the dairy farmers of 20 years ago. Aggregate U.S. production of milk is only slightly greater today than it was at the end of the war. As a result, per capita consumption of milk in all forms has dropped more than 20%, and is now far below that of many other countries of the world. The American consumer has been using less fluid milk and cream, and substituting margarine for butter. Newly developed substitutes for fluid milk and cream presage a further decline in milk consumption.

This Committee's functions do not encompass domestic agricultural programs, so that it would not be appropriate here to comment on that side of the picture. However, proposed measures of import trade control are now under consideration in this Committee. These bills would not only serve to reduce the trickle of imports permitted, but would do so under a sweeping and inflexible formula which would stultify any efforts to introduce new products to the American consumer. With per capita consumption of milk down 20%, and imports of dairy products supplying less than 1% of the reduced ration of milk and milk products, it is obvious that the United States needs greater, not smaller imports.

As long as domestic milk price support programs remain in effect, imports cannot remain entirely free of controls. However, the real threat to our domestic milk programs comes not from free and fair foreign competition but from surpluses created by dairy price support programs elsewhere. The situation is particularly acute in the European Economic Community, where high support prices encouraged production and discouraged consumption to the point where an enormous surplus, amounting to some 500 million pounds of butter, has accumulated. Very large subsidies, sometimes as high as ¾ of the home price, are being offered to move some of this surplus into export trade. Much of the volume supplies of newly-contrived dairy products which have been imported in the past few years had their origin in subsidized export from the European Economic Community, and elsewhere.

Certainly there is no justification for permitting the U.S. market to become the dumping ground for foreign surpluses of dairly products. However, there is no need to enact new legislation to prevent such dumping. Under Section 303 of the Tariff Act of 1930, the Secretary of the Treasury has the power and the duty to impose countervailing duties whenever subsidized products are imported into the United States. The foreign schemes for subsidizing dairy products have been widely publicized, and are well-known to officers of our Government. Enforcement of Section 303 would remove the need for the whole jerry-built structure of import controls which has dominated our trade in dairy products for so long.

There is, however, one opportunity for legislation to improve the quality of the supply of imported dairy products to the American consumer. Since 1927, the Import Milk Act, 21 USC § 141–149, has required that milk and cream imported as such be produced under conditions of health and sanitation substantially equivalent to those required in the United States. However, similar requirements have not been applied with respect to dairy products derived from milk, many of which involve similar health hazards. We suggest that the Import Milk Act be extended to other dairy products. At a time of plentiful world dairy supplies, we could well take the opportunity to improve the quality of our imports.

We, and predecessor companies, have been privileged for many years to handle imports of New Zealand dairy products. New Zealand's health and sanitation standards applicable to dairy products are as stringent as any in the world.

New Zealand, the world's leading exporter of dairy products, does not subsidize. It has long supplied moderate quantities of dairy produce to the United States, and could increase its shipments modestly to absorb some of the shortfall in domestic production. It can do so in an orderly fashion, on a fair competitive basis.

In summary, we submit that: (1) the United States needs more, not less, imports of dairy products, (2) supplies produced under the most stringent standards are available and should be encouraged from fair competitive sources, (3) subsidized imports should be prevented by applying our countervailing duty statue, (4) the Import Milk Act should be extended to dairy products made from milk and cream, (5) if subsidized imports were banned, and the trade limited to fairly competitive, high standard merchandise, the need for an elaborate system of restrictions would disappear, and (6) the time has come to re-examine our dairy programs with a view to protecting the American people against a further deterioration of nutritional standards with respect to milk and its products.