

Imports of frozen cream and butterfat-sugar mixtures became so heavy, prior to the long-delayed but nevertheless welcome proclamation of the President effective July 1, 1967, that they had captured over 10 percent of our ice cream market for butterfat.

On a pound for pound volume basis, total cheese imports in 1967 were about 152 million pounds, or about 8 percent of total U.S. production of all types of cheese. (See table 1.) All of these imports, with the exception of sheep milk cheese, can easily be produced, and in fact most of them are produced, in the United States.

In passing, we note that in 1967 about 60.3 million pounds of the imported cheese were cheddar and "other" American types, principally Colby, and during this same year the Commodity Credit Corporation purchased about 180.5 million pounds of cheddar or American cheese under the price support program.

But aside from all this, what does our Government do about all the evasion and subterfuge we have described? By and large, it rewards it by granting quotas on these products, even though they may be neither a standard or recognized dairy commodity, such as butterfat-sugar mixtures, or a standard commodity such as butteroil, which was not an item in our foreign trade prior to its importation as a means of evading the butter quota.

Although we were pleased that the President finally established quotas on Colby type cheese (called "other American types" in the Presidential Proclamation), our pleasure was considerably diluted by the fact that the cheddar cheese quota was raised 7,257,400 pounds, a quota was granted for Colby type cheese at 6,096,600 pounds, and for frozen cream, imports of which were zero as late as 1961, a quota of 12,540,000 pounds was granted. We surely do not need imported cheddar cheese, imported Colby type cheese, or imported frozen cream.

Thus we do reward countries that ship and develop products in evasion of our quotas by granting them quotas on the very products used to evade our quotas.

(For further details, see table 2.)

IMPORTS AS RELATED TO THE BALANCE OF PAYMENTS

Our unneeded imports of dairy products are important when considered in relation to our balance of payments problems.

We estimate that the dollar drain for these imports was \$70,466,863 in 1966 and \$73,702,697 in 1967.

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. This does not take into account greatly increased imports under new evasion practices.

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 of substantial importance in relation to our balance of payment problems.

As we have noted, 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 table 3 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 sheep's milk cheeses, are not included in these figures, because we do not make sheep's milk cheese 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