

At the present time, proposals pending before Congress would impose quotas or other trade restrictions on the imports of over twenty industries. These measures would cover about \$7 billion of our imports—close to half of all imports subject to duty.

In a world of expanding trade, such restrictions would be self-defeating. Under international rules of trade, a nation restricts imports only at the risk of its own exports. Restriction begets restriction."

The cheese importing industry has been subject to import restrictions for a considerable period of time with respect to certain specified foreign varieties of cheese. The time has come to remove all these restrictions as harmful to our international trade and harmful even to the domestic dairy industry. Imports of foreign types of cheese have stimulated the taste for different varieties of cheese in the United States, including Italian types of cheese, blue cheese, swiss cheese, and others. The result has been a steady and continuous increase in the production of foreign type cheese in the United States.

There are pending at the present time with respect to cheese imports the type of quota bills condemned by the President in his message. It has been proposed to place import restrictions on all dairy products, including foreign types of cheese which have been historically imported into the United States for generations, and including dairy products which are already under import restriction. As this Committee well knows, Section 22 of the Agricultural Adjustment Act provides that import restrictions may be imposed when imports of agricultural products are in such quantities, and under such conditions, as to render or tend to render ineffective, or materially interfere with, the price-support programs of the United States Department of Agriculture. At the present time, import restrictions are in effect under regulations adopted pursuant to Section 22 of the Agricultural Adjustment Act with respect to the principal cheeses imported into the United States, namely, Italian type cow's milk cheese, edam and gouda cheese, cheddar and American type cheese, and blue mold cheese, and with respect to other dairy products including butter, butteroil, butterfat mixtures, dried whole milk and dried skim milk, dried cream, frozen cream, dried buttermilk, and malted milk.

On May 10, 1967, this Committee adopted a resolution directing the U.S. Tariff Commission to make an investigation of the conditions of competition in the United States between dairy products produced in the United States and in foreign countries, and to report the results to the Committee on Ways and Means.

The report of the Tariff Commission was rendered in March 1968. This Committee has the benefit of this report, which comprises 312 pages, and which contains some very significant facts and statistics as they pertain to quota and non-quota cheese. I suggest and request that the Tariff Commission Report be made a part of this record.

The importation of cheese has been under import restriction since 1951. Originally, these restrictions were adopted under a section of the War Production Act. Commencing in mid-1953, import restrictions have been imposed on cheese as a result of proceedings under Section 22 of the Agricultural Adjustment Act. Up until July 1 of last year, the varieties of cheese which were under import restrictions were cheddar cheese, Italian type cow's milk cheese, edam and gouda cheese, and blue mold cheese. The total of all these quotas amounted to 28,597,599 lbs. As of July 1, 1967, colby and American type cheese were added to the types of cheese under import restriction. The total of quotas for cheeses presently under import restriction amounts to 40,626,599 lbs. per year. As compared to this, the amount of cheese manufactured in the United States in 1967, excluding cottage cheese and full skim American cheese, amounted to 1,897,000,000 lbs. The total imports of all types of cheese, both quota and non-quota, for 1967 amounted to 152,000,000 lbs. This included 55¼ million pounds of colby cheese imports which have since been cut back by import restrictions by about 50 million pounds to 6 million pounds a year. Imports of cheese this year are expected to be substantially less than last year as a result of said cutback.

The Tariff Commission report finds that during 1966 and the early months of 1967, imports of some dairy products not subject to import quotas rose sharply; imports of colby cheese, butterfat-sugar mixtures and frozen cream accounted for about 95% of the increase in imports (Tariff Commission Report, p. 3). Due to such imports, the President caused a Section 22 proceeding to be instituted last Spring under the Agricultural Adjustment Act, as a result of which all of the said products which caused 95% of the increase are presently subject to import quotas. The result of the presidential action was that imports of all dairy products from January through March 1968 totaled 0.3 billion pounds of milk