In 1956, 1.8 million pounds of butteroil were imported. The imports were equal to approximately 2.2 million pounds of butter. In 1957, an annual quota of 1.2 million pounds of butteroil was established under Section 22. This is the equivalent of approximately 1.5 million pounds of butter per year.

It is important to note that butteroil had never been an article in our international trade prior to its importation as a means of evading the butter quota.

The ingenuity of the importers is indicated by the fact that they had found a way to avoid the butteroil quota before the quota was even issued. The letter from the President setting the scope of the butteroil hearing was sent to the Tariff Commission November 17, 1956. In less than two weeks, on November 28, 1956, the first pilot shipment of exylone arrived. In case you have never heard of exylone, you are in the same position we were in when the first imports were made, because there never had been such a dairy product.

Actually, it was a fanciful name applied to a product containing about 77 percent butterfat, about 15 percent moisture, about 8 percent sugar, and a trace of vanilla flavoring.

By the time the quota on butteroil was issued in April, 1957, approximately 2.5 million pounds of exylone had already been imported. Just a month after signing the butteroil proclamation, the President had to start a new proceeding before the Tariff Commission about exylone. Approximately 9 million pounds of exylone were entered before imports were stopped by a zero quota.

Two months after the exylone proclamation was signed, the importers were working on a new evasion product containing 44 percent butterfat and a higher percentage of sugar. The new product was called junex. Again, this is a fanciful name for a product that had not existed theretofore, and which was developed for the sole purpose of evading our import quotas. For several years junex became involved in the sugar quota and imports were delayed. However, the importers were able to make the U.S. Department of Agriculture back down on the sugar quota, and thereafter junex was imported in substantial quantities. This added millions of dollars of unnecessary cost to the support program.

In 1966, the butterfat imported in butterfat-sugar mixtures in evasion of the quotas was equivalent to approximately 58 million pounds of butter.

The evasion history of this product has carried over to the sugar quota.

The Secretary of Agriculture issued a sugar order in July, 1966, restricting imports of such mixtures containing more than 25 percent sugar. This order was evaded immediately by importation of a butterfat-sugar mixture containing 24 percent sugar and 44 percent butterfat.

We listed dilatory tactics and failure to act by administrative officials as one of the major shortcomings of Section 22. A particularly flagrant example is that of Colby cheese. Colby cheese is very similar to Cheddar or American cheese and, in fact, is substitutable pound for pound for regular Cheddar cheese. The process by which Colby cheese is made was developed in Wisconsin.

The established Section 22 quota applied to Cheddar cheese, and a few years ago, New Zealand found that the Cheddar cheese quota could be evaded by shipping Colby cheese to the United States. Again, it is to be noted that this type of cheese had never been an item of our international trade.

On numerous occasions, the Federation urged the Secretary of Agriculture to request the President to institute proceedings before the Tariff Commission to put Colby cheese under an import quota. This was not done, but instead the Secretary worked out some sort of "gentlemen's agreement" with Australia and New Zealand to hold down their exports of Colby cheese to this country.

However, this agreement fell through the slats when other countries started to ship us Colby cheese. In any event, Colby cheese imports grow to almost 46.0 million pounds in 1966. In 1967, a total of about 55 million pounds was imported. Most of it was entered before July 1 of that year at which time a quota was made effective in cheese of "other American types" of 6,096,600 pounds.

This functions as a classic example of how products imported to evade quotas are granted a quota even though they were never items in our international trade until imports were started to evade our quotas.

Another interesting little example of subterfuge and evasion is that, in order to avoid quotas on Italian cheese in original loaves, importers cut the loaves in half, so that the quota would no longer apply. This evasion has been permitted to continue for many years. It is one of the tactics of evasion included in the Tariff Commission proceeding now pending.