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THE WHITE HOUSE

WASHINGTON

September 2, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

PHIL BUCHEN

FROM:

JIM CONNOR *JEC*

SUBJECT:

Australian Meat Processed in the
Puerto Rican Foreign Trade Zone
on the Island of Mayaguez

The President reviewed your memorandum of September 1 on the above subject and made the following notation:

"October 15th shipment must be counted.

Suggest someone brief Speaker Albert"

Please follow-up with appropriate action.

cc: Dick Cheney
Brent Scowcroft

THE WHITE HOUSE
WASHINGTON

Phil Bucher)

Oct 15th - shipment
must be counted.

Suggest someone brief
Speaker Abbott.

THE WHITE HOUSE

WASHINGTON

INFORMATION

September 1, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: PHILIP W. BUCHEN *P.*

WR 7

SUBJECT: Australian Meat Processed in the Puerto Rican Foreign Trade Zone on the Island of Mayaguez

BACKGROUND

Australia entered into an agreement with the United States to limit its meat exports to the United States for the calendar year 1976. The agreement was so worded that meat coming from Australia which was processed within the foreign trade zone of Puerto Rico could not be counted against the limits imposed by the Australian agreement even though the processed meat went into U. S. markets.

To overcome the consequences of the indirect imports into the U. S., the Administration requested the Foreign Trade Zones Board within the Department of Commerce to initiate a hearing which at its conclusion could have resulted in a prohibition or limitation on use of the Foreign Trade Zone Board for the purpose of processing meat. However, pending the notice of hearing, the affected parties went into Federal Court in Roanoke, Virginia to secure a temporary restraining order against having the Board proceed.

Subsequently, the Department of Agriculture proposed regulations under the Meat Import Act which would have the effect of requiring all indirect imports of Australian meat to be counted against both the statutory maximum quotas under the Meat Import Act and the voluntary quotas under trade agreements such as that with Australia.

With the publication of these proposed regulations, the concerned parties amended their complaint in the Roanoke case to seek injunctive relief also against the proposed Agriculture order. At a hearing of the Court on August 23, the Judge deferred making any further ruling until September 14 and urged the private parties and the government to try in the meantime to work out a settlement.

CURRENT DEVELOPMENTS

In the face of the delay imposed by the Court, the Department of Agriculture and the Department of State began negotiations anew with Australia to secure an amendment to its trade agreement. This amendment would have the effect of requiring that meat exported in the future by Australia into the Puerto Rican Trade Zone and then into the U.S. be counted against its present export limits under the trade agreement. Australia has indicated its willingness to accept such an amendment, but it is still arguing that the contents of 1 shipment already made to Mayaguez that arrived August 16 and two others scheduled to arrive respectively on September 15 and October 15 should not be counted.

Agriculture believes that an agreement is possible that will not exempt the third of such shipments, and representatives of the U.S. Cattlemen Industry have been so advised. These representatives did consult with Speaker Albert today to seek his assistance, and this visit resulted in the Speaker's call to you. Secretary Butz is meeting with the Cattlemen representatives tomorrow afternoon (September 2, 1976), and he hopes to get their concurrence in an agreement which would require counting all meat imported through Mayaguez starting with the shipment due to arrive October 15.

I will keep you advised of further developments.