Statement of Bernard A. Trugman, Trugman-Nash, Inc.

Mr. Chairman and members of the Committee, my name is Bernard A. Trugman and I am President of Trugman-Nash, Inc., of New York City. My family, commencing with my father, has been in the dairy products since 1921 and I have personally dealt with import and export of dairy products since 1934, a period of 33 years.

I have come before you today to urge that this Committee take no action that would lead to imposition of further import quotas on dairy products. The reason for this is very simple: The United States Tariff Commission, on June 11, published notice of an investigation of Dairy Products under Section 22 of the Agricultural Adjustment Act, as amended, pursuant to a request from President Johnson dated June 10, and covering a comprehensive list of cheeses and other dairy products. A hearing is scheduled to commence July 22. Soon thereafter the Commission will report to the President, and he is of course empowered by law to impose such quota restrictions as are appropriate.

Until this administrative process has been completed, it is submitted that legislative imposition of import restrictions would be premature. This is the second Tariff Commission Section 22 investigation in a little over a year. As a result of the first investigation, the President imposed strict import controls on a number of products. The current investigation covers practically the entire remainder of dairy products that are not already under stringent quotas.

Accordingly, it is respectfully suggested that legislative action on proposals for dairy import quotas be deferred until the conclusion of the Section 22 investigation.

Statement of John P. Gehl, of Gehl's Guernsey Farms, Inc., Germantown, Wis.

Subject: Milk Crumb Imports:
Recent imports: 1963: Nil; 1965: 2,000,000 Lbs.; 1967: 21,500,000 Lbs.

General Comments

Milk Crumb is a sugar-butterfat mixture used in the manufacture of milk chocolate coatings. It is being imported in ever increasing quantities because it is a means of avoiding support prices on milk and sugar. The domestic market for this product is the 600,000,000 pounds of milk chocolate coatings produced in this country.

The Department of Agriculture has been appraised of the problem, but has failed to act because they have:

1. Relied on the Tariff Commission's Report on June, 1967, which was completely in error.
2. Misinterpreted Section 22 of the Agricultural Adjustment Act.
3. Completely disregarded their recent Amendment to Section 817.10 of the Sugar Act signed by Secretary Freeman on February 21, 1968.

A review of the above three facts is included in Exhibit "A".

Unless immediate action is taken to curb the imports of chocolate crumb the dramatic increase in the last two years will continue to skyrocket to the detriment of the farmer, the sugar refiners, and the Commodity Credit Corporation. Exhibit "B" is a more detailed discussion of the impact of milk crumb imports on our domestic industries, a brief review of the Sugar Act, a detailed comparison of domestic and foreign prices, as well as other pertinent information.

Recommendations

Initiate immediate action to place milk crumb under quota under authority granted by the Sugar Act Section 1116 U.S.C.—Title 7 or Section 22 of the Agricultural Adjustment Act Section 624 U.S.C.—Title 7.

Exhibit "A"

Department of Agriculture's Position on Milk Crumb

For the past eight months in numerous letters to Senators, Congressmen, Sugar and Dairy Representatives, the Department of Agriculture has maintained that milk crumb cannot be placed under quota for two reasons:

1. The Tariff Commission's report of June, 1967, recommended against it.