demand and heavy surplus supplies, Holland free-at-border nonfat dry milk prices declined from 13.8 cents per pound in August to 9.6 cents in January. Gate levies were raised accordingly during this period. The free-at-border price quotations are an indication of world prices. Holland free-at-border butter prices have also declined in recent years—from about 40 cents per pound in 1965 to only about 23 cents per pound in 1967. London butter prices remained unchanged, as the drop in January reflected England's devaluation of the pound. The U.K. butter market, which takes about 75 percent of the butter moving in world trade, is a closed market, operating under a quota system. Price changes on this market do not reflect the butter supply situation, as they did before quotas were instituted."

(6) "A major factor in the deterioration of world dairy product prices is the subsidization of dairy product exports by European countries in an effort to reduce internal stocks of dairy products. For example, with an average internal wholesale butter price of about 80 cents per pound, France is reported to be exporting butter at 29½ cents and selling storage butter in export outlets as low as 13–16 cents. Exporters in the Netherlands are delivering fresh butter at 25 cents per pound and storage butter at 15 cents, while their internal wholesale butter price is about 72 cents. Nonfat dry milk exports also are being subsidized. With an internal nonfat dry milk wholesale price of about 21 cents per pound, France is delivering nonfat dry milk to Lima, Peru, for 16 cents and to Bern, Switzerland, for 12 cents. Faced with prices of 10–12 cents per pound from Canada, the Netherlands, and France, Switzerland increased its import duty to raise the cost of imported dry skim milk powder above its 21-cent domestic price. Switzerland also has large stocks of butter and nonfat dry milk."

In addition to the foregoing, important evaporated milk exporting countries pay substantial subsidies on evaporated and sweetened condensed milk exports. The subsidies on sweetened condensed milk range from $1.97 in Netherland to $5.37 per case in Germany, and on evaporated milk are little over $2.00 per case in both countries.

(See tables 6 and 7.)

PROPOSED DAIRY IMPORT ACT OF 1967

The long and unsatisfactory experience with the regulation of dairy product imports under Section 22 led the Federation to propose new legislation in 1967. The bill, H.R. 3816 was first introduced by Congressman Sisk on January 25, 1967. Currently, the bill has been co-sponsored by 59 Senators and over 200 Members of the House of Representatives.

The major provisions of the bill are:

(1) It would establish automatic quotas on dairy product imports at the 5-year, 1961–65, average level. The base does not include 1966 and 1967 because of the heavily subsidized abnormal level of imports in those years.

(2) Import volumes would be increased or decreased each year, as the case might be, in direct ratio to increases or decreases in the annual domestic consumption of milk and milk products.

(3) The President may permit imports in addition to those authorized if he finds such action is required by overriding economic or national security interests of the United States. However, it is provided that, if such imports are permitted when U.S. farm prices of milk are less than parity, the Secretary of Agriculture is required to purchase a volume equivalent to the additional imports, and the cost of such purchases shall not be charged to any agricultural program.

In view of the facts and considerations we have recounted, we urge the Congress to pass the proposed Dairy Import Act of 1967. If you will refer to the Appendix which shows import duties and charges levied on dairy product imports by about 100 foreign nations, as summarized by the Foreign Agriculture Service, U. S. D. A., our proposal appears to be quite reasonable, indeed.