

What happens as a result of these hearings affects all 8,500 of these people and the thousands of others that depend upon them.

The Stella Cheese Division of Universal Foods Corporation is one of the largest of the domestic producers of this type of cheese, operating seven Italian-type and blue-mold cheese manufacturing plants at such places as Amery, Cassville, Clayton, Lancaster, Cumberland, Baronett, Glenwood City and Campbellsport, Wisconsin; Baltic, Michigan; and Peru, Indiana.

I. "In original loaves," section 22 loophole

Certain Italian-type cheeses, namely Romano made from cows' milk, Reggiano, Parmesano, Provoloni, Provolette, and Sbrinz, are presently covered by a quota provision established under Section 22 of the Agricultural Adjustment Act in Item 950.10 of the Tariff Schedules of the United States. These quotas were established to prevent interference with the price support programs of the Department of Agriculture and disruption of the American dairy industry by excessive imports. However, from the outset, a serious loophole has existed in the quota provisions. By merely cutting the original loaves of cheese or grating them, the cheese is changed to a state no longer "in original loaves" and thus the quota provision is avoided.

In this way, rapidly increasing imports of Italian-type cheese are coming into the United States outside the quota. The Agriculture Department regulations, providing for an orderly method of regulating these cheese imports through licensing, have thus been subverted.

There is no reason why these cut Italian-type cheeses should not be included under the quota provision. Merely cutting or grating the cheese does not change its character or identity. The loophole should be closed to prevent interference with U.S.D.A. price support programs and to enable orderly administration of the import license program.

In May of 1967, we asked the Tariff Commission to close this loophole by recommending to the President that the quota classification under Item 950.10 be changed to include named Italian-type cheeses, whether in original loaves or not. Unfortunately, despite the strong support of Secretary of Agriculture Freeman, the Tariff Commission recommended no action to close this blatant and obvious loophole in its June 1967 Report on Dairy Products. The President also failed to take action in his proclamation of June 30, 1967 on dairy products.

In 1965, non-quota imports of Italian-type cows' milk cheeses, Parmesano, Romano, Provolone, Provolette and Sbrinz, amounted to 95,000 pounds. In 1966, these imports increased 346% to 424,000 pounds. After the failure of the Tariff Commission and the President to take action to close the loophole, imports of non-quota cheese mushroomed to 1,494,000 pounds for 1967—a 352% increase over 1966.

As a result, the domestic Italian-type cheese industry has been severely disrupted. Of particularly concern is the increase of Argentine grated Italian-type cheese coming into the United States at extremely low prices. This Argentine grated cheese has been sold in the last year delivered ex-dock New York City, duty paid, at 60 cents a pound—a price several cents below U.S. cheese manufacturing costs.

U.S. Manufacturing costs, of course, must be based upon milk prices which are supported by the Federal Government, currently supported at \$4.28 per hundredweight, which is an all-time high. If cheap foreign milk is allowed to come in in the form of Italian-type cheese outside quota, the price support program is undermined. The result is increased price support costs for the Government, loss of markets and economic distress for American producers of such cheeses, and harm to the dairy industry and dairy farmers.

Recently, Secretary of Agriculture Freeman requested a Tariff Commission investigation of condensed and evaporated milk and cream. He also cited other matters in his request to the President, including the loophole problem. The President ordered the Tariff Commission to hold hearings which will commence on July 22, 1968. However, if past history is any guide, our problem will be shunted aside once again and given less attention than the problems involving condensed and evaporated milk and cream.

On June 6, 1968, the distinguished senior minority member of this Committee, Mr. Byrnes, introduced H.R. 17706 to amend Section 22 of the Agricultural Adjustment Act by closing an import loophole for cheeses not in original loaves. We strongly endorse this bill and ask that it be adopted by the Congress so that the loophole for cut and grated cheeses can be closed once and for all.