

to 26 cents per pound. This would indicate a dollar drain for this item at approximately \$26,406,500 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 are estimated to have increased from about 54,000 pounds in 1960 to 21,500,000 pounds in 1967. This 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.

The volume of some of the imports listed is controlled by quotas as was shown previously. Some of these quotas were enlarged, and some new ones were imposed last July 1.

However, even under the current quotas, the dollar drain for unneeded dairy imports is estimated at \$36,796,255 per year as shown in table 4, plus whatever amount the new evasion effort will bring.

In addition to draining dollars out of this country, these unneeded imports further added to our surplus problem and put heavy additional and unnecessary costs on our domestic price support program.

It is estimated that the added cost to the support program from these unneeded imports was \$29,244,400 in 1966 and \$131,177,198 in 1967.

The level of imports permitted under the present quotas is expected to put an unnecessary burden on the support program for 1968 estimated at \$48,400,000. This will be a continuing and annually recurring burden as long as our own supplies are adequate and the imports are not needed.

INTERNATIONAL TRADE IN DAIRY PRODUCTS—A JUMBLE OF GOVERNMENT MANIPULATION

We have consistently opposed the Trade Agreement Act, its numerous extensions, and the General Agreement on Tariffs and Trade for the following reasons:

(1) It is the responsibility of the Congress, through the use of quantitative import quotas, variable levels, or otherwise, to protect American dairy farmers, and the domestic agricultural programs authorized by Congress, from a destructive level of imports.

(2) Congress should not delegate its power to regulate foreign commerce, and its power and duties with respect to trade agreements such as GATT.

In addition to the foregoing, we need positive quantitative import controls on dairy products for the simple reason that large producing and exporting nations are using several types of devices to maintain their own dairy industry and the economic position of their dairy farmers, while at the same time they are manipulating exports by subsidies.

The world dairy situation and foreign country policies respecting international trade in dairying set forth below are excerpts taken from the *Dairy Situation*, published by ERS, USDA, March, 1968 issue:

(1) "The upward trend in world milk output likely will continue in 1968."

(2) "World milk production in 1967 is estimated to have been about 2 percent above 1966, and some 21 percent over 1956-60 average."

(See our table 5.)

(3) "In many countries, milk production in recent years has been increasing faster than domestic consumption, causing a rise in excess milk supplies. This surplus has been made into butter and nonfat dry milk, much of which has moved into storage, until it could be utilized. Butter output in the EEC last year was up 5-6 percent from 1966, though butter production in other West European countries showed no change. Butter stocks at the end of January were about 593 million pounds in western Europe, some 20 percent above a year earlier. Several countries took measures to reduce butter stocks."

(4) "Nonfat dry milk production in the EEC in 1967 is estimated to have been about 10-11 percent above a year earlier, following substantial 1966 gains. EEC production now exceeds U.S. output. European skim milk powder output (which in other years was largely absorbed internally for livestock feed and human food) is now greater than domestic commercial disappearance. Stocks of nonfat dry milk in the EEC were at record levels at the end of 1967."

(5) "Apart from occasional shipments, few outlets exist on the international market for the heavy excess supplies of dairy products, and it is difficult to move small quantities except at extremely low prices. Because of continued dull