The United States through the years has represented about 80 percent of Spain's market for exports of bulk olives. They have now set upon a program to convert these olives into glass as opposed to exporting them in bulk.

Under the program the Government now determines the types, the qualities of the olives, the containers, the exports, and to what markets, prescribed sales and payment methods, and retains the right to fix export prices. I would like to point out that they are presently exercising this right.

The industry has been highly subsidized since a Spanish Minister of Agriculture order of March 1965, at which time they implemented a program for development that provided for various concessions for industrialization and expansion of their glass-packing capacity.

The 1967 Tariff Commission report notes that the incentives have been granted to Libby, Cadesa, and other Spanish exporters. One of the principal factors and benefits they derive is a 12-percent turnover tax on the value of exported goods which is paid to the bottle exporters and constitutes a direct export subsidy. Exports in bulk have not received any of these subsidies as do bottled olive export to the United States.

This existence today represents a very direct threat to the importers of bulk olives from Spain and potentially represents a threat to the California olive growers likewise. Should the program continue of subsidizing the industry it is only going to be a matter of time before eventually it takes over the entire American market.

The damage has already been partially done to the bottlers of green olives. At stake are thousands of jobs of bottling employees, capital investment that has been undertaken by the olive growers in California, the amount of land disposed to growing of olives in California, and the attendant business that is done with related manufacturers of caps, glass bottles, and other industries.

There is practically nothing the American industry can do to avoid these losses. We recognize the inconsistencies in the labor picture between the United States and Spain and this is basically something that we feel we can live with but we cannot live with the subsidy that the industry is presently enjoying in Spain.

It cannot be applied to a more economical method of producing the products because basically they cannot produce more economically than we can.

For the most part, the olive groves of California cannot be used for any other purpose, and I think this is a very significant factor when you relate the probable impact on the industry.

Presently House bill 11247, which has been introduced by Congressman Utt of your committee and 14 other House Members, as well as a corresponding piece of legislation in the Senate cosponsored by Senators Dirksen and Kuchel wherein they are proposing a 50 percent ad valorem duty on sealed containers containing less than 1½ pounds of olives, the proposed bills represent a sensible solution to the problem.

Had this retail-size packing industry existed at the time that the tariffs were originally adopted it is reasonable to assume that some provision would have been made for this segment of the industry.