Mr. GALLAGHER. The tariff structure as it presently is set up applies on a gallonage basis and does not differentiate as to the form in which they are imported.

Mr. BURKE. What do you believe is the answer to it?

Mr. GALLAGHER. We believe that the only possible answer to the subsidy program would be to recognize this inequity in the tariff structure and to provide for it in the form of an ad valorem duty on glass. This is not related to the problem, if I might say, purely of labor because 90 percent plus of the product sold in this country in retail-size containers is machine-packed and while there is a distinct differential in the labor cost existing between the United States and Spain, as a percentage of total cost it is not great.

Mr. BURKE. I would like to point this out too. I notice that the quantity, in millions of pounds, in the small containers was increased from 0.5 in 1965 and in 1968 the January to April figures indicate that that has risen up to 8.4.

Mr. GALLAGHER. Is this from the graph?

Mr. BURKE. I have some information here from the Tariff Commission. That is the quantity in total imports of Spanish style olives. They have gone up to 8.4.

Mr. GALLAGHER. This is what period now?

Mr. BURKE. That is the percent of production.

Mr. GALLAGHER. In million of pounds?

Mr. BURKE. In million of pounds, yes, sir.

Mr. GALLAGHER. Right. Of course the problem didn't originate until around 1963. In 1963 and 1964 it was in its developmental stages and it subsequently started to take hold and has now become a very significant problem. Up through April of this year for a 5-month period it has gone up to about 9 million pounds as opposed to the same comparable period, say, back in 1965–66 of 1.2 million pounds.

We are estimating this year it will be about 21.6 million pounds.

Mr. BURKE. Thank you very much. That is all, Mr. Chairman.

Mr. HERLONG. Mr. Utt.

Mr. UTT. I notice in your statement you list at least 10 subsidy incentives granted for exports but you did not speak about them when you were giving your oral testimony and it would seem to me that any one, two, or three of these would be sufficient to develop a countervailing duty on exports from Spain.

Have you had any countervailing duties assessed on imports from Spain?

Mr. GALLAGHER. We have tried to effect a countervailing duty primarily on the premise that they are given a 12-percent drawback on the value of exported goods, tax drawback. We have not approached it from the standpoint of these other items that are stated here.

Whether or not this could be substantiated would be difficult to ascertain because it is my understanding that these same benefits are derived by any industry presently being developed in Spain for the purpose of converting raw materials into finished goods.

Mr. UTT. One thing that is missing from your testimony is the time that it takes to produce an olive tree and an olive crop which differentiates it completely from tomatoes, or cotton, or any other annual crop that we have and I wish you would put that in the record. How long does it take to produce an olive tree that produces commercially?