council on a system of reserves—a system of internationally coordinated nationally held reserves.

If they are successful in reaching an agreement for that, that may be reviewed by the trade negotiators in Geneva at the time that it is completed. I can't be very specific in knowing how that will fit in, but that is a possibility.

Mr. DE LA GARZA. Mr. Guenther, this is not directly involved with the things for which you are here, but in order to round out the record for those who may not have attended the hearings, could you identify for the record the countries that use government funds for export promotion? Would that be too much of an inconvenience for you?

Mr. GUENTHER. No, sir. This is really within the domain of the Department of Commerce and, perhaps, Export-Import Bank; but, we would be happy to convey your question to them for their response.

Mr. DE LA GARZA. Somebody is going to have this at hand, at any rate. Also, if you can, we would like to know the countries which have internal price supports for meats, for fruits and vegetables, for grain, and for dairy products.

[The following information was submitted:]

Internal Price Supports of Foreign Countries

On the following pages we have outlined the internal price supports maintained by major world producers of meats, fruits and vegetables, grain and dairy products. Except for fruits and vegetables, the data generally have been prepared by the countries themselves and submitted to the General Agreement on Tariffs and Trade (GATT) as part of the Multilateral Trade Negotiations (MTN) exercise.

Cattle and chilled & frozen beef

Major Producing Countries with Price Support Systems

Country	Support price	System
1. Canada	1973-23.21 Can \$/CWT or 21¢ U.S. per/lb. for "good steers Toronto"	Deficiency payment program to producers of slaughter cattle
2. European Community	1973-862 U.A./ton for cattle and 1037.5/ton for calves	EC maintains intervention price and is prepared to enter market in times of low prices or large supply
3. N. Zealand.	1973-41.9 N.Z. ¢/Kg. (25.9 US¢/lb) for good average quality steers & heifers and 48.5 NZ¢/kg. (30 U.S. ¢/lb) for Mfg. cows over 140 kg.	Minimum prices fixed by New Zealand Meat Producers Board, on f.o.b. basis, in advance & do not vary during the season

Major producers without price support systems

1. Argentina
2. Australia
3. Brazil
4. Costa Rica
5. Mexico
6. Uruguay

Fruits and Vegetables

Price support systems for fruits and vegetables vary widely by commodity and country. The following is a description of the commodities of greatest interest to the U.S.

1. Deciduous Fruits

<u>Country</u>	<u>Nature of Program</u>
European Community	Prices are supported through a system of withdrawal from the market subsidized by FEOGA. Basic prices and buying in prices are fixed for each marketing year. For apples (other than cider apples) the buying-in price for the period August 1, 1975 to May 21, 1976 will rise from 7.11 units of account per 100 kg. to 9.94 units of account per 100 kg. For pears (other than perry pears), the buying-in price for the period July 1, 1975 to April 31, 1976 will begin at 8.10 units of account per 100 kg. and decline to 7.26 units of account per 100 kg. before rising again to 7.99 units of account. For table grapes, the buying-in price for the period August 1, 1975 to October 31, 1976 will be 12.50 units of account per 100 kg. in August and 9.66 units of account per 100 kg. in September and October.
Argentina	Lower interest rates and longer repayment terms are the only type of government assistance given deciduous fruit producers.
Australia	A five-year price stabilization plan began with the 1970-71 season and applies to that portion of fresh apple and pear exports that are shipped "at risk" or on consignment or for sale afloat. At the end of each export season, owners of fruit contribute to or receive payments from varietal pools, depending on the extent to which the average realization for each variety is above or below a predetermined support price. The government guarantees the operation of the pools up to a limit of \$0.896 (U.S.) per bushel on 4.4 million bushels in any one season. Should the quantity exported exceed 4.4 million bushels, there is a pro rata reduction in the per bushel guarantee.

2. Fresh Citrus

Country

Nature of Program

European Community

EC regulations provide for support of citrus in two ways: first there is a system of withdrawal from the market subsidized by FEOPA. The basic price and the buying-in price for sweet oranges as of April 1975 was 18.6 units of account per 100 kg. and 11.7 units of account per 100 kg. respectively. The basic and buying-in prices for lemons as of April 1975 were 18.3 and 10.4 units of account per 100 kilograms.

In addition, a special, originally temporary, scheme to help the Italian citrus industry set up nearly five years ago has now become indefinite. One part of this plan involves a so-called penetration premium, or export subsidy on sales to other EC countries. This ranges from 5 to 3 units of account per quintal, depending on the quality of the variety.

Also under the special scheme is a premium to processors for quantities produced above normal levels. This subsidy ranges from 0.9 to 2.6 units of account.

3. Canned Fruits

Country

Nature of Program

Australia

The Fruit Industry Sugar Concession Committee sets fresh canning fruit prices each season. These minimum prices have to be paid by processors in order to qualify for rebates on the wholesale price for sugar used in canning. The sugar rebate is \$15 (Australian) per metric ton.

Greece

There are no subsidies specifically for peaches, but peach producers benefit from general farm subsidies on fertilizer, electricity, low-interest loans, etc.

4. Dried Fruits

<u>Country</u>	<u>Nature of Program</u>
Turkey	A support price system is applied for raisins. The support price, which the government fixes for each season, is applied by the Unions of Producers' Cooperatives. The minimum export prices, which the Ministry of Trade fixes in close relation with the support price, are lower than world market prices.
Yugoslavia	Government support prices for prunes range from 11 to 12 dinars per kilogram. These prices are paid for prunes dried in modern driers and sterilized. The government does not guarantee prices for prunes dried in old primitive driers on private farms.
Greece	Government support prices for raising (including currants) where government buys fruit off market and resells to exporters or directly to state trading countries at "administratively" determined levels.
Iran	Government supports raisin price levels similar to Greece.

5. Citrus Juice

<u>Country</u>	<u>Nature of Program</u>
Israel	Citrus processors get loans at preferred terms and, if the plant is situated outside the Tel Aviv metropolitan area, certain tax concessions. In addition, the plants obtain sugar at a subsidized rate. One recent estimate is that citrus for processing is subsidized at the rate of at least 35 Israeli pounds per metric ton.
Italy	The European Community authorizes subsidies ranging from 1.1 to 3.2 units of account per 100 kg. to EC processors of Italian oranges. Processors must pay a minimum price to growers in order to be eligible for these subsidies. The subsidies are intended to encourage processing of certain oranges, specifically of the Piondo Comune variety, which realize relatively low prices on the commercial fresh market.
Spain	The government subsidizes fresh fruit purchases for processing--the only assistance granted by the government to the citrus processing industry.

6. Processed Vegetables

<u>Country</u>	<u>Nature of Assistance</u>
Greece	Although there are no government acknowledged export subsidies, processed tomato exports have been aided at times intermittently by general export assistance programs.
Spain	Tomato products get certain tax refunds ranging from 12 to 19½ percent on the declared F.o.b. value of tomato products.

7. Tree Nuts

<u>Country</u>	<u>Nature of Program</u>
Turkey	A support price system is applied for hazelnuts. The support price, which the government, fixes for each season, is applied by the Unions of Producers Cooperatives. Minimum export prices, which the Ministry of Trade fixes in close relation with the support price, are lower than world market prices.
European Community	
France	The French government agency for price support operations (FORMA) allotted 750,000 francs to promote sales of walnuts in 1974-75.

Butter and N.F.D.M.

Major producing countries with price support systems

Country	Support price	System
Australia	1973 34.0 ¢ Aust/lb. (48.3 U.S. ¢/lb.)	Wholesale prices of butter set by industry in consultation with government. Government provides subsidy on production of butter.
Canada	1975 90 ¢ US/lb.	Prices received by producers are controlled by provincial marketing boards, which have signed an agreement with the Canadian Dairy Commission to unify their regulations as to the amount of milk each farmer is allowed to market under a quota program.
EEC	1974 1,760 UA/Aon	EC maintain an intervention price and is prepared to enter market in times of low prices or large supply.
Switzerland	1973 Guaranteed producer price special table butter: 1,327 (1.90 U.S. \$/lb.) SWF/100 kg 1973 Sale price to wholesale trade, special table butter: (1.49 U.S. \$/lb.) 1,038 SWF/100 kg, 1973 Sale price to wholesale trade fresh cooking butter at reduced price (89.5 U.S. ¢/lb.) 625 SWF/100 kg.	Each year the Swiss Federal Council announces the basic milk price and national production quotas are set with the guaranteed price applying only to deliveries up to that figure.

Major producers without price support systems.

New Zealand

Wheat

Major Producing Countries with Price Support Systems

Country	Support price	System
1. Australia	1973/74-160.0 A\$/bushel or 227 U.S.\$/bu f.o.b. vessel	Price is guaranteed up to maximum of 200 million bushels of wheat exported from each season's pool.
2. Canada	1973/74-2.25 Can \$/bushel (2.25 U.S. \$/bushel): changed to 3.75 Can \$/bushel on 1 March 1974. Price is for No. 1 Northern Basis in store Thunder Bay or Vancouver	
3. European Community	1973/74-105.80 U.S. ton for soft wheat	Intervention price

Major producers without price support systems

1. Argentina
2. New Zealand (showed support prices thru 1971/72)
3. Norway
4. Sweden (showed support prices thru 1972/73)

NFDM

Country	Support price	System
Canada	1973 38 ¢ Can/lb.	
EEC	1974 660 UA/ton	

Major producers without price support systems

Australia

New Zealand

Mr. DE LA GARZA. Mr. Weaver, do you have a question?

Mr. WEAVER. On that subject, is the Soviet Union a party to these negotiations? I understand there is a controversy there.

Mr. GUENTHER. No. The Soviet Union is not a member of the general agreement on tariffs and trade; and the Soviet Union has not been represented at the negotiating table.

Mr. WEAVER. And will not be—even if the controversy of the most favored nation is cleared up?

Mr. GUENTHER. I said, "has not been," sir. I can't look down the road 5 years from now in terms of what may be.

Mr. WEAVER. Is it possible that they might be in these coming negotiations? Is there anything precluding them other than an act by the Soviet Union saying that they want to participate?

Mr. GUENTHER. No; there is not.

Mr. WEAVER. If indeed they became a party, how would we deal with them in terms of tariffs because the Government buys the goods. Is there any way which you envisage for dealing with such a country in which the Government is the sole buyer?

Mr. GUENTHER. Again, sir, that is a very fine question. If this were to occur, it does add a different and new dimension to the negotiations because their whole marketing system and their whole trading system, as you have indicated, is very different from that of most of the countries around the table there. We have not, at this early stage, gone into this problem, but I can assure you that we will—particularly if it does appear that there might be some movement by the Soviet Union toward entering the negotiation.

Mr. DE LA GARZA. Forgive me for going back, but I don't recall if you mentioned this when I asked a question about input, Mr. Guenther. The Tariff Commission is now holding hearings throughout the country. Did you mention how they would be supplying input?

Mr. GUENTHER. Yes, sir. The Tariff Commission's name has now been changed to the International Trade Commission. So instead of using the old name, Tariff Commission, I have mentioned the International Trade Commission. But it is the same body. They just have a new name and a slightly different and expanded function.

Mr. DE LA GARZA. They are now known as the International Trade Commission?

Mr. GUENTHER. Yes, sir.

Mr. DE LA GARZA. I had missed that one; but, I guess it befits the changes all around for going international.

Mr. WEAVER. Mr. Chairman, shall we say this is the International Department of Operations?

Mr. DE LA GARZA. As a matter of fact, they are so jealous of their "international" designation that they refuse to allow anyone else to have that. And although we have jurisdiction over foreign agriculture, we cannot say no.

Mr. Guenther, do we have a policy at this time on the livestock negotiations? Will we be dealing only in frozen meats or will it extend beyond that?

Mr. GUENTHER. Mr. Chairman, I think it would be premature to say that we have any policy until after the advisory structure which has been established and has given us advice in this precise area. This is precisely why these committees are established in these sectors. As indicated, these committees will meet for the first time on May 5 and

May 6. As far as I know, and maybe Mr. Goodman can correct me or supplement my answer, but I don't believe there has been any discussion of livestock in the negotiations up to this date.

MR. GOODMAN. No. We will be expecting from the Technical Advisory Committee on Livestock and Livestock Products their recommendations and views as to what we ought to seek in the way of better access to markets, how that would be best pursued; and we will take into account their advice on their trade interests in that way. That will begin on the first week of May.

MR. DE LA GARZA. With all due respect, it sounds very commendable that you stand before us and say that this is going to be a consensus proposition, that the committees and everyone will do it; but, you speak as if we have no policies now, as if we are starting from the beginning.

MR. GUENTHER. Mr. Chairman, the law is very specific in terms of the procedures that we have to follow before we get into the "meat and potatoes" or "nuts and bolts" negotiations. I think very excellent progress has been made in terms of getting these procedures under way. They all have a timeclock running. For example, when the President sent the public list to the Tariff Commission, the International Trade Commission, that started a 6 month timeclock running. It would be illegal for us to do anything in the tariff area before that.

MR. DE LA GARZA. I can understand that; but the law is one thing, and the way the bureaucracy meddles with it is something else. So that is why we try to see what we can get in testimony. I guess what I want to say is, with all due respect to the degree of importance which you bring to your departments, it may be above your level. I hope we don't get caught with "This is our theory." You are asking for a consensus, but only so long as it doesn't disturb the already set ideas in the respective departments.

MR. GUENTHER. Mr. Chairman, let me say that this is a new law. This is the first trade legislation we have had since the Trade Expansion Act of 1962. And it is a different law. Mr. Goodman mentioned the fact that negotiations in the non-tariff-barrier area have to be brought back to the Congress. This has not been the case in more than 40 years—that what trade negotiators have negotiated have to be brought back to the Congress. This is very new. It is a new procedure. It is a new procedure for us; it is a new-procedure for you.

MR. DE LA GARZA. That is exactly why it was put in. It is a new law; but, with a couple of exceptions, we still have the same people back there. I am not pointing the finger at anyone. However, if someone sits there and says, "Darn the law, and darn the advisory committee, but the law says that we will go through the process." I just want some indication as to whether there is any feeling of "This is a policy we have." And you say "no." There is no policy and you are just going to follow along.

MR. GUENTHER. We are in the procedural stage in terms of getting the necessary information to conduct the negotiations. We will not have this information in hand until these procedures are met. And while talks presently are going on in Geneva, again, I think these talks dealing with organizational and procedural questions. In saying that, I would be the first to recognize that procedural issues can prejudice in one way or another subsequent substantive negotiations.

MR. DE LA GARZA. Mr. Goodman, suppose your livestock committee says: "We want tariffs that will provide for no imported frozen beef at all. We want to shut it down. Not 1 pound do we want. So we want you to propose a tariff that will prohibit the importation of frozen beef into the United States." What would be your position?

MR. GOODMAN. A proposal to raise our tariff on a product such as that cannot be done independently by the executive branch of the Government. It requires congressional participation. Offhand, I would say that that sort of proposal doesn't come into the negotiating process. That it would probably take statutory authority from the Congress to do it.

MR. DE LA GARZA. We understand that, but you have authority to negotiate the tariffs. We know we have the laws, and we know what can be done. But you have been given an exception-type authority to negotiate on the items within the scope of the negotiations, have you not?

MR. GOODMAN. Yes.

MR. DE LA GARZA. So if this committee meets on May 5 and says: "We want you, under your jurisdiction and as the law provides, to do anything that can be done to stop the import of frozen beef into the United States," what would be your policy right now? Now I don't mean come into the Congress. I mean within the authority of the Advisory Committee through the negotiator at the negotiations. What would be the policy of FAS right now?

MR. GOODMAN. We have a general objective of liberalizing world trade, as a Department and as an Agency. In the area of meat, there is a law on the books that provides for certain actions to be taken to protect the U.S. market from excessive imports. That is the law that we are following now. I don't think that we would encourage the meat industry or the livestock industry to embargo all imports of beef into this country.

MR. DE LA GARZA. You have been very fair; you have answered by question. But the law also says that the Secretary and the trade negotiator do not have to accept the recommendations of any of these committees. So I want to point out that this is a concern which I have. Perhaps the law fails in this. There are certain policies within this administration and/or administrators of different agencies. So regardless of Mr. Guenther's saying that we have the advisory committees and we have the consensus and we are going to put it together, we could evolve into a situation after all of this has been done of trying to change the minds of a few; or in this case, one person, could we not?

MR. GUENTHER. In the nontariff barrier area, when this law was devised, it was devised so that those having an input on the takeoff, for example, the Advisory Committees, would also have input on the landing—meaning that they would report to the Congress in terms of whether the agreement meets their needs or doesn't meet their needs. And in the same way, the Congress, in this law, has an input in the takeoff; and, the Congress has an input on the landing. When we bring a trade agreement back, the Congress has to give its stamp of approval. That, for us, is a new ball game.

MR. DE LA GARZA. I am pleasantly surprised to see that Senator Bentsen's analogy of takeoff and landing has taken hold so well in

this administration. As you know, he is the Senator from Texas, and he is one of my predecessors. I am once removed from him as a Member of Congress. So I am pleased that that has made such an impression on such distinguished company as we have here.

In a couple of other areas, I plead ignorance. For that, I ask your forgiveness. But is there any time limit set to the negotiations in Geneva?

Mr. GUENTHER. Yes, sir, 5 years from the date of the signing of the law, which was January 3, 1975.

Mr. DE LA GARZA. Do they have any specific meeting requirements, or is it just on a need basis?

Mr. GUENTHER. That depends on the countries around the negotiating table. There are various tactical plays. They could look toward an early negotiation in certain areas, or they could try to put it off to the end. I think some countries will be trying to do one thing—to put everything off because they basically don't want to negotiate—and other countries will be trying to do something else. This is a play that will evolve as the negotiations are going forward, sir.

Mr. DE LA GARZA. Mr. Goodman, what will be the actual participation of FAS? Will you have an FAS representative at all times in Geneva when the negotiations will be taking place?

Mr. GOODMAN. Yes, sir. We have FAS people there now. We have one agricultural expert there on a permanent basis, and we will have two or three more from FAS by the end of the summer as a part of the U.S. delegation to the negotiations.

Mr. DE LA GARZA. Mr. Guenther, I don't think the law specifies this, but if there arises a situation where the negotiation of specific items would be conflicting with either established law or at least a consensus of the Members of the Congress, either or both bodies, is it contemplated that you would seek their advice and counsel throughout the negotiations?

Mr. GUENTHER. Sir, this is already happening. I believe it is the firm intent of Ambassador Dent to build on and strengthen the excellent Congressional relations that Bill Eberly had and used in terms of getting this law through. We are having periodic briefing sessions with the members of staff, and principals, if they wish it, of Ways and Means and of Senate Finance. If they call us after a major meeting and want to be briefed, we will brief them at their convenience. It is really a joint endeavor here.

And again, the law states that the Special Trade Representative shall report to the Executive and to Congress. And we fully intend to carry that out. We will be reporting to the appropriate committees of the Congress on a very regular basis.

Mr. DE LA GARZA. We appreciate that very much. I know that jurisdiction is not your problem; it is ours. Technically, though, your reporting will be directly to the Ways and Means Committee.

Again, with respect to those Members and for no other reason than that we serve on this committee, most of the expertise on agriculture and agricultural problems would be in this committee.

But I accept your offer that at our invitation Ambassador Dent or a representative would cooperate with us to brief us on matters affecting the jurisdiction of this committee.

Mr. GUENTHER. Yes; we would be willing to cooperate fully.

Mr. DE LA GARZA. Thank you very much. We appreciate your presence here. I think you have been very helpful and very candid. The report from this hearing will be most helpful not only to the members of this committee, but to other members of the Congress as well.

Hopefully, we might have the opportunity to invite you periodically for progress reports as the negotiations continue.

Do you have any closing statements?

Mr. GOODMAN. No.

Mr. WEAVER. May I ask one more question?

Mr. DE LA GARZA. Yes, Mr. Weaver.

Mr. WEAVER. Let me first make one cursory statement. In dealing with trade, one must know whether one is dealing in a commodity that is rare or a commodity that is in abundance in order to know how tough to be in negotiations. And you can make it a little easier if you try to deal in something that lots of people want. If you don't have very much of it, you are going to take a different negotiating attack.

Now, will you ask the agriculture advisory committees to deal with this question? It is very pertinent. Are we dealing now in a world where there is a food surplus or a food shortage—in the long run? Will the advisory committees take up this basic question?

Mr. GOODMAN. We will bring that question to the attention of the advisory committees. I think it is a natural question that will be in their minds. We have had a tight supply situation in the last year or two on some agricultural products, so whether or not that has turned around will be a question in their minds, in any case. But we will bring it to their attention.

Mr. WEAVER. Mr. Goodman, what we have to be dealing with is not whether we have grain in the storehouse now or a large crop coming up this year or a drought; but, the trends. What is the trend of the world food supply vis-a-vis world population? I would be very interested. And if you are going to report to the Congress, I would be very interested in how the committees deal with that.

[The following information was submitted:]

Unquestionably, world food production must increase significantly to meet the projected world population if the world's growing population is to have enough to eat.

We are experiencing a fast population growth rate, building from the largest population base ever recorded. By the year 2000, the world's population is expected to reach 7 billion—double its present level. Will we be able to feed all these people?

The answer is yes, if we have the will to do so. The availability of inputs does not appear to be an impediment to future increases in production. Perhaps twice as much land is available for food production as is presently being used. The cost of bringing much of this land into production would not be prohibitive. The technology and inputs (such as irrigation and fertilizer) to greatly expand production either exist or can be developed in both the developed and developing countries. Trends of the past two decades do not indicate a significant slowing down of yield increases.

But it must be recognized that it is beyond the capacity of American agriculture alone to produce at a level that will satisfy the appetite of a world with continually increasing numbers of people having continually rising expectations. The long-run solution is to increase production for domestic consumption in developing countries. The larger part of this effort must come from these countries themselves through a reevaluation of their national policies for meeting domestic food needs. We will do our part by supplying appropriate technical assistance and by encouraging international organizations to increase their emphasis on agricultural development programs. A worldwide cooperative effort to mobilize available agricultural resources will produce a food supply sufficient to keep up with the world's growing population.

Mr. DE LA GARZA. Thank you very much for your contribution and your presence.

Mr. Guenther, I think you were the one who has the answers to several questions which you will submit for the record. Is that right?

Mr. GUENTHER. That is correct, sir.

Mr. DE LA GARZA. Thank you very much. The hearing stands adjourned.

[Whereupon, at 11:35 a.m. the hearing was adjourned.]

WHEAT MARKETING YEAR CHANGE

TUESDAY, MAY 20, 1975

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND
GRAINS OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to call, in room 1301, Longworth House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Melcher, Harkin, Hightower, Bedell, English, Fithian, Findley, Thone, Symms, and Hagedorn.

Also present: Robert M. Bor, counsel; Hyde Murray, counsel; John Hogan, associate counsel; John Baize, staff consultant, Subcommittee on Livestock and Grains.

Mr. POAGE. The subcommittee will please come to order. There is a quorum call already so we will go to the floor and come back as soon as possible.

[Recess taken.]

Mr. POAGE. We have before us S. 435, to change the marketing year for wheat from July 1-June 30.

[The bill S. 435 and the report from the U.S. Department of Agriculture follow:]

[S. 435, 94th Cong., 1st sess.]

A BILL To amend section 301(b)(7) of the Agricultural Adjustment Act of 1938, as amended, to change the marketing year for wheat from July 1-June 30, to June 1-May 31

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 301(b)(7) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out "Wheat, July 1-June 30" and inserting in lieu thereof "Wheat, June 1-May 31".

SEC. 2. The amendment made by the first section of this Act shall become effective June 1, 1975.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., May 19, 1975.

HON. THOMAS S. FOLEY,
Chairman, Committee on Agriculture, House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This will reply to your request of May 2, 1975 for a report on S. 435, a bill "To amend section 301(b)(7) of the Agricultural Adjustment Act of 1938, as amended, to change the marketing year for wheat from July 1-June 30, to June 1-May 31."

The Department supports the passage of the bill.

The proposed change has a great deal of merit. Technology associated with wheat production has greatly advanced the time of wheat harvest with as much as 40 percent of the winter wheat crop harvested in some years prior to July 1. In most years, a significant amount of new crop wheat is processed or exported prior to July 1, and this creates serious unknowns as to the utilization of the grain for individual crop years. The shift of the marketing year to begin June 1

would minimize the utilization unknowns associated with individual crop years. The harvest of durum wheat and other spring wheat does not present similar problems because of the timing of spring wheat harvest.

The designation of June 1 as the beginning of the marketing year for wheat would require the conduct of a wheat stocks survey as of June 1. This survey is now conducted as of July 1 as an integral part of the stocks survey for the other grain and oilseed commodities for which stocks data are provided. As soon as feasible after enactment of the bill, it is proposed to shift the date of the stocks survey for all commodities concerned to June 1. A shift to June 1 should present no additional problems in the collection of farm and off-farm stocks, as the same basic survey procedures followed on July 1 would also be used for a June 1 survey. The shift of all commodities would not involve additional costs to the Department.

It will not be practical at this date to shift all commodities to the June 1 date in 1975. If the legislation is passed, it is proposed to maintain the July 1 stocks survey date for wheat and all other commodities in 1975 and to shift all commodities to a June 1 date in 1976 at no additional cost.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD A. ASHWORTH,
Deputy Under Secretary.

Mr. POAGE. We don't have an accompanying House bill, do we?

Mr. BAIZE. No.

Mr. POAGE. I am not advised as to why it is introduced. I suppose that this is a departmental bill.

We will be glad to hear from you, Mr. Kirkbride. We would like to hear some ideas about the reasons for this legislation. I think we all understand what it does.

**STATEMENT OF JOHN W. KIRKBRIDE, ESTIMATES DIVISION,
STATISTICAL REPORTING SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

Mr. KIRKBRIDE. I am happy for the opportunity to appear before this committee on behalf of the Department of Agriculture in support of S. 435.

This bill proposes to change the beginning of the marketing year for wheat from July 1 to June 1.

The proposed change has merit in recognition of changes occurring in agricultural production and marketing practices, and the Department supports enactment of S. 435.

Technology associated with wheat production has greatly advanced the time of winter wheat harvest. In some years as much as 40 percent of the winter wheat crop is harvested prior to July 1. In most years, a significant amount of new crop wheat is processed or exported prior to July 1. This creates serious unknowns in the utilization of the grain for individual crop years. The shift of the marketing year to begin June 1 would minimize these unknowns.

The designation of June 1 as the beginning of the marketing year for wheat would require the conduct of a wheat stocks survey as of June 1. This survey covering farm and off-farm holdings is now conducted as of July 1 as an integral part of a stocks survey that includes other grain and oilseed commodities. As soon as feasible after enactment of the bill, it is proposed to shift the date of the stocks survey for all commodities concerned to June 1.

A shift to June 1 should present no additional problems in the collection of farm and off-farm stocks, as the same basic survey procedures followed on July 1 would also be used for a June 1 survey.

It will not be practical at this date to shift to the June 1 date in 1975. If the legislation becomes effective, it is proposed to shift all commodities to a June 1 date in 1976.

This concludes my statement in support of S. 435. It has been a pleasure to appear before this committee, and I will be pleased to respond to your questions.

Mr. POAGE. Could you tell us what effect this is going to have? We understand the shift by date of 1 month. I think it is clear that there has been a change in the way we handle our crops. We harvest our wheat crop somewhat earlier than we did years ago.

We understand this type of census, as it were, or appraisal, but what is it going to do with regard to price supports, disaster payments, and those sorts of things. Who is going to get hurt by this bill?

Mr. KIRKBRIDE. I don't think it would be possible at this time to indicate that anybody would be hurt by the bill.

At the present time, of course, the payment is related to the first 5 months of the marketing year which now begins on July 1. This would be shifted to June 1 and bring in one earlier month.

I don't believe that there is any indication that this would be harmful or beneficial to any particular group.

Mr. POAGE. It will give you June instead of November.

Mr. KIRKBRIDE. That is correct.

Mr. POAGE. That is, in the formula year.

What about the price levels? They are generally higher in June than in November, aren't they?

Mr. KIRKBRIDE. I don't have that information at hand. I think it would depend upon the supply situation that you were in at that particular time and what the prospects for the coming year's crop might be.

Mr. POAGE. There must be some general trend. I recognize that we have somewhat leveled off these trends. We can all read history.

As I remember, we used to grow a little cotton. My father talked about getting 15 cents for cotton, but as far as I know he never got 15 cents for a bale of cotton in his life, although cotton did go for 15 cents almost every year along in May and June.

That cotton began to come in in those days in August, and the price began to go down and all farmers had to sell their crops by the first of the year. The price would always begin to go up in late winter and spring. It happened every year.

Farmers didn't have any crops at the time that prices went up, and by the time they had the crops the prices were going down. That is the way it worked.

I think that our farm programs have helped to alleviate that evil. I think it clearly was an evil, but we have not wiped out that trend.

There must be some trend here, and this must have some effect one way or the other.

Don't we have some figures as to what we would normally expect for the higher months of the year in regard to wheat?

Mr. KIRKBRIDE. Yes, we would be glad to supply the figures for the record.

Mr. POAGE. I am not so concerned about the record. Before we pass on this bill I want to know what it does, that is, how it is going to affect farmers.

I think it is fair to summarize that your statement is to the effect that it will help the department give a more accurate and meaningful knowledge of the supply of wheat each season.

It seems to me that that is clear.

If that is desirable and if it doesn't hurt any farmers, then I would certainly want to do it; but I want to know what it is going to do to farmers before I say that we are going to give the department this easier way of handling its accounting.

Can't some of you folks phone down there to the department and get us now, while the committee is in session, at least the general trend over recent years as to what have been the high and low months?

Mr. KIRKBRIDE. I have Mr. Aschewege here from my office. He would be glad to call and get the price levels for June and November.

Mr. POAGE. All right; we would like to know that.

[The following information was submitted:]

COMPARISON OF JUNE AND NOVEMBER AVERAGE PRICES RECEIVED BY FARMERS FOR WHEAT, 1955 THROUGH 1974

	June	November	June Price in relation to November price
1955.....	\$2.06	\$1.94	+0.12
1956.....	1.93	2.05	-.14
1957.....	1.91	1.93	-.02
1958.....	1.70	1.74	-.02
1959.....	1.69	1.79	-.10
1960.....	1.72	1.76	-.04
1961.....	1.72	1.88	-.16
1962.....	1.99	2.00	-.01
1963.....	1.86	1.95	-.09
1964.....	1.40	1.39	+.01
1965.....	1.28	1.38	-.10
1966.....	1.59	1.60	-.01
1967.....	1.49	1.39	+.10
1968.....	1.24	1.29	-.05
1969.....	1.22	1.29	-.07
1970.....	1.23	1.45	-.22
1971.....	1.46	1.31	+.15
1972.....	1.33	1.97	-.64
1973.....	2.43	4.20	-1.77
1974.....	3.57	4.87	-1.30
Average.....	1.74	1.95	-.21

Mr. POAGE. Are there other questions?

Mr. FINDLEY. May I ask if any of the major farm organizations involved in the marketing and production of wheat are concerned or have objections to this bill?

Mr. KIRKBRIDE. No, sir. We have heard no objections. Neither have we had any expression of interest in support of the bill.

Mr. FINDLEY. Do you have any way to know if they are aware of the existence of the bill?

Mr. KIRKBRIDE. Yes; I think they are. We have made informal contact with a number of the grain trade people. We have had some expression back from them to the effect that they have no opposition to it.

Mr. FINDLEY. Mr. Chairman, would it be out of order for me to take note of the presence of a representative of the American Farm Bureau Federation and ask if he has any comments?

Mr. POAGE. The Chair will recognize the gentleman from the Farm Bureau.

Mr. DEVANEY. Our Chicago office has discussed this and they have no objection to it.

I think the wheat growers testified for this bill in the Senate.

Mr. POAGE. Thank you, Mr. Devaney.

Mr. FINDLEY. May I ask the witness a question?

Mr. POAGE. Certainly.

Mr. FINDLEY. Did the wheat growers testify in support of this bill?

Mr. KIRKBRIDE. I cannot comment on that.

Mr. ENGLISH. You don't know for sure whether or not the wheat growers testified for it in the Senate?

Mr. KIRKBRIDE. I don't know.

Mr. POAGE. I think so.

Counsel, could you call to find out who testified for this?

Mr. ENGLISH. I think that this would be extremely helpful.

Mr. POAGE. We have bought some of these pigs in a poke before. I think we must know some of these things before we pass this out.

The bill is perfectly innocuous as far as I can see, but I think we ought to know some of these things; and I think the Department ought to know some of these things before they advocate a bill.

It may very well be simply a tool that would improve the operation of the Department. However, we have to look further as to what effects it can have. Maybe there are no effects, but let's find out.

Are there any other questions?

Mr. BEDELL. I have a question which doesn't apply to this.

They are cutting back on a lot of their statistical reporting, and I wonder if we can find out a little bit about it while he is here.

I understand that you are cutting back on a number of your reports to try to save \$1 million on the reporting service. At least, I have had some complaints from some of the people in my district, particularly in regard to some of the beef data that you have cut out. I understand that this is a \$5,000-a-year cost. You were funding it prior to this.

Mr. KIRKBRIDE. Yes. You are referring to the steer and heifer price data.

Mr. BEDELL. Price and weight.

Mr. KIRKBRIDE. Price and weight; and numbers by grade which is covered both by the Agricultural Marketing Service and by our agency.

This covers several markets and indicates some of the cattle going directly to slaughter. We have been supporting this activity in the amount of \$50,000 this year.

We felt like the information was becoming limited in that the numbers of livestock going through these markets are diminishing in terms of the proportion of the total number of slaughter animals. We felt that it would be more efficient utilization of money if we discontinued that report.

I do recognize that there are some local markets which find the information useful. I am not so sure how useful it is to the total livestock industry.

Mr. BEDELL. I am told that this is the only report that they have which would show the weight of cattle marketed. But there is a large

segment of that area which feels that it is of importance. The feeling is that there are seven markets in which you are tightening the data, and three of them have very small numbers. Four of them have substantial numbers.

The feeling out there is that you could cut the three small ones out and have the four. They feel that this information is used quite extensively and they feel that it is important to them.

What do I do? Do I try to come over and talk with you about it?

Mr. KIRKBRIDE. I would like to indicate another plan which we are working on in the Department which has to do with the livestock slaughter.

You are no doubt aware that the Agricultural Marketing Service puts out daily the number of heads which are expected to be slaughtered. This is an early morning count. The actual counts that show up are fairly close to those.

In the past we have had no live weights associated with those numbers on a current basis. We are proposing a program, which is now being evaluated in the Department, where we would try to associate live weight and dressed weight with those numbers.

This then would be on a current basis, that is, on a weekly basis. I think then that this would give you a good indication of the live weight.

Mr. BEDELL. My people would be very much against that. They question the accuracy of any of the reports. This one is not one. It is an estimate or a projection. It is taken off of the figures to show accuracy. It has to be an accurate report.

My people out there would say that if there is anything they would want to have you do it is not to move away from accuracy toward estimates but to stay with the accurate report, especially if we are only talking about \$35,000. I presume that is what we would be talking about if you went to the four-market system instead of the seven.

I don't wish to monopolize the time with this subject. Would you like me to talk with him separately?

Mr. POAGE. Yes; that would be fine.

Mr. KIRKBRIDE. Yes; we would be happy to meet with you, Congressman.

Mr. FITHIAN. I would like to pursue a slightly different line of questioning.

What basic use do you put your basic wheat stock survey to? Who uses it?

Mr. KIRKBRIDE. It is used by government and industry. It does indicate the supplies available at a particular point in time. This, then, can be used in determining the program in terms of the export program. It gives the industry an indication of the supplies available for their utilization.

Mr. FITHIAN. Would you comment upon the potential advantage in the change of this calendar year to the large grain companies handling grain? It seems to me that this would be a significant shift in terms of the inventory, that is, you would have less in the inventory.

Would this not tend to give advantage to the shippers of wheat to ride the price up as a result of this shift in date?

Mr. KIRKBRIDE. As far as the large grain users are concerned, we made some contact with them. I think on the reporting side we have some concern at this time about the reliability of the wheat stocks reported on July 1 because by the time the new crop reaches the terminal

market it is commingled with old-crop wheat. So, the terminal elevator may be storing commingled old and new wheat.

We do attempt to identify, that is, have then identify the amount of old-crop wheat on hand July 1 as well as the amount of new-crop wheat. This is very difficult for them to do when it is commingled.

Mr. FITHIAN. I understand that, but what I was getting at is that there might be a potential advantage given to the large national dealers in grain.

I have a subsidiary question, if you could address yourself first to that question.

Mr. KIRKBRIDE. At the present time the April 1 stock would be the preceding stock report. The trade which uses the data can through monthly disappearance figures arrive at a prospective estimate of supplies on June 1.

I suppose that it might be possible for the industry to do a better job of this than the producer in terms of visualizing what the supply would be on June 1.

Mr. FITHIAN. The reason I go into this particular line of questioning is that the problem, which I perceive us having, is that it is very difficult for the Department, as I understand it, to sort out a bogus order from a bonafide order in international trade. If Cargo Europe orders from Cargo America 10,000 tons never intending to have it filled, then this tends to increase the apparent demand for the product.

If you get enough of these bogus orders, you can in fact alter very significantly the price in a particular range.

I recall the immediate post-Russian grain deal situation in which there were a lot of bogus orders placed. These were not intended to be filled. I have a feeling that maybe this is how we get the \$11.50 for soybeans when they don't have soybeans; that is, when it is in the hands of four or five of the largest grain operators.

I am a little nervous at this proposal if only that it seems to me to shift the stock report downward at a time when the only people in the world who would have any grain would be the large grain dealers. The farmer would certainly not have any grain to speak of in June.

I think this committee, or some committee, working with the Department is going to have to do something about this artificial manipulation of prices because it destroys the world market for our product, discourages foreign buyers because they can't rely on American products at a reasonable price, and gives the opportunity for this enormous profit to only a handful of individuals at the expense of the American farmer.

I would be looking to seek legislative ways to try to correct that, and I would like to ascertain before I vote whether or not this is one additional step on the part of the Department and on behalf of the major grain dealers of the country.

Mr. KIRKBRIDE. Do I understand you to say that the June 1 stock figures would be lower?

Mr. FITHIAN. Yes.

Mr. KIRKBRIDE. June 1 stock figures should be higher because both June 1 and July 1 relate to the old-crop wheat so that disappearance would occur during the month of June and would lower the stocks from June 1 to July 1.

Mr. FITHIAN. Doesn't this contradict your testimony in paragraph 3 when you say—

In some years as much as 40 percent of the winter wheat crop is harvested prior to July 1.

You would have 40 percent of the new crop in by July first.

Mr. KIRKBRIDE. But we keep that out of our July 1 report of stocks. We are only measuring on July 1 the carryout of the old crop. We don't attempt to measure how much new crop may be in storage on July 1.

The problem is created because it does creep into storage, and we are attempting through the elevator operators to have them separate out how much is old crop and how much is new crop. When it is commingled, it is very difficult for them to identify.

Mr. FITHIAN. So, the basic purpose of your proposal is to shift it back so that you can get the survey prior to the commingling?

Mr. KIRKBRIDE. Yes; it would be a cleaner figure.

Mr. POAGE. We have some information. We have the accurate figures on what has happened in the last 15 years. It is what I thought had happened.

In 10 out of the last 15 years the price has been higher in November than it was in June. Twice the June price was only 1 cent higher than the November price.

The average during those 15 years has been about \$1.25 in favor of November.

Let me correct myself; 11 out of the last 16 years the price has been higher in November than in June. Apparently the price looks to be 25 or 30 cents higher in November than in June.

This would make some appreciable difference in the target price and the loan price.

Under the existing law, if we were to enact this, it would lower both your target and your loan price.

I think the committee ought to take that into consideration. That means a good deal of money over the United States in regard to the wheat crop. It seems to me that before we act on a thing of this kind we want to be real sure on this.

Our counsel is still trying to get information as to what the Senate did. As far as he can find out, they didn't hear any witnesses.

Do you have any new information?

Mr. HOGAN. There was no hearing on the Senate side. The only thing that was considered on the floor was the statement from the Department.

Mr. POAGE. Is that the same as you have just given us?

Mr. KIRKBRIDE. My statement was briefed out of that.

Mr. POAGE. I see.

Part of this is word for word as compared to what you gave us.

Mr. KIRKBRIDE. Yes.

Mr. POAGE. Apparently that was the only testimony which the Senate had to justify passing the bill. That was presented on the floor.

There was a letter presented by Mr. Campbell of the Department.

The Chair is of the opinion that certainly I would not want to pass on this bill without some evidence that farmers are giving to get some benefit. I don't think that it is clear that it is going to help them.

Unless the benefit to the Department is rather substantial, I can't see how we can justify taking this lowering of the target price to the farmers.

Is it possible that we could write the bill in such a manner that it would not change, that is, that we would retain the payments, target, loan, and disaster on the same basis that they are today? And this would use the same months.

Even though you change the year, the bill is not going to do it. There is no such saving clause in this bill. It says that it is amended simply by striking out these dates.

Mr. Counsel, it is true, is it not, that the present target and loan bill does refer to the first 5 months of a marketing year? When you change these dates, you change the first 5 months of a marketing year. And, you lower the support and the loans.

Mr. BOR. Mr. Chairman, you might have the effect of increasing the deficiency payment by this kind of a change because the average market price for the first 5 months of the marketing year would be reduced by substituting a figure for June which would be lower than the figure for November.

You would be taking the difference between the target price and a lower market price figure. That should result in a higher deficiency payment.

Mr. POAGE. Should we not have this whole thing studied? Shouldn't we get the figures? There are a great many things which may pop up.

I thought that clearly the prices would be higher in June than in November, but it turns out that they are not.

I think Mr. Bor has a good suggestion there.

The bells have rung for another quorum call. If it is agreeable and unless there is objection, the Chair is going to ask our staff to work out these figures so that we will know what this bill does. We will come back with the figures, and we will then consider it again.

If the Department wants to suggest changes that will protect us from any losses that are not mentioned here, then we would be glad to have you do so.

I don't think that it is a sound policy to come up here with a bill that does affect farmers' income without any knowledge of what it does and without being able to tell anything about what it does.

We are concerned with the efficient operation of the Department, but in all frankness I am much more concerned with what it is going to do to our farmers.

I think we ought to know those things. If the Department wants to come back for suggestions, then we will hear them.

Can we put it in the first week after we come back from the recess? We will have to check it out with the schedule which the chairman has for the full committee.

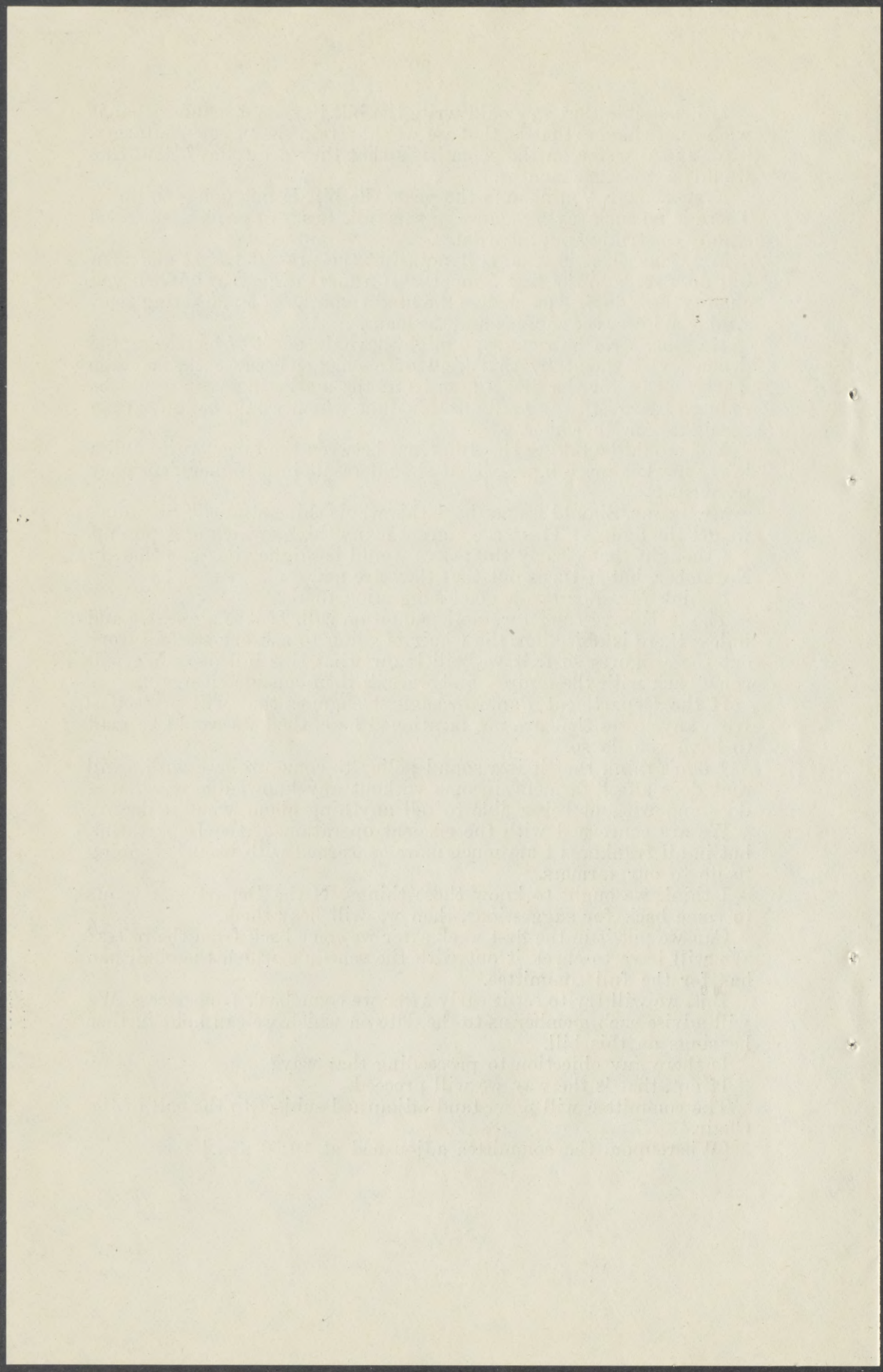
But, we will try to set it early after we come back from recess. We will advise each member as to the date on which we can hold further hearings on this bill.

Is there any objection to proceeding that way?

If not, that is the way we will proceed.

The committee will now stand adjourned subject to the call of the Chair.

[Whereupon, the committee adjourned at 10:50 a.m.]



GIFTS TO NATIONAL ARBORETUM

MONDAY, JULY 28, 1975

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DEPARTMENT OPERATIONS,
INVESTIGATIONS AND OVERSIGHT OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 2:10 p.m., pursuant to notice, in room 1302, Longworth House Office Building, Hon. E de la Garza (chairman of the subcommittee) presiding.

Present: Representatives de la Garza, Brown, Breckinridge, Richmond, Weaver, Harkin, McHugh, D'Amours, Thone, and Grassley.

Also present: Robert M. Bor, counsel; John E. Hogan, associate counsel; Robert Palmer, staff consultant, Subcommittee on Department Operations, Investigations and Oversight; Norman Gay, staff consultant, Subcommittee on Oilseeds and Rice; Gerald Jorgensen, staff consultant, Subcommittee on Department Operations, Investigations and Oversight; and Perry Shaw, staff assistant.

Mr. DE LA GARZA. The bill to be considered is H.R. 6994 to authorize the Secretary of Agriculture to accept and administer on behalf of the United States gifts or devises of real and personal property for the benefit of the National Arboretum.

[The bill, H.R. 6994, and the report from the U.S. Department of Agriculture follow:]

[H.R. 6994, 94th Cong., 1st sess.]

A BILL To amend the Act of March 4, 1927, to authorize the Secretary of Agriculture to accept and administer on behalf of the United States gifts or devises of real and personal property for the benefit of the National Arboretum

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of March 4, 1927, is amended to add the following:

"Sec. 5. Notwithstanding any other provision of law, the Secretary of Agriculture is authorized to accept, receive, hold, utilize, and administer on behalf of United States gifts, bequests, or devises of real and personal property made unconditionally for the benefit of the National Arboretum or for the carrying out of any of its functions. For the purposes of the Federal income, estate, and gift tax laws, property accepted under the authority of this section shall be considered as a gift, bequest, or devise to the United States. Any gift of money accepted pursuant to the authority granted in this section, or the net proceeds from the liquidation of any property so accepted, or the proceeds of any insurance on any gift property not used for its restoration shall be deposited in the Treasury of the United States for credit to a separate fund and shall be disbursed upon order of the Secretary of Agriculture."

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., April 25, 1975.

HON. CARL B. ALBERT,
Speaker of the House of Representatives

DEAR MR. SPEAKER: Transmitted herewith for the consideration of the Congress is a draft bill "To amend the Act of March 4, 1927 to authorize the Secretary of Agriculture to accept and administer on behalf of the United States gifts or devises of real and personal property for the benefit of the National Arboretum."

The Department of Agriculture recommends that the draft bill be enacted.

Public Law 799 established the National Arboretum on March 4, 1927. This Act authorized and directed the Secretary of Agriculture to establish and maintain a National Arboretum for the purpose of research and education concerning tree and plant life.

As the National Arboretum continues to grow in public stature and expand its research and educational activities, there will be an increased desire on the part of individuals and plant societies to participate in the enrichment of the Arboretum's collections as a means of advancing the arts and sciences associated with horticulture.

No additional appropriations would be required as a result of enacting this proposed legislation.

Section 102(2) (c) of P.L. 91-190 does not apply to this legislation; therefore an environmental statement is not enclosed.

An identical letter has been sent to the President of the Senate.

The Office of Management and Budget advises that there is no objection to the presentation of the proposed legislation from the standpoint of the Administration's program.

Sincerely,

J. PHIL CAMPBELL,
Under Secretary.

[The draft submitted by the Department is identical to H.R. 6994.]

Mr. DE LA GARZA. On behalf of the Administration, we have Dr. Hugo O. Graumann.

Dr. Graumann, we will be happy to hear from you.

**STATEMENT OF HUGO O. GRAUMANN, ASSISTANT ADMINISTRATOR,
AGRICULTURAL RESEARCH SERVICE, U.S. DEPARTMENT OF
AGRICULTURE; ACCOMPANIED BY T. J. CLARK, ADMINISTRATIVE
OFFICER**

Mr. GRAUMANN. Thank you, Mr. Chairman.

I have with me today T. J. Clark, Administrative Officer, Northeastern Region, which includes the National Arboretum.

To set the stage for the purpose of the intended bill, I would like to point out that Public Law 799 established the National Arboretum on March 4, 1927.

That law authorized and directed the Secretary of Agriculture to establish and maintain a National Arboretum, the purpose being to conduct research and education for tree and plant life for the benefit of the citizens of this country.

The National Arboretum situated in the eastern part of the Washington, D.C. area, has been in being since that time.

Many shade trees and shrubs have been developed and established as a result of that effort. These have been distributed through the nursery trade for the benefit of homeowners.

Many outside groups have become interested in the National Arboretum to help support it and its cause for the benefit of citizens throughout the country. Such groups include the Women's National Farm and

Garden Association, Inc., the Garden Club of America; the National Council of State Garden Clubs, Inc.; and the American Association of Nurserymen, as well as other groups.

They have supported the National Arboretum both in spirit and, in many cases, with resources for quite a few years.

As a result of the recognition of the National Arboretum and what it stands for, there are many plant collections which are widely known both in this country and throughout the world. Included amongst the most significant collections are the azaleas, the dwarf conifers and, more recently, the bonsai collection donated by the Government of Japan.

Approaching the bicentennial celebration for next year, there are other groups who would like to make donations of plants and also funds to provide for putting plants in place so that they can be viewed by and to the best benefit of the public.

It is anticipated that our visitation will increase from an average annual of \$500,000 in recent years to upwards of one million people next year. We are most anxious to provide a mechanism or vehicle whereby outside groups can follow through in making such donations as they wish.

That is the intent of H.R. 6994 and, as written, it will accomplish this purpose.

I would like to call to the attention of the Committee one technical problem that we would like to ask be corrected. On page 1 of the House Resolution, line 9, the word "unconditionally" in our judgment should be stricken.

Actually, the bill as written provides the Secretary of Agriculture with the right to accept or deny gifts, and any which would unduly encumber the Department he can reject.

So, inasmuch as he has that right, the word "unconditionally" really has no useful purpose. Therefore, we would like to suggest that that word be stricken.

MR. DE LA GARZA. Thank you very much, Dr. Graumann.

Are there any questions?

MR. RICHMOND. What have you been doing up to now as far as the acceptance of gifts, and so on, is concerned?

MR. GRAUMANN. I will let Mr. Clark answer that inasmuch as he is our administrative officer and knows the legal implications.

MR. CLARK. Mr. Richmond, since 1956 the Department of Agriculture has had a memorandum of understanding with the Trustees of the National Arboretum. They were a group of friends who had and interest in the arboretum's welfare in terms of gardens and plants.

The Office of General Counsel in 1956, based on a request from the Trustees, approved an agreement that permitted the Arboretum to accept such donations—plants and cash.

In a recent decision in December of 1974—verified recently, the Office of General Counsel indicated that we no longer had the authority, that they had reviewed the approval they had given ARS and found that the Agricultural Research Service has no authority to accept donations. At that point, they indicated willingness to help us with language for legislation to obtain such authority.

MR. RICHMOND. Have you received any horticultural samples from the People's Republic of China?

Mr. GRAUMANN. Yes, the several hundred lots of seeds of a number of economic plants provided by the People's Republic of China to the U.S. National Academy of Sciences Plant Studies Delegation while in the P.R.C. last summer were turned over the U.S. Department of Agriculture for evaluation and distribution. The National Arboretum subsequently received seeds of the shade trees and ornamental plants which were a part of this gift. Also, the National Arboretum recently received from the Kunming Botanic Garden, Yunnan, P.R.C. 23 packets of seed of horticultural plants.

Mr. RICHMOND. I inspected a very handsome collection in New York last weekend. Those collections are available and I strongly suggest that you get in touch with them. You will find some remarkable shipments.

Mr. GRAUMANN. I feel confident that the National Arboretum, through its long-standing program of sharing plant materials with arboretum's throughout the United States including the Cary Arboretum of the New York Botanic Gardens, will have opportunity to receive promising materials from the collection you mention.

Mr. DE LA GARZA. Any further questions?

Mr. GRASSLEY. I would raise the point that, if we strike the word "unconditionally", does that mean that the Federal Government would not have title to whatever is given to us?

If that be the case, I would raise the point as to whether or not the exemptions from the Federal Income, State and Gift Tax should be granted if the gift does not become the property of the Federal government.

Mr. CLARK. The property would become the property of the United States Government and would have no strings.

Mr. GRASSLEY. Even if you strike the word "unconditionally"?

Mr. CLARK. Yes, sir, because the Secretary can really accept or reject the gift if it has too many strings, including if some of them wish to retain title. That may be a condition that may not be acceptable to the Secretary.

Mr. GRASSLEY. My point is, if you do strike the word "unconditionally", doesn't that offer the opportunity that we could accept something for a short period of time—say, for a year—and the giver could be given some sort of tax benefit as a result of that and still hold title to it and then, at some future time, get it back?

For example; how about the granting of the President's papers to the archives where there is an income tax exemption?

Is there not a question as to whether or not the donor retains title to those?

That was a point of discussion with regard to the 1968 law.

Mr. GRAUMANN. Mr. Congressman, I think your concern is a valid one. You can be assured that we will take this to our general counsel and that, based on past experiences we have had in other areas, we will be alert to these kinds of problems and when such conditions are part of an offer, the Secretary will be advised not to accept the offer.

Mr. GRASSLEY. Remember, my question only comes in regard to your suggestion that we strike the word "unconditionally".

I would see no problem if the word "unconditionally" were left in.

Mr. DE LA GARZA. Any further questions?

Thank you very much, gentlemen, for coming.

[The subcommittee proceeded to other business.]

CONTROL AND ERADICATE PLANT PESTS

MONDAY, JULY 28, 1975

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DEPARTMENT OPERATIONS,
INVESTIGATIONS AND OVERSIGHT OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 2:10 p.m., pursuant to notice, in room 1302, Longworth House Office Building, Hon. E de la Garza (chairman of the subcommittee) presiding.

Present: Representatives de la Garza, Brown, Breckinridge, Richmond, Weaver, Harkin, McHugh, D'Amours, Thone, and Grassley.

Also present: Robert M. Bor, counsel; John E. Hogan, associate counsel; Robert Palmer, and Gerald Jorgensen, staff consultants, Subcommittee on Department Operations, Investigations and Oversight; Norman Gay, staff consultant, Subcommittee on Oilseeds and Rice; Perry Shaw, staff assistant.

MR. DE LA GARZA. The subcommittee will come to order.

First, let me apologize for the chairman and other members who had to vote on a recorded vote in the House. I think that we are not doing too badly, however.

The first bill that we have today is H.R. 6403, To Clarify the Authority of the Secretary of Agriculture to Control and Eradicate Plant Pests.

[The bill H.R. 6403, and the report from the U.S. Department of Agriculture follow:]

[H.R. 6403, 94th Cong., 1st sess.]

A BILL To clarify the authority of the Secretary of Agriculture to control and eradicate plant pests

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 102 of the Act of September 21, 1944 (58 Stat. 735, 7 U.S.C. 147a), as amended, is further amended to read as follows:

"SEC. 102. (a) The Secretary of Agriculture either independently or in cooperation with States or political subdivisions thereof, farmers' associations, and similar organizations, and individuals, is authorized to carry out operations or measures to detect, eradicate, suppress, control, or to prevent or retard the spread of plant pests, meaning any living stage of any insects, mites, nematodes, slugs, snails, protozoa, or other invertebrate animal, bacteria, fungi, other parasitic plants or reproductive parts thereof, viruses, or any organisms similar to or allied with any of the foregoing, or any infectious substances, which can directly or indirectly injure or cause disease or damage in any plants or parts thereof, or any processed, manufactured, or other products of plants.

"(b) The Secretary of Agriculture is further authorized to cooperate with the Governments of Canada, Mexico, Guatemala, Belize, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, Colombia, or the local authorities thereof, in

carrying out necessary surveys and control operations in those countries in connection with the eradication, suppression, control and prevention or retardation of the spread of plant pests. In performing the operations or measures herein authorized, the cooperating foreign country, State, or local agency shall be responsible for the authority necessary to carry out the operation or measures on all lands and properties within the foreign country or State other than those owned or controlled by the Federal Government and for such other facilities and means as in the discretion of the Secretary of Agriculture are necessary. As used in this section, the term 'State' includes the District of Columbia and the territories and possessions of the United States.

"(c) The Secretary of Agriculture is authorized to promulgate such rules and regulations and use such means as he may deem necessary to provide for the inspection of plants and plant products offered for export or transiting the United States and to certify to shippers and interested parties as to the freedom of such products from plant pests according to the sanitary requirements of the foreign countries to which such products may be exported, or to the freedom from exposure to plant pests while in transit through the United States.

"(d) There are hereby authorized to be appropriated such sums as the Congress may annually determine to be necessary to enable the Secretary of Agriculture to carry out the provisions of this section. Unless otherwise specifically authorized, or provided for in appropriations, no part of such sums shall be used to pay the cost or value of property injured or destroyed."

SEC. 2. Section 1 of the Act of October 6, 1917 (40 Stat. 374; 7 U.S.C. 145) is hereby repealed.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., July 18, 1975.

HON. THOMAS S. FOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR MR. CHAIRMAN: This is in response to your request for a report on H.R. 6403, a bill "To clarify the authority of the Secretary of Agriculture to control and eradicate plant pests."

This Department recommends that the bill be enacted, if amended as suggested in the attachment to this report. These amendments are technical changes designed to clarify the intent of the bill.

The bill would amend provisions in the Organic Act of the Department of Agriculture approved September 21, 1944, as amended (7 U.S.C. 147a), to substitute for the reference to "insect pests, plant diseases, and nematodes" in section 102(a) a broader list of general classes of pests, which conforms to the definition of "plant pest" in section 102(c) of the Federal Plant Pest Act (7 U.S.C. 150aa (c)). This change will permit the Secretary to deal with threats to American agriculture which may be posed by pests not now covered by the Organic Act. They include, among other pests, spider mites, slugs, and snails that can injure or cause disease or damage in plants, plant parts, and plant products. Specific authority would be provided by section 102(a) of the bill for detection of plant pests in the United States.

The bill would also extend the Secretary's present authority under the Act to cooperate with foreign authorities, to permit cooperation with authorities of Canada, Colombia, and the Central American countries, and to "plant pests" generally. The Organic Act now authorizes such cooperation only with respect to Mexico and only for specified pests.

The bill would also make discretionary the Secretary's authority to provide phytosanitary inspection and certification service for domestic plants and plant products for export, and would extend such authority to inspection and certification of any plants or plant products offered for export or transiting the United States.

The bill would repeal provisions in the Act of October 6, 1917 (7 U.S.C. 145) for cooperation with Mexico and adjacent States in extermination of pink bollworm infestations in Mexico, and related operations. This provision would no longer be needed if the bill is enacted because the provisions of the Organic Act as amended by the bill would include authority for the activities provided for in the repealed provisions of the 1917 Act.

The Department supports the broadened authority permitting the Secretary to cooperate with neighboring nations in detecting, controlling, or eradicating plant pests. Implementation of specific programs, however, will depend upon

unknown events and upon the development of criteria to define the appropriate Federal role and for assessing the absolute and relative worthiness results (both level and distribution). The Department presently has a study underway to systematically evaluate the implications of alternative Federal roles in cooperative insect control activities, to select the most appropriate alternative and to develop procedures and criteria for assessing the benefit/cost relationships. This study is expected to be very useful in deciding what, where, and how much control should be undertaken by the Federal Government in this country and can be expected to guide similar activities that might be undertaken in association with neighboring nations.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

EARL L. BUTZ,
Secretary.

Attachment.

RECOMMENDED AMENDMENTS TO H.R. 6403

On page 1, at line 11, insert a period after "pests" and delete all of subsection (a) thereafter.

On page 2, at line 14, before the word "eradication" insert "detection,".

On page 2, at line 19, delete "operation" and insert "operations".

On page 2, at line 16, designate the second sentence of subsection (b) as (c), and delete the last sentence of subsection (b).

Insert a new subsection (d) as follows:

"(d) As used in this section—

"(1) "Plant pest" means any living stage of: Any insects, mites, nematodes, slugs, snails, protozoa, or other invertebrate animals, bacteria, fungi, other parasitic plants or reproductive parts thereof, viruses, or any organisms similar to or allied with any of the foregoing, or any infectious substances, which can directly or indirectly injure or cause disease or damage in any plants or parts thereof, or any processed, manufactured, or other products of plants.

"(2) "Living stage" includes the egg, pupal, and larval stages as well as any other living stage.

"(3) "State" includes the District of Columbia and the territories and possessions of the United States."

On page 3, at line 1, change "(c)" to "(e)"; and at line 11, change "(d)" to "(f)".

On page 3, at line 7, delete "sanitary" and insert in lieu thereof "phytosanitary".

Mr. DE LA GARZA. The witness for the Department is Dr. F. J. Mulhern, Administrator, Animal and Plant Health Inspection Service, U.S. Department of Agriculture.

Dr. Mulhern, we are glad to have you.

STATEMENT OF F. J. MULHERN, ADMINISTRATOR, ANIMAL AND PLANT HEALTH INSPECTION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Dr. MULHERN. Thank you, Mr. Chairman.

I have with me Mr. Homer Autry who is the senior staff officer for new pest detection, and Miss Dolores Klumpp who is our legislative specialist.

We appreciate this opportunity to give the Department's views on H.R. 6403, a bill which would extend the authority of the Secretary under the 1944 Organic Act to permit cooperation with Canada, Colombia, and the Central American countries in plant pest control programs. The bill would also broaden the list of pests covered under the act to conform to the definition of "plant pest" in the Federal Plant Pest Act.

Under the existing Act, Mexico is the only foreign country with which the Secretary may cooperate in programs to prevent the entry into the United States of injurious insects, plant diseases, and other plant pests which could be a threat to U.S. agriculture.

Since 1944, when that authority was enacted, international commerce has grown to such an extent that any plant pest which is introduced into the Western Hemisphere can arrive in the United States in a very short time.

In order to assure that American agriculture is protected against these threats, the Department must have authority to work with our neighbors in the northern part of the Western Hemisphere to help them stop plant pests and diseases in their countries so they will not spread to the United States. H.R. 6403 would give us that authority.

The list of plant pests contained in the 1944 act also needs to be updated to meet present-day needs. H.R. 6403 would substitute a broader list of general classes of pests, covering many that were not foreseen as threats to agriculture when the 1944 authority was enacted.

Any action taken under this proposed Act would be after thorough consideration of all alternatives and of the cost-benefit relationships. The Secretary would take action only if it appeared that there were no other acceptable alternative procedures, and it would be advantageous to U.S. agriculture.

Mr. Chairman, the Department has submitted a report on H.R. 6403 recommending certain technical changes designed to clarify the intent of the bill. With those amendments we support enactment of the bill.

Now I will be glad to answer any questions the committee might have.

MR. DE LA GARZA. Thank you very much, Dr. Mulhern. We are very happy to see you here.

The report of the Department of Agriculture has some suggested language for changes.

This is not a problem, but we would like to clarify this. There is a similar bill in the Senate, which has been approved by the Senate committee, wherein they make some changes which may be more enlarging than those suggested by the Department.

Are you acquainted with those changes?

MR. MULHERN. Yes, we are.

MR. DE LA GARZA. One of the changes which the Senate made was to enlarge the coverage to include the Western Hemisphere. It was basically identical to this bill we have here.

Now I understand that either you or the Department has some suggested language which does not say "Western Hemisphere" but which adds "the Bahama Islands, the Greater Antilles, and the Lesser Antilles."

Are you acquainted with that recommended amendment?

MR. MULHERN. No.

I am sorry, I was not aware of it, but Miss Klumpp is.

MISS KLUMPP. We drafted that at the request of a member of the committee.

MR. DE LA GARZA. Which would you rather have: the bill as written or Western Hemisphere or the suggested addition, including the Antilles?

MR. MULHERN. At the present time we only have approval and clearance through the Office of Management and Budget for the Central

American countries. So, I am not in any position to state officially what the position would be on expanding it to include the Caribbean or South America.

I could give a personal feeling. We need legislation quickly so that if the Mediterranean fruit fly continues to move northward, we can do something to stop it. If extending the coverage is going to delay passage of the bill, then for expedient reasons we would like to have it just like it is.

MR. DE LA GARZA. The legislation was adding countries that were not included. Then there were the international organizations.

Your testimony is that you need to get the job done, and you need to do it in the most expeditious way.

We will see if we can resolve that within the committee.

I don't see why the "Western Hemisphere" would not be adequate; that way you could be protected from now on. But I can see where you might have some problems with them over at OMB.

MR. MULHERN. Even though this is just authorization legislation, we will be asked—if this passes—what in the way of possible or potential costs could result. The farther you extend its coverage, the greater the total amount would be.

MR. DE LA GARZA. They would project costs and so on as they are prone to do?

MR. MULHERN. Yes.

MR. DE LA GARZA. You have a further suggested amendment from the Department. I see. It is a further determination of "plant pests."

Are you acquainted with that?

MR. MULHERN. Yes.

MR. DE LA GARZA. Is that satisfactory?

MR. MULHERN. Yes.

MR. DE LA GARZA. In the Senate, my colleague from Texas, Senator Tower, introduced an amendment which was approved. It would enlarge this legislation to cover animals: "any communicable diseases of animals."

MR. MULHERN. I believe, Mr. Chairman, that the purpose of Senator Tower's amendment was to be sure that the cattle fever tick was covered.

In the change proposed in section 3, that is covered by saying "any communicable disease of animals of vector thereof."

That is the language we drafted for the Senate Agriculture Committee.

MR. DE LA GARZA. That is your proposed amendment for section 3.

You are satisfied that that would take care of the situation and would take care of Senator Tower's concern?

MR. MULHERN. Yes. It is our understanding that he was concerned about the cattle fever tick. This would take care of it.

MR. GRASSLEY. Is the bill all new language? Is this in addition to existing legislation?

MR. DE LA GARZA. It is in addition to existing law. It is not new legislation.

MR. GRASSLEY. As these paragraphs are written here: no portion of these paragraphs is in existing law, is that correct?

MR. DE LA GARZA. Yes.

This is further amending existing legislation. They needed to add more countries. Already it specifies Mexico in the legislation. That is the legislation. That is the only country that is specified, is that correct?

Mr. MULHERN. Yes.

Mr. DE LA GARZA. In order to include Latin America, you have the same law, but you are adding more countries to it.

Mr. GRASSLEY. That answers my question. Really, the only language we are changing in the existing law is adding more countries.

Mr. DE LA GARZA. In that part, yes.

And, then in the part where the legislation now specifies the pest or disease, it now has a new definition. It includes a more modernized definition of the things that they would be combatting.

I don't think the present legislation has nematodes or any of those things.

Mr. GRASSLEY. Thank you.

Mr. DE LA GARZA. Are there any questions?

Mr. BRECKINRIDGE. Mr. Chairman, I am not familiar with the legislation. We started out with Mexico in 1944. I don't understand why we concern ourselves with just certain countries or just the Americas. Is there other legislation that takes care of pests originating in Africa and Asia, for example?

Mr. DE LA GARZA. I can give you an answer, but we have Dr. Mulhern who is our expert in this situation. He can tell you how they handle that.

Mr. MULHERN. This authority has been limited primarily because any mention of additional countries sends up a flag that possibly the United States could come into help them control and eradicate diseases in plants within their country; so immediately they would be asking: "What are you going to do for us?" So, the limitation has been in the legislation to limit our participation and financial involvement with disease and pest programs in countries so far away that no serious threat to the U.S. exists.

The reason why the Central American countries have been specified in this bill is because we see more of an imminent threat from them. History has shown that several times when these pests get into Central America, it isn't long before we are fighting them here in the United States.

Mr. BRECKINRIDGE. Is that peculiar to Central America? Is this also related to Africa and Asia?

Mr. MULHERN. Pests and diseases from there can come in through travel into our country, yes; but we have a much greater risk, we feel, from Mexico than from the other countries.

Naturally, Mexico gets them from Central America.

Mr. DE LA GARZA. Will the gentleman yield?

Mr. BRECKINRIDGE. Yes.

Mr. DE LA GARZA. Would you say, Dr. Mulhern, that this effort is to try to protect the limits of the United States from the normal migration of these pests; that is, contrary to protective measures taken for someone bringing one in on a boat or a plane?

Mr. MULHERN. Yes, that is a good point.

Mr. DE LA GARZA. This is to stop the natural migration?

Mr. MULHERN. Yes.

Mr. BRECKINRIDGE. I was just seeking information, Mr. Chairman.

I understand that the Secretary's letter says in effect that any program would be taken under the cost-benefit ratio anyway; so I would assume that what is good for the Americas is also good for Africa and Asia. But, the purpose is for the protection of America.

I understand what I am being told, although I am not sure that I agree with it.

Mr. DE LA GARZA. The main thing is that you are not going to have a mass migration of the Mediterranean fruit fly from Spain to Florida.

You might get one coming in on someone's luggage or something like that, but you could have a mass migration from Mexico to Texas.

The only cost we would have would be to fight it in Mexico before it comes into the United States.

Mr. BRECKINRIDGE. Yes. I understand.

Mr. DE LA GARZA. Thank you very much, Dr. Mulhern, we appreciate your testimony. I think you have cleared the subject very well.

We will further discuss the matter within the committee to see about adopting the amendments.

Again, I want to be clear on the record that you assure me to the extent that you know that this language will take care of Senator Tower's intended desire as included in the amendment that he offered?

Mr. MULHERN. Yes. That is true.

Mr. DE LA GARZA. Thank you very much.

We have some testimony which has been brought to this committee. Does counsel know about testimony from Florida?

Then, we have some testimony from the Texas Citrus Mutual.

Without objection, we will submit the two statements for the record in support of the legislation.

[The subcommittee proceeded to other business.]

[The following statements were submitted:]

FLORIDA CITRUS MUTUAL,
Lakeland, Fla., July 24, 1975.

DEAR Mr. CHAIRMAN: It is my understanding that a hearing concerning H.R. 6403 will be held this next week by your committee. Florida Citrus Mutual has expressed its interest in this bill to you and other members of the committee on previous occasions. I would very much like to have this letter made a part of the record of your hearing on the bill.

Florida Citrus Mutual represents some 15,500 citrus grower members in Florida. Since the first introduction of the Mediterranean fruit fly into Central America, Florida Citrus Mutual has had a concern about the potential spread of that insect into the United States. We have eradicated the pest on at least three separate occasions in Florida. We don't want to go through this process again, and we are firmly convinced that the major opportunity for introduction of this pest into Florida comes from Central America.

We are very pleased that interest has been shown in attempting to give the USDA authority to contain this pest within Central America and to prevent its spread northward into Mexico where the threat to California, Texas and Florida would be substantially aggravated.

Our technical experts assure us that it is possible to contain the Med-fly within the Central American countries and prevent its spread into Mexico. Therefore, we urge that the USDA be given the authority to accomplish this mission. We have had direct contacts with Mexican officials and we are certain of their cooperation in this matter.

We are further concerned that this specific piece of legislation may be restricted to authority for just Mediterranean fruit fly containment. We believe it would be a real mistake on the part of the Congress not to give the Department of Agriculture the same broad authority to control plant pests which they currently have for animal pests in Central America.

Therefore, we urge the passage of the bill as introduced by Congressman de la Garza.

Thank you for your support.

Sincerely yours,

TOM OSBORNE,
Executive Vice President.

BRIEF OF TEXAS CITRUS MUTUAL CONCERNING OUTBREAK OF MEDITERRANEAN
FRUIT FLY IN EL SALVADOR, GUATEMALA AND HONDURAS

Medfly presence in El Salvador was verified on April 2, 1975. Subsequent trapping surveys disclosed infestations throughout a 4,000 km² area of that country. Intensified trapping operations conducted in Guatemala and Honduras have since revealed medfly infestations in each of these countries bordering El Salvador. The known Guatemalan infestations comprise a 600 km² area contiguous to the El Salvador border. Although yet unconfirmed, the medfly is undoubtedly present in Esquintla situated about 150 road miles SE of Tapachula, Mexico, on the Mexican-Guatemalan frontier. These are virtually no host free areas to prevent the medfly from moving of its own accord from present infestations in Guatemala to the coffee producing regions near Tapachula. The extent of six medfly infestations reported in Honduras are unknown at this time. APHIS has responded to these new medfly outbreaks in Central America by intensifying their trapping surveys in southern Mexico and up the Gulf and Pacific Coasts to Tampico and Mazatlan, respectively.

Concerned by these Mediterranean fruit fly outbreaks in Guatemala, Honduras and El Salvador and the threat this pest presents to the Lower Rio Grande Valley citrus industry, as well as to the citrus industries of Florida and California and U.S. agriculture in general, Mike Wallace, General Manager, Texas Citrus Mutual; Arthur Shull, Director, Texas Citrus Mutual; David Ivey, Assistant Commissioner of Agriculture, State of Texas; and R. H. Rhode, Research Entomologist, USDA-ARS, Weslaco, conferred in San Salvador with Dr. Carlos Meyer, Executive Director of OIRSA on the status and current work activities being carried out against this pest. The Texas Citrus Mutual officials also represented the citrus industries of Florida and California. Other persons present were George Cavin, APHIS, Director, Mexico region, and George Berg, FAO Project Manager, Niceria.

First hand observations made by the group in citrus plantings and coffee near San Salvador disclosed abundant adult medfly and larval activity. Traps placed in citrus groves for less than 24 hours yielded catches of 10-20 flies, indicating an extremely heavy infestation, and the last oranges of the harvest season were also heavily infested. Larvae in ripening coffee cherries were found without difficulty in plantings adjacent to citrus groves. These early maturing of off-season coffee cherries will insure medfly survival through the rainy period until the seasonal development of coffee and other host fruit occurs.

Dr. Meyer stated that the known medfly infested area in Guatemala remains essentially unchanged, i.e., a 600 km² area contiguous with the El Salvador border and extending near to the town of Esquintla which is situated in a major fruit producing area. The fact that the majority of fruit grown in this area flows directly to Guatemala City for subsequent distribution to other parts of the country greatly increases the chances for the rapid dissemination of this pest. Dr. Meyer explained that in the joint OIRSA-Guatemala program seven (two-man) teams are presently engaged in survey work. However, unless additional financial support and equipment becomes available this program will terminate shortly because of the lack of OIRSA money and the inability of the Guatemalan Government to carry on by its own.

According to Dr. Meyer offers by Mexico to assist in combating the medfly in Guatemala have been rejected by the Guatemalan Government. For unknown diplomatic reasons the presence of Mexican workers in Guatemala is unacceptable to that country.

In Honduras, Dr. Meyer reported numerous medfly outbreaks along the border with El Salvador and near the capital city of Tegucigalpa at El Zamarano. As in Guatemala, lack of resources and equipment is hampering a comprehensive survey program. In addition to increased funding Dr. Meyer emphasized his most immediate need for double traction vehicles to enable medfly trapping in rough terrain.

In the event of U.S. involvement in a Central American program, Dr. Meyer expressed his desire for a cooperative USDA working arrangement with OIRSA. He believes that the OIRSA charter will permit a better coordination of activities between the concerned Central American countries than would be possible with bilateral USDA agreements with each individual government.

The past experience of Mr. Berg in medfly quarantine problems in Central America was helpful to the group. Mr. Berg mentioned that a five year FAO/UNDP Plant Protection Program for the Central American and Caribbean region is about to commence. Mr. Berg as Project Manager will be headquartered in San Salvador for the first year.

On our return to Mexico City Mr. Cavin arranged a meeting with Ing. Benjamin Ortega C., Director of Sanidad Vegetal. Other officials present were Ing. Jorge Gutierrez, Sub Director, Sanidad Vegetal; Ing. Eduardo Rios, Quarantine; and Ing. Manuel Hernandez, Control Programs. Ing. Ortega expressed Mexico's concern with the medfly situation in Guatemala and lamented that Guatemala was unresponsive to offers of assistance by his country. He said that soon a diplomatic mission to Guatemala would be undertaken in an attempt to resolve this problem. Ing. Rios presented maps showing coffee and citrus producing areas in Mexico and stated that eventually 40,000 medfly traps would be distributed throughout the country.

The introduction of this pest to the U.S. would create severe economic problems for the citrus industry of the U.S. and the producers of other susceptible subtropical and deciduous fruits and vegetables. Unless other practical alternative control measures are developed the widespread use of insecticides to control this pest would constitute an economic burden on the individual grower and bring about serious ecological disruptions in beneficial insect populations.

Potential affected industries include all associated elements of the citrus industries of Texas, Florida, Arizona and California, the peach industry of Georgia and California and growers of other subtropical and deciduous fruits of the southern U.S. as well as the growers of tomatoes, melons, peppers, pears, apples, grapes and cherries. Hosts also include cactus, guava, mango, papaya and natal plum and many others.

BACKGROUND OF MEFLY IN CENTRAL AMERICA

The medfly is found throughout the subtropical regions of the world with the exception of southern Asia, Mexico and the U.S. It is probably the most serious of the fruit fly pests having nearly 200 fruit and vegetable hosts. Since 1929, four successful eradication campaigns have been waged against this pest in the continental U.S. at a total cost approaching \$19 million.

Medfly was first detected on the North American Continent in Costa Rica in 1955. The fruit fly subsequently spread in Nicaragua in 1960 and to Panama in 1963. Once the medfly becomes established in Southern Mexico its northward spread would be extremely difficult to check, particularly along the Gulf Coast of Mexico with its nearly continuous chain of suitable host material. The presence of this pest in Mexico would constitute a direct threat to the U.S. citrus and deciduous fruit and vegetable industries which could suffer potential losses exceeding hundreds of millions of dollars annually. Present control measures rely on malathion-protein hydrolysate bait sprays. Their continual use may adversely affect natural enemy populations and lead to eventual resistant species. The recent eradication programs in Florida encountered widespread public objection to the use of these materials and their future acceptance by urban populations is doubtful.

BACKGROUND OF MEFLY IN EL SALVADOR

On April 2, 1975 the Minister of Agriculture and Livestock of El Salvador informed the Executive Director of OIRSA of a suspected medfly infestation situated five miles from the International Airport. On April 4, after carrying out trapping and fruit examinations, presence of the medfly was confirmed throughout a nine acre coffee and citrus area. Applications of malathion—bait sprays were initiated in the infested area on the same day. Aldrin in powder form was applied to the soil beneath the citrus trees and dropped fruits were collected and buried. On April 5, three quarantine stations were in operation to prohibit fruit movement from the infested area. On this day another heavy infestation was found five miles distant in a 350 acre planting belonging to the same owner on which the first infestation was found. As a result of this find trapping operations were

extended to cover the central coffee producing region of the country. By April 13, trap catches revealed medfly presence in nine of the 14 departments of El Salvador. Infestations in the eastern coffee producing Departments of Usulután and San Miguel appear at this writing to be isolated from the central and northern infested highland regions. Infestations extend along the Pan American Highway to a point 18 miles south of Angiutu on the Guatemalan frontier and to within about 20 miles of the Guatemalan border along the Pacific Coast Highway.

RESULTS OF 1975 OIRSA MEETING

At a meeting held April 17, 1975, the Directors of Plant Health and Quarantine Services of the OIRSA member countries met and formulated a plan of action against the medfly.

The essential recommendations agreed upon were:

Recommendation 1:

- (1) Determine the extent of medfly infestations in El Salvador
- (2) To initiate the following actions:
 - a. Control the infested areas (particularly those near the Guatemalan and Hondurian borders).
 - b. Burial of infested fruit.
 - c. Release information of the medfly problem on a national scale.
 - d. Institute programs of technical and educational assistance to help the growers control this pest.
- (3) In order to execute a permanent program against the medfly it was recommended that the Department of Defense of Animals and Plants be elevated to status of General Administration within which would be created a Department for Campaign against the Mediterranean Fruit Fly able to draw upon needed technical and natural resources.
- (4) The incorporation in this program of other state agencies, agriculturists and industrialists with the creation of an auxiliary organization—or delegate this activity to an existing organization—responsible for raising the funds necessary to carry out a permanent medfly campaign.

Recommendation 2:

- (1) That OIRSA terminate its investigative work in San Jose, Costa Rica on the possible eradication of the medfly and direct these resources to strengthen the Department of Vegetable Health of OIRSA which in turn will cooperate and give technical assistance to the Republic of El Salvador in developing trapping and control programs against the medfly in border areas with the Republics of Guatemala and Honduras and to contribute within its economic capability towards strengthening the trapping programs within the Republics of Guatemala and Honduras.

Recommendation 3:

- (1) That the countries free of the medfly revise their systems of prevention and detection of this pest, re-enforcing these activities with human resources, supplies and equipment so that OIRSA can give the required technical assistance.

Recommendation 4:

- (1) Urge the signatory countries of OIRSA to increase their quotas to OIRSA and to strengthen their plant and animal protection services in order to insure greater protection to the agricultural industry of the region.

Among the final comments made by the representatives of the OIRSA member countries prior to adjourning the meeting the statement made by the Mexican delegates was the most noteworthy. These delegates informed the group that in their report to the Mexican Minister of Agriculture they would strongly recommend that their government offer direct assistance to the Guatemalan government in helping to combat the Mediterranean Fruit Fly. They emphasized their attitude that it was better for Mexico to fight the medfly in Guatemala now rather in their own house later.

OBSERVATIONS AND CONCLUSIONS

It is our estimation that the medfly has been in El Salvador at least two or three years. The widespread nature of the infestations in this country and those infestations in Guatemala place Mexico in imminent danger of invasion—if the pest is not already present.

OIRSA is in immediate need of additional financial support, vehicles and equipment in order to continue and increase its survey effort in Guatemala and Honduras. Medfly surveys also must be encouraged in British Honduras to detect any infestations threatening the eastern Yucatan Peninsula. The anticipated natural decline of medfly populations during the May to October rainy season and the worsening travel conditions will make the detection of medflies more difficult. It is essential that medfly infested areas in Guatemala be located and delimited as quickly as possible. The establishment of quarantine stations on principal highways across northern Guatemala may restrict the movement of large quantities of infested fruit toward the Mexican border. However this would serve only as a delaying action of doubtful effectiveness. The continuity of medfly host fruits extending from within Guatemala into lower Mexico, the uncontrolled movement of field workers across frontier forest trails, and the tourist and commercial vehicular traffic between the two countries weigh heavily against the southern border regions of Mexico remaining free of the medfly for any determinable time.

The geographical and environmental characteristics of lower Mexico at the Isthmus of Tehuantepec offers the only defensible location to establish a quarantine barrier. The semiarid conditions along the Pacific coast with its apparent scarcity of suitable host material would be less habitable for the medfly than the more tropical Gulf Coast. Even here the relatively low density of host fruits would be expected to restrict native fly populations to a level manageable by sterile fly releases or other control measures.

This proposed strategy for the protection of U.S. and Mexican fruit industries would require constant medfly surveillance throughout the Republic of Mexico. If outbreaks beyond the barrier zone were not quickly detected and eradicated U.S. defenses inevitably would be overcome by the constant flow of infested material directed towards its susceptible border areas.

In view of the foregoing information we make the following recommendations:

1. That H.R. 6403, introduced by Congressman de la Garza, and companion bill S.B. 1617, jointly introduced by Senators Lloyd M. Bentsen and John Tower and supported by Florida and California and currently before Congress, be passed as soon as possible.

2. That all potentially affected industries be informed of this dangerous situation.

3. That a joint APHIS-ARS program be initiated immediately to combat Mediterranean Fruit Fly in Central America in the following manner:

A. Control and Regulatory

1. Conduct extensive medfly surveys throughout Mexico, Guatemala, Honduras and British Honduras.

2. Delimit the infested areas in these countries and in the case of Central and Northern Mexico, eradicate any detected outbreaks.

3. Initiate immediate studies on the feasibility of establishing a quarantine barrier at the Isthmus of Tehuantepec with special emphasis on the presence and density of known and possible medfly host fruits.

4. Expand the existing quarantine posts at the Mexican-Guatemalan frontier to include insecticide treatments of tourist and commercial vehicles.

5. Urge the Mexican government to initiate the inspection and treatment of all private and commercial aircraft arriving from Central American countries.

6. Investigate the practicality of establishing internal quarantine stations across Northern Guatemala to protect Lower Mexico, the Yucatan Peninsula and British Honduras.

B. Research Needs to Support Action Program

1. Develop remote sensing methods using color IR photography to locate ecological areas favorable to medfly.

2. Investigate the suitability of native host fruits of Central America and Mexico for medfly development.

3. Carry out population dynamics and host plant sequence studies under the various environmental conditions of Mexico and Central America.

4. Evaluate the uses of chemical/lure formulations applied in various manners in Central American areas of high medfly populations.

5. Develop effective chemical treatments of vehicles for adult medflies.

6. Develop fumigation treatments for susceptible host fruits and vegetables as apples, pears, peaches, papaya, strawberries, grapes, tomatoes, melons, peppers and egg plants.

7. Study the effects of chemical/bait sprays on medfly predator and parasite populations.

OIRSA—Organismo Internacional Regional de Sanidad Agropecuaria—an international regional organization composed of the 5 Central American Republics, Mexico and Panama responsible for the protection of the region against introduced plant and animal pests and diseases.

Texas Citrus Mutual is a voluntary non-profit trade association composed of growers of citrus fruits in the Rio Grande Valley of Texas. The more than 2,500 growers in the organization produce oranges, grapefruit and tangerines. Mutual represents its grower members on matters of general interest and importance, which include problems with citrus pests.

INSPECTION OF RABBITS SLAUGHTERED FOR HUMAN FOOD

THURSDAY, SEPTEMBER 11, 1975

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 2 p.m., pursuant to call, in room 1302, Longworth House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Melcher, Bergland, Litton, Nolan, Hightower, English, Sebelius, and Hagedorn.

Also present: Robert M. Bor, counsel; John E. Hogan, associate counsel; John Baize, staff consultant, Subcommittee on Livestock and Grains; Norman Gay, staff consultant, Subcommittee on Oilseeds and Rice.

Mr. LITTON. The Subcommittee on Livestock and Grains will come to order.

We are here to receive testimony on H.R. 1502 submitted by the gentleman from Kansas, Mr. Sebelius, the subject of which is: To provide for the mandatory inspection of rabbits slaughtered for human food, and for other purposes.

[The bill H.R. 1502 and the report from the U.S. Department of Agriculture follow:]

[H.R. 1502, 94th Cong., 1st sess.]

A BILL To provide for the mandatory inspection of rabbits slaughtered for human food, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That except as provided in section 2 of this Act, all the penalties, terms, and other provisions in the Poultry Products Inspection Act (71 Stat. 441; 21 U.S.C. 451-470) are hereby made applicable (1) to domestic rabbits, the carcasses of such rabbits, and parts and products thereof, and to the establishments in which domestic rabbits are slaughtered or in which the carcasses, or parts or products thereof, are processed, (2) to all persons who slaughter domestic rabbits or prepare or handle the carcasses of such rabbits or parts or products thereof, and (3) to all other persons who perform any act relating to domestic rabbits or the carcasses of such rabbits or parts or products thereof, and who would be subject to such provisions if such acts related to poultry or the carcasses of poultry, or parts or products thereof; and such provisions shall apply in the same manner and to the same extent as such provisions apply with respect to poultry and the carcasses of poultry, and parts and products thereof, and to persons who perform acts relating to poultry, the carcasses of poultry, or parts or products thereof.

SEC. 2. (a) The provisions in paragraph (a)(4) of section 9, paragraph (a)(2) of section 15, and section 29 of the Poultry Products Inspection Act shall not apply with respect to domestic rabbits or the carcasses of such rabbits,

or parts or products thereof. The two-year period specified in paragraph (c) (1) of section 5 of such Act and the periods contemplated by paragraph (c) (4) of such section shall commence upon the date of enactment hereof, with respect to domestic rabbits and the carcasses of such rabbits, and parts and products thereof; and in applying the volume provisions in paragraphs (c) (3) and (c) (4) of section 15 of such Act, the volume restrictions applicable to turkeys shall apply to rabbits.

(b) For purposes of this Act—

(1) wherever the term "poultry" is used in the Poultry Products Inspection Act, such term shall be deemed to refer to domestic rabbits;

(2) wherever the term "poultry product" is used in the Poultry Products Inspection Act, such term shall be deemed to refer to rabbit product; and

(3) the reference to domesticated bird in section 4(e) of the Poultry Products Inspection Act shall be deemed to refer to domestic rabbit.

SEC. 3. This Act shall become effective upon enactment, except that no person shall be subject to the provisions of this Act prior to January 1, 1976, unless such person after enactment of this Act applies for and receives inspection for the processing for commerce (a defined in the Poultry Products Inspection Act) of domestic rabbits or the carcasses of such rabbits, or parts or products thereof, in accordance with the provisions of this Act and pursuant to regulations promulgated by the Secretary of Agriculture under this Act. Any person who voluntarily applies for and receives such inspection after enactment hereof shall be subject, on and after the date he commences to receive such inspection, to all of the provisions (including penalties) of the Poultry Products Inspection Act as applied hereby in relation to domestic rabbits, the carcasses of such rabbits, and parts and products thereof.

SEC. 4. The provisions hereof shall not in any way affect the publication of the Poultry Products Inspection Act in relation to poultry, poultry carcasses, and parts and products thereof.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., August 20, 1975.

HON. THOMAS S. FOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on H.R. 1502, a bill "To provide for the mandatory inspection of rabbits slaughtered for human food."

This Department does not recommend enactment of this bill.

Under this bill, the inspection of the slaughter of domestic rabbits and the carcasses, meat, and products thereof, intended for use by humans would be made mandatory by extending the provisions of the Poultry Products Inspection Act (21 U.S.C. 451-470) to include such animals and articles. With few exceptions, the other provisions of the Act, including the exemptions and the prohibitions on distributing of adulterated or misbranded products, would also apply to persons engaged in the business of slaughtering domestic rabbits or preparing, handling, or distributing the carcasses, meat, or products thereof.

The Department is currently providing rabbit inspection in five plants. This inspection is voluntary and paid for by the firms under provisions of the Agricultural Marketing Act of 1946, as amended (7 U.S.C. 1621 *et seq.*). Production in 1974 under the voluntary inspection program was an estimated 3.2 million pounds.

Information on the remainder of the rabbit meat industry is quite limited. The Department conducted a telephone survey of State inspection officials and was able to locate 59 slaughtering plants in 17 States, some of which would require inspection under the provisions of S. 16. Production data were available from 19 of these plants. Using an average annual production figure developed for the 19 plants, the Department estimates that the annual production in all 59 plants would be a maximum of 9.2 million pounds.

Based on telephone contacts with State officials and some rabbit producers, the remainder of the rabbit meat industry can be characterized as consisting of many very small operations that would be exempt from the inspection requirements of H.R. 1502. This portion of the industry produces meat and products of rabbits for sale locally and for the personal consumption of the producers.

Annual imports of domestic rabbit meat, mostly from Poland and the People's Republic of China, are estimated at 1.5 million pounds. An additional million pounds of meat from wild rabbits is imported from Australia. Since H.R. 1502 covers only domestic rabbits, these Australian imports would not be covered by the provisions of the bill.

Based on the above information, approximately 13.9 million pounds of domestic rabbit meat that would require inspection under H.R. 1502 is consumed annually in the United States. On a per capita basis, that is approximately one ounce per person. Therefore, because domestic rabbit meat is not a significant source of protein in the American diet, this Department feels that, at this time, the rabbit meat industry should not be placed under mandatory inspection, paid for with appropriated funds. The Department will continue to provide a voluntary inspection program.

Enactment of the bill would require additional appropriations of approximately \$400,000 on an annual basis.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

J. PHIL CAMPBELL,
Under Secretary.

Mr. LITTON. Does the gentleman from Kansas have any opening comments?

STATEMENT OF HON. KEITH G. SEBELIUS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KANSAS

Mr. SEBELIUS. I appreciate this opportunity to discuss H.R. 1502, legislation to amend the Meat and Poultry Products Inspection Act to include rabbits.

Action on this proposal is much overdue. This legislation would extend to rabbit processing the same inspection services provided for competing types of meat. The wholesomeness guarantees which would be extended to consumers of rabbit meat make the expense of this inspection an investment rather than a cost.

The basic objective of the meat and poultry inspection program is to protect the public from unwholesome meat and poultry products. The Federal-State meat inspection program has been quite successful in protecting the consumer from dangerous and unwholesome meat products. And, consumers have shown their appreciation for this quality guarantee by demonstrating their growing preference for meat and meat by-products covered by the act.

When the first Wholesome Meat Act was passed in 1906, beef consumption was 71.3 pounds per capita. In 1909, the first year when poultry consumption figures were calculated, 14.7 pounds of chicken were consumed per person. In 1971, beef consumption was almost 120 pounds per capita and chicken consumption was almost 50 pounds per capita.

Of course, other variables influence these figures, but the protection afforded by the acts has made a significant contribution to the dramatic increase in meat consumption.

On the other hand, commercial rabbit meat consumption has stabilized at approximately 0.1 pound per capita. Rabbit meat is all white meat similar to the breast of chicken. The fact that rabbit meat is higher in protein and lower in cholesterol than other red meats underscores its dietary importance in our health-conscious society.

I feel that, to date, rabbit consumption has been limited, in part, due to the lack of consumer guarantees of wholesomeness and the retail price of rabbit which is inflated by the cost of inspection. This competitive disadvantage and absence of quality guarantees has overshadowed the dietary and economic benefits of rabbit consumption.

Federal inspection as required by this bill would accelerate consumer acceptance, would add stability and would provide economic incentive for expansion of the rabbit processing industry.

There has been some concern that mandatory Federal inspection will eliminate the small rabbit processors. This is simply not the case. There are liberal exemptions for small processors and they would stand to gain more than large processors since inspection fees as high as \$12 per hour represent a greater percentage of their production costs than large processors.

There is ample evidence that a significant percentage of the rabbit meat retailed in this country is imported and produced under very questionable sanitation standards. This bill would authorize spot checks of imports and require foreign plants to comply with certain sanitation standards as required for other meat imports.

A healthy rabbit-processing industry could create economic opportunity for many citizens who are either unemployed or underemployed in rural and small-town areas. Rabbit production has specific appeal to senior citizens, youth, and minority groups.

Domestic rabbit raising requires a limited investment and operating capital. The limited capital and minimum labor requirements make rabbit production a promising source of income and meat production in the future.

It is a little known fact that three domestic rabbit does and one buck can produce more meat in one year than one cow at less cost per pound of meat gained—approximately 16 cents a pound on rabbits and 22 cents a pound for beef.

A secondary benefit of increased rabbit production involves the blood serum and byproducts vital to pharmaceutical and biomedical research. This could not only help reduce pharmaceutical costs, and produce new breakthroughs, but it would also lead to a very promising and profitable new industry for rural and small town America.

In short, the time has come to include rabbit processing under the mandatory inspection provisions of the Meat and Poultry Inspection Acts. This would stabilize the rabbit-processing industry without forcing undue costs on the smaller processor who could be exempt. This act would open new doors of opportunity for senior citizens, youth, handicapped, and others in search of gainful employment and economic activity, an important consideration during these times of high unemployment.

More importantly, the consumer would be guaranteed wholesomeness and an increasing supply of a most nutritious and healthful food which is high in protein and low in fat. This bill would also give the rabbit producer and consumer some measure of protection from cut-rate, low-quality imports.

I am hopeful that we will take prompt and favorable action on this proposal.

Mr. LITTON. Our first witness is Dr. Harry C. Mussman, Associate Administrator, Animal and Plant Health Inspection Service, U.S. Department of Agriculture.

Would you proceed, Mr. Mussman. Doctor, we are advised that we do not have a public address system; the room is being prepared for painting. Therefore, we would suggest you speak more loudly than normal.

Dr. MUSSMAN. Very well, Mr. Chairman.

I have here with me, and I would like to introduce, Dr. Arnold Giesemann of the meat and poultry inspection program who may be in a position to add some comments from time to time this afternoon.

STATEMENT OF DR. HARRY C. MUSSMAN, ASSOCIATE ADMINISTRATOR, ANIMAL AND PLANT HEALTH INSPECTION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Dr. MUSSMAN. Mr. Chairman, we appreciate the strong and continuing interest of this committee in the quality and wholesomeness of our national meat and poultry supply, and we are glad to have the opportunity to present the Department's views as you consider new legislation in this area.

H.R. 1502 would provide for the mandatory inspection of the slaughter of domestic rabbits and the carcasses, meat and products thereof intended for use for human food by making the provisions of the Poultry Products Inspection Act applicable to such rabbits and articles.

The Department of Agriculture does not support enactment of this bill.

Based on the best information available to us, it appears that at present rabbit meat is a specialty food which does not constitute a significant portion of the diet of most American citizens. For this reason, although inspection of rabbit meat is desirable in order to assure wholesomeness, we believe the cost of inspection should be borne by those who choose to consume this product, and not by the general public; in other words, a voluntary type inspection program.

Under the Agricultural Marketing Act of 1946, we are currently making such Federal inspection available to the rabbit industry through a voluntary program paid for by the processors who have elected to request inspection. Many processors who have not requested Federal inspection are regulated under State and local laws, or would be exempt from mandatory Federal inspection because of the small size of their operations.

Thus, in summary, because a voluntary inspection program already exists and because a new mandatory program would result in yet another burden on the American taxpayer, we cannot support enactment of H.R. 1502.

We will be happy to answer any questions the committee might have.

Mr. POAGE. Thank you, Dr. Mussman for your concise statement in keeping with the long-standing practice of the Committee on Agriculture.

We prefer to hear the rest of the witnesses, and then call all who testified back and they will be questioned en bloc.

Dr. MUSSMAN. That is entirely agreeable. Thank you.

Mr. POAGE. Our next witness is Robert W. Dubbell, general manager, Pel-Freez Rabbit Meat, Inc., Rogers, Ark.

First, Mr. Sebelius, do you have a comment?

Mr. SEBELIUS. Yes; thank you. I want to welcome Mr. Dubbell back before the committee. The last time we had him here, I mentioned that he is known in the trade as Mr. Rabbit because of his interest in this subject, and so forth. I do want to welcome him also on behalf of his Congressman Mr. Hammerschmidt, who could not be here but asked me to see that we do not pick on you too much.

STATEMENT OF ROBERT W. DUBBELL, GENERAL MANAGER, PEL-FREEZ RABBIT MEAT, INC., ROGERS, ARK., REPRESENTING 25 COMMERCIAL RABBIT PROCESSORS AND AMERICAN RABBIT BREEDERS ASSOCIATION, INC.

Mr. DUBBELL. Mr. Chairman, I appreciate the opportunity to discuss H.R. 1502 and Senate bill 16, legislation to amend the Meat and Poultry Products Inspection Act to include rabbits.

Since I had the privilege of appearing before this subcommittee on May 4, 1972 testifying on the same matter, then listed as H.R. 8714 and S. 1943, I will not include my qualifications as a witness again as this already appears in the printed record of the 92d Congress.

As you will notice in the heading of this statement, I am now speaking for our own company, and also for 25 other rabbit meat processing companies, a list of these being included at the end of this statement, and, also for the American Rabbit Breeders Association, Inc., whose membership includes some 20,000 persons, with their letter of appointment also being included at the end.

It is the common consensus of all of these groups that it is vital that mandatory rabbit meat inspection become law just as quickly as is possible.

At present there is no law governing the inspection of rabbit meat by the U.S. Government. This means that there is no law governing the complete inspection of imported rabbit meat. Also, the present operating procedures of the Food and Drug Administration mean that hundreds of thousands of pounds of imported rabbit meat come into the United States without proper and complete inspection, if, in fact, there is any inspection at all, since the Food and Drug Administration advise that they only make spot inspection checks.

Survival of the domestic rabbit meat industry is dependent on full and proper inspection being required on all imported rabbit meat. This is especially true on imports from Communist countries where we do not have free access to the country, to their methods of inspection, or even have copies of their regulations and specifications governing the inspection of rabbit meat. In particular, this definitely applies to the Peoples Republic of China.

Imports of rabbit meat from foreign countries have basically doubled in the last 5 years. It is totally impossible for U.S. domestic rabbit producers to compete in the marketplace with the low prices of imported rabbits. In addition, the low quality of imported rabbit meat can cause loss of consumer acceptance of all rabbit meat. This is already being felt in the major markets.

WHAT IS THE RABBIT INDUSTRY? WHAT IS ITS SIZE?

1. There are estimated to be up to 100,000 rabbit producers. Former Secretary of Agriculture Orville Freeman stated in testimony before

the Senate that there were 200,000 rabbit producers. In the hearing before this subcommittee on May 4, 1972, Hon. Keith G. Sebelius stated that the USDA has quoted figures of 200,000 to 250,000 rabbit producers. The real fact is that no one knows, as there has never been a census taken. Promotors are now saying there are 300,000 producers, but anything over 100,000 is probably overstated.

2. The American Rabbit Breeders Association, Inc. has some 20,000 memberships. These are mostly hobbyists or show fanciers, but commercial producers also may be members. Mr. Oren Reynolds, past president of the ARBA says that about 75 percent of the rabbits produced by fanciers are not of show quality and are normally marketed to established commercial meat processing plants. Thus, the production of rabbits by hobbyists and fanciers cannot be counted twice when figuring total rabbit meat production.

3. Laboratory rabbits are a vital link in medical research. Between 500,000 and 800,000 rabbits are used annually for research, or by pharmaceutical firms to test their products in accordance with Food and Drug regulations. These live "tools" must be available to the medical profession.

4. Commercial rabbit meat processing plants are located in many areas of the Nation. One of these plants has been in business since 1911, that is, Pel-Freez Rabbit Meat, Inc. Many have been operating for 10 to 30 years or longer. An up-to-date count on plants in operation is difficult to determine, as many plants are of short life and go out of business within 1 to 5 years from the date of starting, and new processors enter the field. There are 25 plants being represented by my testimony, as they have sent me their written authorization to represent them at this hearing. There are probably another 20 or so very small processors who would just as soon not be identified, but their total production would probably be not more than 100,000 rabbits a year, or about 225,000 pounds of meat.

The known and readily identifiable processors have just sent their production figures to me for the period 1967 through June 1975. For these 9½ years, the average total annual production has been 3,300,000 to 4,300,000 pounds of meat. Adding the volume of the smaller processors we mentioned above, gives an annual commercial production of about 3,500,000 to 4,500,000 pounds of rabbit meat. This is a long way from the estimated 10 million pounds for commercial processors as quoted by Hon. J. Phil Campbell, Under Secretary of Agriculture in his letter to Congress dated Feb. 25, 1972 when giving the Department's views on Senate bill 1943.

The USDA has been quoting a figure of 20 to 30 million pounds of rabbit meat consumed in the Nation annually. This figure is obsolete. It probably was applicable to the early 1950's. We have suggested many times that new production figures should be used that recognize the steady decline in production that has been taking place since the peak of production was reached in the World War II period. Elimination of meat rationing caused the first large drop in production. Then the collapse of the fur market forced processors to quit. When the Australian imports increased in the late 1950's, domestic production was hurt again. Then in the mid-1960's, the imports from Poland damaged the U.S. market again. Now, it is the tremendous tonnage of Chinese rabbit meat that is the factor causing producers and processors to lose money and their markets.

One of the errors being quoted by the USDA is that commercial production is about 4 million rabbits. A survey indicates that 2 million rabbits is a more accurate figure. USDA reports 4 to 8 million rabbits produced by the hobbyists. As outlined in paragraph 2, page 2, these are possibly being counted twice.

We believe annual commercial production to be 4 to 4½ million pounds. Another 2 to 4 million pounds may be produced by hobbyists for home consumption. Accurate figures are important to Congress in order to better understand the damage by imports as discussed later.

5. Perhaps the greatest importance of domestic rabbits to the Nation is the fact that about 1 person in 10, or about 20 million citizens depend on rabbit biological products each year. Figures supplied by the Pharmaceutical Manufacturers Association; by I.M.S. America, which is a fact-finding and statistical organization reporting on the use of diagnostic reagents in the Nation; and by the Society of Medical Technologists, all indicate that the rabbit is a vital source of raw material for the Nation's health. The industry must not be liquidated by imports.

There are 17 million surgeries done annually in hospitals in the United States. Before each surgery, it is normal that two tests be made in which a rabbit biological product is used. These rabbit products are also exported.

All patients on anticoagulant therapy normally must have their blood prothrombin time tested every 2 to 4 weeks and this is done with rabbit brain thromboplastin. Rabbit blood plasma is also used in some tests. All patients with phlebitis are tested in this same manner, sometimes tested daily in severe cases to determine proper medication. Hemophilia patients use rabbit reagents to determine which blood factors are deficient. Rabbits are vital for the Nation's health.

Economics of the rabbit meat industry

The general opinion of the public is that rabbit raising and rabbit meat processing is a gold mine. This false opinion is the basic reason so many new rabbit producers and rabbit processors fail. The large anticipated profits just are not there. The life of the average rabbit processing plant is usually 3 to 5 years. Some fail within the first 1 or 2 years, while there are some that have been operating for many years. It is estimated that far less than 10% of the rabbit processors who start are still in business as long as 10 years.

Why do so many processors fail? Usually it is a combination of many things, but the primary factor is that the potential rabbit meat processor just does not want to listen to the facts and does not want to believe the facts after he does hear them. The old standard rabbit jokes about the fantastic fertility and production ability of the rabbit seem to have a greater appeal than the real facts.

There are usually many "get-rich-quick" promoters in the rabbit production field. They tell of the great unfilled demand for rabbit meat that cannot be filled with current production. They say that the farmer can make a profit of \$25 to \$30 per production doe a year. They are claiming today that there are over 300,000 rabbit producers. Even today, they claim that over 30 million pounds of rabbit are produced annually in Los Angeles County, and that San Diego County has over 40,000 producing female rabbits. These apparently are the type of "facts" that the public likes to hear.

We have already stated that total commercial rabbit production is about 2 million rabbits a year, with total production of about 41½ million pounds annually in the United States. Profit per year per doe is much closer to \$10 than the claimed \$25 to \$30, and during the past 2 years the profit per doe has been below \$10 for many farms due to the very high feed cost, which is 75 to 100 percent higher today than it was in 1972 at the time of the last hearing on mandatory rabbit meat inspection.

Larger processors generally make less profit per pound than do smaller processors. This is due to the fact that large processors have to hire most labor, while smaller processors can often get along without hired labor. Also, larger processors have a greater cost in marketing, much higher sales costs, substantial promotion and advertising costs, freight costs, et cetera. For example in our fiscal year ending April 30, 1975, we were forced to spend a total of \$110,874.91 to try and sell the rabbit we produced, as the overall market was being damaged so greatly by imported rabbit meat we could not sell the rabbits at our normal pricing structure and in our normal channels of trade. We had the greatest inventory in our 64 years in business, yet the promoters and some of the magazines keep on saying that the demand for rabbit meat far exceeds the supply. If this is true, why would our inventory be so great? Our own experience was also shared by many others, and one of the newest processors with a good plant who had planned to have USDA inspection is closing his doors on September 16, 1975. He said he just could not compete with the imports.

What net profits after tax do processors earn? We can speak for our own company only. During the 14 year period from 1961 to 1975 for our fiscal year ending April 30, the highest earning in any year was 2.57 percent on sales. In the period 1961-65, average earnings were 1.79 percent. During 1966-70, earnings were at our peak with an average of 2.00 percent. Then the full effects of the low-priced imports hit our market, and our earnings between 1971-75 dropped to a .88 percent. In 1975 alone, we showed an actual loss of (.02 percent) during a period when total dollar sales were by far the greatest in our 64-year history. These profit figures are not just for rabbit meat alone. Most all processors lose money on the meat and have to recover all of the by-product income possible to show a profit. In our case, we included total sales of meat, inedible by-products, furs, feet for key chains, and medical biological products, in other words, everything that we could market from the live rabbits we purchase.

What are the costs of voluntary USDA rabbit meat inspection?

In fiscal year ending April 30, 1975, we paid the USDA a total of \$24,481.06 for inspection and grading. We pay for 40 hours a week, plus any overtime and any holiday work. Inspection is based on 6 hours out of the 8-hour day, and grading is charged 2 hours.

During the May 4, 1972 hearing, Hon. Keith Sebelius asked me what USDA inspection cost our company a year. At that time, it was almost impossible to determine what inspection cost due to the great foulup in the USDA computerized billing system. In my own answer to his question in 1972, I stated that I thought the cost would be between \$14,000 and \$16,000 a year. The actual cost now shows it to be \$16,710.78 for fiscal year ending April 30, 1972.

Thus, in the last 3 years our cost of USDA services paid to the Department has increased \$7,770 or 46.5 percent, which equals 15.5 percent per year. This is far greater than the Cost of Living Index increase.

In 1970 our cost was \$13,091.16, making the 1975 cost increase in a 5 year period come to \$11,390 or 87.0 percent, which equals 17.4 percent per year. This is even a greater inflationary increase than in the last 3 years.

The Cost of Living Index of 1967 was figured at 100 percent and it is approximately 160 percent today, for an increase of 60 percent. Since 1967 our cost of USDA inspection and grading has increased from \$10,121 to \$24,481, for an increase of \$14,360 which is 141.9 percent compared to the 60 percent increase in the CLI. This is an average increase of 17.7 percent.

The above costs are only for actual payments made to the USDA, and do not include the cost of product rejections. The cost of rejections in fiscal year ending April 30, 1975 was \$31,252 and this compares with the cost in 1971 of \$14,756, making another increased cost of operation in a period of only 4 years come to \$16,496, which is an increase of 111.8 percent, or an average of 27.9 percent per year. One of our major causes of inflation and higher costs is thus caused by our Federal Government, and we have reported on only 2 factors, not counting taxes, etc.

Imported rabbit meat, current volume and potential volume

To fully understand the impact and damage done to the domestic rabbit industry in the United States, one must have the volume of rabbit production by commercial processors in the United States and the volume of imported rabbit meat for comparison. This is why it is so vital that Congress, and the USDA, the Treasury Department, and all of the other involved departments of Government, realize that actual production of commercial rabbit meat in the marketplace is only 4 to 4½ million pounds, and not the estimated figures of 10 million pounds as last reported by the USDA in their report to the Senate on February 25, 1972, and up to 20 to 30 million total pounds when production of hobbyists is included.

Imports for the last 5 years as reported by the U.S. International Trade Commission on August 28, 1975 are as follows:

	Australia wild rabbits	China domestic rabbits	Poland domestic rabbits	Total imports	Percent U.S. comm. prod.
Total pounds in—					
1970.....	675,360	0	181,000	856,360	21.8
1971.....	868,130	0	80,298	948,428	22.1
1972.....	780,790	110,230	161,218	1,052,238	23.4
1973.....	907,110	427,634	199,464	1,534,208	43.5
1974.....	719,460	505,197	250,200	1,474,857	37.8

Please note that both China and Poland shipped substantially more rabbits to the United States in 1974, but Australia dropped. Why? There is only one importer of Australian rabbits in the Nation, and he advised that he was hurt badly by the low prices of the rabbits from

China and could not sell his Australian rabbits. He stated that he has been able to get the Australian shippers to reduce their 1975 prices and his imports for 1975 will be back to normal. He has already imported over 570,000 pounds in 1975 even though the 1975 figures to date do not show this amount, and only show that 39,000 pounds have entered the United State during the first 6 months. The imports from China for the first 6 months are at the rate of about 586,454 pounds for 1975. With this greater volume of Chinese being a real possibility for 1975, plus a substantial increase in the Australian rabbits, the total percent of imported rabbits as compared to commercial U.S. rabbit production will undoubtedly be somewhere between 40 and 50 percent. This is a serious situation.

The U.S. domestic rabbit industry cannot compete with this very large volume of imported rabbits. While U.S. production did not show a substantial drop in 1974, or in 1975 to date, this is due to the fact that many hundreds, probably many thousands, of new rabbit producers started production in 1974 and 1975. This is a normal condition during periods of recession. The unemployed need greater income than unemployment insurance. They can enter, or reenter, into rabbit production and have rabbits on the market within 7 to 8 months from the time they start. Production last December 1974, and January 1975, were the heaviest December and January production months in our 64 years of business. This is one more reason why the rabbit industry is good for the Nation as it can supply increased income to persons laid off by industry.

In addition to the volume of rabbits from China that have come into the Nation, Congress needs to understand the potential of the Chinese to completely overrun our own production. One of the importers reported in 1971 that he could offer our country each year at least 2,400,000 pounds. On September 4, 1975, another firm offered to sell to Pel-Freez 250 tons for shipment during the rest of 1975. This is 1 million pounds in addition to the volume that is already in the Nation. This would make imports from China alone equal to over 33 percent of the total U.S. production if these new offerings actually develop into sales in the United States.

Congress wisely recognized the very great danger in the import damage, or market disruption, due to imports from Communist countries, and add section 406 to the 1974 Trade Act. This section requires the U.S. International Trade Commission to make a full investigation of the damage, injury, and market disruption, or the potential market disruption that is caused by imports from the Communist countries, and requires that this investigation be fully completed within 90 days and a report made to the President. The President is authorized to take action to protect the U.S. domestic industry being damaged, and certainly there is every reason for us to believe that such an investigation will prove what we have now presented to this subcommittee. It should also prove that there is no way for a farmer, or processor, to operate in our economy based on free enterprise, and be competitive with products from state-controlled nations, which are basically the Communist nations. The U.S. domestic rabbit industry does plan to file a petition with the U.S. International Trade Commission asking for an investigation as provided under section 406.

What are the prices of imported rabbits? How do these prices compare with the necessary wholesale prices of our own domestic rabbits? Prices in the marketplace early September 1975 are:

U.S. domestic (dollars)-----	1.10-1.25
Australian (cents)-----	73-82
Chinese (cents)-----	78-84
Polish (estimated)-----	0.95

The above prices for U.S. domestic are depressed from normal wholesale levels to be more competitive with the imported rabbits. The basic wholesale price of U.S. domestic rabbit meat should be \$1.20 to \$1.35 a pound, and these were the general prices prevailing until the great increase supply of Chinese rabbits forced most processors to reduce their wholesale prices in an attempt to be able to sell their total production.

The exporter who offered to sell us 1 million pounds offered to deliver them to the U.S. port of entry for under 50 cents per pound, with an expected further reduction of 10 percent to 15 percent after he negotiated with the Chinese during his current invited visit to China. The cost will probably end up somewhere between 42 cents and 45 cents a pound delivered.

How does this delivered price of under 50 cents a pound compare to the cost to produce a pound of domestic rabbit? It is basically less than 50 percent of the average cost to the U.S. processor if the plant pays a fair and profitable price to the farmer for live rabbits.

Why is mandatory rabbit meat inspection so vital to the industry?

1. At present, there are no specific Federal laws governing the inspection of rabbit meat. This applies to the sale of rabbit meat within the United States, and also to the rabbits that are imported. The State of California does have excellent rabbit meat inspection regulations, and that State will not permit imported rabbits to enter California unless the meat fully complies with their regulations.

2. By Federal laws and regulations, the U.S. customs service is required to enforce the laws and regulations governing the admissibility of products of foreign origin. Prior to the entry into U.S. commerce, rabbits being imported are subject to inspection by Food and Drug Administration officials, to determine compliance with the requirements of the U.S. pure food laws.

3. Even though FDA inspection is called for, and most citizens assume and expect that all imported foods have been given this inspection, we were advised by Dr. Howard K. Roberts, Acting Director, Bureau of Foods, FDA on August 20, 1975, that it is not possible for the FDA to examine every shipment of every food offered for entry into the United States. There apparently is not enough money appropriated for the FDA to hire enough inspectors, and to inspect all imports. This is a disturbing situation to learn that foods in the retail stores have not received full inspection. It is especially of great concern on imported food from China where we have no right to enter the nation, roam freely to see how rabbits are being produced, what they are fed, what diseases they might have, what medications are used, how the meat is inspected, and what assurance we have that there are no unknown new bacteria being introduced into the United States.

We do know that myxamatosis virus was the cause for the very great loss of wild rabbits in Australia in the 1950's. This same virus caused very great losses to the domestic rabbits in France. The disease still exists in Australia, and the rabbits being imported today seem to have developed a degree of immunity to myxamatosis. However, the virus can be in the rabbit and not detected, and when the meat is frozen it becomes a perfect manner in which to preserve the virus. We have always been concerned that myxamatosis might become a factor in the United States and cause the liquidation of our rabbits as happened in Australia and in France.

Normal FDA inspection on rabbits consists of a visual inspection of the frozen meat. The meat is not thawed to look for possible decomposition, nor is it sent to a laboratory for bacterial testing. Lack of men and money prevents the FDA from doing the type of full inspection they would like to do, as they are dedicated personnel but are hampered in doing a full inspection job on imports due to lack of funds. I believe that the public wants imported foods to receive full inspection, not just spot checks on some shipments.

4. An example of what we are calling to your attention, is that a sample of Chinese rabbit meat was offered to one of the Nation's major chain stores. The rabbits had already been allowed to enter the United States and were moving in interstate trade, and actually being retailed by a competitive chain in the Midwest. The chain ran laboratory tests on the Chinese rabbit meat and found that the meat was so grossly contaminated that it was considered to be unsalable. Yet stores of competitors were selling this same contaminated rabbit meat to consumers.

5. We believe that this subcommittee will be very concerned about a condition of this nature. We trust that this will result in quick approval of H.R. 1502 by this subcommittee, by the full Committee on Agriculture, and will be passed by the House. A letter dated September 2, 1975, from Hon. Bob Dole, who introduced bill S. 16 in the Senate, states he expects the Senate Committee on Agriculture to take up this legislation soon after the House.

Hon. Herman E. Talmadge, Chairman of the Senate Committee on Agriculture, also advises that his committee is ready to act as soon as the House takes affirmative action. As this subcommittee knows, the Senate actually passed the same mandatory rabbit meat inspection bill in both the 92d and the 93d Congress.

6. In contrast to the full inspection that consumers have the right to expect on imported rabbit meat, but do not get, we remind this subcommittee of the full and complete USDA voluntary inspection of rabbits that we have in our plant, and which is also currently being provided in 2 other USDA plants. In addition to ante-mortem inspection of the live rabbits, and the post-mortem inspection of the dressed meat, the USDA has even submitted 397 samples of our rabbit meat to Washington for tests on tissue residues to detect presence of hydrocarbons, antibiotics, and the sulfonamides. Our tightly controlled domestic production rabbits are not only receiving rigid USDA inspection for wholesomeness and USDA grading, but the meat is even being further tested to detect a few parts per million of some tissue residue.

In spite of all this caution on a well-known product that is produced by U.S. citizens, under the most modern methods and being fed the very best, and highest protein feeds, then processed in plants under rigid USDA inspection, our same Federal Government allows imported rabbit meat to be sold in the Nation's stores without any inspection whatsoever in many instances. Why does Congress permit this double standard and discrimination to exist?

We trust that today's hearing will be the start of the end of this unfair situation.

Mr. Chairman, I appreciate this opportunity to present this statement to this subcommittee. Now, if the chairman wishes to have the subcommittee question me for further details, I will be pleased to answer their questions to the best of my ability.

[Mr. Dubbell submitted the following:]

Listed below in alphabetical order by States are the names and addresses of the 25 processors who have authorized me to represent them at this hearing:

Gene's Rabbit Ranch, Rt. 1 Box 168C, Tolleson, AZ 85353
 El Monte Rabbit Co., 1641 S. Cogswell, S. El Monte, CA 91733
 Franklin's Rabbitry, 1574 W. 9th St., Upland, CA 91786
 Independent Rabbit Co., 3583 Christensen Ln., Castro Valley, CA 95656
 Lucky Rabbit Co., 2724 Durfee, El Monte, CA 91732
 Nitabell Rabbitry, 29215 Taylor Ave., Hayward, CA 94544
 Valley Farms Rabbits, Inc., P.O. Box 2023, El Cajon, CA 90201
 Vaughn's Rabbitry, 2416 Rice, Pueblo, CO 81004
 O.K.L. Industries, Inc., Rt. 4, Box 132, Melbourne, FL 32901
 R. C. Ranch Rabbit Processing Plant, Star Rt. 45, Harlem, GA 30814
 Hoffman Rabbit Farm, Algonquin, IL 60102
 Circle "S" Rabbit Enterprises, Inc., Rt. 1, Box 183, Patoka, IN 47666
 Joe Laura, RFD 3, Bedford St., N. Middleboro, MA 02346
 Happy Chick Animal Farm, Rt. 3, Box 315, Gulfport, MS 39501
 Ohio Rabbit Processors, Inc., Box 54, Sullivan, OH 44880
 R. & R. Rabbitry Rt. 2, River Road, St. Marys, OH 45885
 Grand Ronde Rabbitry, Star Rt. 2, Box 5, Grand Ronde, OR 97347
 River Rabbit Ranch, Rt. 1, Box 145A, Pendleton, OR 97801
 Cascade Rabbitry, Rt. 1, Box 670, Estacada, OR 97023
 West Gate Hill Rabbitry, 1460 Stokes Pk. Rd., Bethlehem, PA 18107
 Palmetto Rabbit Co-op, Inc., Rt. 1, Box 373, Warrensville, SC 29851
 Rabbit Industries, Inc., Box 796, Anton, TX 79313
 Ralph Elkins, RFD, Box 439, Provo, UT 84601
 Rabbits, Inc., 3450 W. 8600 South, W. Jordan, UT 84084
 Zim-Kar, Inc., Box 67, Clintonville, WI 54929
 Also, The American Rabbit Breeders Assn., Inc., Bloomington, IL 61701,
 August 20, 1975

This letter is our authorization for Mr. Robert W. Dubbell of Pel-Freez Rabbit Meat, Inc. to speak for and in behalf of the American Rabbit Breeders Assn., Inc. during the open hearing in regards to H.R. 1502, the bill which deals with mandatory rabbit meat inspection laws.

He has full authorization to present testimony and answer any and all questions directed towards the ARBA, Inc. and carries the complete backing of our organization.

Sincerely,

(Signed) OREN R. REYNOLDS,
*Chairman, Advertising &
 Publicity.*

[From the Food Institute's Weekly Digest, June 15, 1974, Vol. 81, No. 32]

PROBLEMS FACING IMPORTERS OF CHINESE FOODSTUFFS

"At present there are two main barriers on the U.S. side which restrict the development of this [Chinese import] business. . . . Firstly, the discriminatory import duty structure and, secondly, the requirements of the Food and Drug

Administration and the Department of Agriculture." These remarks by David Cookson, director of the Far Eastern Division of ICD Group, Inc., New York, were given recently at a seminar on trade with the People's Republic of China held in New York City.

To remedy the first area of difficulty, the import duty structure, Cookson stressed the need for the People's Republic being reclassified as a Most Favored Nation, a trade bill thus far "languishing" in Congress.

As for the FDA requirements, which stand firm and may even get tougher, Cookson realistically comments that the onus and risk of rejected foodstuffs are firmly on the shoulders of the importers. Further stressing the point, Cookson submits, "... all foodstuffs and foodstuff raw materials that China exports are prepared under State control ... the very highest standard. Nevertheless, it is still a tremendous risk to buy an item like Chillies at say 30¢ per pound CIF ... and then be confronted with a bill for more than 15¢ per pound to have the goods recleaned here—even though such recleaning by no means guarantees a 'green ticket'."

As it now stand, the only meat product which the People's Republic can safely export to U.S. markets is frozen rabbits. Interestingly, this particular foodstuff does not come under the auspices of the Department of Agriculture. All other red meats are banned for import to the U.S. until Chinese slaughtering and packing facilities are opened to the Department of Agriculture for inspection.

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C., September 3, 1975.

Mr. ROBERT W. DUBBELL,
*Pel-Freez Rabbit Meat, Inc.,
Rogers, Ark.*

DEAR MR. DUBBELL: This is to acknowledge and thank you for your recent letter in regard to the need for mandatory rabbit meat inspection and for the extensive correspondence between yourself and various government agencies.

This Committee is fully aware of the problem and we are proceeding with legislation that would make this inspection mandatory for both domestic and imported rabbit meat. A bill very similar to the one currently pending in the Committee was passed in the last Congress and I see no reason to think that this bill will not again pass.

With every good wish, I am
Sincerely,

HERMAN E. TALMADGE,
Chairman.

Mr. POAGE. Thank you very much, Mr. Dubbell. I will call you back at the conclusion of the formal presentation.

Mr. DUBBELL. Thank you.

Mr. POAGE. Our next witness is Dr. Clarence H. Pals, executive vice president, National Association of Federal Veterinarians.

STATEMENT OF DR. CLARENCE H. PALS, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION OF FEDERAL VETERINARIANS

Dr. PALS. Mr. Chairman.

My name is Clarence H. Pals. I am a veterinarian, now serving as executive vice president of the National Association of Federal Veterinarians. Most of the 1,400 veterinarians in the Federal meat and poultry inspection program are members of this association.

They administer, supervise, and perform the services required to assure that the meat and poultry produced and sold in the United States is clean, sound, wholesome, and truthfully labeled. This includes all meat and poultry imported into the United States as well as all product exported to foreign countries.

After serving in Federal meat inspection for over 34 years, I retired nearly 10 years ago as director of that service.

A few points of history might be of interest, I think. From 1890 to 1906, a limited amount of inspection was provided by the Department of Agriculture to meet the requirements of foreign countries who were concerned about certain diseases in livestock from the United States.

In response to strong demands from the public and an appeal from President Theodore Roosevelt, a comprehensive meat inspection law was passed June 30, 1906. This covered the inspection of cattle, sheep, swine, and goats and the products prepared therefrom.

In 1928 USDA entered into an agreement for the voluntary inspection of dressed poultry and edible poultry products for condition and wholesomeness. In 1957 Congress recognized the need for a more comprehensive program and passed legislation that made poultry inspection mandatory for plants selling their product in interstate or foreign commerce.

Following revelations of widespread abuses in meat plants selling only within the State, the Wholesome Meat Act of 1967 was passed to provide that all meat sold commercially in the United States should be produced under standards equal to those applied in the Federal program. The next year nearly identical amendments were approved covering poultry inspection.

These laws gave the Secretary of Agriculture authority to help the States develop programs as good as the Federal programs, to raise the quality standards for all imported meats, and for the first time, the power to inspect State plants.

Following passage of the laws of 1967 and 1968, all of the States except one proceeded to establish or improve existing inspection systems. The Federal Government assumed up to 50 percent of the cost of operating the State programs in meat and poultry inspection.

Since that time it has been found that 18 States could not handle their meat inspection program and 25 States could not handle the inspection of poultry. In these States, all of the inspection of meat and poultry is under the Federal meat and poultry inspection program, Animal and Plant Health Inspection Service of the Department of Agriculture. Some of the States include domestic rabbits in their inspection coverage.

Domestic rabbit meat could become a more important part of the diet. The raising of rabbits does not require a large capital expenditure and it fits in well as an enterprise even for older people and people with certain handicaps.

In some parts of the country, procedures have been established which have facilitated the marketing of the live rabbits. It would be relatively easy for existing meat and poultry slaughtering establishments to provide facilities that would permit developing a good outlet for the rabbit meat bearing the marks of Federal inspection. I am confident that rabbits bearing the marks of Federal inspection would be well accepted by consumers and the demand for rabbit meat would increase.

At present, imported domestic rabbits have an uncertain background. There is no requirement that ante mortem and post mortem inspection in the country of origin be adequate.

We know little or nothing about the quality of rabbit inspection in the People's Republic of China and Poland, the principal exporters of domestic rabbits to the United States. Under the proposed legisla-

tion such rabbits would be required to be prepared under standards at least equal to those in the United States. It has been estimated that 1.5 million pounds of domestic rabbit meat is imported annually.

Rabbits are susceptible to most of the diseases and conditions found in other animals and some diseases that are transmissible to man. Rabbits can now be sold in many States without any form of inspection. Under the present system of voluntary inspection, it is possible that only the better rabbits would be presented for inspection, with the others being sorted out and disposed of in a facility where there is no inspection.

The same situations that convinced the Congress to provide for mandatory meat and poultry inspection will be found to exist with rabbits. With the exception of 1 year—1947—when the entire cost of the Meat Inspection Service was borne by the industry, it has always been the policy that, with the exception of overtime, the cost of meat inspection should be paid out of public funds. This same policy should now be extended to rabbit inspection, and the inspection should be mandatory.

Just as poultry was once a "Sunday dinner" specialty in many homes and now has become an important part of the diet, so rabbit meat could become much more popular if all consumers could be assured of its wholesomeness.

We recommend the enactment of H.R. 1502.

Mr. POAGE. Is that all?

Dr. PAIS. That completes my statement.

Mr. POAGE. Thank you very much for your testimony.

Our next witness will be Mrs. Marya McCurdy. Will Mrs. McCurdy come to the witness table? I guess Mrs. McCurdy is not here.

Is there anyone else here who wants to testify on rabbit inspection?

[No response.]

If there is no one else who cares to be heard, without objection these will be inserted in the record totally.

A communication from Darlene V. Sartore of the International Rabbit Producers Cooperative Association, Inc., Princeton, Ind., has been received with the request that it be included in the official record, which will be done.

[The communication referred to above appears on p. 78.]

If there is no further testimony to be heard, the committee will go into an open session here.

[Whereupon, the witnesses all came to the witness table.]

Mr. SEBELIUS. I would like to ask some questions.

Mr. POAGE. Please go ahead, Mr. Sebelius.

Mr. SEBELIUS. I would like to ask Dr. Mussman a few questions to establish exactly the USDA position.

My first question is, does the Department consider rabbit meat inspection to be desirable from the standpoint of consumer protection?

Dr. MUSSMAN. Yes, I would say the inspection of rabbit meat would be desirable from that standpoint.

Mr. SEBELIUS. I noticed that Mr. Dubbell, in his figures, stated that his last year's rejections alone were worth \$31,000, so evidently there is something taking place there that needed protection for the consumer.

Dr. MUSSMAN. Yes, that is correct.

Mr. SEBELIUS. Doctor, does the Department consider rabbit meat inspection desirable from the past experience of the USDA program on voluntary rabbit meat inspection?

Dr. MUSSMAN. Well, as I said in the statement, Mr. Congressman, the inspection of rabbit meat would be desirable from the standpoint of wanting to insure wholesomeness of the product.

What we are trying to express here is that we can accomplish this through a voluntary program whereby the user of the inspection indeed pays for it rather than making it a mandatory program. So inspection is available at this time.

Mr. SEBELIUS. In the poultry act there are considerable exemptions, are there not?

Dr. MUSSMAN. Yes.

Mr. SEBELIUS. What meat products from the Peoples Republic of China are now in the United States other than rabbit meat?

Dr. MUSSMAN. None at all, sir.

Mr. SEBELIUS. Are the inspection programs, regulations, and specifications of Chinese meat products considered to be acceptable in conformity with USDA regulations and specifications?

Dr. MUSSMAN. I really cannot answer that because we have no regulations governing it at this time.

Mr. SEBELIUS. You don't know what they do to their rabbits?

Dr. MUSSMAN. No, sir, I don't.

Mr. SEBELIUS. One final question. In hearings on mandatory rabbit inspection in the 91st and 92d Congress, the Department had no objection to the same bills that are now before the 94th Congress.

If funds were available and approved by the OMB, would the Department today also have no objection to H.R. 1502 and S. 16?

Dr. MUSSMAN. If funds were made available, yes, sir. We would certainly enter into the program and do as fine a job as we can.

Mr. SEBELIUS. Thank you, Dr. Mussman.

I have one question of Mr. Dubbell. I just mentioned part of it.

I see your inspection costs are such now that last year it cost you \$24,841 for inspection costs.

Mr. DUBBELL. That is what we paid the USDA, yes.

Mr. SEBELIUS. And your rejections costs last year were \$31,252?

Mr. DUBBELL. That is correct.

Dr. MUSSMAN. May I interject here, Mr. Congressman? I believe, if I am not mistaken, Mr. Dubbell's figure probably includes a significant payment for the grading inspection which is included in that total.

It was paid to the USDA for the grading portion.

Mr. SEBELIUS. I appreciate the comment. What I am leading up to is that I believe there is a little over \$55,000 that it costs you to have Federal inspection. And you are here today to testify that you want it, and you said that is the reason.

I just want to make a point that, even though it costs you \$55,000, you still think that Federal inspection is a desirable thing.

Mr. DUBBELL. Well, yes, we think it is desirable. There are many things that are desirable if you can afford them.

At the rate of inflation of inspection, as Dr. Mussman has just said, the \$24,481 does include—one-fourth of this amount is for grading. We are charged for 40 hours of work per week. Before we had USDA

grading, we were charged for 40 hours of work. And at this time, our inspection bill is running \$5, \$6, \$7, \$8,000, before we had grading.

Then, we still are charged 40 hours. The difference being that now we are charged 6 hours for inspection and 2 hours for grading. So there is no difference in the charge. If we didn't have grading, our inspection charge alone today would be the same, for all purposes except for any slightly different administrative costs.

Mr. SEBELIUS. Thank you. I also want to thank Dr. Pals for coming because I think he had added much to it having been in the service for 34 years before retiring and taking this on. I want to thank you all three for taking the time to come here and present your views. That is all I have to say. Thank you.

Mr. POAGE. Mr. Litton.

Mr. LITTON. I have one question to direct to Mr. Dubbell. In your prepared statement, you testified concerning the suggested amendment to increase the exemption.

Mr. DUBBELL. In my summary portion, yes.

Mr. LITTON. In your summary portion. It does not, however, appear in the prepared text, and I am not quite clear as to what precisely you did recommend.

Mr. DUBBELL. I recommended—it was an oversight in my written statement—as a result of the 1972 hearings, at which time rabbit was to be tied—and is to be tied, under 1502—to the Poultry Products Inspection Act.

The exemptions in this were applicable to those of turkey. In other words, the rabbit and the turkey were tied together. If you did so many turkeys—5,000 turkeys, or less, if you did less than 5,000 turkeys—you would be exempt. If you did 5,010, you would be under the law.

The point being that, as a result of the 1972 hearings, the consensus of the industry and the processors, who say: Well, look, if I do 97 rabbits a week, that means I will be under the bill. Well, 97 rabbits a week is 1 hour's work a week; or less.

Now under an inspection program, that is not even practical; it is not practical for the USDA to attempt it.

So, at that time, a turkey and a rabbit are two different things. A turkey generally, on the average, is some place between 12 and 20 pounds. A rabbit generally is about 4 to 4½ pounds, on the average.

This is why—I am sorry that I overlooked it in my written statement—I would recommend that the exemptions be increased to include 300 or 400; I would say even 500 would be a reasonable exemption for the small processors. This would be 15,000, 20,000 or 25,000 rabbits per year, bringing it down to the point where the little man—let's don't make it impractical for him, let's don't make it to the point where he can't do the job. As Dr. Mussman said, we have a voluntary program. Let the people who want to eat rabbit pay for the inspection.

How much can you pay for inspection? They don't pay for inspection of poultry, not on beef or on pork, or anything else. And, yet at the rate of \$25,000 per year for inspection, it's getting pretty tasty high-cost inspection, and it just can't sell.

That's why our place on the market has been badly hurt, even without imports, badly hurt just because of this fantastic increase in cost. So let's don't hurt the little man. Be more fair with him.

I would highly recommend, after a survey and working with these little people—I say “little people,” big people. I have a survey here that represents I would say 90 percent of all the rabbits produced in the United States which I completed in the last 30 days; written surveys from these particular processors who have reported their volume of rabbit from 1967 to 1975 June, by year.

If you take this group of people right here, and you eliminate all these people on here that I am suggesting would be exempt, you have about nine left. Possibly 10, if one of them goes back in business.

Mr. LITTON. May I interrupt you? If we were to set the exemption, say at 500 a week, we would eliminate all but 9 or 10 processors.

Mr. DUBBELL. If you put the exemption at 400 a week, you would eliminate all but 9 or 10.

Mr. LITTON. Dr. Mussman, would that alter in anyway the position of the Department of Agriculture?

Dr. MUSSMAN. I am glad you asked, Mr. Congressman. I feel that I have to take issue with the proposal that Mr. Dubbell is making at this time because it flies in the face of the reason which he has proposed for having mandatory inspection to begin with. And that was, to insure the consumer that he was receiving a wholesome product.

If you exempt all of these producers, who are turning out in the neighborhood of 20,000 to 25,000 rabbits per year, which by my calculations would be well in excess of 50,000 pounds of meat, I don't think that you or I would feel comfortable with a mandatory inspection which would only deal with those which were larger than that, and let those producers go without any kind of inspection whatsoever.

I would seriously question whether or not this would be in the best interests in any kind of a mandatory inspection program to set the exemption that high.

Mr. LITTON. What percentage of the total volume of rabbits slaughtered for market do those 9 or 10 market producers represent?

Mr. DUBBELL. I haven't calculated, but I venture to say this would equal approximately 70 to 75 percent. I may be off a little bit.

Mr. LITTON. Thank you, gentlemen. That's all, Mr. Chairman.

Mr. POAGE. Are there any further questions?

Mr. HOGAN. Mr. Chairman, is the representative of the General Counsel's office here? I wonder if they want this to apply to the Poultry Products Inspection Act?

Mr. POAGE. Let us talk about that in executive session rather than prolonging this record. I don't see any reason for putting that into our record. I don't mean to overrule it, but, if there are no further questions of these gentlemen, perhaps we can go into business session.

I thank you all for your appearance. You are perfectly welcome to stay here.

[The additional letters submitted to the subcommittee follow:]

THE AMERICAN RABBIT BREEDERS ASSOCIATION, INC.,
Decatur, Ill., August 20, 1975.

Re: Mandatory meat inspection bill.

Hon. W. R. POAGE,
Chairman, Subcommittee on Livestock and Grain,
Washington, D.C.

DEAR MR. POAGE: Speaking in behalf of some 20,000 American Rabbit Breeders Association, Inc. members, who are basically considered fanciers or showmen, and many thousands of non-member fanciers, I would like to say that our ability to survive as an organization of rabbit breeders depends, to a large extent, on

the ability of our American processors to stay in business and afford to pay a respectable price for our fryers.

It is true that most fanciers maintain only small herds, but many, especially those that raise those breeds that have several varieties or colors, maintain from 20 to as many as 75 working does. Most fanciers try to raise 4 to 5 litters per doe, per year, with an average of 7 young per litter. This adds up to 28 to 35 young per doe, per year.

I seriously doubt that 25% of these young are of quality to save for showing, which means that 75% of them are sold to the processors or butchered by the breeder.

With the average cost of feed in the USA today approximately \$8.50 cwt. and a feed conversion of 4 to 4½ lbs. per pound of meat our cost to produce a fryer, not counting anything but feed costs, runs approximately 70¢ per lb. of meat produced.

In order to comply with government regulations on care and housing of our rabbits we have a rather large investment in buildings and equipment and if we are to break even, after depreciation and sales costs, not to mention our labor, we can not afford to sell our fryers that the processors buy, for the price they are compelled to offer and meet their competition.

Our processors, in order to sell their domestic rabbit meat, are required to maintain a high standard of production with strict sanitation regulations, and that is as it should be, to meet the specifications of our government.

With the cost involved to meet the government standards and to be competitive in todays wholesale markets, which seem to be regulated by the imported rabbit meat, it is impossible for them to pay the American farmer a price that will enable them to continue in production, increase production or even stay in business themselves.

With China, Poland and Australia importing 1,682,000 lbs. of dressed rabbit into the U.S. in 1974, at a wholesale price of 80¢ to 85¢ per lb., there is no way our processors or individuals that butcher their own stock can compete in price and maintain the high standard of purity so long associated with the entire American meat industry.

Most information concerning the amount of U.S. production of rabbit meat is grossly overstated. While we recognize the fact that there is a lack of accurate records we do feel that the people connected directly with the industry are in a better position to make a more accurate estimate of our production than anyone else. A good estimate and considered to be fairly accurate, of the 1974 U.S. production would be 3,500,000 lbs. to 4,000,000 lbs. with 1975 production estimated to be anywhere from a lesser figure of 2,500,000 to 3,500,000 lbs. This really means that the actual total imports constitutes approximately 42 to 47% of our American production.

It is further noted that rabbit meat not being covered by a mandatory inspection like all other meats it is permitted into the country without limit as to the amount while at the same time all other meats being covered by a mandatory inspection are not permitted into the country at all. This even includes horse meat and Goat meat. Assuming all meat products in Red China are processed under the same controls one has to wonder why those under inspection is not permitted to be imported.

Basic inspection, conducted in large privately owned testing laboratories, show the meat to be of low-quality and to be grossly contaminated with bacteria yet our own Food and Drug inspectors do nothing about it at all.

We sincerely urge immediate enactment of the mandatory rabbit meat inspection bill. This will enable the USDA to see that all imports of rabbit meat meets the same high quality maintained by the US processors also protect our American consumers as well as afford our industry the opportunity to continue in business and develop in growth. It will further protect the American Farmers. It will assure adequate supplies of medical supplies which assures the daily well being of 20,000,000 of our citizens. Research can be assured of an adequate supply of young animals to continue their very noteworthy work.

There has to be relief of some nature, and now, if our American rabbit industry is to survive and with the run around being conducted by most government agencies the mandatory rabbit meat inspection means we are down to our last hope for survival. Won't you take immediate steps to help us in our fight for survival?

Sincerely yours,

OREN R. REYNOLDS.

Chairman of A.R.B.A. Advertising and Publicity.

COMMITTEE FOR HUMANE LEGISLATION, INC.,
Washington, D.C., October 3, 1975.

Hon. W. R. POAGE,
Chairman, Livestock and Grains Subcommittee, House Agriculture Committee,
Longworth House Office Building, Washington, D.C.

DEAR CHAIRMAN POAGE: I write to comment on H.R. 1502, a bill to provide mandatory inspection of rabbits slaughtered for human food, which was the subject of hearings before your subcommittee on September 11, 1975.

I recognize that the purpose of the Act is to provide mandatory inspection of the rabbit for the purpose of assuring safe food as there are now no Federal inspection laws covering rabbits used for human consumption.

However, I feel this bill could easily provide a vehicle to correct the general abuse of rabbits.

OUR FIRST RECOMMENDATION

Any inspection of the rabbit should include the method and care given the rabbit in their live shipment from the place of breeding to the slaughter house, to research centers, and to both Federal and commercial testing establishments.

The Animal Welfare Act [7 U.S.C. § 2132(g)] specifically exempts "horses, not used for research purposes and other farm animals, including livestock and poultry intended for use as food or fiber . . . or for improving the quality of food or fiber."

I interpret this section as including rabbits under the exemption from the coverage of the Animal Welfare Act.

Although I have submitted a letter to you suggesting that all animals be covered under the provisions of the Animal Welfare Act, I speak now on this particular piece of legislation as it has been directed only to the rabbit.

H.R. 1502 could correct this situation with the addition of a Section 5 to read: "The provisions of the Animal Welfare Act hereby made applicable to the domestic rabbit and to all persons who perform any act relating to the domestic rabbit.

"(a) The provisions in Section 2(g) of the Animal Welfare Act [7 U.S.C. § 2132(g)] are amended by including the words 'except rabbits' following the words 'other farm animals,' and

"(b) For purposes of this Act, the term 'poultry shall not be deemed to refer to domestic rabbit', shall be added following the word 'poultry.'"

OUR SECOND RECOMMENDATION

Any inspection of the rabbit should include the method of slaughter. The animal should be rendered insensible to pain before slaughter.

I suggest 7 U.S.C. § 1902(a) be amended by adding "rabbits" to that select list of animals requiring humane methods of slaughter.

Method of slaughter should be routinely inspected by personnel of the Department of Agriculture and those inspection procedures should be as rigorously enforced as that of human health inspections.

OUR THIRD RECOMMENDATION

An appropriate amendment to the Act should be added banning the importation of rabbits or their products unless the Federal standards established by this Act are met.

Respectfully submitted,

JOWANDA SHELTON,
Washington Director, Committee for Humane Legislation.

INTERNATIONAL RABBIT PRODUCERS COOPERATIVE ASSOCIATION, INC.,
Princeton, Ind., August 19, 1975.

To: House Sub-Committee on Livestock and Grains
Subject: HR 1502 and S. 16

Request is hereby made for this letter to be entered into the official record of the meeting concerning the above subjects.

I hold the positions of Executive Director for the Circle "S" Rabbit Enterprises, Inc. and Manager of its Rabbit Meat Processing Plant; Chairman of the

Board for the International Rabbit Producers Cooperative Association, Inc.; and serve on the Commercial Committee of the American Rabbit Breeders Association.

It is my testimony that the need for Rabbit Meat Mandatory Inspection and restrictions on importation of rabbits and products thereof related is urgent for the growth of the American Rabbit Industry.

The cost quoted to me by U.S.D.A. for the Circle "S" Rabbit Meat Processing Plant to receive Voluntary Inspection is \$12.00 per hour. It is impossible to justify this cost and remain competitive on the market. Even should the market allow for this cost to be included, it is grossly unfair the Rabbit does not receive equal treatment with other livestock.

Marketing problems exist due to the fact, many markets require U.S.D.A. inspected products and since I can not justify the cost, I am unable to service those markets, thereby limiting the markets I can service and limiting the amount of rabbits I can purchase from the producers.

In addition to the lack of U.S.D.A. inspection on our products, I am being faced with markets who have purchased imported rabbits and been unable to sell them, as customers found them unacceptable. Once this has happened, both the distributor and the customer will not try the rabbit again.

On the financial side of the Industry, it is next to impossible to obtain financing or attract investment in the Rabbit Industry as the objections are basically the same, "If the Government doesn't think the rabbit worthy of equal treatment with other livestock, there has to be a reason why it is unacceptable as a marketable product."

The future of the Domestic Rabbit Industry for America is now in your hands, I sincerely plea with you to take immediate and positive action to protect one of America's Final Frontiers from extinction.

Respectfully submitted,

DARLENE V. SARTORE.

GENEVA, FLA., AUGUST 20, 1975.

To : Livestock and Grains Subcommittee

Statement : This letter is authorized for congressional review

Subject : USDA inspection of rabbit meat ; H.R. 1502

Chairman W. R. POAGE,
Livestock and Grains Subcommittee,
House Agriculture Committee,
Washington, D.C.

The Central Florida Rabbit Breeders Association has discussed, in detail, the merits of Government inspection. Most of the members are familiar with the procedures and requirements of the U.S. Department of Agriculture, through related businesses.

The members are in favor of and urges the passage of a bill which will protect the quality of rabbit meat sold to the general public by :

- (a) Mandatory inspection of slaughtering and processing plants.
- (b) Insure wholesome, unadulterated rabbit meat being sold.
- (c) Guarantee correct labeling of packaging; especially with respect to fryers, roasters, or stewers.
- (d) Inspection of rabbitries when diseased rabbits are found in slaughtering plants.
- (e) Suggest improvements in slaughtering and processing procedures and help the rabbit meat breeder production quality.

If I can be of assistance in any way, please do not hesitate to contact me.

Sincerely yours,

W. BRUCE WHITTAKER,
Vice President of C.F.R.B.A.

GEORGE W. ANDREWS FORESTRY SCIENCES LABORATORY

THURSDAY, SEPTEMBER 25, 1975

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FORESTS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 10:10 a.m., pursuant to call, in room 1302, Longworth House Office Building, Hon. Jerry Litton (chairman of the subcommittee) presiding.

Present: Representatives Litton, Krebs, Symms, and Kelly.

Also present: Fowler C. West, staff director; Nick Ashmore, staff consultant; and Mary Jarratt, staff assistant.

Mr. LITTON. I now call the subcommittee to order.

We are in the process of a markup on a bill before the Subcommittee on Livestock and Grains. Some of the members of this subcommittee are also members of that subcommittee, so they may be somewhat detained.

The hearing today has been called on H.R. 2343. We will hear from our colleague from Alabama, Congressman Bill Nichols. This legislation is cosponsored by the entire Alabama delegation in the House and it is designed to designate the new Forest Service laboratory at Auburn, Ala. as the George W. Andrews Forestry Sciences Laboratory.

The subcommittee will be interested in determining the role the late Congressman Andrews played in establishing this laboratory in Alabama.

The subcommittee is fully aware of the long and distinguished service which Congressman Andrews gave the House as a ranking member of the Committee on Appropriations—and also, of course, we recall our association with his widow, who succeeded him and served the remaining time of his last term.

[The bill H.R. 2343 and the U.S. Department of Agriculture report follow:]

[H.R. 2343, 94th Cong., 1st sess.]

A BILL To designate the new Forest Service laboratory at Auburn, Alabama, as the "George W. Andrews Forestry Sciences Laboratory"

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Forest Service laboratory being constructed at Auburn, Alabama, shall hereafter be known and designated as the "George W. Andrews Forestry Sciences Laboratory". Any reference in a law, map, regulation, document, record, or other paper of the United States to such laboratory shall be held to be a reference to the "George W. Andrews Forestry Sciences Laboratory".

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., June 23, 1975.

HON. THOMAS S. FOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR MR. CHAIRMAN: As you requested, here is our report on H.R. 2343, a bill "To designate the new Forest Service laboratory at Auburn, Alabama, as the 'George W. Andrews Forestry Sciences Laboratory.'"

This Department recommends that H.R. 2343 not be enacted.

H.R. 2343 would designate the new Forest Service laboratory at Auburn, Alabama, as the "George W. Andrews Forestry Sciences Laboratory."

We recognize and appreciate the contribution Congressman Andrews made during the establishment of the Auburn laboratory, and we understand the interest in honoring him. However, the Department of Agriculture has a long-standing and continuing policy not to name research laboratories for individuals. It is based on the recognition that new research laboratories result from the combined efforts of many people over several years and that to name a public facility for one individual might be improper in view of the contributions others have made. Although we have been asked many times to name Department laboratories for individuals, very few exceptions to the general policy have been made.

The Department plans to designate its laboratory at Auburn, Alabama, as a Forestry Sciences Laboratory. This general designation has been used at several other locations where the nature of the work is too varied to permit a more specific designation and where a scientific atmosphere exists such as on a university campus.

While we oppose naming the Auburn laboratory for Congressman Andrews, we would be pleased to recognize Congressman Andrews' contribution by placing an appropriate plaque in a prominent place at the entrance to the laboratory.

There would be no additional costs involved if H.R. 2343 were enacted.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

J. PHIL CAMPBELL,
Acting Secretary.

MR. LITTON. The first witness today is our distinguished colleague from Alabama, Bill Nichols.

Bill, it is a pleasure to welcome you back to the Committee on Agriculture. We will be happy to hear from you at this time.

STATEMENT OF HON. BILL NICHOLS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ALABAMA

MR. NICHOLS. Thank you, Mr. Chairman. I am glad to be back. I feel quite at home on this committee having served on this very prestigious and important committee for several years when I first came to Congress.

As you are well aware, my first love is agriculture. I am still in the farming business, so I appreciate your courtesy in letting me testify here today on a matter that I feel very strongly about.

Mr. Chairman, I am glad to testify this morning in support of H.R. 2343, which is a bill designated to name the new Forest Sciences Laboratory located at the Land Grant College at Auburn, Ala., in my Congressional District, as the George W. Andrews Forestry Sciences Laboratory.

As you will note, Mr. Chairman, this bill is cosponsored by every member of the Alabama delegation serving in the House of Representatives.

I regret that the very valuable time of this important committee has to be taken up on this issue. I had originally thought this could be routinely handled through its administrative procedures.

The Department of Agriculture, however, Mr. Chairman, has not seen fit to accede to the unanimous request of the Alabama delegation; and, I might add, to the unanimous vote of the board of trustees of Auburn University who have indicated their desire to name this facility in honor of the late dean of the Alabama delegation, George Andrews.

I think anyone who has any knowledge, including the Department of Agriculture people, the forest service people as well, those who are here with us this morning, of the evolution of this project would agree with me that George Andrews was largely responsible for the establishment of this facility from the discussion stage to the planning stage, as well as the design and initial construction stages.

It is for this reason, Mr. Chairman, that I and other members of the Alabama delegation have been so persistent about this request.

The Department of Agriculture says it is not their policy to name facilities in honor of individuals, but they have done so in the past, Mr. Chairman.

I call your attention to 2 which come to my mind—the George D. Aiken Sugar Maple Laboratory located in Vermont, named in honor of the former great senator from that State, Senator Aiken.

And in my neighboring State of Georgia there is an agricultural research laboratory there named in honor of the late Senator Richard Russell. Therefore, I maintain there is ample precedent for naming this in behalf of Mr. Andrews.

Mr. Chairman, Congressman Andrews' involvement in the proposal for the forest sciences laboratory dates back to the 1960's. In 1965 the U.S. Forest Service and Auburn University agreed on a site for the laboratory.

During all of this time Congressman Andrews worked with Auburn University and the forest service to facilitate the processing of the proposal and to get a request for funding included in the agency budget.

Although the forest service wanted this laboratory they still had not been able to get it included in the President's budget as late as fiscal year 1971.

Congressman Andrews, therefore, decided to take matters into his own hands. As a ranking member of the House Appropriations Committee, Mr. Andrews provided information on the need and the potential of this facility for the entire Southeast to be located at Auburn, Alabama.

Primarily as a result of his efforts, and because of the validity of this proposal, the subcommittee approved \$110,000 in fiscal year 1972 for the planning and designing of this facility.

Some of you on the committee are well aware, after 26 years of very faithful service in the U.S. Congress, Congressman Andrews died in December of 1971.

However, as a result of his efforts in getting this project off the ground, his successor, the former Congresswoman Elizabeth Andrews and myself, were able to get construction funds to complete the project.

Mr. Chairman, I will close by again stating my firm belief that without the interest and continued efforts of Congressman George Andrews, I am fully convinced that this facility would be no closer to reality today than it was in the mid-1960's.

It is for this reason, Mr. Chairman, that I would hope your distinguished committee might see fit to approve the bill naming the Forest Sciences Laboratory at Auburn, Ala., in honor of a great Alabamian and great American, former Congressman George W. Andrews.

Mr. LITTON. When the George D. Aiken Sugar Maple Laboratory was so named, was that named through administrative or legislative action?

Mr. NICHOLS. I regret I am not able to respond to that, Mr. Chairman. However, it is my recollection it was done through administrative action.

Mr. LITTON. Does the same situation apply to the naming of the laboratory for Senator Russell?

Mr. NICHOLS. I am advised by a member of my staff that it was done at the secretarial level of USDA. The Russell Laboratory was done at the White House level. The other was done at the secretarial level of the Department of Agriculture.

Mr. LITTON. According to your testimony you indicated the Department of Agriculture said it was not their policy to name a facility in honor of individuals.

Perhaps it can be more accurately said it is not their policy to name their facilities in honor of House members.

Mr. NICHOLS. Mr. Chairman, I have labored on this problem with the department and the forest service. We are friends and we are not going to cross swords here.

I worked at the White House level to try to get this done. I am apologetic for having to bring this rather minor item before your committee, but I see no other way to do it other than through legislative methods.

I firmly believe this should be done.

Mr. LITTON. The point I tried to make is that a precedent has been set in that other facilities have been named after members of Congress. However, on the two occasions when exceptions were made senators were involved as opposed to members of the House. Is that correct?

Mr. NICHOLS. You are correct, Mr. Chairman.

Mr. LITTON. So it is not true to say it has not been their policy to name facilities in honor of individuals.

Mr. NICHOLS. It would be incorrect to make that statement, Mr. Chairman; that is correct.

Mr. LITTON. Mr. Kelly?

Mr. KELLY. Mr. Nichols, how does the question arise about whether it is an administrative prerogative or whether it is a congressional prerogative to name a facility after an individual? How do we get into the posture of discussing that? What is the significance of that?

Mr. NICHOLS. Mr. Kelly, I am not sure that I can adequately respond to your question. You might want to pround that question to the people with the Department who will testify a little later on.

All I say is that my delegation is solidly behind this proposal.

I went to the Forest Service and asked them to agree to this. I went to the Department of Agriculture. I asked them to agree with me on this and get it done.

Mr. KELLY. What did they say?

Mr. NICHOLS. They told me that they had a policy that they would just rather not name buildings for individuals. In all honesty they did say, "Let's put a little plaque on the inside of the building saying George Andrews had something to do with this." To me that is just not sufficient for the efforts that this man went through to get this done.

This is a regional laboratory. It is a laboratory that serves our entire region in forestry engineering.

As you know, that is a big problem, getting trees out of woods.

Mr. KELLY. Is it essential to the purpose that brings you here that we castigate the forest service or the Department of Agriculture, or could we just get this fine facility named after a fine American?

Let me tell you why I ask this question; I think it will facilitate your answer. If we are going to fight a war, my attitude is wrong. If we want to fulfill a worthy purpose without making it a political hassle, then I think my attitude is correct. Help me with your advice.

Mr. NICHOLS. Mr. Kelly, you are exactly on target. I have no animosity toward these people who are not in agreement with me. My sole desire, my sole desire, is to give credit where credit is due and to name this facility for the individual now deceased who served in this body for 26 years, and without whose efforts the matter would never have become a reality.

Mr. KELLY. The Forest Service could very well have had one policy some time ago and a different policy now. That is possible, is it not?

Mr. NICHOLS. Yes, sir.

Mr. KELLY. One does not really have to be a liar or a crook to change his mind.

Mr. NICHOLS. That is exactly right.

Mr. KELLY. He doesn't even have to be a bad politician to change his mind.

Mr. NICHOLS. That is correct.

Mr. KELLY. I certainly appreciate your appearance here and I think that the wishes of the Alabama delegation, the great State of Alabama—a great section of the country—should be given the honor they are due. I personally thank you for bringing this to the attention of the committee, and I intend to support your request.

Mr. NICHOLS. Thank you, sir.

Mr. LITTON. Mr. Krebs?

Mr. KREBS. I'll tell you what really bothers me about this particular bill. I see no reason why a Member of Congress should be treated any differently from any other member of society.

What does bother me about the bill is where we draw the line. Every time a Member of Congress is active in bringing a project to a district—and I don't mean to imply ulterior motives to any one—where does he draw the line in getting a project named after him?

This particular case involved \$110,000. Mr. Kelly, Mr. Symms, or the chairman might bring something out to their respective districts. I find it difficult, really, to support a request of this kind because of an obligation Congress might incur in similar instances—of naming projects after a former Member.

I certainly never had the pleasure of meeting Congressman Andrews. I am sure that, having served here 26 years, he must have been an out-

standing legislator. However, I wonder whether this is the appropriate way of honoring him—regardless of how much he did to bring about this project. That is what concerns me. I wonder whether you can address yourself to that.

Mr. NICHOLS. Mr. Krebs, your point is well made and I appreciate your point. I serve on the Board of Trustees at the Land Grant College. The problem of naming buildings, granting honorary degrees, is always one which is questioned.

I will simply have to answer you by saying that the Alabama delegation solidly and wholeheartedly believes this ought to be done.

There are other cases which might be questioned in our minds. However, we knew this man. We walked with him. We knew his scope of influence which he had on the Appropriations Committee, and we knew how hard he worked on behalf of this thing. It was not just a passing fancy with George Andrews and it was not a pork barrel thing with him that he wanted to bring back. Heaven knows, I am sure he would turn over in his grave if he thought we were trying to name this for him today. He was not that sort of individual. However, we believe it should be done.

As I say, the entire board of trustees is on record for this and we just think it should be done.

I don't know whether I have adequately responded to your question.

Mr. KREBS. Thank you very much.

Mr. LITTON. Mr. Symms?

Mr. SYMMS. Thank you, Mr. Chairman.

Mr. Nichols, I would like to welcome you before the committee. I don't feel too strongly one way or the other about this bill though I find myself in sympathy with the position of the gentleman from California, although for different reasons. I hate to name anything after politicians. My viewpoint of our society is that politicians are thought of more as a liability than an asset. I am sure, based on what I have heard from the Alabama delegation about this man, Mr. Andrews, that I would have gotten along very well with him, at least philosophically.

Is it necessary to have a bill before Congress to do this? I imagine it must be because it is a Federal building?

Mr. NICHOLS. Mr. Symms, you came in a little after my statement started. I apologized for having to come before your committee for a matter such as this. I had hoped we could have accomplished this with the Forestry Service and with the Department of Agriculture.

They tell me their policy is that they do not name buildings for individuals. However, in reality the record will show that they have named buildings for individuals on the Senate side.

I mentioned one in Georgia named after Senator Russell and one in Vermont named after Senator Aiken.

Again, we feel strongly about this.

If you have no particular feeling about it I hope you will vote with me.

Mr. SYMMS. I certainly respect the gentleman from Alabama. I don't feel strongly enough about it to stand in the way considering all the fine friends I have from the Alabama delegation, particularly the gentleman before us today.

Thank you.

Mr. LITTON. I would like to comment that George Andrews served in Congress for 26 years. As such, I am sure he was on the other end of name calling.

Unfortunately politicians are often blamed for many of the ills of this country.

It would seem only appropriate that this body in which he served, and other politicians served, might at some point in time see fit to give credit to those who served in public office when the opportunity presents itself to offset, to some extent, the criticism which has no doubt been thrown at the Congressman and others who served in a similar capacity during their many years in public office.

I do not feel comfortable in naming a lot of Federal facilities after Members of the House and Senate. On the other hand I have to be aware of the fact that public officials, to some extent perhaps rightly so, have been called so many things by so many people and blamed for so much of what has gone wrong with this country, that I would like to see this body stand up from time to time and give credit to those same people for some of the work they have done.

This is one of the rare opportunities this body has to name a facility after someone who no doubt has been called a good many names during his 26 years of public service.

I appreciate your appearing before this committee and your testimony.

Mr. KELLY. I have another question, Mr. Chairman.

Mr. Nichols, is this a frequent project of yours—going in to agency after agency and from committee to committee trying to get buildings named after Congressmen down there in Alabama?

Mr. NICHOLS. Mr. Kelly, I am glad you asked me that question. This is the first time for me. To my knowledge it is perhaps the first within my State. I know of no other building in my State which bears the name of any Congressman living or deceased.

George Andrews was more than just a politician. I don't like that term. He was a statesman, Mr. Kelly.

Mr. KELLY. I want my colleague from Alabama to know that I assumed that was the answer. However, in light of some of the comments and questions, I thought it might be a good idea to get that answer on the record.

Mr. NICHOLS. Yes, sir.

Mr. KELLY. Thank you.

Mr. LITTON. Thank you very much.

Our final witness will be Mr. Richard Ashworth, Deputy Under Secretary of the U.S. Department of Agriculture.

STATEMENT OF RICHARD A. ASHWORTH, DEPUTY UNDER SECRETARY, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY DR. WARREN DOOLITTLE, ASSOCIATE DEPUTY CHIEF FOR RESEARCH, U.S. FOREST SERVICE

Mr. ASHWORTH. I have with me Dr. Warren Doolittle, Associate Deputy Chief for Research from the Forest Service, who certainly will be able to respond to any questions the members might have after I present a formal statement, which I shall read and deviate from at several points to add some essential information.

Mr. Chairman and members of the committee: We appreciate this opportunity to express the views of the Department of Agriculture on H.R. 2343. This bill would designate the new Forest Service Laboratory at Auburn, Ala., as the George W. Andrews Forestry Sciences Laboratory. We regret we have to recommend that H.R. 2343 not be enacted.

Our legislative report on H.R. 2343 is before the committee. Over the past several years, we also have had correspondence and conversations with several Members of Congress and other interested persons regarding this matter. However, we would like to again summarize our position.

We recognize and appreciate the contribution the late Congressman Andrews made during the establishment of the Forest Service Laboratory at Auburn University. We understand the interest in Alabama and elsewhere in honoring him. While we oppose naming the Auburn laboratory for Congressman Andrews, we would be pleased to recognize his contribution by placing an appropriate plaque in a prominent place at the entrance to the laboratory.

The Department of Agriculture has a longstanding and continuing policy not to name research laboratories for individuals—with only two exceptions, and they were mentioned by Congressman Nichols.

Research laboratories result from the combined efforts of many people within and outside the Government. Naming such public facilities for one individual might be improper in view of the contributions others have made. A general policy which would allow the naming of facilities for individuals would likely create endless requests for special names. The Department would be placed in the untenable position of making judgment as to the relative merit regarding the names of individuals sought to be so honored. We don't feel that those two exceptions out of 243 laboratories operating throughout the country create an overwhelming precedent. Although we have been asked many times to name certain laboratories for individuals, only two exceptions have been made.

I would like to point out that only one of those exceptions was made by a decision of the Secretary of Agriculture. That was in the case of Aiken Laboratory. The other exception was made at the direction of the White House.

The Richard B. Russell Agricultural Research Center at Athens, Ga., was so named to honor the late Senator Russell at the request of the White House. At that time the Senator was seriously ill and not expected to live.

The Aiken Sugar Maple Laboratory at Burlington, Vt., was so named to recognize the exceptional contributions which Senator Aiken made to forestry and forestry research over many years.

Over the years, the Department has received a number of such requests, all of which we have had to deny. These included efforts to name the Dawson Peanut Laboratory for former Congressman Tic Forrester of Georgia; to name the North Carolina Tobacco Research Laboratory for Jesse M. Carr; to name the Human Nutrition Research Laboratory in Grand Forks, N. Dak., after Senator Milton Young; and to name the Bee Research Laboratory at Tucson after the late Senator Carl Hayden.

It is coincidence and that alone that the only two exceptions involved U.S. Senators. That is certainly no reflection of the USDA

attitude toward members of this body. I knew Mr. Andrews during the time I served as administrative assistant to a member of this body for 4 years, and I personally had very high regard for him.

The Department plans to designate the laboratory at Auburn as a forestry services laboratory. This is a general designation and has been used at several other locations where the nature of the work is too varied to permit a more specific designation and where a scientific atmosphere exists such as on a university campus.

In summary, we do not believe the laboratory at Auburn should be made an exception to the Department policy on laboratory names. This same policy is followed by all other departments and the only exception I am aware of occurred at the military academies.

Again, we suggest that an appropriate plaque be used to recognize Congressman Andrews' role in the establishment of the laboratory at Auburn.

This concludes my prepared statement. I will be happy to respond to any questions.

I would like to have Dr. Doolittle join me here.

Mr. LITTON. You indicated several examples of where various laboratories were named after Members of Congress.

Mr. ASHWORTH. Yes.

Mr. LITTON. Were these efforts initiated by other Members of Congress?

Mr. ASHWORTH. To the best of my knowledge they were in some cases. In other cases they were made by individuals within those particular States.

Mr. LITTON. In this case this effort is being initiated by the Alabama delegation. If it is initiated by the executive branch it succeeds and if initiated here it fails? Is that true?

Mr. ASHWORTH. It is not true.

Mr. LITTON. On two occasions where the exception was made were they both initiated by the executive branch?

Mr. ASHWORTH. No, sir, they were not initiated by the executive branch. I will have to refer to the file of correspondence which I have been able to accumulate. Some of the requests came from boards of trustees. Some came from Members of Congress. Some came from specific individuals within a particular State.

Mr. LITTON. Was the effort to name the Russell facility initiated by the executive branch?

Mr. ASHWORTH. I will have to look at previous correspondence to try to clarify that point. I believe it was made from both the private citizenry and also from the legislative branch. I think there was some interest at the executive level.

Mr. LITTON. And the request for the designation came from where, the White House?

Mr. ASHWORTH. Direction for it came from the White House.

Mr. LITTON. And in the case of Senator Aiken, from the Secretary of Agriculture?

Mr. ASHWORTH. Yes, sir. The decision was made by the Secretary of Agriculture.

I might point out that discussions which resulted in that decision originated as far back as 1968. A formal decision was announced by Secretary Clifford Hardin, in 1970.

Mr. LITTON. My concern is that as recently as 1973 a facility was named after Senator Aiken. I am trying to decide in my own mind what made the naming of that facility in 1973 so different from the naming of this facility.

What differences were there between the naming of that facility in 1973 and the naming of this facility this year?

Mr. ASHWORTH. Here again I will have to refer to the file of correspondence. In the case of Aiken Laboratory it was a situation that related to the long service of a particular individual in behalf of forestry nationwide, and forestry research nationwide, and not a specific laboratory. That is the best answer I can give you.

Mr. LITTON. The exception, then, was made for Mr. Aiken because he was worthy or worked harder than Mr. Andrews?

Mr. ASHWORTH. I don't think there was a distinction sought to be made on the basis of worthiness, sir.

As best I can tell from the correspondence which has been made available to me, it was made on the basis of the contribution that he made nationwide and forestrywide rather than to a specific facility.

Mr. LITTON. Mr. Symms?

Mr. SYMMS. I will reserve my questions, Mr. Chairman.

Mr. LITTON. Mr. Krebs?

Mr. KREBS. I have no questions for this witness. I wonder whether at the appropriate time I might ask the gentleman from Alabama another question.

Mr. LITTON. If the gentleman from Alabama will join us at the head table we can inquire of both gentlemen.

Mr. KREBS. You might have brought this up in your original testimony before I got here or I might have missed it, but are there any other buildings or any other facilities named after the late George Andrews in his congressional district?

Mr. NICHOLS. No, sir; there are not.

Mr. LITTON. Mr. Kelly?

Mr. KELLY. The question was put to you by the chairman regarding the initiation of the request for naming these other facilities. What is your answer to that?

Mr. ASHWORTH. I was not in the Department at that time. The best answer I can give you is that based on correspondence I have seen which related to these specific cases the requests came from many directions. There was interest on the legislative level. There was interest by specific private individuals within the State. There was also concurrent interest in the case of the Russell Laboratory by the executive branch.

In the case of the Aiken Laboratory it was a decision by the Secretary of Agriculture.

Mr. KELLY. I think there has been some language, perhaps it was yours, that there has been a longstanding policy regarding this.

Mr. ASHWORTH. Yes, sir.

Mr. KELLY. The Aiken matter was an exception to that policy?

Mr. ASHWORTH. Yes, sir. It is one of the two. The Aiken Laboratory is the only case where we have been able to find an exception made by the Secretary of Agriculture.

Mr. KELLY. Is the reasoning behind this a concern that the effort made by the individual involved was nationwide or industrywide as

opposed to a specific local interest in a building or establishment? Was it the fact that it might be thought an individual was building a monument to himself in the one case, as opposed to the fact there was a general service rendered on a broader scale in the other?

Mr. ASHWORTH. Not having been in the Department at the time, Judge Kelly, nor having participated in the decisions made, I cannot answer specifically with regard to the logic behind it. All I can give you is a general answer that based on the correspondence I have looked at and the records I have viewed in the case of the Aiken Laboratory it appears to me that the decision was made based on the contributions that that Senator had made in forestry on a nationwide scale.

Certainly in saying that I don't want to deprecate the contributions that Congressman Andrews obviously made.

Mr. KELLY. Would that be a basis for such a policy—certainly not implying this was intended in this case—but that it might be thought that a facility is named after someone and that this is what they were doing—building a monument for themselves?

Mr. ASHWORTH. I am sorry, Judge Kelly. I cannot speak toward the motives any individual might have had in his service in the U.S. Congress or the U.S. Senate.

Mr. KELLY. If that were the case, we would find that a person picked up more ability to determine what Congress and Government are going to do after he is dead than he was able to while he was alive. Certainly it is hard to know from day to day and minute to minute what will happen next.

Mr. ASHWORTH. I will have to refer you to the Scripture where the Master himself made the point that a man is often not honored in his own country.

Mr. LITTON. It was indicated in your testimony the Aiken Laboratory was designated in 1973 in honor of Senator Aiken. When was the Russell?

Mr. ASHWORTH. 1970.

Mr. LITTON. The two exceptions occurred within the last 5 years?

Mr. ASHWORTH. That is right.

I will have to point out that the original interest with regard to the Russell Laboratory began in about 1968. The final decision was not made and culminated until about 1970.

Mr. LITTON. The point I make is that earlier testimony indicated a longstanding tradition of the Department. There was some question as to whether the Department might have changed its position in this regard.

I am suggesting both of the exceptions made were in recent years as opposed to many years ago, so that a change in Department position really is not involved here. Am I correct?

Mr. ASHWORTH. No, sir; the policy has not changed. There have been two exceptions but the policy remains the same.

Mr. LITTON. There has been no Department decision which would suggest a change in policy since the designation of either the Russell or the Aiken Laboratory.

Mr. ASHWORTH. That is right.

Mr. LITTON. So the criteria used in the designation of both the Russell and Aiken Laboratories is the same criteria involved today?

Mr. ASHWORTH. To the best of my knowledge, that is correct, sir.

Mr. LITTON. Would you care to tell this committee what makes Senator Russell more worthy than Congressman Andrews?

Mr. ASHWORTH. Mr. Chairman, you put me in a rather difficult position not having participated in the decision nor having had a part in the logic used in either case. I do not serve in the White House and have not. I do not have available to me information on the justification, logic, or any other reasoning used.

Mr. LITTON. I understand that. We are here as a body trying to make a decision from a legislative standpoint. Realizing that Senator Russell was honored, as was Senator Aiken, we are trying to decide whether or not Congressman Andrews is worthy of similar recognition.

We are advised the Department has a longstanding tradition of not naming a facility after an individual. We are trying to establish why exceptions were made and whether Congressman Andrews is worthy of a similar exception.

Certainly the Department can tell us why Senator Russell was more worthy of having a research center named after him than Congressman Andrews if you are so suggesting to this body that we not honor Congressman Andrews as Senator Russell was honored.

Mr. ASHWORTH. In the case of the laboratory at Athens, Ga., Mr. Chairman, I will have to use a comparison as to what might occur in the House of Representatives if a chairman of a committee might suggest that a bill appear on the calendar and the Speaker suggests it not appear on the calendar, so be it. Such actions occur in the executive branch.

As to Senator Aiken, all I can say is that the decision was made by the Secretary of Agriculture. I was not privy as to the logic and reasoning behind it.

Mr. LITTON. Any other comments or questions?

Mr. SYMMS. I will make an observation. The problem is that two exceptions have been made. I suppose it will be commonplace to have bills come before the House if this bill is enacted.

Mr. ASHWORTH. There have been legislative enactments of this type previously, one specific case I recall being the William D. Bankhead National Forest named after a living individual.

Mr. SYMMS. A lot of these dams around the country, Corps of Engineer projects, are named after individuals. Are those done by act of Congress?

Mr. ASHWORTH. I cannot respond.

Mr. NICHOLS. I am sorry; I don't know.

Mr. SYMMS. I always think of that poor old taxpayer out there. We should name something after him since he has to pay for it rather than those of us in the House who vote for these bills.

I have nothing further.

Mr. LITTON. If there are no further questions, we want to thank you for taking the time to testify.

Before we adjourn, I am in receipt of four statements which have been forwarded to me, all in favor of enactment of this legislation.

These statements are all from Alabama representatives and will be inserted in the record.

Gentlemen, if there is nothing further the meeting is adjourned.

[Whereupon, at 10:50 a.m., the hearing was adjourned.]

[The statements referred to by Mr. Litton follow:]

STATEMENT OF HON. TOM BEVILL, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF ALABAMA

It gives me great pleasure to lend my name as a co-sponsor of H.R. 2343, which your committee is considering today.

As you know, this legislation would designate the new Forest Service Laboratory at Auburn University as the "George W. Andrews Forestry Sciences Laboratory."

Naming this modern complex after the late George Andrews seems only fitting. George W. Andrews was a man all Alabamians could be proud of. He served his state and nation diligently as a member of the United States House of Representatives from 1944 until his death in 1971.

Representing the old Third District, which was composed of the southeast corner of Alabama, Congressman Andrews was the epitome of the hard-working public servant which has characterized our country's governmental history.

George Andrews was quite simply a man devoted to serving the people he represented.

One of the many areas George Andrews served was the field of education. He particularly worked hard in the interest of Auburn University, the largest campus in our state, which was located in his district.

In the mid-1960s, Rep. Andrews started working with the United States Forestry Service and Auburn University on a project to build a Forest Service Laboratory on the Auburn campus.

As a member of the House Appropriations Committee, George Andrews soon became the leader in the drive to bring the research lab to Auburn.

Congressman Andrews' tireless efforts in behalf of the lab turned out to be fruitful with the complex being built on the sprawling Auburn campus.

Today we are asking that this building which George Andrews worked so hard for be named in his behalf as a fitting tribute to his efforts.

We have been told it is no longer the policy of the Department of Agriculture to name such buildings in honor of individuals. However, I would like to remind the committee that similar structures as the one we are speaking of here today have been named for government officials in Vermont and Georgia.

I would urge your committee to act favorably on H.R. 2343 which will give the state of Alabama a lasting tribute to one of its most devoted lawmakers, the late George W. Andrews.

SEPTEMBER 25, 1975.

STATEMENT OF HON. WILLIAM L. "BILL" DICKINSON A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ALABAMA

Mr. Chairman, thank you for allowing me to appear before the members of this distinguished subcommittee to urge you to favorably report H.R. 2343, to designate the new Forest Service laboratory at Auburn, Alabama, as the "George W. Andrews Forestry Sciences Laboratory."

My remarks will be brief as I realize the Chairman and my other colleagues all have very busy schedules and other testimony to hear.

Let me just say that George Andrews was a friend of mine, a friend of Agriculture and of forestry, a great Alabamian and a great American. He was a dedicated public servant and served his constituents well, including those in Auburn, for 26 years until his death in December 1971.

I believe it is a fitting tribute to our former colleague, George Andrews, that we should name this laboratory in his honor. After all, had it not been for the tireless work of George Andrews and other Alabamians, this laboratory might not have been built. Congressman Andrews' efforts on behalf of this project go back to the early 60's.

I might point out that this proposal has the endorsement of the entire Alabama Congressional delegation and the unanimous vote of the Board of Trustees of Auburn University.

Therefore, Mr. Chairman, I ask the members of the subcommittee to act favorably on our request to designate the Forest Service Laboratory at Auburn University as the "George W. Andrews Forestry Sciences Laboratory."

Thank you.

STATEMENT OF HON. JACK EDWARDS, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF ALABAMA

Mr. Chairman, I appreciate very much this opportunity to testify in support of H.R. 2343, a bill to designate the Forest Service Laboratory at Auburn, Alabama, as the "George W. Andrews Forestry Sciences Laboratory".

My late colleague, Congressman Andrews, was the driving force here in the House of Representatives which caused this lab facility to become a reality. Congressman Andrews, as a member of the House Appropriations Committee, worked diligently to secure appropriations for this structure and I think it fitting that we pay tribute to him in this way.

The Board of Trustees at Auburn University, where this Laboratory is located, has agreed to this designation and I therefore urge this Subcommittee and the Agriculture Committee to favorably report this legislation to the House for consideration.

STATEMENT OF HON. ROBERT E. JONES, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF ALABAMA

Mr. Chairman, I want to join with my colleagues from Alabama in urging favorable consideration of H.R. 2343 to designate the new Forest Service laboratory at Auburn, Alabama, as the "George W. Andrews Forestry Sciences Laboratory".

Congressman George W. Andrews served in the House of Representatives for nearly 28 years and was highly regarded by all who knew him.

During his distinguished service to his country as a Member of the House, he was especially active in encouraging programs to promote the development of forests and forestry in the eastern United States.

During his tenure, he witnessed great strides in the improvement of forests and the advancement of the forestry profession.

The designation of the Forest Service laboratory for consideration at Auburn University, near his home, will be a particularly fitting tribute to his dedication to the enhancement of forestry.

I respectfully urge favorable consideration of H.R. 2343.

FARM POUNDAGE QUOTAS FOR BURLEY TOBACCO

THURSDAY, DECEMBER 18, 1975

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TOBACCO OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 2:05 p.m., pursuant to notice, in room 1302, Longworth House Office Building, the Hon. Walter B. Jones (chairman of the subcommittee) presiding.

Present: Representatives Jones, Mathis, Rose, Breckinridge, Jenrette, Wampler, and Moore.

Also present: Robert Bor, counsel; Hyde Murray, counsel; John Hogan, associate counsel; William A. Imhof, associate counsel; and Anita Brown, staff assistant.

Mr. JONES. The Subcommittee will come to order.

By way of clarification, in case there should be any question, Mr. Madigan has offered his resignation from this Committee to the ranking minority member, Mr. Wampler. It has not been denied, therefore, I declare four as a quorum necessary to do business.

We have before us H.R. 11126, a bill introduced by Mr. Breckinridge of Kentucky.

[The bill H.R. 11126 and the U.S. Department of Agriculture report follow:]

[H.R. 11126, 94th Cong., 1st sess.]

A BILL To amend the Agricultural Adjustment Act of 1938 relating to farm poundage quotas for burley tobacco

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (1) the second sentence of subsection (c) of section 319 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out "5 per centum" and inserting in lieu thereof "15 per centum".

(2) The first sentence in the second paragraph of subsection (e) of section 319 of such Act is amended by striking out the following: "That such national factor shall not be less than 95 per centum: *Provided further,*".

(3) This amendment is effective beginning with the 1976 crop of burley tobacco.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., December 18, 1975.

Hon. THOMAS S. FOLEY,
Chairman, Committee on Agriculture, House of Representatives.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on H.R. 11126, a bill "To amend the Agricultural Adjustment Act of 1938, relating to farm poundage quotas for burley tobacco."

This Department recommends that the bill be passed.

The bill provides the Secretary more flexibility in adjusting supplies of burley tobacco to demand. Present legislation provides that the national marketing quota for any year shall not be less than 95 percent of estimated domestic utiliza-

tion and exports during such year, and that the factor to be used in adjusting farm quotas from one year to the next shall not be less than 95 percent.

Section 1 of H.R. 11126 provides that the national marketing quota may be as much as 15 percent below estimated domestic utilization and exports.

Section 2 of the bill repeals the limitation on the amount by which farm quotas may be reduced from one year to the next.

The amendments provided in H.R. 11126 are in accord with the Department's recommendations of March 2, 1971, when the Tobacco Subcommittee was considering farm poundage quotas for burley tobacco. Further, the amendments would provide for the same adjustments for burley tobacco farm poundage quotas as now provided for flue-cured tobacco acreage-poundage quotas.

The enactment of this bill would not require any additional appropriation and would result in some reduction in CCC loans.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD A. ASHWORTH,
Deputy Under Secretary.

Mr. JONES. At this time the Chair recognizes Mr. Breckinridge for any remarks that he might seek to make.

Mr. BRECKINRIDGE. I thank the Chairman.

Members of the Committee, I would like to express my appreciation to Chairman Foley of the full Committee and to Chairman Jones of the Subcommittee for scheduling this hearing on such short notice during the waning days of this session of the Congress.

The purpose of this hearing, if the Subcommittee deems it advisable, is to report out to the full Committee my bill, H.R. 11126, which would give the Secretary of Agriculture authority to reduce burley tobacco poundage quotas by up to fifteen percent.

Existing law limits any such reduction to five percent.

Inasmuch as the Secretary of Agriculture is required by statute to set 1976 national marketing quotas for burley tobacco by February 1, it is useful to get the legislative wheels in motion before Congress adjourns for the Christmas recess.

This is not to prejudge, Mr. Chairman, the views and recommendations about the size of the quota which will come out of the public hearing on January ninth in my hometown of Lexington, Kentucky.

This meeting will bring together representatives of all sectors of the industry.

In its recent December 10 crop report the U.S. Department of Agriculture estimated burley production this year at 639 million pounds. Consumption, on the other hand, was a disappointing 587 million pounds.

If 1975 production turns out to be 639 million pounds as currently estimated, under-marketings of 1975 farm quotas will add about 100 million pounds to the quota which is determined for the 1976 crop.

The burley quota was increased ten percent for this year's crop, and the quota for flue-cured was increased by fifteen percent. Next year's flue-cured quota already has been announced, eliminating the 1975 increase of fifteen percent.

In a recent report the USDA published world tobacco production figures for 1975 at a new record of 11.6 billion pounds. This is 200 million pounds above the 1974 figures.

Mr. JONES. Will the gentleman yield?

Inasmuch as our minority members see fit to answer a quorum call, for which I commend them, rather than go over in groups, why don't we just all recess for about ten minutes and go cast our votes and come back?

Mr. BRECKINRIDGE. That is fine.

Mr. JONES. Does that suit you, Mr. Rose?

Mr. ROSE. Fine.

Mr. JONES. The Subcommittee will recess for ten minutes.

(Recess taken.)

Mr. JONES. The Subcommittee will be in order, please.

When the Subcommittee recessed in order to answer a quorum call, the gentleman from Kentucky had been recognized for a statement.

The Chair now recognizes the gentleman from Kentucky.

Mr. BRECKINRIDGE. Thank you, Mr. Chairman.

I was observing that the recent USDA report on world production of tobacco showed a 200-million pound carryover above the 1974 figure, saying this: "Increase in cigarette type tobacco crops, largely flue-cured and burley, combined with the smallest growth rate in five years in cigarette output, have changed the world tobacco situation from one of tight supply and record high producer prices to one of improved stock positions in producing and consuming countries and lower producer prices."

According to a report of the USDA, one factor in this reduction of use was the worldwide economic recession. In one short year we went from a shortage to a surplus.

While it is true there is precedent for establishing poundage quotas after the statutory deadline of February 1, a later announcement creates production planning problems for the tobacco growers.

I want to emphasize, Mr. Chairman, that I am not prejudging. I am not saying that the quota should be reduced by fifteen percent, but I do believe that there may need to be room to cut more than five percent.

Mr. Chairman, I may wish to recommend a clarifying amendment after we hear from the Department witnesses.

I thank you.

Mr. JONES. Thank you, Mr. Breckinridge.

Does any other member of this subcommittee have a statement at this time?

If not, the Chair recognizes with pleasure, Mr. Bill Lanier, the Director of the Tobacco and Peanut Division of the USDA.

We are glad to see you back on your feet and back in Washington.

**STATEMENT OF WILLIAM LANIER, DIRECTOR, TOBACCO AND
PEANUT DIVISION, AGRICULTURAL STABILIZATION AND CON-
SERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

Mr. LANIER. Mr. Chairman and Members of the Subcommittee, I am William L. Lanier, Director, Tobacco and Peanut Division, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture.

I have with me John Harris of our General Counsel's staff, and Robert Hieronymus, Chief of the Tobacco Branch of the Tobacco and Peanut Division, ASCS.

We are pleased to give the Department's views on H.R. 11126, a bill "To amend the Agricultural Adjustment Act of 1938, relating to farm poundage quotas for burley tobacco."

Subsection (c) of Section 319 of the Agricultural Adjustment Act of 1938, as amended, provides that the national marketing quota for burley tobacco for any year, shall be the amount produced in the United States which the Secretary estimates will be utilized in the United States and will be exported during such marketing year, adjusted upward or downward in such amount as the Secretary, in his discretion, determines is desirable for the purpose of maintaining an adequate supply or for effecting an orderly reduction of supplies to the reserve supply level. Any such downward adjustment shall not exceed five per centum of such estimated utilization and exports.

Section One of H.R. 11126 would amend this provision to permit a downward adjustment of as much as fifteen per centum in estimated utilization and exports in lieu of the present limitation of five per centum.

Subsection (e) of Section 319 of the Act provides, in part, that each farm marketing quota shall be determined by multiplying the previous year's farm marketing quota by a national factor obtained by dividing the national marketing quota determined under subsection (c), less the national reserve, by the sum of the farm marketing quotas for the immediately preceding year for all farms for which burley tobacco marketing quotas will be determined: *Provided*, that such national factor shall not be less than ninety-five per centum. Section Two of H.R. 11126 repeals this proviso which limits the downward adjustment in farm quotas from one year to the next by five percent.

Farm poundage quotas for the 1975 crop of burley tobacco were increased by ten per centum to meet market demands. With about sixty percent of the crop marketed, prices to growers have averaged \$1.05 per pound, eleven cents per pound below last year's record prices. About eight percent of the sales to date have moved under CCC loan, while only 0.4 percent of the 1974 crop moved under loan. Inasmuch as it appears that with the larger production in 1975, supplies of burley tobacco are in excess of demand, burley growers have indicated that they desire a further reduction in the 1976 crop quotas than is permitted under present legislation.

I would like to call attention to our statement before this Subcommittee on March 2, 1971, in connection with H.R. 4328 and H.R. 4462—bills providing for farm poundage quotas for burley tobacco by adding a new section 319 to the triple A Act. At that time, the Department recommended that the bills be amended to permit a downward adjustment of fifteen percent in the estimated utilization and exports, and that the proviso limiting the quota to a five percent reduction from the previous year be deleted. We stated that "these modifications are designed to gear the program more realistically to trends in production and disappearance. This is vital if the program is to adjust supplies effectively."

H.R. 11126 is in accord with our original recommendations and would make the provisions relating to establishing burley tobacco

farm poundage quotas the same as now provided for flue-cured tobacco acreage-poundage quotas.

The Department recommends that H.R. 11126 be approved.

The enactment of this bill would not require any additional appropriation and would result in some reduction in CCC loans.

That completes my statement, Mr. Chairman. We will be pleased to answer any questions you or the members of the Subcommittee may have.

Mr. JONES. For the record I have a direct question.

Does the USDA and all of its attendant departments fully approve and support this bill?

Mr. LANIER. Not only do we approve of the bill, but we recommended such a bill to this Subcommittee in 1971.

Mr. JONES. Mr. Wampler, do you have any questions?

Mr. WAMPLER. Not at this time, Mr. Chairman.

Mr. JONES. Mr. Mathis?

Mr. MATHIS. I have no questions, Mr. Chairman.

I would like for the record to be clear that you have in your statement a sentence that says that this will not cost the government any money; in fact it may result in some saving to the taxpayers.

Did I hear that correctly?

Mr. LANIER. Yes, I said that the bill will not require any additional appropriation and will result in some reduction in CCC loans.

Mr. MATHIS. That is the kind of statement that we like to be able to take to the Floor of the House when we have a tobacco bill up for discussion.

Mr. JONES. Are there any questions or amendments at this time?

Mr. BRECKINRIDGE. Thank you, Mr. Chairman.

I have only one question.

I want to thank the gentleman for his testimony and join with my friend from Georgia in saying that we are particularly pleased with your concluding statement.

I don't know whether my question is to Mr. Lanier or to Counsel, but it has to do with so much of the proposed bill as is found in Section Two.

If I may, I will read it and then propound my question.

The first sentence in the second paragraph, subsection (e) of Section 319 of the Act is amended by striking out the following—then inserted in quotation marks is the following language: "That such national factor shall not be less than 95 per centum: Provided further."

My question very simply is whether or not that language would permit the exercise by the Secretary of a discretion which would permit a reduction in excess of fifteen percent.

Mr. LANIER. I would have to say, yes.

It would under certain circumstances give the Secretary the authority to decrease quotas from one year to the next of more than fifteen percent.

Mr. BRECKINRIDGE. Then in that event, Mr. Chairman, let me say this, bearing in mind the testimony of the gentleman where he indicates that the Department in 1971 had recommended a fifteen percent downward adjustment figure.

I wish to move a clarifying amendment as follows. I want to strike the language 95 per centum and insert in lieu thereof "85 per centum" and reinstate the following language: "the following: 'That such national factor shall not be less than 85 per centum: *Provided further*,'".

In other words this would delete the words "95 per centum" and insert in lieu thereof "85 per centum".

Mr. JONES. Does the Department care to make any comment on the amendment?

Mr. LANIER. Our position, as I stated earlier, was that we would support the bill as introduced. One reason was that it had greater flexibility.

Of course, the 85 is greater than the 95, so it does give us more flexibility. Although this is not necessarily our recommendation, the USDA would not oppose. We would accept and not oppose the 85%.

Mr. JONES. Does the gentleman insist on his amendment?

Mr. BRECKINRIDGE. I would like to pursue that further, if I might, Mr. Lanier.

I think that my intent and your statement are the same. Your statement reads: "At that time, the Department recommended that the bills be amended to permit a downward adjustment of 15 percent in the estimated utilization and exports, and that the proviso limiting the quota to a 5 percent reduction from the previous year be deleted."

So I think that I have in effect by this suggested clarifying amendment achieved your stated purpose. I would hope that the Department would, therefore, support the bill rather than merely not oppose it.

Mr. LANIER. I think the Department would support that.

Mr. JONES. The Chair will entertain a motion for the adoption of the amendment.

Mr. BRECKINRIDGE. I so move, Mr. Chairman.

Mr. MATHIS. I second it.

Mr. JONES. The vote is on the amendment offered by the gentleman from Kentucky.

All in favor of it, signify by saying "aye."

Opposed?

The amendment will become part of the bill.

Mr. MATHIS. Mr. Chairman, I move that the Subcommittee report the bill to the full Committee with a recommendation that it be passed.

Mr. JONES. As amended?

Mr. MATHIS. Yes, as amended.

Mr. JONES. Is there a second?

Mr. BRECKINRIDGE. I second.

Mr. JONES. The vote is on the motion by the gentleman from Georgia.

All in favor, say "aye."

Opposed?

The bill be reported to the full Committee immediately after the Christmas recess.

The subcommittee is adjourned.

[Whereupon, at 2:35 p.m. the Subcommittee adjourned.]