at home are held at one level, while exports are marketed well below that. Other countries use marketing boards that have great flexibility in price practices. These practices are widespread.

Let me share with you a concrete illustration of the kind of problem I have been talking about. Just the other day we had to make the very difficult decision to recommend sharp restrictions on imports of dairy products into the United States. This was not a pleasant decision, as a country which exports as much as we do must be prepared to import as well. But the trade was not a healthy one. Under the EEC system of high dairy support prices protected by variable levies, production has increased to the point that heavy surpluses of butter and cheese are a glut on the EEC market. Under such circumstances, the EEC export subsidy counterpart of the variable levy operates almost automatically to move these surpluses out of the EEC irrespective of their impact on the trade of more efficient suppliers or on the economies of importers. They move to wherever they can find entry at whatever price they can command.

EEC butter, therefore, being produced at a price of 60 to 65 cents per pound was being sold in the United States for around 22 cents per pound. It was entering the United States as a butterfat-sugar mixture in circumvention of existing U.S. import controls on butter, and in quantities which were interfering with the operation of our own support program. This was a situation which caused major difficulties for us and for all our traditional trading partners. We could not allow it to continue. The butter came to the United States because it could not go elsewhere. Some years ago, the United Kingdom, faced with almost the same problem, instituted quotas to protect her suppliers—New Zealand, Australia, and Denmark. Japan imposes tight quantitative restrictions, as does Canada and others.

You will recall that not too many years ago the United States also had burdensome surpluses of dairy products. We didn't dump ours indiscriminately into the international market. We stored them, used them at home in school lunch programs and to feed our needy. We moved them abroad only when the demand was such that they did not disturb the international market. It is a pity that other major producers have not practiced similar restraint. Their practices will make it difficult for all of us in the years to come. I might say, parenthetically, that we in Agriculture are determined to prevent export subsidization from undercutting our producers, either in our own country or in their foreign markets.

Even if countries were agreed, therefore, on the kind of order they wanted to put into the international trading system, the task of reshaping its numerous and complicated barriers to do this would be a formidable one. Even to catalog and understand them is difficult. To deal with them all in a comprehensive way is virtually impossible. This the Kennedy Round has made clear to us.

How can we deal with these barriers? What kind of plan can be used? What should our agricultural trade policy be? Ambassador Roth has mentioned the trade policy study which he will undertake over the next year. This will help us decide and I cannot anticipate it. I can suggest, however, that he explore carefully the following principles, which I think are essential.