We again are faced with another operation under section 22, which I think emphasizes the difficulty of administration of this type of an operation, because there have been sharp increases in products not heretofore imported in any particular degree such as evaporated and sweetened condensed milk, the imports of which are jumping. The President has requested the Tariff Commission to hold a hearing and to consider putting quotas on types of cheese not now under quota, and to evaluate whether or not the emergency quota on evaporated and sweetened condensed milk should continue.

It is also to be noted that quotas can be discontinued and modified at any time for any reason considered appropriate by the President.

Now, all of these things leave us in a very insecure position to know what is going to happen in connection with imports. As a matter of fact, dairy imports are unnecessary. They add to our balance-of-payments problem very considerably.

In 1966 we have estimated that imports were responsible for a dollar drain of about $70.5 million and in 1967 about $74 million. Now for 1968, there have been some quotas placed on certain products that were not theretofore under quota, but even so, the dollar drain is doing to run about $37 million per year.

In addition to these imports that were unneeded, which we do not need at all because we are in surplus production in this country, in 1967, we estimate that they added $131 million cost to the price support program.

Now, it is also very necessary that we have positive and effective import controls on a quantitative basis because at the present time international trade in dairy products is just a plain jungle of Government manipulations, and to summarize some of them briefly, they are:

(a) European Economic Community countries have established high levels of prices within their countries, milk production has increased markedly, surpluses therefore have increased greatly, and export subsidies are now the order of the day.

(b) World production of milk in 1967 was 21 percent above the 1956–60 average; whereas U.S. production in 1967 was 11 percent below the U.S. average for the comparable period.

(c) Butter production in the EEC countries was up 5 to 6 percent in 1967 from the previous year.

(d) Butter stocks in Western Europe were 593 million pounds as of January 1967—20 percent above a year earlier.

(e) Nonfat dry milk production in EEC, which now exceeds the U.S. output, was up 10 to 11 percent above 1966, and stocks are at record levels.

All this has meant that the heavy butter supplies in the EEC countries and subsidization of exports forced the United Kingdom to place import controls on butter imports last year in order to protect the share of the Commonwealth countries in that market. And that was the last so-called free world market—the London market.

Now, as an example of how this subsidization works and how important it is, the wholesale butter price in France is 80 cents per pound. France is reported to be exporting fresh butter at 29.5 cents per pound and selling storage butter in export as low as 13 to 16 cents per pound.

I note in passing that our price support purchase program of CCC for bulk butter at the factories is 67¼ cents a pound—New York basis.