

6/21/79 [1]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
letter	From P.M. Muldoon of New Zealand to The President (2pp.) re: meat imports 2 copies/ enclosed in Hutcheson to Eizenstat 6/21/79	Undated	A
letter	From The President to P.M. Muldoon (one page) re: meat imports	5/26/79	A
memo w/att.	From McIntyre to The President (12 pp.) re: Defense Assistance for Barbados/enclosed in Hutcheson to McIntyre 6/21/79	6/21/79	A
speech draft	<p>Statement on Rhodesian Sanctions to Congressional Leadership and Members of the Foreign Affairs and Foreign Relations Committees.</p> <p><i>opened per RAC NLC-126-17-27-3-1, opened 10/24/13</i></p>	6/7/79	A

FILE LOCATION

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THE WHITE HOUSE

WASHINGTON

21 June 1979

MEMORANDUM FOR: CHARLES WARREN
STU EIZENSTAT

SUBJECT: Environmental Message

The President reviewed the decision memorandum on the referenced subject and approved the package of new initiatives as outlined.



Rick Hutcheson
Staff Secretary

cc: Frank Moore
Jim McIntyre
Frank Press

THE WHITE HOUSE
WASHINGTON
6/21/79

Stu Eizenstat

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: ~~Frank Moore~~
~~Jim McIntyre~~
~~Frank Press~~
~~Charles Warren~~

FOR ACTION
FYI

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION

	VICE PRESIDENT
	JORDAN
<input checked="" type="checkbox"/>	EIZENSTAT
	KRAFT
	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
	POWELL
	RAFSHOON
	WATSON
	WEXLER
	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE
	SCHULTZE
	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARONSON
	BUTLER
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	HARDEN
	HERNANDEZ
	HUTCHESON
	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PETTIGREW
<input checked="" type="checkbox"/>	PRESS
	SANDERS
<input checked="" type="checkbox"/>	WARREN
	WEDDINGTON
	WISE
	VOORDE
	ADMIN. CONFIDEN.
	CONFIDENTIAL
	SECRET
	EYES ONLY

*make sure
DPS has no
objection to
sending their
memo*

THE WHITE HOUSE
WASHINGTON

6/21/79

Mr. President:

OMB and OSTP concur with
CEQ.

CEA and CL have no
objection.

Rick

THE WHITE HOUSE

WASHINGTON

June 19, 1979

MEMORANDUM FOR

THE PRESIDENT

FROM

STU EIZENSTAT *Stu*
KATHY FLETCHER
R. D. FOLSOM

SUBJECT: Environmental Message Decision Memorandum

CEQ has been working with us, OMB and affected agencies on Environmental Message proposals. As you recall, you approved the preparation of these initiatives for your consideration. The attached memorandum prepared by CEQ asks for your approval of a number of new initiatives and describes the overall Message proposal.

All of the new proposals presented in the CEQ memorandum are consensus proposals among the agencies and OMB. We have no problem with any of them. They lack a coherent theme but in the context of an overall environmental program, they are solid and worthwhile.

The Message itself must also include a discussion of your accomplishments in the environmental arena and give emphasis to important ongoing efforts such as the Alaska legislation. In many ways, these will be the most important parts of the Message text.

We recommend that you approve the consensus package of new initiatives. We will work with CEQ to prepare the draft Message text while you are in Tokyo. Precise timing of the Message in July will depend on competing events.

DECISION

Approve consensus package of new initiatives

Disapprove (see individual initiative descriptions in CEQ Memorandum)

Other

**Electrostatic Copy Made
for Preservation Purposes**

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

June 15, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren 
SUBJECT: Environmental Message

In April you directed us to prepare an Environmental Message for your consideration. Working closely with EOP staff and affected agencies, we have developed 11 proposed initiatives for inclusion in the Message. These proposals have all been concurred in by the affected agencies. We recommend that the proposals be included in the Message. These proposals are presented below for your consideration.

Once we have your decisions on these proposals we will prepare the Message and appropriate supporting documents such as the Public Fact Sheets, working with appropriate White House staff. Because of your travel plans for this month, the Message cannot be issued before the July 4 recess. We will work with White House staff to schedule a date in July as soon as possible after the recess.

In the discussion which follows, a brief outline of the Message is presented before the Message proposals to provide a context for your decisions.

A. Outline of Environmental Message

The Environmental Message will reaffirm your commitment that enhancing the quality of our Nation's environment is a major goal of your Administration and emphasize the significant environmental accomplishments of your Administration. The Message will also underscore your commitment to previously announced priority environmental initiatives and announce several new initiatives. In sum, the Message will present your Administration's Environmental Program.

The accomplishments which should be emphasized in the Message are:

- o the 1977 Amendments to the Clean Air and Clean Water Acts;
- o the 1977 Surface Mining Reclamation Act;
- o the 1977 Nuclear Nonproliferation Act and indefinite deferral of nuclear fuel reprocessing and breeder reactor commercialization;
- o the 1978 Water Resources Reform Policy Message;
- o the 1978 National Energy Act, with its emphasis on energy conservation;
- o the 1978 National Parks and Recreation Act;
- o the 1978 Endangered Species Act reauthorization;

- o the 1978 promulgation of new regulations implementing the National Environmental Policy Act;
- o the 1978 administrative protections for more than 115 million acres of federal lands in Alaska;
- o the 1977 and 1978 Executive Orders directing federal agencies to protect the Nation's wetlands and to reduce risks and environmental damage in floodplains, to analyze the environmental impacts of federal actions abroad, to analyze the impacts of new federal policies on urban areas, and to protect public lands from damages caused by off-road vehicles.

The Message will provide an overview of major environmental priorities for the next two years. These key actions include:

- o strong Alaska lands legislation, which is the Administration's highest environmental priority;
- o enactment of the 1979 proposed hazardous waste legislation and a full description of the Administration's proposed comprehensive program to deal with hazardous waste management;
- o enactment of the proposed Solar Bank Act and implementation of the 1979 Solar Message initiatives;
- o announcement and implementation of the nuclear waste management program;
- o implementation of the Water Resources Reform Policy Message initiatives;
- o enactment of the 1979 Heritage Program legislation; and
- o reauthorization of the Safe Water Drinking Act, Endangered Species Act, and Marine Mammal Protection Act.

Finally, the Message will announce the new environmental initiatives which you approve for inclusion in the Message.

By presenting the Administration's Environmental Program, the Message provides the opportunity to bring together in one place your major environmental initiatives and thereby underscores the progressive environmental policy that you have been pursuing.

B. Environmental Message Proposals

Set out below are proposals that we recommend be included in the Environmental Message, arranged as they would appear in the Environmental Message.

A. Proposals in the Areas of Land and Resource Management

National Coastal Protection Policy

This administrative and legislative initiative would affirm Administration support for reauthorization of the Coastal Zone Management Act. The CZMA reauthorization proposal will recommend providing 80 percent federal grants for approved state programs for five years before federal support is gradually phased out. This is to provide sufficient time to institutionalize the state programs. In addition, the Secretary of Commerce would be directed to conduct a systematic review of federal programs which significantly affect coastal resources. The purpose of the review is to identify those programs which conflict with proper implementation of CZMA because the programs are not well coordinated or induce uneconomic or environmentally unsound development. The review is to be completed by early 1981 so that, if necessary, legislative proposals for dealing with these federal programs can be developed. This initiative will be implemented within existing budgetary constraints. This initiative is particularly timely because a broad coalition of environmental organizations have established a special organization -- Coastal Alliance -- which has named 1980 the Year of the Coast and will work intensely during the year to improve protection of coastal resources. This compromise proposal has been worked out with OMB in the course of Spring budget review and has not been fully discussed with NOAA yet. The concept appears acceptable, however, and the specifics will be worked out in consultation with the Commerce Department during the preparation of the final Message text.

_____ Include in Message

_____ Exclude

Public Land Resources

This administrative initiative would state, for the first time by any recent Administration, a serious commitment to manage the public lands administered by the Bureau of Land Management in a purposeful, environmentally sound, fiscally responsible, and cost-effective manner. The management of BLM lands would be guided by principles of being good stewards of the land and good neighbors, particularly to the people and institutions of the Western states that are most directly affected by BLM actions. In addition to reaffirming current efforts by the Administration to improve the management of BLM lands, this administrative initiative would: (i) direct the Secretary of the Interior to establish in BLM a program development process for setting long-term goals and developing and analyzing alternative investment strategies to meet these goals; (ii) direct the Secretary of the Interior to give special attention to protecting those areas with nationally significant wildlife, natural, cultural, or scenic resources located on BLM lands; and (iii) direct the Secretaries of Interior and Agriculture to work together to achieve better coordination of their Departments' natural resource programs, particularly between BLM and the Forest Service. The initiatives were originally proposed and are supported by Interior and Agriculture and can be implemented within existing budgetary constraints and staffing levels.

_____ Include in Message

_____ Exclude

Wildlife Law Enforcement

This administrative and legislative initiative upgrades and expands the Administration's capabilities to enforce the wildlife protection statutes. This will be accomplished by addressing the trade in endangered and threatened wildlife species as white collar criminal problems, by establishing the investigation and prosecution of these cases as a high priority objective, and by seeking revision of the Lacey Act to ensure that criminal and civil penalties for illegal wildlife trade are uniform and strict. Investigations have shown that this illegal trade runs to tens of millions of dollars a year. This initiative is supported by Justice, Agriculture, Treasury, Commerce, and Interior. If any additional resources to implement this initiative are requested by the agencies, OMB will review such requests in the normal budget process. We would not expect any such requests to total more than 15 professional staff positions.

_____ Include in Message

_____ Exclude

Wild and Scenic Rivers and National Trails

This administrative and legislative initiative requires taking a series of actions in order to enhance our national wild and scenic rivers and national trails systems. Improved guidelines for designating wild and scenic rivers will be promulgated so that, for example, the time needed to fulfill the Wild and Scenic River Act's study requirements will be reduced. Federal agencies will exercise greater care and caution in taking actions that may adversely effect rivers within their jurisdiction that have potential for wild and scenic river designation. The Forest Service will establish 145 new trails in National Forests by January 1980, achieving a goal of two trails per each National Forest System unit. The other public land management agencies will together establish 75 new trails by the end of 1980. In addition, legislation will be submitted to the Congress to designate several wild and scenic rivers, to designate other rivers as potential candidates so that studies may proceed, to recommend state administration of several rivers, and to designate the 153 mile Natchez Trace National Trail through Tennessee, Alabama and Mississippi. The precise rivers to be designated will be chosen after we complete consultations with members of Congress who would be affected by designations. This proposal is supported by Interior and Agriculture and can be implemented within existing budgetary constraints and staffing levels.

_____ Include in Message

_____ Exclude

B. Proposals in the Areas of Agricultural Conservation

Agricultural Soil Erosion Prevention Study

This administrative proposal directs the Secretary of Agriculture to develop and complete by January 1981 a detailed and systematic study of possible conservation incentive techniques and programs for preventing soil erosion. The study recognizes Administration interest in encouraging the use of non-regulatory economic incentive programs where practicable to achieve national goals. The study report will provide you with specific administrative and legislative recommendations for revising existing programs where appropriate to encourage the use of incentives to reduce soil erosion. This initiative builds on the Resources Conservation Act (RCA) process and its 1980 RCA Assessment and represents an important step in relating environmental quality and agricultural policies. This initiative, together with the joint CEQ/USDA study of agricultural lands retention issues that was announced on June 14, 1979, means that the Administration is addressing what many experts agree are two of the most important current agriculture policy issues. The study, supported by USDA, would be done with existing resources.

_____ Include in Message

_____ Exclude

Integrated Pest Management

This administrative initiative directs federal agencies to review their specific programs and promptly take actions to promote the use of integrated pest management (IPM) -- an approach to control pests through management techniques, such as crop rotation, and the use of natural predators and that recognizes that certain population levels of pests are not harmful and, in fact, may be beneficial. This initiative implements key recommendations of the interagency IPM study and report that the 1977 Environmental Message directed CEQ to undertake. This initiative is supported by the affected agencies and would be implemented as part of ongoing agency programs using existing agency resources.

_____ Include in Message

_____ Exclude

C. Proposals in the Areas of Urban Quality

Transportation Policy

This administrative proposal announces that Administration transportation policy will be reoriented to meet the environmental protection, urban revitalization, and energy conservation goals of this Administration. This initiative supports actions already taken by the Secretary of Transportation to begin this reorientation. The purpose of the initiative is to declare Administration policy authoritatively and to direct the Secretary of Transportation to take several actions to assure, for example:

- o that transportation funds are used to promote energy conservation;
- o that consideration is given to use of non-construction methods for meeting transportation needs;
- o that firm actions are taken to mitigate the adverse effects of transportation projects on the environment.

This initiative represents the first time that an Administration has firmly declared that transportation policy and environmental quality objectives are compatible. The initiative, originally proposed by the Secretary of Transportation and developed with his full support, can be implemented within existing budgetary constraints and staffing levels. This initiative responds, in part, to the very active interest that a broad coalition of environmental organizations, led by the National Wildlife Federation, have shown in seeking inclusion of several transportation policy initiatives in the Message. In the last month these environmental organizations have met with the Secretary and EOP staff to present their proposals.

_____ Include in Message

_____ Exclude

Urban Noise Abatement

This administrative initiative directs federal agencies with responsibilities and programs concerned with urban noise abatement to coordinate closely in order to ensure that possible noise abatement actions are undertaken while implementing other federal programs, such as home weatherization and insulation and federal procurement. This initiative addresses an important environmental issue as indicated by the fact that public opinion surveys show that noise is the most frequently identified characteristic of undesirable neighborhoods, even more than crime. The proposal, supported by all of the affected agencies, can be implemented within existing budgetary constraints and staffing levels.

_____ Include in Message

_____ Exclude

Economic Assistance Task Force

This administrative initiative establishes in the Environmental Protection Agency an Economic Assistance Program which will seek to mitigate the effects of job losses in those few instances where pollution control enforcement actions are a major contributing factor in the closure of an industrial facility. The program will ensure that economic adjust-

ment assistance is understood by all eligible parties and made quickly available to those who qualify for it. This initiative directs affected agencies to effect long-term interagency coordination in program delivery under EPA leadership. A brochure describing and locating federal assistance programs will be broadly distributed. This proposal implements key recommendations of an Economic Assistance Task Force established by your 1977 Environmental Message and would be implemented within existing budgetary constraints and staffing levels.

_____ Include in Message

_____ Exclude

D. Proposals in the Areas of Global Environment

World Forests

This administrative proposal directs federal agencies to carry out an integrated set of actions to help toward protection and wise management of world forests. Examples of the actions include: improved monitoring of world forest trends; research on preservation of natural forests ecosystems; demonstrations of integrated projects for reforestation; and full U.S. support for the United Nations Environment Programme resolution for an April 1980 meeting of experts to develop world forest conservation proposals. A major purpose of this proposal is to underscore the critical importance of addressing one of the most important global environmental problems -- the alarming rate of global forest loss. The initiative, which builds on an ongoing interagency effort, can be implemented within existing budgetary and staffing levels. The proposal is strongly endorsed by State and Agriculture.

_____ Include in Message

_____ Exclude

Acid Rain Research Program

This administrative proposal establishes a ten-year comprehensive Federal Acid Rain Assessment Program. The program includes applied and basic research on acid rain effects, trends monitoring, transport, and fate of pollutants and control assessment. Extensive public involvement will be actively solicited in developing the research agenda and in assessing results so that important issues will not be overlooked. Liaison will be established with interested industries and other private research efforts to promote cooperative research and reduce duplication. In its first full year of operation, the program will have available \$10 million in research funds (obtained through reprogramming funds), double the current amount. Acid rain, like global forests and CO₂, is one of the very few high priority global environmental problems. Launching this acid rain research program means that your Administration will have launched long-term research efforts to address two major

global transport pollutant issues: CO₂ and acid rain. The proposal, supported by all of the participating agencies including EPA and Agriculture, which would jointly manage the interagency program, would be implemented within existing budgetary restraints and staffing levels.

_____ Include in Message

_____ Exclude

WASHINGTON

Date: 5/15/79

MEMORANDUM

FOR ACTION:

EIZENSTAT *attached*
 MOORE *attached*
 RAFSHOON
 MCINTYRE - *late for attached*
 SCHULTZE *nc*
 ARONSON
 PRESS *attached - word - concur*

FOR INFORMATION:

THE VICE PRESIDENT
 POWELL
 WATSON
 WEXLER
 KAHN

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: WARREN MEMO, "ENVIRONMENTAL MESSAGE"

YOUR RESPONSE MUST BE DELIVERED
 TO THE STAFF SECRETARY BY:

TIME: 12:00 PM

DAY: Monday

DATE: 18 June 1979

ACTION REQUESTED:

 Your comments

Other:

STAFF RESPONSE:

 I concur. No comment.*Please note other comments below:***PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: 5/15/79

MEMORANDUM

FOR ACTION:
 EIZENSTAT
 MOORE
 RAFSHOON
 MCINTYRE
 SCHULTZE
 ARONSON
 PRESS

FOR INFORMATION:
 THE VICE PRESIDENT
 POWELL
 WATSON
 WEXLER
 KAHN

*Rec'd 6-15
 6:15
 FM
 HL
 (SL)
 Ronna
 Lisa*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: WARREN MEMO, "ENVIRONMENTAL MESSAGE"

YOUR RESPONSE MUST BE DELIVERED
 TO THE STAFF SECRETARY BY:
 TIME: 12:00 PM
 DAY: Monday
 DATE: 18 June 1979

ACTION REQUESTED:

Your comments

Other:

*Kathy Hetcher -
 all OK*

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

*We need to
 HCL - Make sure that nothing in the message dies in the
 face of something we will do and/or will have to do in
 energy before too long. i.e. a clean air ^{provision} ~~more~~ that would
 be changed by a syn fuel decision. - Any "no growth"
 sounding speech would not be politically good on the hill.
 It would be important to have bill staff in put.*

*This is Henry Hetcher
 done - per Hetcher*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

June 21, 1979

MEMORANDUM FOR RICK HUTCHESON

SUBJECT: Environmental Message Decision Memorandum
for the President

Please substitute the attached for the current page 3 in our Decision Memorandum for the President.

We have consulted with DPS and OMB, the two EOP units involved with the coastal proposal, and they do not object to the clarification provided by the substitute language.

The change is required because resolution of an EOP disagreement on the coastal initiative yesterday has not provided adequate time to fully check Commerce/NOAA's concurrence on the specifics. The change would therefore delete the phrase that the EOP compromise "is supported by NOAA" and explains that, though they support the concept, the specifics will be worked out as the Message text is completed.

The President is already familiar with the issue through the Spring budget review.

Please call Kathy or me if you have any questions. Thanks.


Kenneth S. Weiner
Deputy Executive Director

Attachments



A. Proposals in the Areas of Land and Resource Management

National Coastal Protection Policy

This administrative and legislative initiative would affirm Administration support for reauthorization of the Coastal Zone Management Act. The CZMA reauthorization proposal will recommend providing 80 percent federal grants for approved state programs for five years before federal support is gradually phased out. This is to provide sufficient time to institutionalize the state programs. In addition, the Secretary of Commerce would be directed to conduct a systematic review of federal programs which significantly affect coastal resources. The purpose of the review is to identify those programs which conflict with proper implementation of CZMA because the programs are not well coordinated or induce uneconomic or environmentally unsound development. The review is to be completed by early 1981 so that, if necessary, legislative proposals for dealing with these federal programs can be developed. This initiative is supported by NOAA and will be implemented within existing budgetary constraints. This initiative is particularly timely because a broad coalition of environmental organizations have established a special organization -- Coastal Alliance -- which has named 1980 the Year of the Coast and will work intensely during the year to improve protection of coastal resources.

_____ Include in Message

_____ Exclude

Public Land Resources

This administrative initiative would state, for the first time by any recent Administration, a serious commitment to manage the public lands administered by the Bureau of Land Management in a purposeful, environmentally sound, fiscally responsible, and cost-effective manner. The management of BLM lands would be guided by principles of being good stewards of the land and good neighbors, particularly to the people and institutions of the Western states that are most directly affected by BLM actions. In addition to reaffirming current efforts by the Administration to improve the management of BLM lands, this administrative initiative would: (i) direct the Secretary of the Interior to establish in BLM a program development process for setting long-term goals and developing and analyzing alternative investment strategies to meet these goals; (ii) direct the Secretary of the Interior to give special attention to protecting those areas with nationally significant wildlife, natural, cultural, or scenic resources located on BLM lands; and (iii) direct the Secretaries of Interior and Agriculture to work together to achieve better coordination of their Departments' natural resource programs, particularly between BLM and the Forest Service. The initiatives were originally proposed and are supported by Interior and Agriculture and can be implemented within existing budgetary constraints and staffing levels.

_____ Include in Message

_____ Exclude

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20500

19 June, 1979

TO RICK HUTCHESON

FROM FRANK PRESS/GIL OMENN GSO

RE ENVIRONMENTAL MESSAGE

OSTP now concurs in the submission of the draft outline. We are prepared to work with DPS and CEQ to assure that the proposed Message reflects the full perspective of the President's program, including significant mention of:

- o the Regulatory Reform program
- o major efforts to coordinate Administration efforts in the environmental regulatory areas: Interagency Regulatory Liaison Group, National Toxicology Program, Regulatory Council
- o reassessment of nuclear safety (Three Mile Island Commission)

The proposed initiatives include some rather small and agency-specific projects. However, we have no specific objections.

THE WHITE HOUSE
WASHINGTON

Comments from

Eliot - exp Wed Am

w/ John White, exp

~~Wed pm~~

Thurs Am

THE WHITE HOUSE
WASHINGTON

Bill -- 6/19

If there are any
other substantial
comments - Kathy
Fletcher would like
to know so they
can deal w/ any
problems before
it goes in. Thx,
Marion

THE WHITE HOUSE
WASHINGTON

4/18

Note:

There will be POST

JAPAN / KOREA summit.

Camp will call you for the
today to tell him —
per to me.

T. S. S.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

June 15, 1979

MEMORANDUM FOR RICK HUTCHESON

FROM: Ed Strohbehn

SUBJECT: Environmental Message Decision Memorandum

Attached is the decision memorandum for the President on the Environmental Message. CEQ and DPS agree on the desirability of getting this memorandum to the President during the period between the Vienna and Tokyo trips, so that the Message text can be completed while the President is in Tokyo. Because of the broad EOP coordination we have effected in preparing the Message materials, we think this is reasonable. We have been circulating drafts for review and comment within the EOP to: DPS; OMB; OSTP; CEA; NSC; and the Offices of the Vice President, Kahn, Wexler, Watson and Moore.

Attachment

*Rick - We would truly appreciate
you getting this memo to
him in Washington before
the Tokyo trip*

not
submitted



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 21, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: JAMES T. McINTYRE, JR. 
SUBJECT: Environmental Message

CEQ Chairman Warren's memorandum to you of June 15, 1979, recommends an Environmental Message. We have no objection to such a Message but do want to make some comments with respect to some of the specific proposals recommended by Chairman Warren. These areas and our views are as follows:

National Coastal Protection Policy

In this area CEQ has proposed: (1) that the Administration affirm support for the Coastal Zone Management (CZM) program by proposing that the Coastal Zone Management Act's authorization of Federal grant support to States for the administration of their coastal management programs be extended, and (2) that Commerce conduct a systematic review of Federal programs which significantly affect coastal resources to identify those programs which are in conflict with proper implementation of the CZMA.

Under the CEQ proposal each eligible State would be guaranteed a total of 5 years of current 80% Federal matching grant support followed by 3 years of decreasing match which would level off at 33-1/3%. During these 8 years, increasing portions of the Federal matching monies would have to be used by the States for addressing specific "national interest" concerns (e.g., protection of wetlands and barrier islands and the siting of water dependent energy facilities).

We have no objection to this proposal in the Message because a key policy is established that Federal support for what is primarily a State/local responsibility should decrease over a specified timeframe. We do, however, have some concerns that over the longer run, a Federal commitment to fund specific "national interest" activities may result in never ending Federal subsidy to States and continued pressure to involve the Federal Government further in coastal land use--a traditionally State/local area of responsibility. Nevertheless, we believe that this proposal maximizes the investment we have made to date in developing States' capabilities while at the same time addressing this important environmental area and reducing long term Federal costs.

Public Land Resources

We are generally supportive of these initiatives and agree that they should be implemented within existing budgetary and staffing levels. You should be aware, however, that the proposals will likely be interpreted by the western Congressional delegation and constituent groups as signalling a commitment to budget increases.

Wildlife Law Enforcement

Chairman Warren's memorandum proposes to accord "high priority" to wildlife law enforcement as a kind of white collar crime. As currently defined by the Justice Department, there are four "high priority" areas: We expect that within the constraints of the 1981 budget process, the Justice Department may wish to consider wildlife law enforcement as somewhat lower than "high priority."

If the proposal for stronger wildlife law enforcement is to be included in the Message, we believe it should be understood that additional resources may well not be made available for this effort in FY 1981.

Agricultural Soil Erosion Prevention Study

The Department of Agriculture, in conjunction with other agencies, is already undertaking a similar study mandated by the Soil and Water Resources Conservation Act (RCA) of 1977. That Act calls for an evaluation of current conservation programs and an identification and evaluation of alternative methods for the conservation and protection of soil and water resources. The current study, together with a Presidential policy statement, is due to the Congress in January 1980 with subsequent periodic updates.

We recommend that the Message point to the RCA study as a clearly needed first step in the wise use of agricultural lands. The new study should be directed to proceed expeditiously where the current RCA study discloses the need for further information and study.

Urban Noise Abatement

The National Energy Conservation Policy Act authorizes the Department of Energy to provide financial assistance to schools and hospitals for installation of energy saving measures such as insulation. That Act requires funds be allocated among projects taking into consideration the cost and energy savings of the projects. A shift of these funds to soundproofing (not proposed by CEQ) would be a poor use of funds, since it would displace higher priority energy conservation projects, and would

be clearly inconsistent with the Act, which does not establish sound-proofing as a purpose of the grants nor as a criterion for project selection. The Administration has promised that the \$900 million for DOE's schools and hospitals grants will be provided for the purpose of saving energy.

Thus, we understand that the urban noise abatement proposal to be included in the Message is structured in such a way that programs such as the DOE schools and hospitals grant program will not be required to spend money for purposes other than those set forth in the statutes authorizing them.

THE WHITE HOUSE
WASHINGTON

6/21/79

Stu Eizenstat

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Please make all necessary
notifications.

Rick Hutcheson

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

June 19, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
LYNN DAFT *Lynn*

SUBJECT: Meat Import Legislation

The House Ways and Means Committee recently reported a bill (H.R. 2727) to amend the Meat Import Act of 1964. The bill is consistent with the Administration position, with one exception. In place of the 1.3 billion pounds import floor we favored, the bill provides for a 1.2 billion pound floor. The other major provisions -- including a countercyclical formula that would adjust the timing of imports and conditions on the use of Presidential authority to suspend quotas -- are acceptable to your advisors. This proposal represents a marked improvement over the bill you vetoed last year. In addition to setting a 1.2 billion pound floor, last year's bill contained several other objectionable features, including an unacceptable dilution of the Presidential suspension authority.

We believe there is some chance the bill could be amended on the House floor, although our best bet was in the Ways and Means Committee where we failed by two votes of securing approval of the 1.3 billion pound floor. The measure could come to a vote as early as next week. It is doubtful that the Senate will find the higher level acceptable if the House does not.

Congressman Ullman and representatives of the cattle producers appear to be interested in compromising at 1.25 billion pounds. We believe that both the Congress and the cattle industry want this legislation and that they recognize that passage requires Administration approval.

Your advisors strongly oppose a floor of 1.2 billion pounds, as contained in the Ways and Means Committee bill, and would unanimously recommend veto of any bill containing it. Thus, the remaining options are to: (a) maintain support for a 1.3 billion pound floor or (b) indicate that we could accept a compromise level of 1.25 billion pounds. Your advisors are divided in their recommendations. The major arguments for the two options are as follows:

**Electrostatic Copy Made
for Preservation Purposes**

1.3 Billion Pounds

- o As part of the MTN agreement with Australia, we agreed that the concessions negotiated between the two Governments would be reviewed should a floor of less than 1.3 billion pounds be legislated (Tab A). In this regard, we have on several occasions reassured representatives of both Australia and New Zealand that we would strongly resist adoption of a floor of less than 1.3 billion pounds (Tab B). State points out that our relations with Australia are already strained and that abandonment of the position we have forcefully defended for over a year, could materially heighten the level of tension.
- o We have conceded ground on the other major provisions of the bill. Although 100 million pounds of meat is not large in relation to the total, it is important that we not give an impression of vacillation and continually shifting our position.
- o Politically, we can expect very little support from cattle producers, regardless of our position.
- o Although the economic effect of this difference is admittedly small, it would offer slightly larger supplies under certain circumstances. The USDA projects imports to fall below 1.3 billion pounds in three years between now and 1990, absent a floor at that level (Tab C). With a 1.3 billion pound floor, imports would average about 40 million pounds less for each of these years.
- o If we abandon the 1.3 billion pound level in an attempt to compromise at a 1.25 billion pound floor, it will be difficult to justify veto of a 1.2 billion pound level on economic grounds, should it be in the bill that is eventually sent to you for signature.
- o Although the amount of difference is too small to attract any significant consumer attention, this option at least leans toward the consumer side. Support for a lower floor would lean the opposite direction ... at a time when retail meat prices and cattle producer incomes are both very high.

1.25 Billion Pounds

- o As the last remaining difference, a willingness to compromise on this provision would further demonstrate our commitment to finding a workable solution. Should this be rejected, we can argue persuasively that we went the last mile to seek an accommodation.
- o Passage of this legislation is in our interest as well as that of the cattle producers. Without it, we are likely to have to suspend quotas and negotiate voluntary restraint agreements for at least the next 3 years, as we have done the past 2 years. With passage of the bill, we would expect to avoid the political trauma associated with quota suspensions.
- o The political significance of this issue goes beyond the cattle producer. Meat imports have become a symbolic issue that is irritating to a large part of the agricultural community. Grain producers, of course, view the livestock industry as an important outlet for their output as well.
- o Although it is true that we have conceded some ground on this legislation, so too have the cattle producers. Furthermore, rigid adherence to firmness and consistency is of little value if it does not eventually result in a workable solution.
- o A 50 million pound lower floor would not impact Australia in a major way. Since they provide about half our meat imports, the maximum effect would be 25 million pounds, and this would only be effective for 3 or 4 years. Given that the Australians object to other provisions of the bill, especially the countercyclical formula, it might be argued that their primary objective is defeat of the bill.

Agency Positions

State feels very strongly that we should stick to the 1.3 floor, largely because of our commitments to Australia and New Zealand. CEA, OCA,* and COWPS also recommend the 1.3 option, mostly on economic ground but also because they see little political gain in favoring the lower level. These agencies would probably recommend a veto of anything below the 1.3 level. Fred Kahn feels strongly that any lowering of the present 1.3 million floor, at a time when beef prices

* Office of Consumer Affairs

are so painfully high and the anti-inflation program in such a precarious state, would be impossible to explain publicly; he also reminds you how very hard we have in the recent past pressed the Australians for a liberalization of their aviation policy -- and with some success.

USDA, STR, and DPS recommend the 1.25 compromise, largely on grounds that it offers our best hope of achieving passage of acceptable legislation. If you agree to this position, we would have to make it clear that there would be no further concessions. A veto of a bill otherwise acceptable at 1.2 (which would be our certain choice if we don't try a 1.25 compromise) would be politically damaging and difficult to explain, given the same amount involved. We propose that State be instructed to inform Australia of the difficulties of securing legislation at 1.3 billion pounds, despite our best efforts, and that we bill such legislation as close as possible to this level. If necessary, State could reallocate amounts from other nations to insure Australia the same access.

DECISION

_____ 1.3 billion pounds (State, CEA, OCA, COWPS) (NSC)

_____ 1.25 billion pounds (USDA, STR, DPS) (OMB, CL)

*Hold out for 1.3
I will veto 1.2*



STAFF COMMENTS

OMB concurs with Stu. "The 50 million pound difference simply doesn't appear to be meaningful enough economically to stand in the way of a reasonable solution to a politically difficult problem... The sensitivities of the Australians and New Zealanders are important enough so that we should consult with them promptly -- before going ahead with the compromise -- explain to them the position we and they find ourselves in... We should accept the compromise only on a final, 1.25 or veto basis."

NSC "endorses the position that we should stick with a 1.3 billion pound floor on meat imports, but if we fail in the House, we should be prepared to consider a 1.25 billion pound compromise either in the Senate or in conference. We have consistently told the Australians and New Zealanders that we would hold out for 1.3. Cy is particularly concerned since he is scheduled to go out there in the near future. However, if the House does not go along with us, I think we can make it clear to the Australians and New Zealanders that we have made a good-faith effort... We would be better off getting a bill, setting the floor, and then spend our time adjusting to this reality rather than continuing to agitate the problem."

Congressional Liaison concurs with Stu.

U.S. UNDERSTANDING WITH AUSTRALIA REGARDING BEEF -
IMPLEMENTATION PROPOSAL

Summary

In bilateral negotiations, Australia requested a minimum level of global access to the U.S. market of 1.475 billion pounds or 7 percent of domestic production, whichever is larger. After intensive negotiations an agreement was reached on the basis of the following elements.

First, it notes that future country allocations under the meat import program will be made taking into account the position of traditional suppliers over a representative period. It further notes that any allocations to new entrants into the meat import program will be subject to consultations with traditional suppliers.

Secondly, it acknowledges that the balance of concessions achieved in the MTN between Australia and the United States could be affected in the event that meat import legislation containing a countercyclical formula results in imports below 1.3 billion pounds and/or Australia's allocation under the program is not in accordance with the statement outlined above. Under such circumstances, the Government of Australia and the United States would enter into consultations with the view toward preserving a mutually satisfactory balance of concessions. The balance of concessions need not be adjusted if Australia's level of market access is maintained at a mutually satisfactory level despite the fact that imports fall below 1.3 billion pounds under new countercyclical meat import legislation.

TAB A

Thirdly, it notes that the U.S. will reallocate shortfalls in the Meat Import Program among suppliers able to ship additional quantities so as to maintain imports at the minimum levels set forth in the understanding.

This commitment will require no changes in U.S. Law.

Message to President Carter from Prime Minister Muldoon

TAB B

Dear Mr President,

You will recall that I wrote to you last year expressing my concern about the legislation being promoted in Congress which aimed to amend the basis of the United States meat import regime. I am writing again to express the very great concern which the New Zealand Government feels about the recent announcement that your Administration now supports the legislation known as HR 2727 at present being considered by Congress.

During 1978 my Government made repeated and strong representations to your Administration over protectionist legislative initiatives which sought to control the level of imports of beef and veal. Not only did the legislation propose a rigid countercyclical formula which would have serious disruptive effects on the New Zealand beef industry but it would also have limited the President's power to suspend or adjust quotas, as he can under present law.

As I said to you in my letter of 17 October I welcomed Vice President Mondale's firm assurances that the Administration would regard as unacceptable any proposal which sought to institute an inflexible regime by curtailing the present power of the President to suspend or vary quotas when he judged it necessary. I was pleased to receive your reply in which you told me of your decision in November last year to withhold your approval of the Meat Import Act of 1978. I was particularly heartened to read in your Memorandum of Disapproval that you were convinced that the President's substantial flexibility to increase meat imports when in his judgment domestic supplies were inadequate to meet demand at reasonable prices, must be preserved, as a weapon against inflation.

You will appreciate my dismay when I learned that at an executive mark-up session of the House Ways and Means Trade Sub-committee a spokesman for your Administration

/told the

told the Sub-committee representatives that the present bill (HR 2727) now has the support of your Administration. This marks a significant departure from the position adopted by your Administration last year.

My Government continues to be opposed to restraints on trade in agricultural products. New Zealand's exports of beef and veal have always been centred on the United States market. The proposals embodied in bill HR 2727 will, therefore, not only adversely affect our exports to your country but I believe will have a harmful and disruptive effect on our whole beef industry. In my view it also conflicts with the spirit if not the letter of the OECD trade pledge.

I placed great weight on the assurances given to me last year. I hope that you will be prepared to reconsider your Administration's position on this potentially damaging legislation.

Yours sincerely,

R.D. Muldoon



EMBASSY OF AUSTRALIA
WASHINGTON, D. C.

June 4, 1979

Dear Ambassador Strauss,

I have now been informed that two paragraphs of Mr. Anthony's letter to you were omitted in the transmission of the text I sent to you on June 1, 1979. The full letter reads:

"Dear Ambassador Strauss,

I am writing to you to express my concern regarding the recent vote of the Ways and Means Committee of the House of Representatives to report out Bill HR2727 containing a floor on meat imports of 1.2 billion pounds.

On May 11 during the Committee hearings on this Bill, the Australian Embassy in Washington submitted an Aide Memoire to the Administration outlining our concerns and in particular expressing disappointment that the Administration had decided to accept additional limits on the exercise of the President's discretion to liberalise meat imports. We also expressed our appreciation for the efforts of the Administration in seeking to maintain a floor of 1.3 billion pounds. However, in light of the Committee's vote it now appears that there is increasing pressure from a number of quarters for the Administration to further reconsider its position and accept a floor at a level below 1.3 billion pounds.

As you know, the inclusion of a floor of 1.3 billion pounds was a critical element in Australia reaching an overall settlement with the United States in the Multilateral Trade Negotiations. I value the assurances given to me during my visit to Washington in March that the Administration would hold firm in opposing any Bill containing a lesser floor. On this basis I announced in Parliament on 8 May the broad elements of our MTN settlement. In regard to meat

...../2

I stated, inter alia:

'In addition I have received renewed assurances that the attitude of the United States Administration towards any new countercyclical meat import legislation is unchanged from that announced in 1978. The Administration's position is that if there is to be any such legislation it should contain an access level for meat imports of at least 1.3 billion pounds annually'.

I consider it most unfortunate that in this period when both governments are working towards implementation of our MTN settlements that the Ways and Means Committee should report out a Bill containing a floor which is inconsistent with the Administration's position. I hope that the Administration will exert the strongest efforts to obtain reinstatement of a floor of 1.3 billion pounds prior to this legislation being finalised in the Congress. The adoption of a floor at any lower level could have serious implications for our MTN settlement.

Because of its importance, I am writing to you personally to ask that you bring the concerns of the Australian Government on this matter to the attention of your Cabinet colleagues.

Yours sincerely,

(J. D. Anthony)"

Would you please regard this as replacing my letter of June 1st.

Yours sincerely,



(Alan Renouf)
Ambassador

The Hon. Robert S. Strauss,
Special Trade Representative,
Office of the Special Representative
for Trade Negotiations,
1800 G Street NW,
Washington DC, 20506.

EMBASSY OF AUSTRALIA

1601 Massachusetts Ave., N.W.
Washington, D.C. 20036

TELEPHONE (202) 797-3000



PRESS AND INFORMATION OFFICE

PRESS RELEASE NO. 23/79

AUSTRALIA CONCERNED OVER PROPOSED MEAT LEGISLATION

The Australian Government has expressed its concern in an urgent letter to the U.S. Administration following a vote on meat imports by the House Ways and Means Committee.

Australia's Minister for Trade and Resources, Mr. J. Douglas Anthony, sent the letter to Ambassador Robert Strauss as the Administration's Special Trade Representative.

Mr. Anthony said he had sought a reassurance that the Administration would exert its strongest efforts towards obtaining a reinstatement of a floor of 1.3 billion pounds prior to proposed countercyclical meat import legislation being finalised in Congress.

This follows the Ways and Means Committee vote to recommend a Bill for countercyclical legislation containing a floor on meat imports of 1.2 billion pounds.

Mr. Anthony said in a statement issued in Australia on June 1 that the adoption of a floor at any level lower than 1.3 billion pounds could have serious implications for Australia's MTN settlement with the United States.

"I have only recently concluded MTN negotiations with the United States in which I received renewed assurances from the Administration that, as in 1978 with similar legislation, its position would be that any such legislation must contain an access level for meat imports of at least 1.3 billion pounds annually," Mr. Anthony said.

"It is most unfortunate that in this period when both governments are working towards implementation of our MTN settlements, the Ways and Means Committee should recommend a Bill containing a floor which is inconsistent with the Administration's position," he added.

June 1, 1979.
WASHINGTON, D.C.



AIDE MEMOIRE

The Australian Authorities noted with interest the proceedings before the House of Representatives Sub-Committee on International Trade on various meat import bills, which led to the Sub-Committee reporting favourably to the Committee of Ways and Means on HR 2727 as amended.

While they maintain their opposition to any countercyclical legislation, the Australian Authorities nevertheless appreciate the efforts of the Administration which resulted in the Sub-Committee including a floor of 1.3 billion pounds in the Bill.

Not unexpectedly the National Cattlemen's Association has publicly announced its intention to press for amendment to the Bill in its further stages, particularly to secure a reduction in the floor to 1.2 billion pounds. The Australian Authorities confidently expect that the Administration will take all possible steps to counter this pressure.

In the view of the Australian Authorities a floor of 1.3 billion pounds is the minimum necessary to meet the requirement of the President of the United States that any new Meat Import Act should not be unduly restrictive on the trading partners of the United States. Such a floor is also needed to give a reasonable degree of protection against uncertainty in the way a new untried, mechanical formula to regulate meat imports might operate in practice.

In the Congressional hearings, the facile claim that the new legislation will enable external suppliers to regulate their production in a manner countercyclical to that of the United States was repeated. As the United States Authorities are aware, there is no practical way for this to be done in a free enterprise economy.

If offshore supplies of meat are going to be available when needed by United States consumers, there must be sufficient access in the liquidation phase of the cattle cycle to enable a sufficient number of producers in the supplying countries to stay in business. In the case of Australia, it is highly significant in the last liquidation phase the number of specialist beef producers decreased from 49,918 in 1974/1975 to 27,176 in 1976/1977. This was under the present law, which is based on much more of a market sharing concept than the countercyclical bills. A floor of at least 1.3 billion pounds is of critical importance, not only to supplying countries, but also to United States consumers.

The statement in the Sub-Committee report that if additional trade concessions are not achieved the Congress reserves the right to subsequently adjust the minimum access downward is of particular concern. As the United States Authorities know, and as a press statement issued by the Sub-Committee itself on April 6 acknowledges, the balance of concessions negotiated between Australia and the United States in the MTA was on the basis of an access level of at least 1.3 billion pounds under countercyclical legislation.

The Australian Authorities were disappointed that the Administration decided to accept additional limitations on the exercise of the President's discretion to liberalise imports, both the link to the countercyclical formula and the requirement of 30 days public notice. In particular, the latter is regarded as potentially very disruptive and damaging to the market, given the probability that there would only be occasion to consider using the discretion when market conditions were expected to be tight.

Washington D.C.

May 11, 1979.

TAB C

TABLE 3.

Meat Imports Under the Current Law and the Optional Countercyclical Formula
(Quota + 10% in Product Weight)

Year	Current law	Countercyclical <u>1/</u>
----- Million pounds -----		
1969	1,087	1,257
1970	1,099	1,277
1971	1,128	1,306
1972	1,356 <u>2/</u>	1,314
1973	1,356 <u>2/</u>	1,302
1974	1,079 <u>2/</u>	1,079
1975	1,182	1,084
1976	1,233	1,093
1977	1,282	1,317
1978	1,490 <u>2/</u>	1,528
1979	1,570 <u>2/</u>	1,699
Total	13,862	14,256
1980	1,481 <u>3/</u>	1,590
1981	1,443 <u>3/</u>	1,507
1982	-1,452 <u>3/</u>	1,389
1983	1,489 <u>3/</u>	1,333
1984	1,241	1,306
1985	1,297	1,290 <u>4/</u>
1986	1,359	1,247 <u>4/</u>
1987	1,433	1,240 <u>4/</u>
1988	1,474	1,440
1989	1,468	1,714
1990	1,402	1,886
Total	15,539	16,039

1/ Imports under the countercyclical formula are restrained to the estimate of imports under suspension of the quota or the number produced by the formula itself, whichever is less.

2/ Quota suspended under the current law.

3/ Assumes suspension of quota under criteria in current law and an increase of 300 million pounds.

4/ Import floor of 1,300 million pounds would be effective in these years.

ID 792698

THE WHITE HOUSE

WASHINGTON

DATE: 19 JUN 79

FOR ACTION: FRANK MOORE (LES FRANCIS)

ZBIG BRZEZINSKI

JIM MCINTYRE

attached

*over 75 / Ass
1.3 / 1.25
- attached*

*State comments - attached
1.3*

INFO ONLY: THE VICE PRESIDENT

SUBJECT: EIZENSTAT MEMO RE MEAT IMPORT LEGISLATION

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND

STAFF RESPONSE: (-) I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 20, 1979

MEMORANDUM FOR: RICK HUTCHESON
FROM: ELIOT CUTLER 
SUBJECT: Meat Import Legislation

We believe the Eizenstat memo describes the options adequately.

Although we would prefer a 1.3 billion pound floor on imports because it leans toward the consumer side in a period of rising farm prices and is consistent with the President's statement to the Prime Minister of New Zealand, we can support a compromise at the 1.25 billion pound level. The 50 million pound difference simply doesn't appear to be meaningful enough economically to stand in the way of a reasonable solution to a politically difficult problem.

At the same time, the sensitivities of the Australians and New Zealanders are important enough so that we should consult with them promptly--before moving ahead with a compromise--to explain to them the position we and they find ourselves in.

Finally, we should accept the compromise only on a final, 1.25 or veto basis.

DATE: 19 JUN 79

FOR ACTION: FRANK MOORE (LES FRANCIS) ZBIG BRZEZINSKI

JIM MCINTYRE

INFO ONLY: THE VICE PRESIDENT

SUBJECT: EIZENSTAT MEMO RE MEAT IMPORT LEGISLATION

296-4750

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

*Concur with
DPS - but
NO Push*

Bill Cable: Concur with DPS. However, contrary to DPS contention that "The measure could come to a vote as early as next week"; there is no way it could come to the floor until after July 9.

THE SECRETARY OF STATE

WASHINGTON

June 20, 1979

LIMITED OFFICIAL USE

MEMORANDUM FOR: THE PRESIDENT

From: Cyrus Vance *CV*

Subject: Meat Import Legislation

Counter-cyclical meat import legislation containing a minimum access level of 1.2 billion pounds was reported out of the Ways and Means Committee on May 31. The bill now awaits action on the House floor, possibly by the end of this month. Provisions regarding presidential authority to modify import levels were worked out with the Ways and Means Trade Subcommittee and are now acceptable. The import floor, however, is not. Last November you vetoed a similar bill in part because it contained a floor below the 1.3 billion pounds required by the Administration.

I am seriously concerned about the possible harm to U.S. credibility and the damage to bilateral relations with Australia and New Zealand, and with Latin American meat suppliers, should the Administration modify its position on meat import legislation once again. Prime Ministers Muldoon and Fraser have recently indicated their dismay at what they regard as a departure from the Administration position on presidential authority. We have repeatedly assured our major beef trading partners of our continued support for an import floor of 1.3 billion pounds. Australia understands this to be a firm commitment on our part and has already expressed concern that the Administration will further recede from our commitment to them by accepting a 1.25 billion pound level.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

-2-

It would be particularly unfortunate at this time if the Administration were seen to be backing off from the 1.3 commitment. I will shortly be consulting with the Australian and New Zealand Foreign Ministers, first at the ASEAN meeting in Bali and then at the ANZUS Council meeting in Canberra where I will also be seeing Prime Minister Fraser. In both Bali and Canberra, I will be urging our allies to provide additional assistance to ASEAN and to join us in urgent action on the refugee issue. Given this background, I urge you to stand by the commitment to a 1.3 billion pound floor and to take whatever steps necessary to make this clear to Congress.

LIMITED OFFICIAL USE

6/7/79

Revised opening

After careful and thorough consideration, I have reached a decision on Rhodesian sanctions:

First, I am absolutely convinced that the national interests of the United States would not be served by the lifting of sanctions.

(A) Second, I am equally convinced that the best interests of the people of Rhodesia would not be served by the lifting of sanctions.

Finally, it is clear to me that although there has been some progress in Rhodesia, this progress is not sufficient to satisfy the criteria for the lifting of sanctions set down in the Case-Javits amendment.

STATEMENT TO CONGRESSIONAL LEADERSHIP AND MEMBERS OF FOREIGN
RELATIONS AND FOREIGN AFFAIRS COMMITTEES

Insert new opening

[I have reached my conclusion on Rhodesian sanctions. In brief, it is this:

B -- There has been some progress in Rhodesia, but this progress is not yet sufficient to justify our lifting the sanctions.]

In reaching this decision, we have consulted closely with the British Government, which retains legal and historic responsibility for Rhodesia. We have also reviewed the recent developments in Rhodesia.

The actual voting in the April elections appears to have been administered in a reasonably fair manner, considering the circumstances.

But the elections were held under a constitution that was drafted by and then submitted only to white Rhodesians, only 60% of whom approved it. The black Rhodesians who constitute 96% of the population never had a chance to vote for or against this constitution.

The constitution preserves extraordinary power for the 4% white minority. It gives this small minority a vastly

disproportionate number of votes in the Parliament; continued control over the army, police, judiciary and civil service; and a veto over significant constitutional reform.

Moreover, while the Case/Javits amendment called for the free participation of all political groups in the election, the internal wings of opposing parties were banned. They were unable to participate in the political process; they were prohibited from holding meetings or political rallies or advertising their views in the news media.

For these reasons, I cannot conclude that these elections were either fair or free.

Nor can I conclude that the other condition of our law has been fully met.

The Rhodesian authorities have expressed their willingness to attend an all parties meeting, but they have not indicated that they are prepared to negotiate seriously about "all relevant issues," as our law specifies.

~~[Let me emphasize that]~~ We will ^{of course continue to} keep the question of our observance of sanctions under ~~[continuing]~~ review. Along with the British, we will particularly look for progress towards a wider political process and more genuine majority rule.

In so doing, we will report to the Congress on a monthly basis on the progress being made.

The position I have outlined best serves ^{American} ~~our own national~~ interests and those of our allies in a region of increasing importance to us all. It should preserve our ties to friendly African governments, and limit the opportunity for outside powers to take advantage of the situation at the expense of the United States.

No other government on earth has formally recognized the Rhodesian government. ^{RP} However, our action should help and encourage the newly elected authorities in Rhodesia -- to intensify their efforts to achieve genuine majority rule, based on firm and just constitutional foundations, leading to more progress in Rhodesia-Zimbabwe and normal ^{to more} relations with the new government based on its own ^{future} actions and character. **I**

spell out → *Additional information about Rhodesia*

Legal Status. Southern Rhodesia was a self-governing Crown Colony until Smith's UDI on November 11, 1965. The UK responded with the Southern Rhodesian Act of 1965 which gave the UK Government authority to make any Order in Council (a decree of the Sovereign, on advice of the Privy Council), regarding Rhodesia, thought necessary. The UK declared UDI to be illegal, declared void the rebel constitution and revoked all powers of the Legislative Assembly; it enabled the UK Government to legislate for Rhodesia, and conferred executive power on the Secretary of State for Commonwealth relations.

The UN Security Council, at UK request, adopted mandatory economic sanctions (for the first time in UN history) under Resolution 232, on December 16, 1966. This was expanded to virtual total trade embargo by Resolution 253 on May 28, 1968, and implemented for the U.S. by President Johnson's Executive Order 11419.

As a result of these actions Rhodesia is not recognized by any nation as a state and its present government is viewed as illegal under international law.

Case-Javits Amendment

" Sec. 27. In furtherance of the foreign policy interests of the United States, the Government of the United States shall not enforce sanctions against Rhodesia after December 31, 1978, provided that the President determines that --

(1) the Government of Rhodesia has demonstrated its willingness to negotiate in good faith at an all-parties conference, held under international auspices, on all relevant issues: and

(2) a government has been installed, chosen by free elections in which all political and population groups have been allowed to participate freely, with observation by impartial, internationally-recognized observers."

May 26, 1979

Dear Mr. Prime Minister:

Thank you for your letter of May 8 expressing concern about my Administration's support for proposed meat import legislation known as H.R. 2727.

I wish to assure you that my support for H.R. 2727 does not depart from the position I took in my veto message of last November. Under H.R. 2727, the President would continue to have flexibility to raise or suspend import levels in years in which domestic supplies were inadequate to meet demand. Past experience demonstrates that presidential authority to modify import levels has been exercised only in such circumstances.

In every other way the Bill, as amended, meets my requirements for support. The Bill includes the requirement of a minimum import level of 1.3 billion pounds. The Administration continues to believe that that degree of minimum access is essential if the burden of adjustment to variations in world meat production is not to fall too heavily on foreign suppliers, such as New Zealand.

I want to assure you that the interests of major beef producers and allies, such as New Zealand, are a continuing and important consideration in determining my Administration's policy on this question.

Sincerely,

Jimmy Carter

COPY OF CABLED MESSAGE

THE WHITE HOUSE

WASHINGTON

June 19, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
LYNN DAFT *Lynn*

SUBJECT: Meat Import Legislation

The House Ways and Means Committee recently reported a bill (H.R. 2727) to amend the Meat Import Act of 1964. The bill is consistent with the Administration position, with one exception. In place of the 1.3 billion pounds import floor we favored, the bill provides for a 1.2 billion pound floor. The other major provisions -- including a countercyclical formula that would adjust the timing of imports and conditions on the use of Presidential authority to suspend quotas -- are acceptable to your advisors. This proposal represents a marked improvement over the bill you vetoed last year. In addition to setting a 1.2 billion pound floor, last year's bill contained several other objectionable features, including an unacceptable dilution of the Presidential suspension authority.

We believe there is some chance the bill could be amended on the House floor, although our best bet was in the Ways and Means Committee where we failed by two votes of securing approval of the 1.3 billion pound floor. The measure could come to a vote as early as next week. It is doubtful that the Senate will find the higher level acceptable if the House does not.

Congressman Ullman and representatives of the cattle producers appear to be interested in compromising at 1.25 billion pounds. We believe that both the Congress and the cattle industry want this legislation and that they recognize that passage requires Administration approval.

Your advisors strongly oppose a floor of 1.2 billion pounds, as contained in the Ways and Means Committee bill, and would unanimously recommend veto of any bill containing it. Thus, the remaining options are to: (a) maintain support for a 1.3 billion pound floor or (b) indicate that we could accept a compromise level of 1.25 billion pounds. Your advisors are divided in their recommendations. The major arguments for the two options are as follows:

1.3 Billion Pounds

- o As part of the MTN agreement with Australia, we agreed that the concessions negotiated between the two Governments would be reviewed should a floor of less than 1.3 billion pounds be legislated (Tab A). In this regard, we have on several occasions reassured representatives of both Australia and New Zealand that we would strongly resist adoption of a floor of less than 1.3 billion pounds (Tab B). State points out that our relations with Australia are already strained and that abandonment of the position we have forcefully defended for over a year, could materially heighten the level of tension.
- o We have conceded ground on the other major provisions of the bill. Although 100 million pounds of meat is not large in relation to the total, it is important that we not give an impression of vacillation and continually shifting our position.
- o Politically, we can expect very little support from cattle producers, regardless of our position.
- o Although the economic effect of this difference is admittedly small, it would offer slightly larger supplies under certain circumstances. The USDA projects imports to fall below 1.3 billion pounds in three years between now and 1990, absent a floor at that level (Tab C). With a 1.3 billion pound floor, imports would average about 40 million pounds less for each of these years.
- o If we abandon the 1.3 billion pound level in an attempt to compromise at a 1.25 billion pound floor, it will be difficult to justify veto of a 1.2 billion pound level on economic grounds, should it be in the bill that is eventually sent to you for signature.
- o Although the amount of difference is too small to attract any significant consumer attention, this option at least leans toward the consumer side. Support for a lower floor would lean the opposite direction ... at a time when retail meat prices and cattle producer incomes are both very high.

1.25 Billion Pounds

- o As the last remaining difference, a willingness to compromise on this provision would further demonstrate our commitment to finding a workable solution. Should this be rejected, we can argue persuasively that we went the last mile to seek an accommodation.
- o Passage of this legislation is in our interest as well as that of the cattle producers. Without it, we are likely to have to suspend quotas and negotiate voluntary restraint agreements for at least the next 3 years, as we have done the past 2 years. With passage of the bill, we would expect to avoid the political trauma associated with quota suspensions.
- o The political significance of this issue goes beyond the cattle producer. Meat imports have become a symbolic issue that is irritating to a large part of the agricultural community. Grain producers, of course, view the livestock industry as an important outlet for their output as well.
- o Although it is true that we have conceded some ground on this legislation, so too have the cattle producers. Furthermore, rigid adherence to firmness and consistency is of little value if it does not eventually result in a workable solution.
- o A 50 million pound lower floor would not impact Australia in a major way. Since they provide about half our meat imports, the maximum effect would be 25 million pounds, and this would only be effective for 3 or 4 years. Given that the Australians object to other provisions of the bill, especially the countercyclical formula, it might be argued that their primary objective is defeat of the bill.

Agency Positions

State feels very strongly that we should stick to the 1.3 floor, largely because of our commitments to Australia and New Zealand. CEA, OCA, and COWPS also recommend the 1.3 option, mostly on economic ground but also because they see little political gain in favoring the lower level. These agencies would probably recommend a veto of anything below the 1.3 level. Fred Kahn feels strongly that any lowering of the present 1.3 million floor, at a time when beef prices

are so painfully high and the anti-inflation program in such a precarious state, would be impossible to explain publicly; he also reminds you how very hard we have in the recent past pressed the Australians for a liberalization of their aviation policy -- and with some success.

USDA, STR, and DPS recommend the 1.25 compromise, largely on grounds that it offers our best hope of achieving passage of acceptable legislation. If you agree to this position, we would have to make it clear that there would be no further concessions. A veto of a bill otherwise acceptable at 1.2 (which would be our certain choice if we don't try a 1.25 compromise) would be politically damaging and difficult to explain, given the same amount involved. We propose that State be instructed to inform Australia of the difficulties of securing legislation at 1.3 billion pounds, despite our best efforts, and that we bill such legislation as close as possible to this level. If necessary, State could reallocate amounts from other nations to insure Australia the same access.

DECISION

_____ 1.3 billion pounds (State, CEA, OCA, COWPS)

_____ 1.25 billion pounds (USDA, STR, DPS)

Summary

In bilateral negotiations, Australia requested a minimum level of global access to the U.S. market of 1.475 billion pounds or 7 percent of domestic production, whichever is larger. After intensive negotiations an agreement was reached on the basis of the following elements.

First, it notes that future country allocations under the meat import program will be made taking into account the position of traditional suppliers over a representative period. It further notes that any allocations to new entrants into the meat import program will be subject to consultations with traditional suppliers.

Secondly, it acknowledges that the balance of concessions achieved in the MTN between Australia and the United States could be affected in the event that meat import legislation containing a countercyclical formula results in imports below 1.3 billion pounds and/or Australia's allocation under the program is not in accordance with the statement outlined above. Under such circumstances, the Government of Australia and the United States would enter into consultations with the view toward preserving a mutually satisfactory balance of concessions. The balance of concessions need not be adjusted if Australia's level of market access is maintained at a mutually satisfactory level despite the fact that imports fall below 1.3 billion pounds under new countercyclical meat import legislation.

Thirdly, it notes that the U.S. will reallocate shortfalls in the Meat Import Program among suppliers able to ship additional quantities so as to maintain imports at the minimum levels set forth in the understanding.

This commitment will require no changes in U.S. Law.

June 4, 1979

Dear Ambassador Strauss,

I have now been informed that two paragraphs of Mr. Anthony's letter to you were omitted in the transmission of the text I sent to you on June 1, 1979. The full letter reads:

"Dear Ambassador Strauss,

I am writing to you to express my concern regarding the recent vote of the Ways and Means Committee of the House of Representatives to report out Bill HR2727 containing a floor on meat imports of 1.2 billion pounds.

On May 11 during the Committee hearings on the Bill, the Australian Embassy in Washington submitted an Aide Memoire to the Administration outlining our concerns and in particular expressing disappointment that the Administration had decided to accept additional limits on the exercise of the President's discretion to liberalise meat imports. We also expressed our appreciation for the efforts of the Administration in seeking to maintain a floor of 1.3 billion pounds. However, in light of the Committee's vote it now appears that there is increasing pressure from a number of quarters for the Administration to further reconsider its position and accept a floor at a level below 1.3 billion pounds.

As you know, the inclusion of a floor of 1.3 billion pounds was a critical element in Australia's reaching an overall settlement with the United States in the Multilateral Trade Negotiations. I value the assurances given to me during my visit to Washington in March that the Administration would hold firm in opposing any Bill containing a lesser floor. On this basis I announced in Parliament on 8 May the broad elements of our MTN settlement. In regard to meat

....

I stated, inter alia:

'In addition I have received renewed assurances that the attitude of the United States Administration towards any new countercyclical meat import legislation is unchanged from that announced in 1978. The Administration's position is that if there is to be any such legislation it should contain an access level for meat imports of at least 1.3 billion pounds annually'.

I consider it most unfortunate that in this period when both governments are working towards implementation of our MTN settlements that the Ways and Means Committee should report out a Bill containing a floor which is inconsistent with the Administration's position. I hope that the Administration will exert the strongest efforts to obtain reinstatement of a floor of 1.3 billion pounds prior to this legislation being finalised in the Congress. The adoption of a floor at any lower level could have serious implications for our MTN settleme

Because of its importance, I am writing to you personally to ask that you bring the concerns of the Australian Government on this matter to the attention of your Cabinet colleagues.

Yours sincerely,

(J. D. Anthony)"

Would you please regard this as replacing my letter of June 1st.

Yours sincerely,



(Alan Renouf)
Ambassador

The Hon. Robert S. Strauss,
Special Trade Representative,
Office of the Special Representative
for Trade Negotiations,
1800 G Street NW,

EMBASSY OF AUSTRALIA

1601 Massachusetts Ave., N.W.
Washington, D.C. 20036

TELEPHONE (202) 797-3000



PRESS AND
INFORMATION
OFFICE

PRESS RELEASE NO. 23/79

AUSTRALIA CONCERNED OVER
PROPOSED MEAT LEGISLATION

The Australian Government has expressed its concern in an urgent letter to the U.S. Administration following a vote on meat imports by the House Ways and Means Committee.

Australia's Minister for Trade and Resources, Mr. J. Douglas Anthony, sent the letter to Ambassador Robert Strauss as the Administration's Special Trade Representative.

Mr. Anthony said he had sought a reassurance that the Administration would exert its strongest efforts towards obtaining a reinstatement of a floor of 1.3 billion pounds prior to proposed countercyclical meat import legislation being finalised in Congress.

This follows the Ways and Means Committee vote to recommend a Bill for countercyclical legislation containing a floor on meat imports of 1.2 billion pounds.

Mr. Anthony said in a statement issued in Australia on June 1 that the adoption of a floor at any level lower than 1.3 billion pounds could have serious implications for Australia's MTN settlement with the United States.

"I have only recently concluded MTN negotiations with the United States in which I received renewed assurances from the Administration that, as in 1978 with similar legislation, its position would be that any such legislation must contain an access level for meat imports of at least 1.3 billion pounds annually," Mr. Anthony said.

"It is most unfortunate that in this period when both governments are working towards implementation of our MTN settlements, the Ways and Means Committee should recommend a Bill containing a floor which is inconsistent with the Administration's position," he added.



AIDE MEMOIRE

The Australian Authorities noted with interest the proceedings before the House of Representatives Sub-Committee on International Trade on various meat import bills, which led to the Sub-Committee reporting favourably to the Committee of Ways and Means on HR 2727 as amended.

While they maintain their opposition to any countercyclical legislation, the Australian Authorities nevertheless appreciate the efforts of the Administration which resulted in the Sub-Committee including a floor of 1.3 billion pounds in the Bill.

Not unexpectedly the National Cattlemen's Association has publicly announced its intention to press for amendment to the Bill in its further stages, particularly to secure a reduction in the floor to 1.2 billion pounds. The Australian Authorities confidently expect that the Administration will take all possible steps to counter this pressure.

In the view of the Australian Authorities a floor of 1.3 billion pounds is the minimum necessary to meet the requirement of the President of the United States that any new Meat Export Act should not be unduly restrictive on the trading partners of the United States. Such a floor is also needed to give a reasonable degree of protection against uncertainty in the way a new unitary, mechanical formula to regulate meat imports might operate in practice.

In the Congressional hearings, the facile claim that the new legislation will enable external suppliers to regulate their production in a manner countercyclical to that of the United States was repeated. As the United States Authorities are aware, there is no practical way for this to be done in a free enterprise economy.

If offshore supplies of meat are going to be available when needed by United States consumers, there must be sufficient access in the liquidation phase of the cattle cycle to enable a sufficient number of producers in the supplying countries to stay in business. In the case of Australia, it is highly significant in the last liquidation phase the number of specialist beef producers decreased from 49,918 in 1974/1975 to 27,176 in 1976/1977. This was under the present law, which is based on much more of a market sharing concept than the countercyclical bills. A floor of at least 1.3 billion pounds is of critical importance, not only to supplying countries, but also to United States consumers.

The statement in the Sub-Committee report that if additional trade concessions are not achieved the Congress reserves the right to subsequently adjust the minimum access downward is of particular concern. As the United States Authorities know, and as a press statement issued by the Sub-Committee itself on April 6 acknowledges, the balance of concessions negotiated between Australia and the United States in the MVA was on the basis of an access level of at least 1.3 billion pounds under countercyclical legislation.

3.

The Australian Authorities were disappointed that the Administration decided to accept additional limitations on the exercise of the President's discretion to liberalise imports, both the link to the countercyclical formula and the requirement of 30 days public notice. In particular, the latter is regarded as potentially very disruptive and damaging to the market, given the probability that there would only be occasion to consider using the discretion when market conditions were expected to be tight.

Washington D.C.

May 11, 1979.

Meat Imports Under the Current Law and the Optional Countercyclical Formula
(Quota + 10% in Product Weight)

Year	Current law	Countercyclical ^{1/}
	- - - - <u>Million pounds</u> - - - -	
1969	1,087	1,257
1970	1,099	1,277
1971	1,128	1,306
1972	1,356 ^{2/}	1,314
1973	1,356 ^{2/}	1,302
1974	1,079 ^{2/}	1,079
1975	1,182	1,084
1976	1,233	1,093
1977	1,282	1,317
1978	1,490 ^{2/}	1,528
1979	1,570 ^{2/}	1,699
Total	13,862	14,256
1980	1,481 ^{3/}	1,590
1981	1,443 ^{3/}	1,507
1982	-1,452 ^{3/}	1,389
1983	1,489 ^{3/}	1,333
1984	1,241	1,306
1985	1,297	1,290 ^{4/}
1986	1,359	1,247 ^{4/}
1987	1,433	1,240 ^{4/}
1988	1,474	1,440
1989	1,468	1,714
1990	1,402	1,886
Total	15,539	16,039

^{1/} Imports under the countercyclical formula are restrained to the estimate of imports under suspension of the quota or the number produced by the formula itself, whichever is less.

^{2/} Quota suspended under the current law.

^{3/} Assumes suspension of quota under criteria in current law and an increase of 300 million pounds.

^{4/} Import floor of 1,300 million pounds would be effective in these years.

TAB C.

B

WASHINGTON

DATE: 19 JUN 79

FOR ACTION: FRANK MOORE (LES FRANCIS)

ZBIG BRZEZINSKI

JIM MCINTYRE

INFO ONLY: THE VICE PRESIDENT

*Albright
Cochrane
Platt*

SUBJECT: EIZENSTAT MEMO RE MEAT IMPORT LEGISLATION

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND

STAFF RESPONSE: I CONCUR. NO COMMENT. HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

TAB B.

THE WHITE HOUSE
WASHINGTON

2698

June 21, 1979

Mr. President:

We endorse the position that we should stick with a 1.3 billion pound floor on meat imports, but if we fail in the House, we should be prepared to consider a 1.25 billion pound compromise either in the Senate or in conference. We have consistently told the Australians and New Zealanders that we would hold out for 1.3. Cy is particularly concerned since he is scheduled to go out there in the near future. However, if the House does not go along with us, I think we can make clear to the Australians and New Zealanders that we have made a good-faith effort to get our position sustained.

Above all, we ought to try to close out this problem. For years, it has been a constant irritant with the Congress, with the agricultural interests (wheat growers, who may vote for us, as well as cattlemen who probably won't) and, of course, with some of our friends abroad. We would be better off getting a bill, setting the floor, and then spend our time adjusting to this reality rather than continuing to agitate the problem.



Zbigniew Brzezinski

MEMORANDUM

NATIONAL SECURITY COUNCIL

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI
HENRY OWEN ~~W~~0

SUBJECT: Meat Import Legislation

You have a thorough memorandum on this subject from Stu Eizenstat and Lynn Daft. We find the arguments they cite for holding to the Administration's previous position supporting a 1.3 billion pound floor under meat imports to be far more persuasive than their counter-arguments for a compromise at 1.25 billion pounds. In addition to their statement of the case for standing fast, we offer three other reasons:

-- You told Prime Minister Muldoon of New Zealand last month that you support the 1.3 billion pound floor.

-- The program of meat import control depends primarily upon voluntary restraint by meat exporting governments, to whom we have given assurances based on the existing Administration position. The system of voluntary agreements could unravel if we try to allocate a cut of 50 million pounds as proposed by Stu and Lynn.

-- The Irish will begin supplying meat to us in 1980 as a result of our MTN agreement with the European Community. This will compound the problem of allocating a cut to traditional suppliers.

RECOMMENDATION

That you decide in favor of maintaining the 1.3 billion pound floor.

ID 792698

THE WHITE HOUSE

21

WASHINGTON

DATE: 19 JUN 79

FOR ACTION: FRANK MOORE (LES FRANCIS) ZBIG BRZEZINSKI

JIM MCINTYRE

INFO ONLY: THE VICE PRESIDENT

SUBJECT: EIZENSTAT MEMO RE MEAT IMPORT LEGISLATION

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

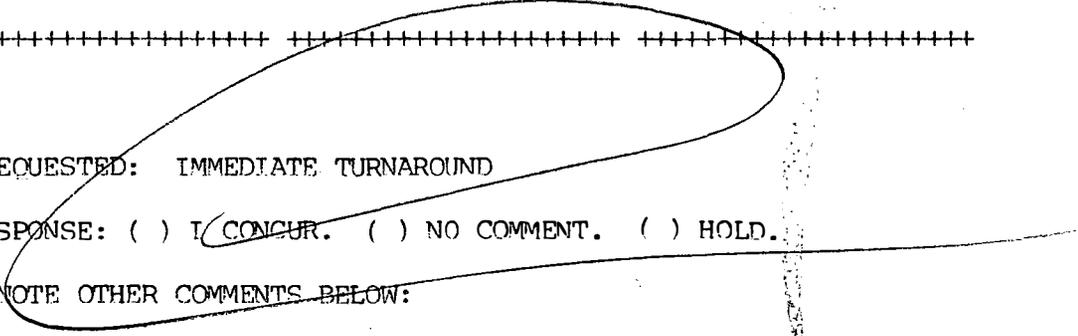
+ BY: +

+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:



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0000

THE WHITE HOUSE

WASHINGTON

June 19, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
LYNN DAFT *Lynn*

SUBJECT: Meat Import Legislation

The House Ways and Means Committee recently reported a bill (H.R. 2727) to amend the Meat Import Act of 1964. The bill is consistent with the Administration position, with one exception. In place of the 1.3 billion pounds import floor we favored, the bill provides for a 1.2 billion pound floor. The other major provisions -- including a countercyclical formula that would adjust the timing of imports and conditions on the use of Presidential authority to suspend quotas -- are acceptable to your advisors. This proposal represents a marked improvement over the bill you vetoed last year. In addition to setting a 1.2 billion pound floor, last year's bill contained several other objectionable features, including an unacceptable dilution of the Presidential suspension authority.

We believe there is some chance the bill could be amended on the House floor, although our best bet was in the Ways and Means Committee where we failed by two votes of securing approval of the 1.3 billion pound floor. The measure could come to a vote as early as next week. It is doubtful that the Senate will find the higher level acceptable if the House does not.

Congressman Ullman and representatives of the cattle producers appear to be interested in compromising at 1.25 billion pounds. We believe that both the Congress and the cattle industry want this legislation and that they recognize that passage requires Administration approval.

Your advisors strongly oppose a floor of 1.2 billion pounds, as contained in the Ways and Means Committee bill, and would unanimously recommend veto of any bill containing it. Thus, the remaining options are to: (a) maintain support for a 1.3 billion pound floor or (b) indicate that we could accept a compromise level of 1.25 billion pounds. Your advisors are divided in their recommendations. The major arguments for the two options are as follows:

1.3 Billion Pounds

- o As part of the MTN agreement with Australia, we agreed that the concessions negotiated between the two Governments would be reviewed should a floor of less than 1.3 billion pounds be legislated (Tab A). In this regard, we have on several occasions reassured representatives of both Australia and New Zealand that we would strongly resist adoption of a floor of less than 1.3 billion pounds (Tab B). State points out that our relations with Australia are already strained and that abandonment of the position we have forcefully defended for over a year, could materially heighten the level of tension.
- o We have conceded ground on the other major provisions of the bill. Although 100 million pounds of meat is not large in relation to the total, it is important that we not give an impression of vacillation and continually shifting our position.
- o Politically, we can expect very little support from cattle producers, regardless of our position.
- o Although the economic effect of this difference is admittedly small, it would offer slightly larger supplies under certain circumstances. The USDA projects imports to fall below 1.3 billion pounds in three years between now and 1990, absent a floor at that level (Tab C). With a 1.3 billion pound floor, imports would average about 40 million pounds less for each of these years.
- o If we abandon the 1.3 billion pound level in an attempt to compromise at a 1.25 billion pound floor, it will be difficult to justify veto of a 1.2 billion pound level on economic grounds, should it be in the bill that is eventually sent to you for signature.
- o Although the amount of difference is too small to attract any significant consumer attention, this option at least leans toward the consumer side. Support for a lower floor would lean the opposite direction ... at a time when retail meat prices and cattle producer incomes are both very high.

1.25 Billion Pounds

- o As the last remaining difference, a willingness to compromise on this provision would further demonstrate our commitment to finding a workable solution. Should this be rejected, we can argue persuasively that we went the last mile to seek an accommodation.
- o Passage of this legislation is in our interest as well as that of the cattle producers. Without it, we are likely to have to suspend quotas and negotiate voluntary restraint agreements for at least the next 3 years, as we have done the past 2 years. With passage of the bill, we would expect to avoid the political trauma associated with quota suspensions.
- o The political significance of this issue goes beyond the cattle producer. Meat imports have become a symbolic issue that is irritating to a large part of the agricultural community. Grain producers, of course, view the livestock industry as an important outlet for their output as well.
- o Although it is true that we have conceded some ground on this legislation, so too have the cattle producers. Furthermore, rigid adherence to firmness and consistency is of little value if it does not eventually result in a workable solution.
- o A 50 million pound lower floor would not impact Australia in a major way. Since they provide about half our meat imports, the maximum effect would be 25 million pounds, and this would only be effective for 3 or 4 years. Given that the Australians object to other provisions of the bill, especially the countercyclical formula, it might be argued that their primary objective is defeat of the bill.

Agency Positions

State feels very strongly that we should stick to the 1.3 floor, largely because of our commitments to Australia and New Zealand. CEA, OCA, and COWPS also recommend the 1.3 option, mostly on economic ground but also because they see little political gain in favoring the lower level. These agencies would probably recommend a veto of anything below the 1.3 level. Fred Kahn feels strongly that any lowering of the present 1.3 million floor, at a time when beef prices

are so painfully high and the anti-inflation program in such a precarious state, would be impossible to explain publicly; he also reminds you how very hard we have in the recent past pressed the Australians for a liberalization of their aviation policy -- and with some success.

USDA, STR, and DPS recommend the 1.25 compromise, largely on grounds that it offers our best hope of achieving passage of acceptable legislation. If you agree to this position, we would have to make it clear that there would be no further concessions. A veto of a bill otherwise acceptable at 1.2 (which would be our certain choice if we don't try a 1.25 compromise) would be politically damaging and difficult to explain, given the same amount involved. We propose that State be instructed to inform Australia of the difficulties of securing legislation at 1.3 billion pounds, despite our best efforts, and that we bill such legislation as close as possible to this level. If necessary, State could reallocate amounts from other nations to insure Australia the same access.

DECISION

_____ 1.3 billion pounds (State, CEA, OCA, COWPS)

_____ 1.25 billion pounds (USDA, STR, DPS)

Summary

In bilateral negotiations, Australia requested a minimum level of global access to the U.S. market of 1.475 billion pounds or 7 percent of domestic production, whichever is larger. After intensive negotiations an agreement was reached on the basis of the following elements.

First, it notes that future country allocations under the meat import program will be made taking into account the position of traditional suppliers over a representative period. It further notes that any allocations to new entrants into the meat import program will be subject to consultations with traditional suppliers.

Secondly, it acknowledges that the balance of concessions achieved in the MTN between Australia and the United States could be affected in the event that meat import legislation containing a countercyclical formula results in imports below 1.3 billion pounds and/or Australia's allocation under the program is not in accordance with the statement outlined above. Under such circumstances, the Government of Australia and the United States would enter into consultations with the view toward preserving a mutually satisfactory balance of concessions. The balance of concessions need not be adjusted if Australia's level of market access is maintained at a mutually satisfactory level despite the fact that imports fall below 1.3 billion pounds under new countercyclical meat import legislation.

Thirdly, it notes that the U.S. will reallocate shortfalls in the Meat Import Program among suppliers able to ship additional quantities so as to maintain imports at the minimum levels set forth in the understanding.

This commitment will require no changes in U.S. Law.

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
letter	From P.M. Muldoon of New Zealand to The President (2pp.) re: meat imports 2 copies/ enclosed in Hutcheson to Eizenstat 6/21/79	Undated	A
letter	From The President to P.M. Muldoon (one page) re: meat imports	5/26/79	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Hand-writing File 6/21/79 [1]

RESTRICTION CODES

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June 4, 1979

Dear Ambassador Strauss,

I have now been informed that two paragraphs of Mr. Anthony's letter to you were omitted in the transmission of the text I sent to you on June 1, 1979. The full letter reads:

"Dear Ambassador Strauss,

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Because of its importance, I am writing to you personally to ask that you bring the concerns of the Australian Government on this matter to the attention of your Cabinet colleagues.

Yours sincerely,

(J. D. Anthony)"

Would you please regard this as replacing my letter of June 1st.

Yours sincerely,



(Alan Renouf)
Ambassador

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EMBASSY OF AUSTRALIA

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PRESS AND
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OFFICE

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"It is most unfortunate that in this period when both governments are working towards implementation of our MTN settlements, the Ways and Means Committee should recommend a Bill containing a floor which is inconsistent with the Administration's position," he added.



AIDE MEMOIRE

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If offshore supplies of meat are going to be available when needed by United States consumers, there must be sufficient access in the liquidation phase of the cattle cycle to enable a sufficient number of producers in the supplying countries to stay in business. In the case of Australia, it is highly significant in the last liquidation phase the number of specialist beef producers decreased from 49,913 in 1974/1975 to 27,176 in 1976/1977. This was under the present law, which is based on much more of a market sharing concept than the countercyclical bills. A floor of at least 1.3 billion pounds is of critical importance, not only to supplying countries, but also to United States consumers.

The statement in the Sub-Committee report that if additional trade concessions are not achieved the Congress reserves the right to subsequently adjust the minimum access downward is of particular concern. As the United States Authorities know, and as a press statement issued by the Sub-Committee itself on April 6 acknowledges, the balance of concessions negotiated between Australia and the United States in the MIN was on the basis of an access level of at least 1.3 billion pounds under countercyclical legislation.

The Australian Authorities were disappointed that the Administration decided to accept additional limitations on the exercise of the President's discretion to liberalise imports, both the link to the countercyclical formula and the requirement of 30 days public notice. In particular, the latter is regarded as potentially very disruptive and damaging to the market, given the probability that there would only be occasion to consider using the discretion when market conditions were expected to be tight.

Washington D.C.

May 11, 1979.

Meat Imports Under the Current Law and the Optional Countercyclical Formula
(Quota + 10% in Product Weight)

Year	Current law	Countercyclical <u>1/</u>
	----- Million pounds -----	
1969	1,087	1,257
1970	1,099	1,277
1971	1,128	1,306
1972	1,356 <u>2/</u>	1,314
1973	1,356 <u>2/</u>	1,302
1974	1,079 <u>2/</u>	1,079
1975	1,182	1,084
1976	1,233	1,093
1977	1,282	1,317
1978	1,490 <u>2/</u>	1,528
1979	1,570 <u>2/</u>	1,699
Total	13,862	14,256
1980	1,481 <u>3/</u>	1,590
1981	1,443 <u>3/</u>	1,507
1982	-1,452 <u>3/</u>	1,389
1983	1,489 <u>3/</u>	1,333
1984	1,241	1,306
1985	1,297	1,290 <u>4/</u>
1986	1,359	1,247 <u>4/</u>
1987	1,433	1,240 <u>4/</u>
1988	1,474	1,440
1989	1,468	1,714
1990	1,402	1,886
Total	15,539	16,039

1/ Imports under the countercyclical formula are restrained to the estimate of imports under suspension of the quota or the number produced by the formula itself, whichever is less.

2/ Quota suspended under the current law.

3/ Assumes suspension of quota under criteria in current law and an increase of 300 million pounds.

4/ Import floor of 1,300 million pounds would be effective in these years.

June 6, 1979

Dear Bob:

Thank you so much for taking the time to invite me to the Ohio delegation meeting on June 13th. If I were in town that day, I would most assuredly take you up on your kind invitation. However, I will be in Idaho attending the Western Governors' Association annual meeting and will not be able to join you at the Ohio meeting.

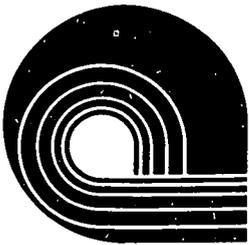
It was my pleasure getting to know you. If there is anything I can do to help in your work as Cuyahoga County Commissioner I trust you will not hesitate to contact me.

Best personal regards,

Gene Eidenberg

Mr. Robert E. Sweeney
President
County of Cuyahoga Commissioners
County Administration Building
1219 Ontario Street
Cleveland, Ohio 44113

bcc: w/incoming to Rick Hutcheson



COUNTY OF
CUYAHOGA

1979 MAY 29 AM 11 49

Commissioners

Virgil E. Brown
Edward F. Feighan
Robert E. Sweeney

May 24, 1979

Gene Eidenberg
Executive Assistant to
The President
The White House
Washington, D.C.

My dear Gene:

Thank you very much for the generous time that you allotted for our meeting during my recent visit to Washington. I am indebted to Ralph Tabor, our Washington Liaison, for bringing us together.

Ed Sweeney
I thought you might be interested to know that many of the projects that are important to this area are going to be the subject of a meeting with our Senate and Congressional delegation on June 13, 1979, which is being hosted by Senator Howard Metzenbaum. If your time would permit, I would be delighted if you would sit in with us. It is a luncheon meeting and it ought to adjourn no later than 2:00 p.m. that date. It is my understanding the Senator Metzenbaum has arranged for a dining room (Room S-318 Capitol) for this meeting. Our four area Congressmen and both Senators Glenn and Metzenbaum will be in attendance. It might be an ideal opportunity for the White House to demonstrate an interest in some of the regional problems of Cuyahoga County. I know that our delegation would be pleased to understand that we have made some effort to contact the White House on these problems.

Let me hear from you if you are available. I enjoyed the opportunity of talking about the political problems of the moment here in Cuyahoga County and feel that President Carter's interests are going to be adequately protected.

Most sincerely,

Robert E. Sweeney
President

RES/bh