tory authority in the United States. If the countervailing duty statute of the United States were vigorously applied, according to its plain terms, the entire threat of excessive imports of dairy products into the United States would evaporate overnight. Even the existing restrictions which have been maintained since 1953 under the Agricultural Adjustment Act could be removed.

The United States maintains health standards governing the domestic production and marketing of milk and milk products which are among the highest in the world. In substance, these standards have been made equally applicable to imports of fluid milk and cream by the Import Milk Act of 1927. New Zealand is licensed to ship frozen cream under this statute. However, this statute is not applied to other milk products, such as condensed and evaporated milk and cream, milk powder, cheese, ice cream mixes, and other edible derivitives of milk. The existence of a world over-supply of dairy products provides an excellent opportunity for the United States to bring its health standards applicable to imports up to the level of its domestic standards, without impairing necessary supplies for the American market. An appropriate expansion of the coverage of the Import Milk Act would put the dairy exporting countries on notice that they must bring their standards up to American standards if they wish to have an opportunity to serve this market.

With the vigorous application of countervailing duties against subsidized imports, and with a strengthening of the health standards applicable to imported dairy products, the whole pressure of the world dairy surplus, much of it produced under lower standards than those prevailing in the United States, would be removed. If such measures were taken, the quota schemes here proposed would be entirely unnecessary, and even the quota scheme which has been in force for 15 years, could be removed, with benefit to America's dairy economy.

The United States needs some dairy imports to supplement its own shrinking domestic production. It should welcome such dairy products so long as they are produced under standards equivalent to those which prevail in the United States, and so long as they are marketed here on a fair competitive basis.

New Zealand believes its health and sanitation requirements applicable to milk and its products are the highest in the world. New Zealand is the world's most efficient producer of dairy products. New Zealand does not subsidize its dairy exports, and is ready to meet competition anywhere in the world on a fair and equitable basis. The New Zealand Dairy Board, controlling all exports of dairy products from New Zealand, is well aware of the need for orderly marketing patterns, and would see to it that its produce coming to this market would not serve to disrupt the domestic market.

Statement on Behalf of Western Dairy Products, Inc., San Francisco, Calif.

Many bills, most of them identical, which would impose new, severe and rigid restrictions on the importation of dairy products, have been referred to this Committee. These bills would not only reach basic dairy products such as fluid milk and cream, butter, cheese and milk powder, but would also cover every product, no matter what its form or use, which contains 5% or more of butterfat or nonfat milk solids or any combination of the two. Thus, it would reach far into the field of food products, beverages, and confectionery, and might even include such industrial products as adhesives and sizing, made from portions of milk. It is extremely difficult to predict with certainty all the ramifications of so sweeping a restrictive measure.

This bill represents one more attempt to shore up the long-standing effort to insulate the American dairy products market from competitive influences abroad. The present structure of import restrictions was established in 1953, and was originally made applicable to basic and certain specialized products. Further restrictions were imposed in patchwork fashion, twice in 1957, and, more broadly, in 1967. Other administrative proceedings enlarged some of the quotas in 1960, 1961, 1966 (temporarily) and 1967, and rejected proposals for still other restrictions in 1955 and 1967. Now the Tariff Commission has called another hearing later this month to reexplore some of the same ground on which it passed only a year ago.

The plain fact is that the structure of restrictions and controls on our trade in dairy products has been a failure, and the situation is getting worse. The number of American dairy farms has declined by almost 75% since the end of the war. The dairy farmers who remain are comparatively worse off today than