

UNITED STATES TARIFF COMMISSION

CHEDDAR CHEESE

Report to the President on Investigation No. 22-6:8
With Respect to the Emergency Increase in the Quota
for the Current Year Ending June 30, 1966



TC Publication 173
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UNITED STATES TARIFF COMMISSION

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**Address all communications to
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U.S. Tariff Commission,
May 16, 1966.

To the President:

This report is submitted in response to that part of your letter of March 31, 1966, requesting that the Tariff Commission submit a report of its findings and recommendations as soon as practicable with respect to the emergency action taken on March 31, 1966, to enlarge the import quota on "Cheddar cheese, and cheese and substitutes for cheese containing, or processed from, Cheddar cheese" (hereinafter referred to collectively as Cheddar cheese) for the current quota year ending June 30, 1966 from 2,780,100 to 3,706,800 pounds (Proclamation No. 3709). Upon receipt of your letter, the Commission instituted a supplemental investigation under the authority of section 22(d) of the Agricultural Adjustment Act, as amended, with respect to Cheddar cheese. A copy of the Commission's notice is attached. This report deals with the first item listed for determination by the Commission, viz.,

whether for the current quota year ending June 30, 1966 the existing quota of 2,780,100 pounds may be increased by 926,700 pounds,

without rendering or tending to render ineffective or materially interfering with the price-support programs of the U.S. Department of Agriculture for milk and butterfat.

Notice of the institution of the supplemental investigation was given by posting a copy of the notice at the offices of the Commission

in Washington, D.C., and New York City, as well as by publication in the Federal Register (31 F.R. 5535) and in the April 20, 1966 issue of Treasury Decisions. Copies of the notice were also sent to press associations, trade and similar organizations of producers, and importers known by the Commission to have an interest in the investigation. Said notice included an announcement of the public hearing to be held in connection with the investigation. The hearing was duly held on April 28 and 29, 1966; all interested parties were given opportunity to be present, to produce evidence, and to be heard. In addition to receiving information at the hearing, the Commission obtained pertinent information from its files, fieldwork, briefs of interested parties, the U.S. Department of Agriculture, and other appropriate sources.

Finding and Recommendation of the Commission

On the basis of its investigation, the Commission finds unanimously that the enlargement of the quota on Cheddar cheese for the quota year ending June 30, 1966, as provided for in Presidential Proclamation No. 3709 of March 31, 1966, will not render or tend to render ineffective or materially interfere with the price-support programs of the U.S. Department of Agriculture for milk and butterfat. The Commission recommends, therefore, that no action be taken to alter the enlarged quota provided for by Proclamation No. 3709.

Considerations Bearing on the Foregoing Finding

Since 1953, when import quotas on Cheddar cheese and certain other dairy products were imposed pursuant to section 22 of the Agricultural Adjustment Act, the Commission has kept under review developments with respect to such products. Recent changes having an influence on the market for Cheddar cheese include (1) a decline in the production of milk; (2) an increase in the output of Cheddar cheese; (3) a rise in the wholesale price of Cheddar cheese at Wisconsin assembly points; 1/ (4) an increase in the Commodity Credit Corporation purchase price for Cheddar cheese; (5) a decline in the purchases of Cheddar cheese by the Government; and (6) a reduction in both commercial and Government-owned stocks of Cheddar cheese.

The enlargement of the quota for the current quota year ending June 30, 1966 is minute relative to domestic output, even though the imports resulting from such an enlargement would be concentrated in a few months. On the basis of the facts obtained in this supplemental investigation the Commission concludes that the enlargement of the quota on Cheddar cheese from 2,780,100 pounds to 3,706,800 pounds for the quota year ending June 30, 1966 will not render or tend to render ineffective or materially interfere with the price-support programs of the Department of Agriculture with respect to milk and butterfat.

1/ Notwithstanding a decline of 3 cents per pound in early April 1966, the price in mid-April was about 9 percent above the Commodity Credit Corporation purchase price.

More detailed pertinent data will be included by the Commission in its report to you on the other matters listed for determination in your letter of March 31, 1966; that report will be submitted to you no later than June 1, 1966.

Respectfully submitted.



Paul Kaplowitz, Chairman

Table 1.--Dairy products: U.S. milk production, and whole-milk equivalent of U.S. domestic exports and imports for consumption, 5-year averages 1935-39 and 1945-49, annual 1953-65

Period	Exports				Imports			Export or import (-) balance
	Total milk production	Sales ^{1/}	Donations ^{2/}	Total exports ^{1/}	Ratio of total exports to total milk production	Quantity	Ratio to total milk production	
	Million pounds	Million pounds	Million pounds	Million pounds	Percent	Million pounds	Percent	Million pounds
Average:								
1935-39-----	105,924	3/	3/	138	0.1	679	0.6	-541
1945-49-----	117,623	1,898	1,968	3,866	3.3	218	.2	3,648
Annual:								
1953-----	120,221	675	694	1,369	1.1	525	.4	844
1954-----	122,094	707	1,340	2,047	1.7	441	.4	1,606
1955-----	122,945	919	5,743	6,662	5.4	458	.4	6,204
1956-----	124,860	1,432	4,797	6,229	5.0	514	.4	5,715
1957-----	124,628	1,028	1,675	2,703	2.2	661	.5	2,042
1958-----	123,220	757	2,047	2,804	2.3	507	.4	2,297
1959-----	121,989	651	503	1,154	.9	578	.5	576
1960-----	122,951	755	21	776	.6	604	.5	172
1961-----	125,442	645	10	655	.5	760	.6	-105
1962-----	126,021	434	853	1,287	1.0	795	.6	492
1963-----	125,009	554	4,441	4,995	4.0	915	.7	4,080
1964-----	127,000	368	6,482	6,850	5.4	830	.7	6,020
1965-----	125,061	404	1,420	1,824	1.5	902	.7	922

^{1/} Includes some commercial sales subsidized by the Commodity Credit Corporation.

^{2/} Although these were chiefly donations to relief agencies for shipment to overseas destinations, there was a very small financial recovery to the Commodity Credit Corporation.

^{3/} Not available.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 2.--Milk: U.S. consumption by end use and per capita consumption, 1953-65

Year	(In billions of pounds of milk or milk equivalent, unless otherwise stated)										Per capita consumption as 3/--												
	Manufactured into dairy products										Total 2/	Cheddar cheese	Other dairy products	Total									
	Fluid consumption	Butter 1/	Cheese		Other products		Total		Total 2/														
		Cheddar	Other	Cheddar	Other	Cheddar	Other	Cheddar	Other	Cheddar	Other	Cheddar	Other	Cheddar	Other	Cheddar	Other	Cheddar	Other	Cheddar	Other	Cheddar	Other
1953	55.1	32.4	9.5	3.8	15.2	60.9	117.2	51	640	691													
1954	56.2	32.9	9.8	3.9	15.0	61.6	118.9	55	644	699													
1955	57.5	31.2	9.2	4.4	16.5	61.3	119.8	54	652	706													
1956	58.7	31.5	8.9	4.8	17.0	62.2	121.7	54	648	702													
1957	59.1	31.4	9.0	4.5	16.7	61.6	121.7	51	634	685													
1958	58.8	31.7	8.6	4.2	16.3	60.8	120.5	53	627	680													
1959	58.5	30.3	8.3	4.3	17.1	60.0	119.3	51	615	666													
1960	58.5	30.7	8.7	4.9	16.8	61.1	120.4	52	599	651													
1961	57.5	32.9	9.9	5.0	16.9	64.7	123.0	55	583	638													
1962	58.0	34.0	9.3	5.0	16.7	65.0	123.7	59	579	638													
1963	58.8	31.5	9.5	5.3	17.1	63.4	122.7	60	569	629													
1964	59.2	32.0	10.0	5.6	15.8	63.4	124.8	61	569	630													
1965	59.6	29.4	9.9	5.9	17.6	62.8	123.0	60	561	621													

1/ Includes farm and nonfarm butter.

2/ Because of rounding, and miscellaneous uses of milk not accounted for, figures do not add to the totals shown.

3/ Pounds of milk equivalent.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 3.--Butter, Cheddar cheese, nonfat dry milk, and all milk for manufacturing: U.S. market prices, Commodity Credit Corporation purchase prices, and CCC support objectives, marketing years 1953-65 and April 1966

(In cents per pound)										
Marketing year beginning Apr. 1	Butter (Grade A at Chicago)		Cheddar cheese		Nonfat dry milk (spray process)		Milk for manufacturing			
	Market price	CCC purchase price	Market price (Wisconsin assembly points)	CCC purchase price	Market price (U.S. average)	CCC purchase price	Market price (U.S. annual average basis)	CCC support objective		Percent of parity
								Actual		
1953-----	65.5	65.8	36.8	37.0	15.5	16.0	3.46	3.74		89
1954-----	57.8	57.5	33.1	<u>1/</u> 33.2	15.3	<u>1/</u> 16.0	3.15	3.15		75
1955-----	57.4	57.5	33.2	33.2	15.6	16.0	3.19	3.15		80
1956-----	59.7	59.5	34.7	<u>2/</u> 35.0	15.5	16.0	3.31	<u>2/</u> 3.25		<u>2/</u> 84
1957-----	59.6	59.5	34.8	35.0	15.5	16.0	3.28	3.25		82
1958-----	58.2	57.8	33.3	32.8	13.8	14.2	3.16	3.06		75
1959-----	59.7	58.0	34.0	32.8	13.7	14.2	3.22	3.06		77
1960:										
Apr. 1-										
Sept. 16-	58.1	58.0	34.4	32.8	14.4	13.4	3.21	3.06		76
Sept. 17-										
Mar. 9,										
('61) <u>3/</u> -	60.6	60.5	39.1	34.2	14.7	13.9	3.39	3.22		80
Mar. 10-31:										
('61)-----	60.5	60.5	37.2	36.1	15.9	15.9	3.37	3.40		85
1961:										
Apr. 1-										
July 17--	60.5	60.5	36.7	36.1	15.9	15.9	3.36	<u>4/</u> 3.40		83
July 18-										
Mar. 31,										
('62)-----	60.5	60.5	37.2	36.5	16.0	16.4	3.39	<u>4/</u> 3.40		83
1962-----	58.6	58.0	36.0	34.6	14.4	14.4	3.19	3.11		75
1963-----	58.2	58.0	36.1	35.6	14.5	14.4	3.24	3.14		75
1964-----	59.1	58.0	36.8	35.6	14.6	14.4	3.30	3.15		75
1965-----	61.1	59.0	39.8	36.1	14.9	14.4	3.45	3.24		75
1966:										
April only-----	62.8	61.0	43.4	39.3	<u>5/</u>	16.6	3.65	3.50		78

1/ Cheddar supported at 32.25 cents and nonfat dry milk at 15 cents per pound from Apr. 1 to July 11, 1954.

2/ Applies to the period Apr. 19, 1956-Mar. 31, 1957; from Apr. 1-18, 1956, the support price was 34.0 cents per pound.

3/ Increase required by Public Law 86-799.

4/ The U.S. Department of Agriculture later found that the purchase prices of March 1961 reflected a per hundredweight support objective of only \$3.36-\$3.37. Consequently, the new purchase prices of July 1961 more accurately reflect the \$3.40 price-support objective.

5/ Not available.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Table 4.--American cheese in cold-storage warehouses at end of month: U.S. Government, commercial, and total stocks, by months, 1953-65 and January-March 1966

(In millions of pounds)

Period and item	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1953:												
Government-----	4	16	43	74	110	139	180	216	241	242	245	242
Commercial-----	190	171	158	157	170	201	205	195	185	174	156	159
Total-----	194	187	201	231	280	340	385	411	426	416	401	401
1954:												
Government-----	251	270	305	339	356	376	395	404	407	394	381	357
Commercial-----	147	130	121	122	139	162	177	175	173	171	169	162
Total-----	398	400	426	461	495	538	572	579	580	565	550	519
1955:												
Government-----	342	328	319	310	303	306	311	306	309	304	287	279
Commercial-----	151	142	144	158	191	237	250	256	250	232	218	213
Total-----	493	470	463	468	494	543	561	562	559	536	505	492
1956:												
Government-----	268	248	243	235	228	232	236	230	229	207	202	191
Commercial-----	201	192	190	192	222	252	273	280	264	242	213	210
Total-----	469	440	433	427	450	484	509	510	493	449	415	401
1957:												
Government-----	178	159	160	153	163	172	217	197	203	198	188	170
Commercial-----	209	198	196	202	228	252	238	270	255	231	216	207
Total-----	387	357	356	355	391	424	455	467	458	429	404	377
1958:												
Government-----	156	144	139	118	107	96	73	55	40	24	11	11
Commercial-----	189	174	168	175	189	220	246	260	265	258	245	238
Total-----	345	318	307	293	296	316	319	315	305	282	256	249
1959:												
Government-----	9	9	6	14	13	21	29	31	35	35	26	20
Commercial-----	227	219	220	235	259	286	302	303	292	273	255	246
Total-----	236	228	226	249	272	307	331	334	327	308	281	266
1960:												
Government-----	15	10	9	7	7	6	4	1	1	1	1	1
Commercial-----	231	222	219	234	260	298	312	317	303	291	287	291
Total-----	246	232	228	241	267	304	316	318	304	292	288	292
1961:												
Government-----	1/	1/	1/	1	3	11	22	27	36	48	51	53
Commercial-----	287	293	302	324	354	389	402	421	406	385	370	367
Total-----	287	293	302	325	357	400	424	448	442	433	421	420
1962:												
Government-----	53	56	63	80	87	93	110	111	112	100	91	77
Commercial-----	353	327	305	311	329	361	374	371	345	321	308	307
Total-----	406	383	368	391	416	454	484	482	457	421	399	384
1963:												
Government-----	69	55	45	33	29	33	43	42	43	28	23	19
Commercial-----	290	270	264	284	315	341	352	349	321	309	301	283
Total-----	359	325	309	317	344	374	395	391	364	337	324	302
1964:												
Government-----	15	11	7	9	12	20	22	19	18	17	14	12
Commercial-----	264	253	257	275	298	319	331	319	300	286	279	272
Total-----	279	264	264	284	310	339	353	338	318	303	293	284
1965:												
Government-----	8	6	5	4	1	2	5	8	4	2	1	1
Commercial-----	264	254	247	268	298	331	350	357	337	308	296	270
Total-----	272	260	252	272	299	333	355	365	341	310	297	271
1966:(Jan.-Mar.)												
Government-----	1/	1/	1/									
Commercial-----	263	238	229									
Total-----	263	238	229									

1/ Less than 500,000 pounds.

Source: Cold Storage Report issued monthly by the U.S. Department of Agriculture.

Note.--Breakdown between Government and commercial stocks is based on information in the hands of warehousemen at time of report. Consequently this table does not reflect the final Government commitments of cheese.