Thus, it would appear foolish for the Federal Government to spend vast sums of money in an effort to bring industry and jobs to a rural area, at the same time it is eliminating rural jobs by allowing indiscriminate imports to destroy existing cheese factories.

A. Mozzarella cheese

We have noted with alarm the recent heavy importation of Mozzarella cheese from various European countries. A substantial amount of low moisture, part-skim Mozzarella cheese is being imported from Germany at the present time at prices *far below* the U.S. cost of production. This cheese is being offered to the trade, even in small lots, at 40 cents per pound which is below the basic cost of milk alone.

This imported Mozzarella cheese is apparently available in unlimited quantities since it is being offered freely in million-pound per month quantities to various purchasers around the country. The price offered ranges from 37 cents to 40 cents per pound, depending on the quantity purchased.

It is clear that this imported Mozzarella cheese presents a serious threat to the domestic cheese producers' economic stability. This is indicated by the fact that a check with Italian-type cheesemakers reveals a present price for Wisconsin made Mozzarrella cheese, at the wholesale level, much higher than that quoted for the German cheese. Further, the recent increase in the domestic milk support price from $4.00 to $4.28 per hundredweight of manufacturing milk has aggravated the situation and made it even more difficult for domestic producers to compete.

It also appears that the imported Mozzarella cheese may be mislabeled as "part-skim, Mozzarella cheese". We have been able to purchase samples that have a composition of 31.2% fat on the total solids and 48.8% moisture. The Federal Standards of Identity for Mozzarella cheese call for a minimum of 52% moisture content. It thus appears that the cheese should be labeled "part-skim, low moisture, Mozzarella cheese".

It is noted that the cheese samples we have obtained have many fair sized gas holes or pockets, and do not resemble a Mozzarella cheese in characteristic body or internal appearance. The cheese appears to be of a Brick or Muenster type, not made by the so-called Pasta Filata process. This characteristic appearance is important since the Federal Standards of Identity for Mozzarella cheese (promulgated by the Food and Drug Administration) spell out the process of making the cheese and spinning the curd in some detail.

In analyzing the problem, it appears that the European Economic Community has developed a huge surplus of dairy products because consumption in EEC countries has not kept pace with production. As a result the EEC has embarked on a program of aggressive subsidization into the world market so as to reduce its surplus stocks. For butter and non-fat dry milk, EEC stocks were at record levels in December 1967, totaling approximately 477 million pounds and 308 million pounds respectively. It appears that great quantities of EEC dairy surpluses in the form of cheese, butter and non-fat dry milk are now being dumped on the U.S. domestic market at unrealistic price levels.

B. Balance of payments

Dairy imports accounted for a $73,702,697 burden on our balance of payments problem in 1967. Very little domestic cheese is exported. Thus, these imports drain dollars out of the United States needlessly, while at the same time imposing a burden on the price support program with added, unnecessary costs. This affects the budget deficit adversely and further burdens the U.S. taxpayer. In 1967, Italian-type cheese, made from cows' milk, accounted for $5,236,991 of this dollar outflow. Therefore, not only are these imports of Italian-type cheese disrupting the domestic industry causing unemployment, shattering profit margins, burdening the price support program and costing the taxpayer money, but they are also aggravating our already serious balance of payment problems. Recent statistics showing virtual elimination of the U.S. trade surplus makes this situation intolerable.

VII. Conclusion

It appears that we must clearly face the issue that the U.S. cannot compete with low-cost labor around the world. Our exports, mainly, consist of sophisticated machinery and equipment which further cut our technological advantage as it is installed abroad. It is important, therefore, to realistically evaluate the problem and recognize that in certain cases, quotas and other tariff protections are necessary to protect certain industries, such as ours, from extinction.