STATEMENT OF THE NEW ZEALAND DAIRY BOARD

New Zealand, a small and remote country, is the world's leading exporter of dairy produce. The production of milk in New Zealand plays a greater role in its economy than it does in that of any other country of the world. The New Zealand Dairy Board, elected representative of the dairy farmers of the country, is obviously vitally concerned with world market opportunities for New Zealand's butter, cheese and other dairy products.

Both the United States and New Zealand are agricultural exporting countries. While agricultural products only comprise about 20% of total exports from the United States, agricultural foreign trade yielded to the United States, in 1967, almost precisely ½ of its favorable international trade balance. For New Zealand, dependence upon agricultural exports is far greater. Almost 95% of our exports consist of agricultural products, practically all the products of livestock, mainly dairy products, meat and wool. Both our countries have an important stake in maintaining opportunities for international trade in agricultural products. Both our countries are deeply committed to a competitive international economy, where the free interchange of goods can yield the greatest dividends to the populations of our countries and of our trading partners.

Total imports of dairy products into the United States now aggregate less than 1% of American consumption. New Zealand shares this small marketing opportunity with many other dairy producing countries. While the volume of New Zealand dairy produce coming here supplies only a trivial portion of the enormous volume of American consumption, the market is important to New Zealand dairy farmers. We are deeply concerned about the proposals put before this Committee to reduce these imports even further, and to do so through a rigid formula which would place a straightjacket on the import trade in these commodities.

The relative position of dairy farming in the United States has been declining since the war, throughout the period when it has been severely insulated from foreign competition. There has been a steady reduction in per capita consumption of milk and milk products in the United States, to the point where the American consumer is now being supplied with far less milk than his counterpart in a dozen other countries of the world with living standards, in other respects, far below those which prevail in this country. Butter has become too expensive for the average American; margarine sales are now double those of butter, and its lead is increasing. U.S. per capita consumption of fluid milk and cream has also been declining, and new imitation products threaten to accelerate this trend. Dairy farmers in the United States are finding other agricultural and industrial pursuits more attractive. There is a real need for added imports to maintain nutritional standards here.

We appreciate that the pattern of price support measures in the United States would not permit unrestricted imports of dairy produce. Nevertheless, the dictates of international trading policy make it undesirable that the market be insulated completely from international competition. Moreover, with U.S. production of milk declining, and the population growing, there is a real need for more, not less, imports.

Agricultural support measures are maintained in many other countries of the world. Frequently, rice levels have been fixed at such unrealistic levels as to discourage consumption, and encourage production, with resulting rapid build-up of surplus stocks. The agricultural policy put in force in the European Economic Community has had precisely this effect. Enormous surpluses, particularly of butter, have been built up, and are continuing to accumulate. Wide resort has been had to export subsidization in a desperate effort to reduce the excessive stocks. These overhanging world surpluses are threatening the United States dairy market, and other world markets. We recognize that the United States cannot become a dumping ground for all the world surpluses of dairy produce.

The bills before this Committee, however, represent a heavy-handed and indiscriminate method of coping with the problem admittedly present in the world market today. Because many countries may be practicing unfair trade methods in subsidizing dairy exports is no reason to restrict trade with those which do not subsidize, and which are prepared to operate fairly and openly in the tradition of competitive trade.

We submit that the way to cope with subsidization is to employ the traditional defense against subsidies, countervailing duties, for which there is ample statu-