NATIONAL MILK PRODUCERS FEDERATION,
Washington, D.C., March 1, 1968.

Hon. WILBUR D. MILLS,
Chairman, Ways and Means Committee,
House of Representatives, Washington, D.C.

DEAR MR. MILLS: We shall greatly appreciate it if you will place in the record of the hearings on legislation relating to balance of payments the following statement of the National Milk Producers Federation.

We do not profess to be informed on the major issues of the balance of payments problem, and we shall not burden the record on matters outside our field, although, along with many other Americans citizens, we are deeply concerned about the situation in which the United States now finds itself.

We would like to call to the attention of the Committee one hole in the total sieve through which American dollars are steadily draining away. This may be a relatively small hole in terms of total dollar balances; but it is at least one hole which could be plugged easily, and one which, if not plugged, will be a continuing unnecessary drain.

We have in mind imports of dairy products which are not needed and which serve only to add to our own surplus supplies. These imports not only drain dollars out of this country needlessly, but they also burden the price support program with added and unnecessary costs. This affects the budget deficit adversely and adds to the total burden of the American taxpayer.

It is estimated that the dollar drain for these imports for the year 1966 was $70,466,863, and for 1967 $73,702,697.

The dollar drain for 1968 and subsequent years, based on current import controls as revised July 1, 1967, is estimated at $36,796,255 per year.

These amounts are significant when compared with estimated reductions of the dollar drain to be achieved through other means under consideration by the Committee. For example, reducing the tourist exemption to $10 is estimated in the Committee print of February 5, 1968, to cut back foreign acquisitions by $50 million. Foreign expenditure under the proposal to eliminate the gift exemption would be curtailed by $28 million.

Controlling imports of unneeded dairy products, which not only are not beneficial but actually are harmful to our agricultural economy and our domestic agricultural programs, would produce results which are substantial compared to the above proposals.

Dairy imports were particularly heavy in 1966 and were increasing rapidly in the first half of 1967. Partial controls were applied July 1, 1967, but only after much damage had already been done. The controls were too little and too late, and they still leave an unnecessary drain on our dollar balances and an unnecessary burden on our price support program.

Other countries for many years controlled their imports to conserve their balance of payments position. They should not object to our doing the same under the conditions in which we now find ourselves.

The figures given in the first part of the attached Table A are taken from statistics of the Department of Commerce and are foreign value, excluding ocean transportation and U.S. duties. The figures are conservative and actually represent a dollar drain greater than the amount shown because shipping charges would result in a substantial additional outflow of U.S. Dollars.

All of the products listed are items which are and can be produced in the United States. In practically all cases, they displace an outlet for domestically produced milk and butterfat, thus forcing domestic production into the support program at added and unnecessary cost to the Government.

Imports of Roquefort cheese, and other sheeps milk cheeses, are not included in these figures, because we do not make sheeps milk cheeses in this country.

To the figures obtained from the Department of Commerce are added imports of 105,626,000 pounds of butterfat-sugar mixtures imported in 1966, and 100,548,000 pounds imported in 1967. We do not have the dollar value of these imports, but we believe a reasonable estimate of the average foreign value would be 23 to 26 cents per pound. This would indicate a dollar drain for this item of approximately $26,405,500 for 1966 and $25,137,000 for 1967.

Imports of butteroil of about 1,200,000 pounds are estimated to have caused a dollar drain on this country of $600,000, assuming a foreign value estimated at 50 cents per pound.

Imports of chocolate crumb rose from 54,000 pounds in 1960 to 10,400,000 pounds in 1967. This is a mixture containing about 15 percent chocolate liquor,