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Subseries:

OA/ID Number: 10985

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4-30-96 Mtg. w/Congressional Leaders re: Plight of Cattle Indust Washington, D.C.

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Cattle producers are the largest single segment of the American agricultural economy. They and their families are currently being squeezed by a 10-year low in cattle prices and record high feed costs. Agriculture Secretary Glickman and I are about to meet with a group of Congressional leaders to discuss a set of recommendations to address this serious situation.

- 2 -

Today, I am announcing a 5-point plan to address this serious situation.

These steps are designed to relieve these pressures and ensure a stable, affordable supply of beef for American consumers.

First, to address the severe economic hardship caused by very low cattle prices, record high grain prices and low forage policies, I am directing the Secretary of Agriculture to permit livestock producers throughout the nation to graze land enrolled in the Conservation Reserve Program, except the most environmentally sensitive, on an emergency basis through September 30, 1996.

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Third, I am directing the Secretary to start USDA's beef purchases program for the 1996-'97 school year by beginning to immediately make purchases of up to \$50 million, and to consider purchasing additional beef to meet our needs in the fall if market conditions warrant.

Fourth, I am directing the Secretary to survey the credit needs of livestock producers and report back to me in 30 days on actions we can take to assist with credit problems.

Finally, I am asking the Secretary to meet with livestock producers, industry representatives and others to monitor this plan.

- 7 -

My Administration is committed to helping livestock producers meet the extraordinary pressures they currently face.

Thank you.

**PRESIDENT WILLIAM JEFFERSON CLINTON
MEETING WITH CONGRESSIONAL LEADERS
THE PLIGHT OF THE CATTLE INDUSTRY
THE WHITE HOUSE
APRIL 30, 1996**

Agriculture Secretary Glickman and I just met with a group of Congressional leaders to discuss what we can do to address problems facing the nation's cattle industry. Cattle producers are the largest single segment of the American agricultural economy. They and their families are currently being squeezed by a 10-year low in cattle prices and record high feed costs.

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DRAFT**STATEMENT OF THE PRESIDENT****April 30, 1996**

Today, I am announcing a 5-point plan to address problems affecting the nation's cattle industry. The largest single segment of the American agricultural economy, cattle producers are being squeezed by very low cattle prices and record-high feed costs. The steps I am announcing are designed to help relieve these pressures and assist in ensuring a stable, affordable supply of beef for American consumers.

First, to address the severe economic hardships low forage supplies are causing for livestock producers, I am directing the Secretary of Agriculture to permit livestock producers throughout the Nation to graze land enrolled in the Conservation Reserve Program (CRP), except the most environmentally sensitive land, on an emergency basis through September 30, 1996. Farmers who take advantage of this option will have to forego 5% of their annual CRP rental payment for each month they graze. Further, I am directing the Secretary to permit farmers to hay CRP acreage beginning July 1, 1996. In both instances, farmers will have to ensure that they comply with preapproved conservation plans. In addition, I am directing the Secretary to implement fully the provisions of the Non-insured Assistance Program included in the 1994 crop insurance reform legislation to cover pasture and forage crop losses.

Second, to expand foreign markets for American cattle and beef, I am directing the Secretary of Agriculture to use all tools at his disposal to promote the export of American beef. The Secretary is directed to increase efforts to export beef under existing short-term export credit guarantees to countries that have expressed interest in beef purchases and to complete negotiations as soon as possible to activate the medium-term export credit program for exports of breeder cattle to Mexico. The Secretary is directed to continue identifying possible foreign purchasers of cattle and beef. I am also directing the Secretary to press the resolution of the complaint we have filed with the World Trade Organization (WTO) against the European Union's (EU) ban on US-produced beef at the next monthly meeting of the WTO Dispute Settlement Committee.

Third, to expand domestic marketing opportunities, I am directing the Secretary of Agriculture to start USDA's beef purchase program for the 1996-97

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school year by beginning immediately to make purchases of up to \$50 million. The Secretary is also directed to conduct an economic analysis of beef supplies and consumer demand and, if market conditions warrant, consider purchasing additional beef in early Fall.

Fourth, to ensure that livestock producers have financing resources sufficient to sustain themselves through the current price-cost squeeze, I am directing the Secretary of Agriculture to survey the credit needs of livestock producers. Specifically, he is to report back to me within 30 days on whether he should implement remedial actions for Farm Services Agency borrowers and any other actions that could be taken to assist livestock producers in dealing with credit problems due to low livestock prices.

Fifth, I am asking the Secretary of Agriculture to meet with livestock producers, industry representatives, and others, to monitor the steps I am announcing.

Meeting the challenges of the extraordinary pressures facing American livestock producers is and will continue to be a top priority for my Administration. I will work with producers, the industry, and the Congress to maintain economic opportunities for this vital sector of our economy and to ensure that American consumers have an abundant and affordable supply of beef.

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Finally, I am asking the Secretary to meet with livestock producers, industry representatives and others to monitor this plan.

My Administration is committed to helping livestock producers meet the extraordinary pressures they currently face. In a few minutes, Secretary Glickman and I will discuss these and other steps we can take to assist livestock producers with the Congressional leaders here today.

Thank you.

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Here to meet - look at recommendations

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Thank you.

Q Peres has not left -- is he still up there?
Weather delay?

MR. MCCURRY: He's still up there. I haven't heard anything. Do you guys know anything about the schedule, weather delays, or the Prime Minister not being able to be here? Do you know anything about it? They're checking on it right now.

Q Could you tell us about the beouf meeting today?

MR. MCCURRY: The what meeting? The President has had some contact with Secretary of Agriculture Glickman and has been aware of concerns of a lot of western range-state members of Congress about the 10-year low in cattle prices, and he's going to get together with the Secretary of Agriculture and several members of the Congress, a bipartisan group, today to talk about that and to look at what the effects are. We know, because of weather conditions, the draught, because of the current supplies of feed grain, that there has been some market impact on beef prices. They're going to talk about that and see what the economic consequences have been for cattlemen throughout the plain states and see if there's anything that suggests itself that might be appropriate for a federal

Press RETURN to continue, GOLD MENU for options or EXIT to cancel

Senator - Baucus, Kerry, Daschle, Leahy, Lugar
Rep - Roberts, ^{got} Sten, DeLoach, Sten
Glickman, Leon, (Haley Staff)
Cabinet Room -

that suggests itself that might be appropriate for a federal response.

Q Does mad cow disease have anything to do with over prices?

MR. MCCURRY: No, it has nothing to do with it.

Q Why is he doing this right now?

Q Can you run us through today with Peres, exactly what's going to happen?

Q Let's finish the beef --

Q Can we finish the beef thing? Why is he doing this now?

MR. MCCURRY: Well, we've had a request for sometime both within the producer community and also within members of Congress that represent those states in which there are large concentrations of cattle producers to have a discussion about what

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concentrations of cattle producers to have a discussion about what the impact of prices has been on the families whose livelihoods depend on cattle farming. And we want to talk to them and get a better sense of what the concerns are. And we've got some ideas, too, that we might be able to explore on how to respond.

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Q You're not worried about the President being accused of coming to the rescue of big cattle, I take it.

MR. MCCURRY: No, I'm not. This is a very important issue and are hundreds of thousands of families whose livelihoods depend on cattle ranching.

Q Is the administration considering any steps to control prices or affect prices of beef?

MR. MCCURRY: No. This is not -- we have no intent and no interest in intervening in commodity markets, period. But there are some things that might suggest themselves regarding grazing on lands that are within the conservation resource program; there are some other steps that we might be able to take regarding purchases

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some other steps that we might be able to take regarding purchases through the school lunch program -- things like that we can look at that are our normal activities of the federal government and that might suggest themselves as appropriate steps to be taken.

Q Mike, aren't these low prices a good thing for consumers?

MR. MCCURRY: Well, they may or may not be in the long-term. A depressed price now means a lot of people will cull herds. It means that they might face shortages in the out-years. Two or three years down the road, according to some of the analyses we've seen, there might be an artificial inflation in cattle prices as a result of the diminution of stocks now and some of the steps that ranchers are having to take given the feed grain situation and given the weather situation in the plain states. So not necessarily are short-term lower prices something that will be beneficial for the economy in the long run.

Q Is that true of oil, as well, Mike, as an economic matter -- is that true of oil, too?

Press RETURN to continue, GOLD MENU for options or EXIT to cancel

Q Are there going to be any specific announcements on this beef today? For example, cattle grazing --

MR. MCCURRY: Stay tuned, 5:30 p.m. today.

Q Has the President now exhausted his authority on the sales from the strategic reserve, or does he have any additional latitude?

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MR. MCCURRY: He's acted pursuant to that provision in the FY '96 appropriations bill. But he may well have additional authority if it's granted to him by Congress. He also directed the Secretary of Energy to conduct a review of what lay behind some of these recent spikes in the oil spot market and in gas prices at the pump. And we'll see if any further action is suggested based on that review.

Q Well, is there a 12-million-barrel ceiling on the authority he got from Congress?

Press RETURN to continue, GOLD MENU for options or EXIT to cancel

THE WHITE HOUSE
WASHINGTON

Office of Legislative Affairs
Senate Liaison
Fax Cover Sheet

Date 4/30

To: Terry Evans

Fax number: _____

From: Barbara Spear at (202) 456-6493

Comments: Greg Frasier - COS

720-3631

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Second, to expand foreign markets for American cattle and beef, I am directing the secretary of agriculture to use all tools at his disposal to promote the export of American beef. The secretary is directed to increase efforts to export beef under existing short-term export credit guarantees to countries which have expressed interest in beef purchases and to complete negotiations as soon as possible to activate the medium-term export credit program for exports of breeder cattle to Mexico. The secretary is directed to continue identifying possible foreign purchasers of cattle and beef. I am also directing the secretary to press the resolution of the complaint we have filed with the World Trade Organization (WTO) against the European Union's (EU) ban on US-produced beef at the next monthly meeting of the WTO Dispute Settlement Committee and convey to the EU that resolution of this problem has the highest priority of my Administration.

Third, to expand domestic marketing opportunities, I am directing the secretary to make final immediately USDA's beef purchase program for the 1996-97 school year and announce its plans at the earliest possible date. The secretary is also directed to monitor beef supplies and consumer demand throughout the spring and summer months and if market conditions warrant, consider purchasing additional beef in early fall.

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550M honey
buy

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ask him to meet
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Meeting the challenges of the extraordinary pressures facing American livestock producers is and will continue to be a top priority for my Administration. I will work producers, the industry, and the Congress to maintain economic opportunities for this vital sector of our economy and to ensure that American consumers have an abundant and affordable supply of beef.

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