Evaporated and condensed milk imports are expanding very rapidly. This emphasizes the point that exporting countries will shift their raw milk supplies from producing quota products to producing nonquota products.

Less than a year after the July 1, 1967, Presidential Proclamation, again we are faced with a major evasion of the quotas.

Recently, the National Milk Producers Federation requested the Secretary of Agriculture to institute proceedings to hold a hearing before the Tariff Commission for the purpose of placing import quotas on imports of evaporated and condensed milk, and cheeses currently listed as "other" types of cheese, and other dairy products not now under quota.

Our request for quotas on evaporated and condensed milk imports was triggered by the fact that a recent opinion of the Department of Justice was interpreted by the Food and Drug Administration to the effect that the Milk Import Act does not apply to these commodities. Since there is no quota on these commodities, we expected imports to increase very substantially. Imports of these commodities had already started climbing, and since this action earlier this year, we expect such imports to grow by leaps and bounds.

There are indications that this is already happening. Imports of evaporated and condensed milk were 208,000 pounds in January, 217,000 pounds in February, 698,000 pounds in March and 1,825,000 pounds in April.

On an annual basis, imports of evaporated milk grew from 4,000 pounds in 1962 to 1,312,000 pounds in 1967. Sweetened condensed milk imports grew from 69,000 pounds in 1962 to 4,074,000 pounds in 1967.

Imports of "other" types of cheese, which had not changed very materially for some years, have jumped from about 9 million pounds in 1964 to almost 23.5 million pounds in 1967.

Our request also included "chocolate crumb" and other products not subject to quota, which would include the rapidly growing imports of cheese classified as "other cheese" and not specifically identified as to type.

"Chocolate crumb" is a so-called "new product," designed to evade our quotas. It was first imported in 1960 when imports of 54,000 pounds were imported. Imports have grown to 21.5 million in 1967, and are still increasing. Shipments received the first three months of 1968 were over 40 percent higher than the corresponding period of the preceding year. "Chocolate crumb" is a mixture containing about 15 percent chocolate liquor, 55 percent sugar, and 30 percent whole milk powder. While we need the imports of chocolate, we do not need the imports of sugar or whole milk powder.

We were pleased to note that on June 10, 1968, the President requested the Tariff Commission to make an investigation under Section 22 regarding imports of most types of cheese and substitutes for cheese, evaporated and condensed milk, chocolate coatings, and the like, and to report their findings to him.

At the same time, the President, under emergency authority as provided in Section 22, issued temporary quotas on evaporated and sweetened condensed milk. The quotas so established are at the annual rate equivalent to 1967 imports of such products. The Tariff Commission has announced a hearing on these matters starting July 22, 1968.

It is our considered opinion that the only reason the July 1, 1967 quotas, mentioned previously, were established, was that the Executive Branch was fearful that, unless these quotas were established, Congress would pass the Dairy Import Act of 1967. The great interest of the Congress in correcting the existing situation is evidenced by the fact that 59 Senators and 202 members of the House Representatives have co-sponsored the bill.

Furthermore, we believe that the emergency action of the President, and the Tariff Commission hearing under Section 22 scheduled to start July 22, is due to the fact that this Committee is holding these hearings.

THE CONTINUED UNWARRANTED INCREASE IN QUOTAS

We are not opposed to beneficial foreign trade. We think the results of foreign trade are beneficial when one country exports to another things which the importing country needs and wants.

Carrying coals to Newcastle is not, in our opinion, beneficial foreign trade. Neither is it beneficial foreign trade for one nation to undermine a necessary and important industry of another nation by flooding the importing nation with imports of things which it already has in surplus supply .

The height of the ridiculous was reached in 1967 when over 3,000 cases of Colby cheese were shipped from Denmark to Green Bay, Wisconsin, the very heart of the cheese producing industry in the United States.