

UNITED STATES TARIFF COMMISSION

NONFAT DRY MILK  
AND ANIMAL FEEDS CONTAINING  
MILK OR MILK DERIVATIVES

Report to the President on Investigation No. 22-34  
Under Section 22 of the  
Agricultural Adjustment Act, as Amended



TC Publication 633  
Washington, D. C.  
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UNITED STATES TARIFF COMMISSION

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REPORT TO THE PRESIDENT

U.S. Tariff Commission,  
December 28, 1973.

To the President:

Pursuant to your request of July 18, 1973, 1/ the U.S. Tariff Commission has conducted an investigation (No. 22-34) under subsection (d) of section 22 of the Agricultural Adjustment Act, as amended (7 U.S.C. 624). 2/ The purpose of the investigation was to determine whether either or both of the annual import quotas for dried milk (hereinafter referred to as nonfat dry milk) provided for in item 950.02 of the Appendix to the Tariff Schedules of the United States (TSUS) and animal feeds (hereinafter referred to as animal feeds containing milk or milk derivatives) provided for in item 950.17 of the Appendix to the TSUS, may be increased or suspended for 1973 and future years, without rendering or tending to render ineffective, or materially interfering with, the price-support program now conducted by the U.S. Department of Agriculture for milk, or reducing substantially the amount of products processed in the United States from domestic milk. If the Commission finds that the quotas should be increased, it is to make recommendations as to the amount of such quotas and their allocation among supplying countries.

The report of the Commission on the aforementioned matter, including its finding and recommendation, is submitted herewith. The information contained in this report was obtained from evidence submitted at

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1/ The full text of your letter is shown in app. A.

2/ Public notice of the investigation was issued July 26, 1973. The notice was posted at the Commission's offices in Washington, D.C., and in New York City and was published in the Federal Register of July 31, 1973 (38 F.R. 20382). A public hearing was held on Aug. 28-30, 1973; all interested parties were afforded opportunities to produce evidence and to be heard.

the public hearing, from briefs, from other Government agencies, from questionnaires, and from the Commission's files.

FINDINGS 1/1. Nonfat dry milk

On the basis of its investigation, the Commission (Commissioners Leonard and Young dissenting) finds that the importation of 265,000,000 pounds of nonfat dry milk in the calendar year 1974, in addition to 1,807,000 pounds under the annual import quota provided for in item 950.02 of the Appendix to the Tariff Schedules of the United States (TSUS), will not render or tend to render ineffective, or materially interfere with, the price-support program conducted by the Department of Agriculture for milk, or reduce substantially the amount of any product processed in the United States from domestic milk.

Commissioner Leonard finds that the annual import quota for nonfat dry milk provided for in item 950.02 of the Appendix to the TSUS may be suspended without rendering or tending to render ineffective, or materially interfering with, the price-support program conducted by the Department of Agriculture for milk, or reducing substantially the amount of products processed in the United States from domestic milk.

Commissioner Young finds that increasing or suspending the annual import quota for nonfat dry milk provided for in item 950.02 of the

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1/ Commissioner Moore believes that the Tariff Commission has a continuing responsibility in this proceeding (Investigation No. 22-34) to report to the President during 1974 whenever it has reason to believe that the importation of nonfat dry milk in the quantities recommended herein will "render or tend to render ineffective, or materially interfere with," the price-support program of the Department of Agriculture for milk, or "reduce substantially the amount of products processed in the United States" from domestic milk.

Appendix to the TSUS for the period January 1, 1974, through March 31, 1975, will tend to render ineffective, and materially interfere with, the price-support program conducted by the Department of Agriculture for milk.

2. Animal feeds containing milk or milk derivatives

The Commission (Commissioners Leonard and Ablondi dissenting) finds that increasing or suspending the annual import quota for animal feeds containing milk or milk derivatives provided for in item 950.17 of the Appendix to the TSUS will render or tend to render ineffective, or materially interfere with, the price-support program conducted by the Department of Agriculture for milk, or reduce substantially the amount of any product processed in the United States from domestic milk.

Commissioner Leonard finds that the annual import quota for animal feeds containing milk or milk derivatives provided for in item 950.17 of the Appendix to the TSUS may be suspended without rendering or tending to render ineffective, or materially interfering with, the price-support program conducted by the Department of Agriculture for milk, or reducing substantially the amount of products processed in the United States from domestic milk.

Commissioner Ablondi finds that the importation of 13,700,000 pounds of animal feeds containing milk or milk derivatives in the calendar year 1974, in addition to 16,300,000 pounds under the annual import quota provided for in item 950.17 of the Appendix to the TSUS, will not render or tend to render ineffective, or materially interfere with, the price-support program conducted by the Department of Agriculture for milk,

or reduce substantially the amount of any product processed in the United States from domestic milk.

#### RECOMMENDATIONS

##### 1. Nonfat dry milk

The Commission (Commissioners Leonard and Young dissenting) recommends that the President issue a proclamation pursuant to section 22(d) of the Agricultural Adjustment Act, as amended, to establish for nonfat dry milk for the calendar year 1974 an additional quota of 265,000,000 pounds.

Chairman Bedell, Vice Chairman Parker, and Commissioner Moore further recommend that the proclamation allocate such quantity among supplying countries, as follows:

<u>Country</u>	<u>Quota quantity</u> (in pounds)
Australia-----	66,250,000
New Zealand-----	66,250,000
Canada-----	66,250,000
Member States of the European Community--	66,250,000
Other-----	<u>None</u>
Total-----	265,000,000

They further recommend that such quotas proposed above be regulated by means of a licensing system administered by the Department of Agriculture in such a manner as to provide an equitable distribution of the quotas among importers and users, taking due account of any special factors which may have affected or may be affecting the trade in nonfat dry milk.

Commissioner Ablondi further recommends that the additional quota not be allocated among supplying countries, but rather be on a first-come-first-served basis, and that import licenses not be required for

entering such additional quantities; that half of the amount provided by the additional quota be permitted to enter during the period beginning January 1, 1974, and ending June 30, 1974, and the remaining half be permitted to enter during the period beginning July 1, 1974, and ending December 31, 1974; that no individual, partnership, firm, corporation, association, or other legal entity (including its affiliates or subsidiaries), during each of the 6-month periods specified above, be permitted to enter quantities in excess of 2,500,000 pounds; and that the Tariff Commission undertake periodic reviews of developments respecting imports of all dairy products to determine whether the annual import restrictions on dairy products should be modified from time to time as changes occur in the domestic market.

Commissioner Leonard recommends that the President issue a proclamation pursuant to section 22(d) of the Agricultural Adjustment Act, as amended, suspending the annual import quota for nonfat dry milk provided for in item 950.02 of the Appendix to the TSUS.

Commissioner Young recommends that the President take no action either to increase or to suspend the annual import quota for nonfat dry milk provided for in item 950.02 of the Appendix to the TSUS for the period January 1, 1974 through March 31, 1975, and that the quota year be changed so as to begin April 1 of each year and that such change be made effective April 1, 1975.

## 2. Animal feeds containing milk and milk derivatives

The Commission (Commissioners Leonard and Ablondi dissenting) recommends that the President take no action either to increase or to suspend the annual import quota for animal feeds containing milk and

milk derivatives provided for in item 950.17 of the Appendix to the TSUS.

Commissioner Leonard recommends that the President issue a proclamation pursuant to section 22(d) of the Agricultural Adjustment Act, as amended, suspending the annual import quota for animal feeds containing milk and milk derivatives provided for in item 950.17 of the Appendix to the TSUS.

Commissioner Ablondi recommends that the President issue a proclamation pursuant to section 22(d) of the Agricultural Adjustment Act, as amended, to establish for animal feeds containing milk and milk derivatives for the calendar year 1974 an additional quota of 13,700,000 pounds; that the additional quota not be allocated among supplying countries, but rather be on a first-come-first-served basis, and that import licenses not be required for entering such additional quantities; that half of the amount provided by the additional quota be permitted to enter during the period beginning January 1, 1974, and ending June 30, 1974, and the remaining half be permitted to enter during the period beginning July 1, 1974, and ending December 31, 1974; and that no individual, partnership, firm, corporation, association, or other legal entity (including its affiliates or subsidiaries), during each of the 6-month periods specified above, be permitted to enter quantities in excess of 2,500,000 pounds.

Statement of Chairman Bedell, Vice Chairman Parker, and Commissioner Moore

Information obtained during this investigation (No. 22-34), including evidence presented at the public hearing, leads us to conclude that in 1974 the domestic dairy situation is unlikely to change significantly from the situation that existed in 1973. Thus, we determine that for the 1974 calendar year imports of 265,000,000 pounds of nonfat dry milk in addition to the regular annual quota (1,807,000 pounds) with no increase in the regular annual quota on animal feed containing milk or milk derivatives (16,300,000 pounds), will not render or tend to render ineffective, or materially interfere with, the price-support program conducted by the Department of Agriculture for milk, or reduce substantially the amount of any product processed from domestic milk. <sup>1/</sup> The principal considerations supporting our findings and recommendations, which we believe are consistent with the requirements of section 22 of the Agricultural Adjustment Act, as amended, are outlined below.

#### Nonfat dry milk

Production of nonfat dry milk has been declining in recent years. In January-October 1973 production amounted to 849 million pounds and it will probably total nearly 1.0 billion pounds for the year, as compared with 1.2 billion pounds in 1972. Information developed during the investigation showed that in the **last two** years total commercial consumption of nonfat dry milk has increased slightly, while production has continued its long-term decline.

In late 1972, a deficit supply situation developed in the United States for nonfat dry milk and it has continued into 1973. For a long

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<sup>1/</sup> The Agriculture and Consumer Protection Act of 1973 (Public Law 93-86) required substantive changes in the price-support for milk, as discussed later in this Statement.



period prior to late 1972, production of nonfat dry milk had been far in excess of that absorbed by the commercial market. The surplus production, purchased by the Department of Agriculture under the price-support program for milk, had accounted for some 1/2 to 1/3 of production. Since late 1972, purchases of nonfat dry milk under the price-support program, which have trended downward for a number of years, have been negligible compared with earlier years. At the Commission's public hearing on this investigation, the Department of Agriculture testified that in the present situation, and in the foreseeable future, significant purchases of nonfat dry milk by the Department of Agriculture under the price-support program are extremely unlikely.

As the Government has been purchasing less nonfat dry milk under the price-support program in recent years, the Government's uncommitted supplies of the product have become smaller. Since October of 1972, they have been nil, for the first time in more than a decade. Commercial manufacturers' stocks of the product, meanwhile, also had been drawn down to abnormally low levels, compared with most years of the past two decades.

In the fall of 1972, when the deficit supply situation developed for nonfat dry milk, the U.S. market price, which had been at or near the support price since the quota was established in 1953, began to rise. Despite the additional importation of nearly 265,000,000 pounds of nonfat dry milk under the temporary quotas from January through October 1973, the market price not only rose from 39.0 cents to 49.5 cents per pound, or about 26 percent, but it also remained substantially

above the support price which was increased from 31.7 cents to 37.5 cents in March for the 1973 marketing year in order to maintain the minimum price support for milk (75 percent of parity). Effective August 10, 1973, the minimum price support for milk was raised to 80 percent of parity in accordance with the requirement of the Agriculture and Consumer Protection Act of 1973. As a result, the support price for nonfat dry milk was raised from 37.5 cents to 41.4 cents per pound on August 10. The market price continued to rise after the support price was increased in August, and by the end of November it had increased to 52.2 cents per pound, or 10.8 cents above the price-support level.

The data set forth above show that imports of nonfat dry milk under the additional quotas in 1973 totaling nearly 265 million pounds, has not adversely affected the price-support program within the meaning of the statute. Based on information developed during the investigation, we have concluded that the domestic supply/demand conditions for the product in 1974 are not likely to change significantly from those of 1973. Whether or not production of milk, from which all dairy products are made, continues downward during the 1974 year, as forecast by the Department of Agriculture at the hearing, actual commercial consumption of nonfat dry milk will probably rise gradually in response to population growth, development of a few new uses for the product, and increasing production of several products such as cottage cheese, low-fat milk, and ice cream in which nonfat dry milk is used as an ingredient. Thus, additional imports, as recommended herein, will satisfy the demand situation that is expected to exist for the product in 1974, but the imports will not be of such magnitude as to render or tend



time, that would warrant any change in the regular annual quota, which would continue in effect for subsequent years.

This recommendation, we believe, is also consonant with the provision of the Agriculture and Consumer Protection Act of 1973, which authorized and directed the Secretary of Agriculture to carry out a comprehensive study to determine the effect upon domestic dairy producers, handlers, and processors and upon consumers of increases in the level of imports, if any, of dairy products and report his findings, together with any recommendations he may have with respect to import quotas or other matters, to the Congress of the United States no later than January 1, 1975.

Animal feed containing milk or milk derivatives

The existing annual import quota for animal feed containing milk or milk derivatives (16,300,000 pounds) has been in effect only since January 1, 1971, and according to the official statistics, it has been less than three fourths filled in two of the three years it has been operative. The product imported under the quota consists mainly of nonfat dry milk, although it contains enough animal fat (lard, tallow, etc.) so that it is classifiable as an animal feed. After the product is imported, it is commercially processed (mixed with other dairy products such as whey, lactose, casein, etc.) before being sold in the retail market as a formulated milk replacer for feeding calves. It is quite clear that the quota for animal feed containing milk was initially imposed to prevent imports of a product designed to avoid the existing quota provision for nonfat dry milk and thereby prevent imports from rendering or tending to render ineffective, or materially interfering with, the price-support program of the Department of Agriculture for milk, or reducing substantially the amount of any product processed from domestic milk.

Based on the information obtained in this investigation, we have heretofore concluded that an additional quota for 1974 for nonfat dry milk should be provided. The additional import quota recommended of 265,000,000 pounds is equivalent to nearly 1/3 of the domestic annual production of nonfat dry milk. This additional quantity for 1974 would permit imports of nonfat dry milk which could

be made available for use as an ingredient in animal feed in the United States as well as in other products, without adverse effects on the price-support program. Imports of nonfat dry milk in quantities greater than that recommended, although in the form of animal feed (a "loop-hole" product, for which the quota of 16,300,000 pounds was originally established) would, in our opinion, render or tend to render ineffective, or materially interfere with, the price support program conducted by the Department of Agriculture for milk, or reduce substantially the amount of any product processed in the United States from domestic milk. Therefore, based on the facts developed in this investigation, we have recommended that no change be made in the regular annual quota for animal feed containing milk or milk derivatives.

Increasing versus suspending the quotas

The President requested the Commission to determine whether the annual import quotas may be increased or suspended without rendering or tending to render ineffective, or materially interfering with the price-support program conducted by the Department of Agriculture for milk, or reducing substantially the amount of products processed in the United States from domestic milk. At the hearing held in connection with this investigation, the Department of Agriculture presented testimony showing a large supply availability of nonfat dry milk in most of the exporting countries of the world at prices significantly below U.S. prices. In response to questioning, the Department indicated that the logical expectation would be for the U.S. price to decline to the lowest price in the world at which supplies were available if the quotas for nonfat dry milk and animal feed were suspended. The prices at which the foreign products would be available are far below the minimum support

price required to be maintained by the Department of Agriculture for non-fat dry milk under the price-support program. In view of the foregoing, we have concluded that suspension of the quotas for nonfat dry milk and animal feed containing milk or milk derivatives (the imports of which contain principally nonfat dry milk) would permit imports in such quantities and under such conditions so as to render or tend to render ineffective, or materially interfere with, the price-support program conducted by the Department of Agriculture for milk, or reduce substantially the amount of any product processed from domestic milk.

#### Allocation of quota

When the section 22 quota was initially imposed on imports of non-fat dry milk in 1953 the Tariff Commission recommended that such imports be regulated by means of a licensing system administered by the Department of Agriculture. The Commission further recommended that the licensing system provide an equitable distribution of the quota among importers, users, and also among supplying countries, based upon the proportions supplied by such countries during a previous representative period, taking due account of any special factors which may have affected or may be affecting the trade in the articles concerned, as set forth in Article XIII of the GATT. The amount of the quota established in 1953 (1,807,000 pounds), was insignificant insofar as annual world trade in nonfat dry milk was concerned. However, the amount of the additional quota we recommend in this investigation for 1974 (265,000,000 pounds) is equivalent to some 25 percent of the world trade in nonfat dry milk in recent years.

During the Commission's recent investigation on nonfat dry milk (No. 22-34) Australia, the country that received 73 percent of the quota in 1953 as a result of the licensing system administered by the Department of Agriculture, stated, in effect, that if the quota were increased that country's equitable share of any quota in excess of 100 million pounds should not be less than 25 percent of the total amount. Canada, the country that received the remaining 27 percent of the quota in 1953, stated that equitable allocation of any increased quota should recognize the imports of nonfat dry milk from Canada under the additional temporary quotas in 1973. Such imports amounted to about 29 percent of the total. Under the circumstances, we have concluded that allocating 25 percent of the recommended quota to each of the two U.S. supplying countries under the regular quota is consistent with the principal of equitable distribution as provided for in Article XIII of the GATT.

New Zealand and the EC (member states of the European Community) were the only other countries that supplied imports of nonfat dry milk to the United States under the additional temporary quotas in 1973; neither of them received a share of the regular quota imposed in 1953. During this investigation, New Zealand stated that any increase in the U.S. quota on nonfat dry milk should be allocated to countries on the basis of their world exports of the product (exclusive of intra-EC shipments and exports from the United States). Based on such exports in recent years, New Zealand would receive about 30 percent of the recommended quota. With the exception of Ireland, no recommendation



was received from the EC regarding country allocation of any increased quota on nonfat dry milk. Ireland stated that if the quota were increased, that country's share of the quota should reflect its position as a traditional supplier of dairy products to the United States and to other countries. We have concluded that it would be equitable to allocate half of the additional quota we have recommended evenly between the U.S. suppliers of nonfat dry milk under the regular quota (Australia and Canada) and the remaining half should be allocated equally between New Zealand and the EC, the only other countries that supplied nonfat dry milk under the additional emergency quotas in 1973. Moreover, the allocation of the quota, as we recommended is reasonably consistent with the contentions concerning allocations made by the supplying countries that testified at the hearing.

#### Licenses

Our recommendation that importers and users be issued licenses by the Department of Agriculture is to assure equitable distribution of the quota among importers and users. Under a license system, holders of licenses will be assured of the specific amount of nonfat dry milk they may import under the quota.

Under the system of permitting imports under a quota administered on a first-come-first-served basis, which would occur in the absence of licenses, importers and users risk being unable to enter the

product once it arrives at the U.S. ports, particularly as the quota approaches being filled. Moreover, under a first-come-first-served basis, imports are often concentrated in a relatively short period, as importers are rushing to enter the product either before the quota is filled, or before the time period for entry expires. A system of licensing, on the other hand, tends to assure orderly marketing of the product in the United States and results more closely in trade patterns being as they would have been in the absence of any restrictions. We feel, therefore, that licensing as recommended will carry out the "equitable" rule provided for in Article XIII of the GATT. This Article provides principally for the administration of quantitative restrictions in which the United States and other GATT members have agreed.

## Statement of Commissioner Leonard

The purpose of section 22 of the Agricultural Adjustment Act, as amended, is not to prevent imports of farm products (dairy in the instant investigation) or to maintain them at certain levels to protect domestic agricultural producers, but to prevent such imports from entering under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, the price-support program now conducted by the Department of Agriculture for milk, or reduce substantially the amount of products processed in the United States from domestic milk. Examination of long-term trends in the U.S. dairy sector and the current dairy situation, including the world situation for nonfat dry milk, has convinced me that the statutory criteria of section 22 no longer require that the quotas be maintained on imports of nonfat dry milk and the animal feeds subject to this investigation. Indeed, the evidence argues that termination of the quotas would be preferable to the indefinite suspension I am recommending, as suspension implies the potential reimposition of the quotas, a circumstance I do not envision. However, the terms of reference of this investigation do not encompass termination of the quotas, <sup>1/</sup> although insofar as I am concerned, an indefinite suspension of the quotas is, for all practical purposes, tantamount to termination.

Nonfat dry milk

Data on the historical trends of U.S. production, consumption, and stocks of manufactured dairy products clearly indicate that imports of nonfat dry milk will not, in the foreseeable future, be of such

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<sup>1/</sup> In requesting this investigation, the President directed the Tariff Commission to determine whether the annual import quotas "may be increased or suspended."

magnitude as to adversely affect the price-support program within the meaning of the statute or to reduce substantially the amount of products processed in the United States from domestic milk. At the hearing, information was presented that nonfat dry milk is the residual of the domestic milk supply and that declining total milk production is directly reflected in decreased nonfat dry milk production. The view was further advanced that a recovery in total milk production will be accompanied by a similar recovery in nonfat dry milk production. Over the past decade production of nonfat dry milk declined at an average annual rate of 6 percent. However, the decline in nonfat dry milk production in the latter part of the decade occurred as total milk production in 1970, 1971, and 1972 was increasing. Moreover, the most significant increase in total milk production during this period, which occurred in 1972, was accompanied by the most significant drop in nonfat dry milk production in the 3-year period.

The negative trend in nonfat dry milk production is due to competition for the available supply of manufacturing milk and competition for the resulting supply of fluid skim milk. Butter production has fallen during the decade, reflecting a negative trend in the per capita consumption of butter and a positive trend in margarine consumption. In contrast, cheese production has increased significantly over the decade. As a result, an increasing proportion of milk has gone into cheese; in 1972 more milk was used for cheese than for butter/nonfat dry milk. The market reflects these changing proportions as cheese producers have

been paying 10 to 18 cents more per hundredweight of milk than have butter/nonfat dry milk producers. Competition for the fluid skim milk from butter plants has discouraged the drying of skim milk as fluid skim milk commands higher prices when used for drinking purposes, fortification, cottage cheese, etc. Thus, nonfat dry milk production has declined due to increased production of cheese and other products, whether or not milk production has increased or decreased.

The historical pattern of large surpluses of dairy products is no longer consistent with the situation for nonfat dry milk. The decline in nonfat dry milk production over the past decade has more than brought production in balance with commercial consumption of the product. Actual commercial consumption has averaged approximately 1 billion pounds over the past decade with a small upward trend in the past few years. In the past, the relatively constant level of commercial consumption was well below the level of production, and large surpluses were purchased by the government. However, a decade of declining production and relatively constant or slightly increasing commercial consumption has been reflected in decreased purchases by the government. The large production decrease in 1973 ended this long-standing surplus situation. Only about 2 percent of production has been purchased by the government, and government stocks, which became exhausted in 1972, have remained nil. Meanwhile, the market price for nonfat dry milk has risen above the support price, a prime indicator of the tight supply situation. Indeed, because of the deficit supply situation, the emergency importation of nearly 265 million pounds of the product, approximately 25 percent of

historical annual consumption, did not prevent prices rising rapidly throughout the year.

The evidence of a long-standing decline in production, a relatively constant or slightly increasing level of commercial consumption, and the existence of a substantial difference between the extremely **high** market price and the support price show beyond doubt that indefinite suspension of the quota on nonfat dry milk is warranted within the meaning of the statute. There is no evidence to suggest a reversal in the trends in nonfat dry milk production and consumption and, therefore, more than a temporary suspension to meet immediate needs is **permitted under the statute.**

Suspension of the regular quota for nonfat dry milk (1,800,000 pounds) to allow free access to world markets or free access to the U.S. market, depending on one's viewpoint, would not result in imports of such magnitude as to interfere with the milk support program. The U.S. market for nonfat dry milk is lucrative in terms of price differentials, and foreign suppliers hastened to supply the 265 million pounds of imports under the emergency quotas. However, this haste was most certainly encouraged by desires to demonstrate an ability to serve the enlarged U.S. market in case a question arose as to the expansion of the existing quota and subsequent allocation to particular countries.

The U.S. market absorbed nearly 265,000,000 pounds of imported nonfat dry milk even as the market price rose to 26 percent above the support price. From an examination of the effect of imports in 1973, more than this amount could easily have been absorbed without interference with

the price-support program. However, there is some question as to how much more product could be made available to the United States if the quota were suspended and various factors must be considered.

Exports to the United States of 265,000,000 pounds of nonfat dry milk represented an average of 25 percent of total annual world external trade, excluding that of the United States, in 1970-72, whereas exports to the United States under the regular quota on nonfat dry milk represented an average of less than 1 percent of world external trade in the product. Thus, the temporarily enlarged U.S. import quotas in 1973 resulted in a significant change in the established patterns of world trade in nonfat dry milk. Because of trade relations built up over the years between trading countries, the leading world exporters of nonfat dry milk would probably not abandon their traditional customers even though the U.S. price remained attractive. Moreover, drastically reduced U.S. exports of nonfat dry milk, although mostly donations, have further altered the situation in the world market. U.S. exports averaged 350,000,000 pounds per year during 1970-1972, and larger amounts were exported in earlier years. The end of the U.S. surplus production of nonfat dry milk effectively terminated these exports and resulted in deficit conditions in the U.S. nonfat dry milk market. Any efforts by countries who had received U.S. nonfat dry milk in the past to satisfy their needs will now be directed to the world market. Finally, the continuing world shortage of high protein foods has intensified world competition to obtain products such as nonfat dry milk. Traditional importers of these high protein

foods are capable of effectively competing with the United States for a share of world supplies, and nonfat dry milk is one of the commodities affected by this development. Because of these factors, the U.S. market for nonfat dry milk will not be inundated by imports of the product upon suspension of the quotas on nonfat dry milk, and the price-support program of the Department of Agriculture will not be affected adversely.

Suspension of the import quota on nonfat dry milk must also be considered in terms of a substantial reduction of products processed in the United States from domestic milk. Attention has been directed to the declining production of nonfat dry milk over the past decade. This decrease in production occurred even though the price of nonfat dry milk increased from 14 cents in 1962 to 35 cents in 1972. The positive production response associated with the increase in price was far less than the decrease in production of nonfat dry milk due to market competition between cheese and butter/nonfat dry milk producers for the available supply of manufacturing milk. Demand for cheese has been increasing while total demand for butter has fallen due to increased consumption of margarine. The net effect was a significant decrease in nonfat dry milk production over the period. Production again declined in 1973 even though the price increased 27 percent. In summary, production responses to changes in price have been small, and any production response to a change in price has been dominated by the long-term downward trend in nonfat dry milk production. Under these circumstances,



any negative effect on the price of nonfat dry milk due to suspension of the quota on nonfat dry milk would cause only negligible reductions in production. Any such reductions in production would be minimal in comparison to the long-term annual decreases in nonfat dry milk production. Therefore, suspension of the quota on nonfat dry milk would not reduce substantially the amount of products processed in the United States from domestic milk.

#### Animal feeds

The quota on animal feeds containing milk or milk derivatives, i.e., milk replacers, was originally recommended to close a "loophole" which had developed in response to the quota on nonfat dry milk. A mixture of approximately 10 percent fat and 90 percent nonfat dry milk began to enter the United States in substantial quantities in 1968, and by 1970 imports amounted to 27.5 million pounds. A section 22 quota was imposed by the President which limited imports to 16,300,000 pounds annually. An indefinite suspension of the quota on nonfat dry milk would allow the nonfat dry milk to enter directly and, therefore, the pressure to use the "loophole" through unrestricted milk replacer imports would be eliminated. The removal of this pressure to use the "loophole" obviates any need to close the "loophole," and, therefore, I am recommending indefinite suspension of the quota on animal feeds containing milk or milk derivatives.

## Statement of Commissioner Young

U.S. production of milk declined significantly in 1973, primarily because costs of production (particularly feed costs) rose much more than the price of milk. Additionally sharp price increases in beef resulted in increased slaughter of dairy cows. However, the increased imports of dairy products in 1973 resulting from the decision of the Executive Branch to increase the section 22 import quotas on cheese, butter, butter oil, and nonfat dry milk beyond doubt contributed to the decline in milk output. The purpose of the Administration's action to permit increased imports was to prevent the increase in prices of milk and dairy products that was occurring from fully reflecting the shortage of U.S. milk production.

It is difficult to evaluate the extent to which the increased imports of dairy products in 1973 have affected the prices of milk and dairy products and, as a consequence, milk production. In 1973, imports of dairy products into the United States were valued at about \$400 million, of which imports valued at about \$250 million were pursuant to temporary additional quotas proclaimed by the President under section 22. The importation of dairy products in this volume necessarily had an adverse effect on the production of milk in the United States. In addition to a direct adverse economic effect, increased imports have a negative psychological impact on milk production.

The current situation is a reversal of the dairy supply situation that generally prevailed in the United States during the past two decades. From the time the price-support program for milk was authorized by the

Agricultural Act of 1949 until late in 1972, the United States generally produced a surplus of milk and dairy products. The price-support program functioned to protect prices by removing surplus production from the market. In recent months, for the first time in many years, market prices for dairy products have been substantially above support prices as the commercial demand for milk and dairy products was greater than the supply at support prices. Thus, under current circumstances of deficit supply from domestic production of milk (rather than surplus supply), the determination which the Commission is called upon to make in this investigation is not the maximum quantity of dairy products which can be imported without causing substantial additional government purchases which would be considered "interference" with the program; rather, it is to what extent additional imports will adversely affect efforts to obtain adequate milk production.

A prime consideration in my determination is the fact that the price-support program for the marketing year beginning April 1, 1974, must reflect the changed objectives required by the Agriculture and Consumer Protection Act of 1973. That act, which modifies the Agricultural Act of 1949, requires the Secretary of Agriculture beginning April 1, 1974, to support the price of milk at such levels between 80 percent and 90 percent of parity as he determines necessary in order to--

- (a) assure an adequate supply of \* \* \* milk to meet current needs,
- (b) reflect changes in cost of production, and
- (c) assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs.

Thus, Congress, by explicitly stating the three standards with which the Secretary of Agriculture must comply when he sets the price support for milk, reaffirmed its intent that an adequate supply of milk, including the products thereof, for domestic consumption should be supplied by U.S. dairy farms rather than by foreign suppliers. If adequate supplies are to be achieved, it is clear that an increase in the milk support price effective April 1, 1974 is inevitable.

Regardless of one's views, the law requires that the support price be set at a level high enough (not in excess of 90 percent of parity) to achieve an equilibrium between domestic production and consumption. Any significant volume of imports would inevitably depress or suppress milk prices, thereby further discouraging milk production. This would be contrary to the stated purpose of the price-support program. Section 22 is designed to be used to prevent imports from "interfering" with the objective the Secretary of Agriculture is required to achieve.

According to information obtained in the investigation, there are substantial quantities of nonfat dry milk available for export to the United States from foreign countries where the market or export price is substantially below the current U.S. market price for nonfat dry milk. Thus it is practically certain that imports in 1974 would fill the 265 million pound additional quota recommended by four of my colleagues, or exceed that amount if the quota for nonfat dry milk were suspended as one of my colleagues recommended.

Therefore, either the suspension of, or a significant increase in, the import quota established under section 22 for nonfat dry milk in the

period January 1, 1974 to March 31, 1975, will tend to render ineffective and materially interfere with the price-support program for milk which the Secretary of Agriculture is required to establish for the marketing year beginning April 1, 1974.

Regarding the animal feeds containing milk or milk derivatives, virtually all of the imports under the section 22 quota have been products consisting principally of nonfat dry milk. The products have contained just enough animal fat to be classified for tariff and quota purposes as an animal feed rather than as nonfat dry milk. In essence, these feeds are "loophole" products, that is, products which have been imported in order that nonfat dry milk may be brought into the United States outside of the restrictions of the nonfat dry milk quota. Regardless of the form in which imported, any significant increase in imports of nonfat dry milk, including imports of these animal feeds, in the period January 1, 1974 to March 31, 1975, will, in my judgment, tend to render ineffective and materially interfere with the price-support program for milk.

As previously stated, section 22 quotas on imports of dairy products are for the purpose of "preventing interference" with the price-support program for milk. The specific price-support objective for milk, including the announced purchase prices for dairy products, are established annually for the marketing year April 1 to March 31. Since the section 22 quotas are established to "prevent interference" with the price-support program, it is my judgment that the quotas should cover the same period of time as the annual price-support program, that is, the marketing year for milk rather than the current calendar-year basis. The change should be made effective April 1, 1975.

## Statement of Commissioner Ablondi

The data obtained during this investigation (No. 22-34), including evidence presented at the public hearing, lead me to conclude that the domestic overall dairy situation in 1974 will not change significantly from that in 1973. Thus, I agree with the Commission in finding that for the 1974 calendar year an additional import quota for nonfat dry milk of 265,000,000 pounds will not render or tend to render ineffective, or materially interfere with, the price-support program conducted by the Department of Agriculture for milk, or reduce substantially the amount of any product processed from domestic milk. Moreover, I also find that an additional quota for animal feeds containing milk or milk derivatives of 13,700,000 pounds for calendar year 1974 likewise will not so interfere with the price-support program.

Nonfat dry milk

Production of nonfat dry milk had been declining in the decade or so prior to the early 1970's. In January-October 1973, production amounted to 849 million pounds. In 1973, production will probably total nearly 1 billion pounds, compared with about 2 billion pounds 10 years ago. Information developed during the investigation shows that consumption of nonfat dry milk in the United States has increased slightly in the past few years, as production has continued a decade of decline.

In late 1972, a deficit supply situation developed in the United States for nonfat dry milk, and it continued into 1973. For a long period prior to late 1972, production of nonfat dry milk had been far in excess of that absorbed by the commercial market. The surplus production, purchased by the Department of Agriculture under the price-support program for milk, had accounted for about a half to a third of production. Since late 1972, purchases of nonfat dry milk under the price-support program have been negligible compared with those in earlier years. Such purchases, moreover, have consisted of instant nonfat dry milk bought at a differential above the support price for the product in bulk to compensate for processing and packaging. Total costs of the price-support program for milk likewise have generally been declining; in the 1972-73 fiscal year they were about half those in most earlier years as a result of the commercial market's paying prices in excess of the support prices for dairy products. Based on all the facts obtained in this investigation, significant purchases of nonfat dry milk by the Department under the price-support program are unlikely in the foreseeable future. Therefore, costs of the program should continue to decline in the coming year.

As the Government has been purchasing less nonfat dry milk under the price-support program in recent years, the Government's uncommitted supplies of the product have become smaller. Since October 1972 they

have been nil, for the first time in more than a decade. Commercial manufacturers' stocks of the product also were drawn down to abnormally low levels in the fall of 1972 and continued low until additional supplies became available through additional import quotas during 1973.

In the fall of 1972, when the deficit supply situation developed for nonfat dry milk, the U.S. market price, which had been at or near the support price since the quota was established in 1953, began to rise rapidly. Despite the additional imports of nearly 265 million pounds of nonfat dry milk under the temporary quotas from January through October 1973, the market price rose from 39.0 cents per pound in January 1973 to 49.5 cents in October 1973, or about 26 percent. The market price also remained substantially above the support price, which was increased from 31.7 cents to 37.5 cents in March and then to 41.4 cents per pound in August, or about 30 percent during the period. In November and December 1973, the market price continued to rise, reaching 52.4 cents per pound, or 11.0 cents above the support price.

The data set forth above reveals that imports of nonfat dry milk under the additional quotas in 1973, totaling nearly 265 million pounds, did not adversely affect the price-support program within the meaning of the statute. On the basis of information developed during the investigation, I have concluded that the domestic supply/demand conditions for the product in 1974 will not change significantly from those of 1973.



Whether or not production of the basic product from which all dairy products are made, milk, continues downward during the 1974 year, as forecasted by the Department of Agriculture at the hearing, actual commercial consumption of nonfat dry milk will probably continue to rise gradually in response to population growth, development of a few new uses for the product, and increasing production of several products, such as cottage cheese, low-fat milk, and ice cream, in which nonfat dry milk is used as an ingredient. Thus, the additional import quota I am recommending for nonfat dry milk should satisfy the deficit supply situation that is anticipated for the product in 1974, and I believe the imports will not be of such magnitude as to render or tend to render ineffective, or materially interfere with, the price-support program conducted by the Department of Agriculture for milk, or reduce substantially the amount of any product processed from domestic milk.

Animal feeds containing milk or milk derivatives

I believe that my finding regarding these animal feeds is consistent with my finding regarding nonfat dry milk. Nearly all of the imported animal feeds have consisted principally of nonfat dry milk mixed with small amounts of animal fat. In the United States these feeds have been reprocessed to make milk replacers for feeding calves. Producers of milk replacers have altered their formulations in recent years in an effort to hold down their ingredient costs. The milk solids part of milk replacers was formerly almost entirely nonfat dry milk. Most milk replacers now contain dried whey or whey fractions, dried buttermilk,

or casein; some include soybean protein. Most manufacturers of milk replacers, however, generally regard nonfat dry milk as an essential ingredient, though the proportions used vary from one producer to another.

Imports of the animal feeds have been limited by a section 22 quota since January 1, 1971. In 1970 (the year prior to the imposition of the quota), when imports amounted to nearly 30 million pounds, domestic production of these animal feeds containing milk totaled 344 million pounds; since then production has increased about 20 percent. U.S. production of nonfat dry milk in 1974 is expected to be less than consumption requirements, and I agree with the Commission in recommending that an additional quota of 265,000,000 pounds for nonfat dry milk should be imposed for 1974 to satisfy the deficit supply. There is an increasing demand in the United States for milk solids for use in animal feeds. To assure that feed manufacturers have available to them additional sources of ingredients, I also recommended an additional quota for the animal feeds containing milk or milk derivatives of 13,700,000 pounds for 1974. This quantity plus the existing quota quantity totals 30,000,000 pounds, or approximately the amount imported in the last year prior to imposition of the existing import quota.

The additional quota quantity I recommended for animal feeds containing milk (13,700,000 pounds), if containing the usual 90 percent milk solids, will for practical purposes allow the importation of an additional 12.3 million pounds of milk solids into the United States in the form of animal feeds. The importation in 1974 of this additional amount

of milk solids in the form of animal feeds, plus the recommended additional quota for nonfat dry milk (265,000,000 pounds), will not, in my opinion, interfere with the price-support program, within the meaning of section 22.

I have not recommended changes in the annual quotas for nonfat dry milk and animal feeds after the 1974 calendar year, however, inasmuch as I believe the Commission has a continuing responsibility for reviewing existing annual import quotas to determine if changed circumstances respecting the products under quotas exist. The Tariff Commission should monitor the effects of the dairy import quotas on the price-support program to determine whether the annual import restrictions should be modified from time to time as changes occur in the domestic market. Fixed annual quotas should be changed when the situation is warranted under the criteria of section 22.

Furthermore, I note that in accordance with the Agriculture and Consumer Protection Act of 1973, the support price for manufacturing milk for the next marketing year (beginning April 1, 1974) shall be not less than 80 percent of parity, and additionally, not less than that the Secretary of Agriculture determines necessary in order to assure an adequate supply "of pure and wholesome milk to meet current needs, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs." Moreover, in accordance with the act--

The Secretary of Agriculture is authorized and directed to carry out a comprehensive study to determine the effect upon domestic dairy producers, handlers, and processors and upon consumers of increases in the level of imports, if any, of dairy products and report his findings, together with any recommendations he may have with respect to import quotas or other matters, to the Congress of the United States no later than January 1, 1975.

The level of imports of nonfat dry milk and animal feeds containing milk that might be tolerated by the price-support program after 1974, within the criteria set forth in section 22, will depend upon a number of factors, including fulfillment of the above-mentioned objectives of the Agriculture and Consumer Protection Act of 1973.

Quotas on a first-come-first-served basis

My recommendations that the proposed quotas for nonfat dry milk and animal feeds containing milk be on a first-come-first-served basis with no system of licensing, rather than being allocated by country with importers licensed to enter the products, will promote competition among supplying countries and importers for the lucrative U.S. market.

The home market price of nonfat dry milk in many exporting countries is considerably less than the U.S. price. Even after all costs of importing are paid, significant differentials, which vary between countries remain. My proposals are to enable ultimate U.S. consumers to benefit from the imported supplies to the maximum extent possible. At the same time, permitting only half of the imports under the quota to enter during January-June and the remaining half to enter during July-December,

as I have recommended, will largely eliminate the effect of the rush to enter the product as soon as the quota opens at the beginning of the year. Hence, the impact of large quantities of the imported products being placed on the domestic market at one time is significantly reduced, and permitting imports to enter in such a manner will not adversely affect the price-support program for milk.

Traditionally, only a few importers handle imported nonfat dry milk and animal feeds in the U.S. market, and strong ties exist between those importers and the few countries that exported the products to the United States. When emergency increases were made in the nonfat dry milk quotas in 1973, imports were limited to 2,500,000 pounds per individual partnership, firm, corporation, association, or other legal entity (including its affiliates or subsidiaries), and the number of importers was increased to 50 to 100. For the quotas that I am recommending for 1974, I propose that this proviso be continued for each of the semiannual periods imports may enter, in order that competition between importers will be further encouraged. The benefits from this competition between the numerous importers (sellers) will hopefully be passed on to consumers not only through direct sales of nonfat dry milk but also through sales of products such as ice cream, cottage cheese, bakery items, and other products in which nonfat dry milk is used as an ingredient.

Under a system of licensing a U.S. import quota to importers, control of entry is lodged with the importer. Licensing guarantees the importer the exclusive right to enter the product. Maximum leverage

is assured to obtain the highest price the market will bear, inasmuch as virtual immunity is granted from import competition; allocating the quota among supplying countries further aggravates the situation. Any competitive advantage which would normally be obtained either from the willingness of importers to minimize their profits or from the lower cost producing countries supplying the product at a lower price is not realized in the domestic market. Indeed, should incentives to those holding the exclusive rights to deal in the domestic market under a licensing allocation system prove more rewarding elsewhere, or less rewarding than expected in the United States, it would well be that they would not relinquish their right to competitors and would forgo the U.S. market entirely.

## The Domestic Dairy Situation

Trends in the U.S. production of milk

During the past two decades the number of U.S. farms selling milk and the number of cows kept for milking have declined rapidly. The farmers remaining in dairying have expanded the size of their operations, specialized in dairying, and increased output per cow and per farm, however, so that there was no abrupt drop in milk production except in 1966 and 1973 (table 1). In 1966, production declined about 4 billion pounds from the quantity a year earlier level (table 2); it now appears that production in 1973 will likewise decline about 4 billion pounds from the 1972 quantity, or to about 116 billion pounds.

Utilization of domestic milk

The most profitable use for milk in the United States is the fluid market, including sales of whole, low-fat, or skim milk, as well as perishable products such as cottage cheese. About half of the milk produced in the United States is used for the fluid market (table 3). The dairy farmers receive a higher price for milk eligible for that market, and such milk used for bottling, brings a premium price over that going into other uses.

Milk eligible only for manufacturing sells substantially below that eligible for the fluid market (currently \$1.34 less per hundred pounds). Moreover, manufacturing grade milk cannot be used for the fluid market, but fluid milk can be used for manufacturing. Therefore, the competition between the two grades of milk is limited. Of the milk used for manufacturing, cheese and butter/powder, (i.e., nonfat dry milk)--the two uses that consume about 70 percent of the available supply of manufacturing milk--are made after all other uses, such as ice cream and condensed or evaporated milk, have been satisfied. In recent years, moreover, producers of cheese have been outbidding producers of butter/powder by 10 to 18 cents per hundred pounds for milk; in 1972, for the first time on record, more milk was used for cheese than for butter. Moreover, cheese has recently been able to compete more effectively in price with meat, fish, and poultry as a source of protein in the diet. That phenomenon will probably continue for some time in the future. Nonetheless, butter/powder plants will continue to compete with cheese plants for the available supply of manufacturing milk, although the milk ultimately utilized in butter/powder will continue to consist largely of surplus production. The recent increases in the price of nonfat dry milk have supplemented total returns to butter/powder producers.

After butter is made from whole milk, the product that remains is fluid skim milk. For many years most of the fluid product was dried



and made into the storable product called nonfat dry milk. More recently, there has been a trend toward utilizing larger amounts of the fluid product for drinking purposes in which case it sells at fluid market prices, or for making cottage cheese, rather than drying it. In the past five years, sales of low-fat milk and skim milk have increased at an average annual rate of 14 percent; sales of cottage cheese have increased 5 percent. The U.S. demand for such perishable milk products will probably remain strong. Thus, nonfat dry milk will most likely continue to represent the surplus use made of the fluid product resulting from the manufacture of butter.

#### Federal programs for milk

Federal, State, and local governments are engaged in various programs to support the price of milk produced in the United States. The two major Federal programs for milk, both administered by the Department of Agriculture, are the Federal Milk Marketing Order Program and the price-support program. <sup>1/</sup> Both programs are designed to support the prices of milk; their stated purpose is to assure the production of an adequate supply of milk. The Agriculture and Consumer Protection Act of 1973 (Public Law 93-86) provides that the Secretary of Agriculture shall support the price of milk at not less than 80 percent and not more than 90 percent of parity for the period August 10, 1973-March 31, 1975; for the next marketing year (beginning April 1, 1974) the support price shall be set at such a level as the Secretary determines necessary in order to assure an adequate supply of pure

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<sup>1/</sup> There are other Federal programs relating to milk such as the school lunch program and the special milk program.

and wholesome milk to meet current needs, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs.

Federal Milk Marketing Orders are used to regulate the marketing of milk used for fluid consumption or for making manufactured dairy products associated with fluid milk. The price-support program is used to support the price of milk through the purchase of certain manufactured dairy products. Inasmuch as nonfat dry milk, the subject of this investigation, is made from milk used for manufacturing, the price-support program is the only Federal program discussed at any length in this report.

The Agricultural Act of 1949, as amended, requires the Secretary of Agriculture to support the price of milk at such levels between 75 and 90 percent of parity as he determines necessary in order to assure an adequate supply. In order to satisfy that statutory requirement, the Secretary maintains a price-support program for milk for manufacturing under which the Department of Agriculture will purchase unlimited quantities of butter, Cheddar cheese, and nonfat dry milk that meet certain specifications at preannounced support prices. The support prices and the market prices for the three products are shown in table 4.

Since the mid-1960's, the market price for cheese has exceeded the support price by a larger amount (generally 4 to 8 cents per pound) than any time since 1953, when section 22 quotas were first imposed on dairy products. Likewise, the market price for butter has exceeded the support price--generally only from 0.4 cent to 3.4 cents--except during a period in the last part of 1973, when the market price rose to 26 cents per pound

higher than the support price before declining abruptly by 16 cents. The market price for nonfat dry milk rose rapidly in the fall of 1972, and for the first time since 1953 it exceeded the support price by a significant amount (about 3 to 6 cents per pound); in 1973 the market price has been 7 to 8 cents per pound above the support price.

Purchases of products containing milk by the Department of Agriculture under the support program or other programs.---In most years during the past two decades, except for 1966, 1972, and 1973, the Department of Agriculture has purchased substantial quantities of butter, Cheddar cheese, and nonfat dry milk under the price-support program (table 5). <sup>1/</sup> For the most part, there has been a downward trend in purchases of the three products since the mid-1960's, and the decline has been even more precipitous in 1972 and 1973 (table 6). Accordingly, net Government expenditures on the price-support and related programs have generally declined (table 7). In 1973, moreover, the larger part of the small quantities of cheese and most of the nonfat dry milk purchased by the Department of Agriculture were bought at market prices (above support prices) in order to meet various Government commitments, rather than purchased under the price-support program.

Disposition of the price-support purchases.---Most of the nonfat dry milk purchased by the Department of Agriculture has been donated abroad, whereas most of the butter and cheese purchased has been

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<sup>1/</sup> Since November 1965 the Secretary of Agriculture has also been authorized to purchase the three products at market prices above the support prices, if additional supplies are deemed necessary to meet commitments under various Government programs, such as the school lunch program (sec. 709, Public Law 89-321).

disposed of through school lunch and welfare programs in the United States. In 1972, for the first time in recent years the Department of Agriculture sold some nonfat dry milk (13 million pounds) to the commercial market (table 8) at the resale price, which was about 110 percent of the support price.

Section 22 quotas on imported dairy products.--Section 22 of the Agricultural Adjustment Act, as amended, provides for quantitative limitations on U.S. imports of dairy products so that such imports will not render or tend to render ineffective or materially interfere with the price-support programs conducted by the Department of Agriculture for milk, or reduce substantially the amount of products processed in the United States from domestic milk. Since quotas were first imposed on dairy products under section 22 in mid-1953, several of the original quotas have been enlarged and additional dairy products have been made subject to quotas when it was found that the statutory criteria were met. Currently, imports of most dairy products made from cows' milk are subject to section 22 quotas. The current quotas, administered on a calendar-year basis are shown in part 3 of the appendix to the TSUS (appendix B of this report).

Most of the quotas on dairy products (including the regular quota for nonfat dry milk, but not the additional temporary quotas) are administered by the Department of Agriculture through a system of import

licenses. Imports subject to the licensing procedures may be entered only by, or for the account of, a licensed person or firm, only from a designated country, and only in accordance with certain other terms of the license. 1/ The quotas for the dairy products not subject to the licensing procedures (including the quota for animal feeds containing milk or milk derivatives and the additional temporary quotas for nonfat dry milk) are administered by the U.S. Customs Service on a first-come-first-served basis.

#### U.S. Foreign Trade in Dairy Products

During 1953-66 the United States was generally a net exporter of dairy products. Since 1966, it has been a net importer of such products, except in 1971. Largely because U.S. prices for dairy products have been higher than prices for dairy products in most other countries, U.S. exports of such products have been small and have consisted mostly of donations or subsidized sales by the Department of Agriculture.

Notwithstanding that prices for dairy products have been higher in the United States than in most other countries, U.S. imports of such products have for many years been small compared with domestic production, largely

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1/ The administrative regulations established by the Department of Agriculture are published in 7 CFR 6.20-6.32. The Agriculture and Consumer Protection Act of 1973 (Public Law 93-86) provides that the Secretary of Agriculture support the price of milk at not less than 80 percent and not more than 90 percent of parity for the period Aug. 10, 1973-Mar. 31, 1975; for the next marketing year (beginning Apr. 1, 1974) the support price shall be set at such level as the Secretary determines necessary in order to assure an adequate supply of pure and wholesome milk to meet current needs, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs.

because imports have been limited by section 22 quotas. Imports reached a peak in 1967, when they were equivalent to 2.4 percent of U.S. milk production (in terms of milk equivalent). During January-August 1973, however, imports were about 24 percent larger than in the corresponding period of 1972 as a result of the import quotas on cheese being temporarily increased by 50 percent. 1/ In addition, 265 million pounds of nonfat dry milk were authorized to be imported (practically all of which was entered) under additional temporary quotas in 1973. The annual quota for nonfat dry milk had been 1.8 million pounds for the past two decades.

#### Nonfat dry milk

Description and uses.--When butter is churned from whole milk the fat solids in the milk go to the butter, and the nonfat solids--consisting of protein, sugar, and ash--remain in the fluid skim milk. Nonfat dry milk is the product that results from drying the fluid skim milk. As of November 1973, the nonfat dry milk obtained from a hundred pounds of whole milk is valued at \$1.20 more than the butter obtained therefrom, reflecting a reversal in the price relationship of the two products in recent years.

The uses for nonfat dry milk in the United States are shown in table 9. New foods containing nonfat dry milk that have been developed in recent years include instant chocolate milk, puddings, and breakfast and various diet foods. In addition, consumption of foods for which Federal

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1/ These temporary quotas were only 72 percent filled; the unused quotas consisted mostly of cheeses of the nonprocessing type.

standards require that nonfat milk, either dry or in the liquid form, be used (such as cottage cheese, fortified milk, and, as a practical matter, ice cream) has increased rapidly in recent years. Consumption of foods that may use nonfat dry milk as an optional ingredient (bakery products, including ordinary bread; oleomargarine; and certain process cheese) has also risen rapidly. According to the trade, however, various blends of dried whey, soy flour, lactose, and imported casein are being widely substituted for nonfat dry milk in those foods. Producers of bakery products frequently change ingredients according to fluctuations in price.

The imported nonfat dry milk appears to be used largely in bakery and confectionery products and in ice cream, although it is sometimes used in a number of other products, depending on State and local regulations. It does not qualify as "U.S. Extra Grade" and hence is not used in plants wishing to bid on Government contracts. Also, under Department of Agriculture regulations, the imported product, because of possible bacterial contamination, may not be used in meats processed under Federal inspection. If it is imported from countries not designated as being free from foot-and-mouth disease and rinderpest, it is not to be used for livestock feed in the United States, according to the Animal and Plant Health Inspection Service of the Department of Agriculture. The Department reported that the methods of producing the product in those countries may not be dependable for

inhibiting the disease-transmitting virus that might be contained in the product. The Department of Agriculture is currently revising its regulations concerning the uses of nonfat dry milk imported into the United States from countries not designated as being free of those diseases.

A number of end users of nonfat dry milk reported that they had a preference for the domestic rather than the imported product, even though the domestic was more expensive. The characteristics of the domestic powder, including solubility, degree of heat treatment, and flavor, were more reliable for their product mixes. Moreover, they were reluctant to leave their predictable and dependable sources of domestic supply and chance obtaining their raw material exclusively from imported sources. Also, in many areas, a combination of Federal and local health regulations prevented them from using the imported product.

U.S. customs treatment.--The rate of duty applicable to U.S. imports of nonfat dry milk, 1.5 cents per pound, has been in effect since 1948; it reflects a concession granted by the United States in the General Agreement on Tariffs and Trade. The average ad valorem equivalent of the rate of duty, based on imports in January-August 1973 was 4.7 percent.



The regular section 22 quota for nonfat dry milk, 1,807,000 pounds, has remained unchanged since it was first imposed in mid-1953. About 73 percent of the regular quota is licensed by the Department of Agriculture to importers that are authorized to enter the article from Australia and 27 percent is licensed to importers that are authorized to enter the article from Canada.

There were four additional temporary quotas that permitted imports of nonfat dry milk in 1973; each was in effect for periods ranging from 6 to 8 weeks and the aggregate amount of nonfat dry milk permitted entry under them totaled 265 million pounds. They were administered on a first-come-first-served basis, except that no importer was permitted to enter more than 2,500,000 pounds and import licenses were not required. In addition, the fourth and largest of the quotas--100 million pounds--was allocated 40 percent to the member states of the European Community (EC), 25 percent to Australia, 25 percent to New Zealand, and 10 percent to Canada.

U.S. Production and consumption.--U.S. production of nonfat dry milk has declined steadily since the early 1960's (table 9). Commercial consumption, meanwhile, ranged between 900 million pounds and 1.0 billion pounds annually. In 1973, however, actual consumption of nonfat dry milk has probably increased somewhat, while production continued its

long-term decline. Sales of the domestic product increased about 6 percent, notwithstanding the extremely high market prices, and increased imports; the output of some of the major products using nonfat dry milk increased during the year.

From the information obtained from the responses to the Commission's questionnaire by end users that accounted for about 42 percent of the total commercial sales of the product in 1972, it appears that actual consumption of nonfat dry milk for the year ending June 30, 1972, declined 4 percent from that of the preceding year. For the year ending June 30, 1973, however, consumption increased 8 percent over the preceding year. On balance, therefore, according to the information, actual consumption of nonfat dry milk from June 30, 1971, through June 30, 1973, increased at an average annual rate of about 2 percent.

U.S. stocks.--Total yearend stocks of nonfat dry milk (commercial and Government-owned) have been declining in recent Years (table 9). In May 1973, Government-owned stocks, which have been declining for a number

of years as U.S. surpluses have dwindled, became nil (table 10) as a result of the deficit supply situation that developed in the fall of 1972. Commercial stocks, which have accounted for the bulk of the total since the spring of 1970, have recently been drawn down to abnormally low levels. In August and again in September 1973, however, they increased over year-earlier levels--for the first time since April 1971--indicating that total U.S. supplies of nonfat dry milk are building up after their depletion in the fall of 1972.

U.S. prices.--Over much of the past two decades U.S. market prices of domestically produced nonfat dry milk have remained close to the support prices (table 4); market prices have generally changed as the support price has changed. In the fall of 1972, however, market prices rose rapidly (table 12) as a deficit supply situation developed for nonfat dry milk. The support price for nonfat dry milk was increased from 31.7 cents to 37.5 cents in March 1973, for the 1973 marketing year in order to maintain the minimum price support for milk (75 percent of parity). Effective August 10, 1973, the minimum price support for milk was raised to 80 percent of parity in accordance with the requirement of the Agriculture and Consumer Protection Act of 1973. As a result, the support price for nonfat dry milk was raised from 37.5 cents to 41.4 cents per pound on August 10. The market price continued to rise in 1973, notwithstanding increased imports under the four additional temporary quotas totaling 265 million pounds. During 1973 the market price was generally

in the neighborhood of 20 percent above the support price. As of the end of November, the market price was 52.2 cents per pound.

Data are not reported on the prices of imported nonfat dry milk. Information developed in the investigation showed that prices of the imports varied in the U.S. market depending upon country of origin. Moreover, it was reported that prices even for the product imported from a given country varied, as do domestic prices, according to the type of processing the product has undergone. Prices of the imported product ranged from 4 cents to 13 cents per pound lower than prices of the domestic product, although prices reported for the imported product of a quality most nearly comparable to that of the domestic product were generally 4 to 6 cents per pound lower than domestic prices. These differences obviously reflect various quality discounts as well as the monetary advantage required to entice users of nonfat dry milk to substitute the imported product for nonfat dry milk produced by their traditional domestic suppliers.

Since the additional temporary import quotas first became effective, the prices of the imported nonfat dry milk have generally risen as domestic prices have increased. As domestic prices became higher in mid-1973, the price of the imported product rose less than the domestic price, reflecting the fact that supplies were building up in the domestic market and relatively lower prices were required to move the imported product into the market.

Although imported nonfat dry milk sells for more in the U.S. market than in the "home market," it was underpricing the U.S.-produced product in the U.S. market in 1973, as reported during the investigation and shown in the following tabulation:

Nonfat dry milk: Prices for edible spray powder in various countries and reported selling prices in the U.S. market at specified times in 1973

Country	Home market			Selling price in Midwest, United States, Fall 1973	
	Date in 1973	Basis	Price	Cents per pound	Cents per pound
United States----	Aug. 24	:FOB, Wisconsin:	48.5	:	48.5
Canada-----	Aug. 21	:Montreal whlse:	37-41	:	44.0
Belgium-----	Aug. 8	:Domestic whlse:	38.4	:	<u>1/</u>
Germany-----	Aug. 23	:Whlse.	34.8-35.2	:	<u>1/</u>
Denmark-----	Aug. 23	:Ex factory	39.0	:	<u>1/</u>
Ireland-----	Aug. 23	:Ex factory	34.6	:	43.5
France-----	:	:	<u>1/</u>	:	42.0
Austria-----	Aug. 22	:Ex factory	<u>1/</u>	:	<u>1/</u>
Australia----	Aug. 21	:Min. export price	31.1	:	43.8
New Zealand---	Sept. 9	:FOB export	35.7	:	43.0

1/ Not available.

Source: Prices in the "home markets" reported by Dairy and Poultry Division, Commodity Analysis Branch, FAS, U.S. Department of Agriculture; selling prices in the United States reported to the U.S. Tariff Commission by users and/or dealers in the U.S. market.

U.S. exports.--During the past two decades, U.S. exports of nonfat dry milk generally ranged from 25 to 50 percent of production (table 10). Exports have declined in recent years as the U.S. commercial market has absorbed an increasing share of declining U.S. production. Therefore, over time, less surplus product has been available for purchase by the Department of Agriculture under the price-support program, in which case most of the product was ultimately donated abroad under the Department's programs. In October 1972 the Department stopped programming exports of nonfat dry milk. The infinitesimal exports in 1973 practically all consisted of Government supplies that had been committed in 1972.

U.S. imports.--The regular section 22 quota for nonfat dry milk (1,807,000 pounds) has been virtually filled each year since it was first imposed in 1953; about 73 percent of the imports have come from Australia, and 27 percent from Canada. As of November 1, 1973, the quota was 60 percent filled for the 1973 year. The quota will most likely be filled in 1973, however, as importers are utilizing the additional temporary quotas before filling the regular quota which is available until yearend.

The following table shows total imports of nonfat dry milk in January-October 1973 under the regular quota and the four additional temporary quotas:

Nonfat dry milk: U.S. imports for consumption  
by sources, January-October 1973

Source	Quantity	Share of total
	Pounds	Percent
European Community-----	135,561,059	51.0
Canada-----	79,064,901	29.7
Australia-----	26,410,964	9.9
New Zealand-----	24,961,473	9.4
Total-----	265,999,397	100.0

Each of the first three additional temporary quotas, totaling 165 million pounds, was filled within three weeks after it became effective. The fourth quota (100 million pounds) was established on August 28, and by October 31, the end of the period for filling the quota, it was 99.6 percent filled. The movement of the product was slower under the last quota because it was an allocated quota, which eliminated the incentive for haste involved in a first-come-first-served system.

In consideration of the potential effects of imports of nonfat dry milk on domestic prices, the rate of movement of imports to end users is of greater importance than the rate of entry. Information developed during the investigation indicated that imports of nonfat dry milk under the first two additional temporary quotas moved to endusers at a faster rate than imports under the last two quotas. Moreover, imports under the fourth quota were moving at an even slower rate than those under the third quota. Surveys showed that as of November 2 about 36 percent of the imports under the third quota (80 million pounds), which had become effective on July 19, were still in the warehouses of importers. On that date, moreover, about 82 percent of the imports under the fourth

quota (100 million pounds)--which had become effective on August 29-- were still in the warehouses of importers. .

World production, trade, and stocks.--World production of nonfat dry milk has amounted to about 5 billion pounds annually in recent years. The European Community (EC), whose output is reported to consist largely of nonfat dry milk for animal feed, accounted for about 60 percent of the total. The United States accounted for about 20 percent, followed by New Zealand -- with 7 percent, Canada--with 6 percent, and Australia and Switzerland--with smaller amounts.

In recent years, the EC has accounted for about one-third of world exports (exclusive of intra-Community shipments), followed by the United States, which accounted for about one-fourth. The remaining principal exporting countries were Canada, New Zealand and Australia (table 11). The principal importing countries were Japan, Cuba, Mexico, Spain, and the United Kingdom until 1973. In that year the United States has most likely been the principal importing country, taking some 25 percent of the world's exports of nonfat dry milk under the additional temporary quotas.

The most recent data available on world stocks of nonfat dry milk are shown in table 14. Several U.S. importers have characterized the current world supplies of nonfat dry milk as being tight, largely reflecting the strong demand for protein and the reported decision of the EC to keep its supplies for its domestic feed uses following the announcement of the United States of its decision to curtail its exports of soybeans and soybean products.



Animal feeds containing milk or milk derivatives

Description and uses.--The animal feeds with which this investigation is concerned are those containing milk or milk derivatives and classifiable under item 184.75 of the TSUS. <sup>1/</sup> The principal animal feeds in this class which contain milk or milk derivatives are milk replacers and bases used to make milk replacers. Milk replacers are powders which are mixed with water and used in place of milk in feeding young calves and orphaned pigs, sheep, and horses.

Most milk replacers are fed to dairy calves which are raised as replacements for the dairy herd or for slaughter as dairy beef or veal. Calf milk replacers are made in many formulations. The proportions of various ingredients used in milk replacers in the United States have changed greatly over the years. Calf milk replacers originally consisted principally of dry skim milk and animal fat. The use of alternative sources of protein, such as dried whey and whey fractions, dried buttermilk, casein, and soy flour, in milk replacers has increased as the price of nonfat dry milk has increased. Currently, manufacturers of milk replacers have reduced the dried skim milk content of their milk replacers to the lowest level they feel will provide adequate protein quantity and quality for the growth of healthy calves. Some manufacturers are not using any dry skim milk in their formulas, while others, particularly those making formulations for feeding veal calves, are using substantial

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<sup>1/</sup> The qualification "classifiable under item 184.75 of the TSUS" removes most animal feeds from consideration here. Mixed feeds and mixed-feed ingredients which contain not less than 6 percent of grains or grain products are provided for under TSUS item 184.70.

quantities of dry skim milk. Testimony at the hearing indicated that the ideal calf milk replacer for veal calves should contain 60 to 80 percent of dried skim milk but that a 50-percent content was acceptable.<sup>1/</sup> It was further stated that feed manufacturers cannot afford to use domestic nonfat dry milk in their calf milk replacer and sell their product at a price that will enable veal feeders to make a profit. Feed manufacturers have produced a simulated nonfat dry milk by using the imported milk replacer bases (which contain 90 percent of nonfat dry milk) to make up about 10 percent of their milk replacers of the type for veal calves, with the remainder usually consisting of dry whey, casein, and animal fat.

Most milk replacers, particularly those for feeding dairy herd replacement calves, have usually contained about 90 percent of nonfat milk solids and about 10 percent of fat (lard, tallow, and so forth), with small quantities of vitamins, minerals, antioxidants, and emulsifiers. The proportion of fat (10 percent) to total solids in the usual milk replacers is less than that in whole milk (about 30 percent) but is adequate for the growth of dairy herd replacement calves. In the manufacture of milk replacers from dried milk products and liquid fat, the inclusion of more than about 11 percent of fat causes the mixture to become a gummy mass which is difficult to mix with water for feeding.

In recent years increased interest in the production of veal calves and dairy beef animals has created a demand for milk replacers which have a fat content higher than 11 percent because of the need for faster weight gains in the calves. To produce a high-fat content product which is still a powder, the liquid fat is added to liquid skim milk (usually

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<sup>1/</sup> Transcript of the hearing, pp. 471-473.

partially) condensed and the resulting mixture is spray dried. With this method the fat content can be as high as 65 percent. High-fat milk-replacer base produced in this way is mixed with dried nonfat milk solids by feed manufacturers to make milk replacers containing 16 to 25 percent of fat, which are more suitable for feeding veal or dairy beef calves.

There are several products other than milk replacers and milk-replacer bases which contain milk or milk derivatives and are classifiable under TSUS item 184.75. Dog food "candy" composed of sugar, palm kernel oil, cocoa powder, and 20 percent nonfat milk solids has been imported into the United States (from the United Kingdom), as have certain fish foods which contain nonfat dry milk (from Japan). These products are believed to be insignificant articles in the domestic and international trade of the United States, and, inasmuch as data on them are not available, they will not be further discussed in this report.

U.S. customs treatment.--Animal feeds containing milk or milk derivatives and classifiable under TSUS item 184.75 are dutiable at the rate of 7.5 percent ad valorem. This rate reflects a concession granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade.

Imports of products classified under item 184.75 and containing milk or milk derivatives have been subject to section 22 quantitative limitations under TSUS item 950.17 since January 1, 1971. 1/ Annual

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1/ Presidential Proclamation 4026.

imports are limited to 16,300,000 pounds, of which Ireland is allocated 12,060,000 pounds; the United Kingdom, 185,000 pounds, New Zealand, 3,930,000 pounds; and Australia, 125,000 pounds.

Imports of animal feeds made from milk powders are prohibited from countries where it has been determined that rinderpest or foot-and-mouth disease exists. 1/ The purpose of the restrictions is to prevent the introduction of the foot-and-mouth virus into the United States. Milk produced by infected animals contains the virus, which is not killed by the usual procedures used in drying milk. In effect, the restrictions permit imports only from Australia, Bahama Islands, Bermuda, British Honduras, Canada, the Channel Islands, Greenland, Guatemala, Haiti, Honduras, Iceland, Ireland, Jamaica, Japan, Costa Rica, Dominican Republic, El Salvador, Fiji, Mexico, New Zealand, Nicaragua, Northern Ireland, Norway, Panama, Panama Canal Zone, Sweden, and the Caribbean Islands of Barbados, Trinidad, and Tobago.

U.S. producers.--Milk replacers are produced in the United States by dairy processors and by feed manufacturers. Dairy processors use the nonfat milk solids remaining from their dairy-processing operations to produce a finished milk replacer or a milk-replacer base (a blend of nonfat milk solids and fat) which is sold to feed manufacturers. Feed manufacturers (other than those vertically integrated with dairy processors) generally purchase these bases and mix them with additional dry milk solids and other ingredients to produce milk replacers.

There are believed to be currently about 7 dairy processors that produce milk-replacer bases and/or milk replacers and approximately 20 feed manufacturers that produce milk replacers.

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1/ 9 CFR 94.

U.S. production and consumption.--U.S. production and consumption of milk replacers has increased rapidly in recent years despite the declining number of dairy calves produced each year. Data on U.S. production of milk replacers are not generally available. Information obtained by the Commission from producers of milk replacers indicates that U.S. production of milk replacers doubled in the period 1968-72, as shown in the following tabulation (in millions of pounds):

1968-----	208.7
1969-----	247.9
1970-----	343.6
1971-----	353.2
1972-----	416.3

The consumption of milk replacers has increased principally because of the trend toward larger dairy farms on which milk replacers are more convenient and economical to use than whole milk and because of the increased feeding of dairy beef and veal calves. In the past, a large proportion of the dairy calves (those not needed to be raised as replacements for the dairy herd) often died or were sold for slaughter as vealers within a week of birth. The increased demand for beef in the United States has led to many of these previously unwanted dairy calves being raised for dairy beef or heavier weight veal.

The number of dairy calves produced annually in the United States approximates the number of dairy cows. The dairy cow herd decreased from 17.0 million cows in 1965 to 11.8 million in 1972, or by 31 percent (table 13). About a fourth of the dairy calves (half of the heifer calves) are raised as herd replacements. The number of calves slaughtered under Federal inspection declined from 5.1 million in 1965

to 2.4 million in 1972 (table 16). Since federally inspected veal accounts for about half of the total veal produced in the United States, it is assumed that about twice as many calves were slaughtered as were shown as being slaughtered under Federal inspection. Assuming a calf death loss of 5 to 10 percent, the number of dairy calves which were available for dairy beef increased from about 1.7 million in 1965 to about 3.4 million in 1972.

U.S. exports.---Data on U.S. exports of milk replacers are not separately reported. Trade sources indicate that only small quantities of milk replacers are currently exported, principally because of high U.S. prices for milk solids relative to those in foreign dairy producing countries.

U.S. imports.---Milk replacers were first reported to have entered the United States in substantial quantities in May 1968. Imports amounted to 2.4 million pounds in 1968; they increased to 9.7 million pounds in 1969 and to 27.5 million pounds in 1970. Since January 1, 1971, imports have been limited by a section 22 quota to 16,300,000 pounds annually. Entries under the quota are reported by the U.S. Customs Service. Official statistics reported by that agency show that the quota has not been filled, since imports amounted to 11.8 million pounds in 1971, 12.1 million pounds in 1972, and 14.0 million pounds in January 1-November 2, 1973 (table 17). <sup>1/</sup> Ireland's 1973 quota share, however, has been nearly

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<sup>1/</sup> At the hearing a question was raised regarding the quantity of imports that entered under the quota (transcript pp. 454, 464-467, and 469). Effort to check the allegation that additional quantities of milk replacer (particularly from Ireland and Australia) actually entered the United States were inconclusive notwithstanding correspondence from the Agricultural Counsel of the Embassy of Ireland which states that Ireland exported the full quota quantities to the United States in 1971, 1972, and 1973, but that 316 metric tons of the 1972 quota amount reached the United States on Jan. 5, 1973, and was counted against the 1973 quota.

filled as of November 2, 1973. Ireland and New Zealand have been the principal sources of imported milk replacers, with smaller quantities entering from Australia and the United Kingdom.

Information from the trade and from an analysis of entry documents indicates that nearly all of the imported milk replacers have consisted of bases which are further processed before entering the retail market. Complete milk replacers for feeding lambs, however, have been imported in small quantities.

Prices.---The prices of milk replacers in the United States have been increasing in recent years as the price of milk has increased. The higher prices for milk products (particularly nonfat dry milk) have resulted in many manufacturers of milk replacers changing their formulas to hold down costs. Thus, there are a variety of product formulations available at a range of prices. In August 1973, wholesale prices of domestic milk replacers ranged from 19.6 cents per pound (for a product containing soy protein) to 33.8 cents per pound (for a veal formula product containing protein only from milk). A domestic producer of milk replacers reports his ingredient costs per unit of product increased from October 1971 to October 1973 by 37 percent, 12 percent, and 41 percent for a veal formulation and two herd-replacement formulations, respectively, notwithstanding changes in ingredients used to attempt to hold down costs. The producer further reports that in this period the cost of nonfat dry milk increased from \$420 to \$840 per ton; animal fat from \$152 to \$334 per ton; dried whey, from \$115 to \$316 per ton; and delactosed whey from \$167 to \$275 per ton.

The price of imported milk-replacer bases has also increased in recent months (by 4.3 cents per pound in the period January-June 1973). Milk replacers made from the imported bases sold at retail at 26 to 27 cents per pound in August 1973, or in the same general price range as domestic milk replacers; however, the domestic product did not contain the same ingredients.



## Allocation of Quotas

The quota established for nonfat dry milk in 1953 was based on the imports in 1948-50, the 3 most recent prior years that imports were not controlled and the 3 years selected by the Commission as the representative period for imports. The quota (1,807,000 pounds annually) was only slightly more than 30 percent of the imports during the representative period, the minimum quota permitted to be imposed under section 22. The Commission recommended that the quota be distributed among supply countries on the basis of the "equitable" rule of article XIII of the GATT (shown in app. C), but did not propose particular allocations. In mid-1953 the President (in Proclamation No. 3019) delegated to the Secretary of Agriculture the authority to allocate the quota for nonfat dry milk through a licensing system, as recommended by the Commission. Accordingly, 73 percent of the quota was allocated to Australia and 27 percent to Canada, the two countries that had supplied the imports during 1948-50.

In establishing the quota for animal feeds containing milk or milk derivatives in 1970, the President determined that the representative period for imports was the calendar years 1967-69. He allocated proportionate shares of the quota among the countries that supplied U.S. imports during the 12 months July 1969-June 1970; each country's quota was equivalent to 100 percent of its imports during that period. Import licenses by the Department of Agriculture were not required. Thus, the President allocated 74 percent of the quota to Ireland, 24 percent to New Zealand, 1 percent to the United Kingdom, and 1 percent to Australia.

The President has now requested that, in the event the Commission finds that the quotas on nonfat dry milk and animal feed containing milk or milk derivatives should be increased for 1973 and future years, the Commission make recommendations as to the amount of such quotas and their allocation among supplying countries. During the investigation interested countries advanced views on quota allocation, as discussed below, although they preferred suspension of the quotas. The spokesman for Australia stated that if suspension were for less than 2 years, however, a quota approach would be preferable.

At the hearing, the spokesman for New Zealand essentially advanced the proposal that any increased quota on nonfat dry milk should be allocated on the basis of world exports of the product (exclusive of intra-EC shipments and, of course, of exports from the United States). Upon being questioned at the hearing, the spokesman for the Department of Agriculture reported that such a proposal would probably have been the view of the Department had it advanced proposals on the issue of country allocation. World exports of nonfat dry milk in recent years are shown in table 13. Based on the proposal advanced by New Zealand and the data shown in table 13, the EC would receive 42 percent of any U.S. quota, New Zealand 29 percent, Canada 19 percent, and Australia 10 percent. If the quota was allocated as shown above, the percentage shares enjoyed by Australia and Canada since 1953 would be substantially reduced.

Representatives of Australia submitted information during the investigation stating that if a quota of 100 million pounds or over is

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1/ Transcript of hearing, p. 25.

established it should receive not less than 25 percent of the quota; if one of less than 100 million pounds, it should receive a larger share, depending on the quota quantity. Spokesmen for the Canadian interests submitted information stating that if the quota on nonfat dry milk should be increased, the United States authorities in establishing a Canadian share would no doubt keep in mind that under the additional temporary quotas Canada entered some 70 million pounds of the product into the United States above and beyond its normal share of 484,000 pounds under the regular quota. At the hearing, the spokesman for the Irish testified that the quota for nonfat dry milk should be abandoned. If enlargement were deemed more appropriate than removal, he stated that Ireland's share of any increased quota should reflect that country's portion as a traditional dairy supplier to the United States and to other countries.

With regard to animal feeds containing milk or milk derivatives, the spokesman for New Zealand submitted information during the investigation that if the quotas were increased rather than suspended its share of any increased quota should be even larger than its requested share of any increased nonfat dry milk quota (35 percent to 40 percent). The reasoning was that such feeds from the EC, as well as nonfat dry milk, are ineligible for animal feed usage in the United States because of regulations on the products imported from countries (including most of the EC) not designated as being free from foot-and-mouth and rinderpest disease.

Representatives of Australia submitted information that it is interested in receiving an expanded share of any quota allocation for the animal feeds under investigation. Australia pointed out that it has filled its past quotas (125,000 pounds annually), contrary to discrepancies

between its data and official U.S. statistics, and that it would probably make available some 10 million to 12 million pounds annually for export to the U.S. market. Canada stated that it has long been a producer of the animal feeds subject to this investigation and it hopes to obtain a share of any enlarged U.S. quota for the product. Ireland holds about three-fourths of the current quota on animal feeds. If that quota is not suspended, Ireland suggested that its quota be increased substantially.

At the Commission's public hearing on this current investigation (No. 22-34), the spokesman for the Department of Agriculture testified that the Department had concluded that the import quotas for nonfat dry milk and animal feeds containing milk or milk derivatives should be suspended since the Department believed that imports of those products would not, in the foreseeable future, interfere with the Department's price-support program for milk. Should the quotas be suspended, the issue of allocation of the quotas would be moot.

APPENDIX A

THE PRESIDENT'S LETTER

THE WHITE HOUSE  
WASHINGTON

July 18, 1973

Dear Madam Chairman:

Pursuant to section 22 of the Agricultural Adjustment Act, as amended, I have been advised by the Secretary of Agriculture, and I agree with him, that there is reason to believe that additional supplies of nonfat dried milk may be imported during a temporary period ending August 31, 1973, without rendering or tending to render ineffective, or materially interfering with, the price support program for milk now conducted by the Department of Agriculture, or reducing substantially the amount of products processed in the United States from domestic milk.

Specifically, reference is made to the following article presently subject to section 22 quantitative limitations under item 950.02 of the Tariff Schedules of the United States:

Dried milk, provided for in part 4 of schedule 1 of the Tariff Schedules of the United States Annotated (1972), described in item 115.50 (Dried milk, other than buttermilk, containing not over 3 percent of butterfat).

The Secretary has also advised me, pursuant to section 22(b) of the Agricultural Adjustment Act, as amended, that a condition exists requiring emergency treatment with respect to nonfat dried milk and has therefore recommended that I take immediate action under section 22(b) to authorize the importation of 80,000,000 pounds during a temporary period ending August 31, 1973. I have, therefore, this day issued a proclamation establishing a special temporary quota of 80,000,000 pounds to be effective through August 31, 1973. This quota is in addition to the quantities otherwise authorized to be imported under section 22 quantitative limitation

The United States Tariff Commission is, therefore, directed to make an investigation under section 22 of the Agricultural Adjustment Act, as amended, and to make findings and recommendations as to whether 80,000,000 pounds of the above-described article may be imported during a temporary period ending August 31, 1973, in addition to the quantities otherwise authorized to be imported under section 22 quantitative limitations, without rendering or tending to render ineffective, or materially interfering with, the price support program now conducted by the Department of Agriculture for milk, or reducing substantially the amount of products processed in the United States from domestic milk.

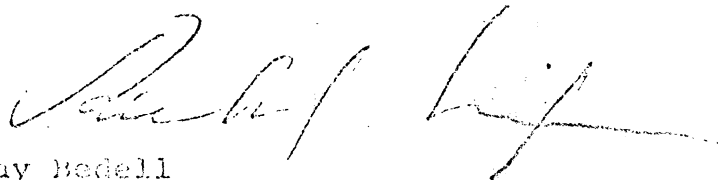
The Secretary has further advised me that a review of the annual import quota for nonfat dry milk for 1973 and future years is needed, and that also a review is needed of the quota for animal feeds containing milk or milk derivatives. This latter article is presently subject to section 22 quantitative limitations under item 950.17 of the Tariff Schedules of the United States and is described as follows:

Animal feeds containing milk or milk derivatives, classified under item 101.75, subpart C, part 15, schedule 1.

The Commission is further directed to investigate and to make findings and recommendations as to whether the annual import quotas for the above-described articles may be increased or suspended without rendering or tending to render ineffective, or materially interfering with, the price support program conducted by the Department of Agriculture for milk, or reducing substantially the amount of products processed in the United States from domestic milk; and, in the case of a finding that such quotas should be increased, to make recommendations as to the amount of such quotas and their allocation among supplying countries.

The Commission is directed to report its findings and recommendations at the earliest practicable date.

Sincerely,



The Honorable Catherine May Bedell  
Chairman  
United States Tariff Commission  
Washington, D. C. 20436

APPENDIX B

PART 3 OF THE APPENDIX TO THE TSUS (DAIRY PRODUCTS)



TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1972)

APPENDIX TO THE TARIFF SCHEDULES
Part 3. - Additional Import Restrictions Proclaimed Pursuant to Section 22 of the Agricultural Adjustment Act, as Amended

Table with columns: Item, Stat. Suffix, Articles, Units of Quantity, Quota Quantity. Contains detailed text for Part 3 - Additional Import Restrictions Proclaimed Pursuant to Section 22 of the Agricultural Adjustment Act, as Amended, including headnotes and specific provisions (1, 2, 3) regarding import duties and restrictions.

(7th supp. 12/3/73)

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1972)

APPENDIX TO THE TARIFF SCHEDULES

Part 3. - Additional Import Restrictions Proclaimed Pursuant to

Section 22 of the Agricultural Adjustment Act, as Amended

Item	Stat. Suffix	Articles	Units of Quantity	Quota Quantity	Unit	Rate
		<p>Issued by or under the authority of the Secretary of Agriculture, and only in accordance with the terms of such license; except that no such license shall be required for up to 1,225,000 pounds per quota year of natural Cheddar cheese, the product of Canada, made from unpasteurized milk and aged not less than 9 months which prior to exportation has been certified to meet such requirements by an official of the Canadian government, of which amount not more than one-half may be entered during the first six months of a quota year. Such licenses shall be issued under regulations of the Secretary of Agriculture which he determines will, to the fullest extent practicable, result in (1) the equitable distribution of the respective quotas for such articles among importers or users and (2) the allocation of shares of the respective quotas for such articles among supplying countries, based upon the proportion supplied by such countries during previous representative periods, taking due account of any special factors which may have affected or may be affecting the trade in the articles concerned. No licenses shall be issued which will permit entry during the first six months of a quota year of more than one-half of the quantities specified in the column entitled "Quota Quantity" for any of the articles subject to the quotas provided for in items 950.07 through 950.10E, 950.15, and 950.16.</p> <p>(ii) Not more than 4,406,250 pounds of the quota quantity specified for articles under item 950.08A for the period July 1, 1967, through December 31, 1967, and not more than 8,812,500 pounds of the annual quota quantity specified in such item for each subsequent 12-month period shall be products other than natural Cheddar cheese made from unpasteurized milk and aged not less than 9 months.</p> <p>(iii) For the purposes of items 950.10B through 950.10E of this part, the purchase price shall be determined by the District Director of Customs on the basis of the aggregate price received by the exporter, including all expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, but excluding transportation, insurance, duty, and other charges incident to bringing the merchandise from the place of shipment from the country of exportation to the place of delivery in the United States.</p> <p>(iv) Notwithstanding any other provision of this part, if the Secretary of Agriculture determines that, in the case of any article for which licenses are required by subdivision (i) hereof, a quantity specified in the column entitled "Quota Quantity" opposite the name of any country is not likely to be entered within any calendar year, he may by regulation provide with respect to such article for the adjustment for that calendar year, within the aggregate quantity of such article permitted to be entered from all countries during such calendar year, of the quantities of such article which may be entered during such year from particular countries of origin.</p> <p>(v) For the purposes of items 950.10B through 950.10E, the price referred to therein, to be determined in accordance with this subdivision, shall be the Commodity Credit Corporation purchase price for Cheddar cheese, U.S. Grade A or higher, standard moisture basis, under the milk price support program, rounded to the nearest whole cent, plus 7 cents, which price shall be determined by the Secretary of Agriculture, certified to the Secretary of the Treasury, and published in the Federal Register. A change of price determined in accordance with this subdivision shall not cause an article to be subject to the import restrictions contained in this part if, on or before the date of publication in the Federal Register of the change of price, such article was exported to the United States on a through bill of lading or placed in bonded warehouse.</p> <p>(vi) Notwithstanding any other provision of this part, 25,000,000 pounds of dried milk described in item 115.50 may be entered during the period beginning December 30, 1972, and ending February 15, 1973,</p>				

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1972)

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Item	Stat. Surfix	Articles	Units of Quantity	Quota Quantity																																																																								
		<p>60,000,000 pounds of such milk may be entered during the period beginning May 11, 1973, and ending June 30, 1973, 80,000,000 pounds of such milk may be entered during the period beginning July 19, 1973, and ending August 31, 1973, and 100,000,000 pounds of such milk may be entered during the period beginning the day after the date of issuance of this proclamation and ending October 31, 1973, in addition to the annual quota quantity specified for such article under item 950.02, and import licenses shall not be required for entering such additional quantities. No individual, partnership, firm, corporation, association, or other legal entity (including its affiliates or subsidiaries) may during each such period enter pursuant to this provision quantities of such additional dried milk totaling in excess of 2,500,000 pounds. The 100,000,000 pound additional quota quantity authorized to be entered during the period ending October 31, 1973, shall be allocated among supplying countries as follows:</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Supplying Country</u></th> <th style="text-align: left;"><u>Quantity in Pounds</u></th> </tr> </thead> <tbody> <tr> <td>Australia.....</td> <td>25,000,000</td> </tr> <tr> <td>New Zealand.....</td> <td>25,000,000</td> </tr> <tr> <td>Canada.....</td> <td>10,000,000</td> </tr> <tr> <td>Member States of the European Economic Community.....</td> <td>40,000,000</td> </tr> </tbody> </table> <p>⑤ (vii) Notwithstanding any other provision of this part, quantities of the articles described in items 950.07 through 950.10E, equivalent to 50 percentum of the total of the annual quota quantities for such articles may be entered during the period beginning April 25, 1973, and ending July 31, 1973, in addition to the total of the annual quota quantities specified for such articles. Such additional quantities may be entered only by or for the account of a person or firm to which a license has been issued under authority of the Secretary of Agriculture and in accordance with the terms of such license. Licenses shall be issued to the same persons or firms as licenses for the entry during calendar year 1973 of the quota quantities specified in items 950.07 through 950.10E. Licenses shall be issued on such basis that (a) each of the annual quota quantities provided for the articles described in items 950.07, 950.08B, 950.09A, 950.09B, 950.10, 950.10A, and for each of the supplying countries, whenever applicable, are increased by 50 percentum for calendar year 1973, and (b) each of the annual quota quantities provided for the articles described in the items set forth in the following table and for each of the supplying countries, whenever applicable, are increased for calendar year 1973 by the amounts set forth in such table:</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Item No.</u></th> <th style="text-align: left;"><u>Supplying Country</u></th> <th style="text-align: left;"><u>Quantity in Pounds</u></th> </tr> </thead> <tbody> <tr> <td rowspan="10">950.08A.....</td> <td>Australia.....</td> <td>910,000</td> </tr> <tr> <td>Canada.....</td> <td>306,000</td> </tr> <tr> <td>Ireland.....</td> <td>659,000</td> </tr> <tr> <td>New Zealand.....</td> <td>6,529,000</td> </tr> <tr> <td>Sweden.....</td> <td>65,000</td> </tr> <tr> <td colspan="2">Other Countries as follows:</td> <td></td> </tr> <tr> <td colspan="2">Austria, Belgium, Bulgaria,</td> <td></td> </tr> <tr> <td colspan="2">Denmark, Israel, Italy,</td> <td></td> </tr> <tr> <td colspan="2">Netherlands, Portugal,</td> <td></td> </tr> <tr> <td colspan="2">Switzerland, United Kingdom,</td> <td></td> </tr> <tr> <td colspan="2">and West Germany (aggregate)...</td> <td>154,000</td> </tr> <tr> <td rowspan="10">950.10B.....</td> <td>Austria.....</td> <td>6,281,000</td> </tr> <tr> <td>Denmark.....</td> <td>2,584,000</td> </tr> <tr> <td>Finland.....</td> <td>None</td> </tr> <tr> <td>Norway.....</td> <td>836,000</td> </tr> <tr> <td>Switzerland.....</td> <td>134,000</td> </tr> <tr> <td>West Germany.....</td> <td>146,000</td> </tr> <tr> <td>Netherlands.....</td> <td>105,000</td> </tr> <tr> <td>Israel.....</td> <td>30,000</td> </tr> <tr> <td>Other Countries.....</td> <td>94,000</td> </tr> <tr> <td rowspan="5">950.10C.....</td> <td>Austria.....</td> <td>864,000</td> </tr> <tr> <td>Denmark.....</td> <td>2,102,000</td> </tr> <tr> <td>Finland.....</td> <td>None</td> </tr> <tr> <td>Switzerland.....</td> <td>1,374,000</td> </tr> <tr> <td>West Germany.....</td> <td>None</td> </tr> </tbody> </table>	<u>Supplying Country</u>	<u>Quantity in Pounds</u>	Australia.....	25,000,000	New Zealand.....	25,000,000	Canada.....	10,000,000	Member States of the European Economic Community.....	40,000,000	<u>Item No.</u>	<u>Supplying Country</u>	<u>Quantity in Pounds</u>	950.08A.....	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		<p>In addition to the foregoing and to the annual quota quantity specified for such article, up to 612,500 pounds of the article described in item 950.08A, consisting of natural cheddar cheese, the product of Canada, made from unpasteurized milk and aged not less than 9 months, which prior to the exportation has been certified to meet such requirements by an official of the Canadian Government, may be entered without license during the period beginning April 25, 1973, and ending July 31, 1973.</p> <p>(viii) Notwithstanding any other provision of this part, 56,000,000 pounds of the articles described in item 950.05 and 22,600,000 pounds of the articles described in item 950.06 may be entered during the period beginning November 1, 1973, and ending December 31, 1973, in addition to the annual quota quantities specified for such articles under items 950.05 and 950.06, and import licenses shall not be required for entering such additional quantities. No individual, partnership, firm, corporation, association, or other legal entity (including its affiliates or subsidiaries) may during such period enter pursuant to this provision an aggregate quantity of such additional articles in excess of 2,500,000 pounds. The 56,000,000 pounds of the articles described in item 950.05 shall be allocated among supplying countries as follows:</p> <table border="0"> <thead> <tr> <th data-bbox="354 1522 521 1543">Supplying Country</th> <th data-bbox="618 1522 792 1543">Quantity in Pounds</th> </tr> </thead> <tr> <td>New Zealand.....</td> <td>28,560,000</td> </tr> <tr> <td>Member States of the European Economic Community.....</td> <td>24,640,000</td> </tr> <tr> <td>Other Countries as follows:</td> <td></td> </tr> <tr> <td>    Argentina, Australia, Canada, Norway, Sweden, and Switzerland.....</td> <td>2,800,000</td> </tr> </table> <p>(b) Cotton Waste.--For the purposes of item 955.05, the minimum quota in column (A) is that part of the total quota in column (C) which must be reserved for comber waste made from cotton 1-3/16 inches or more in staple length, and the unreserved quota in column (B) is that part of the total quota available for any quota-type waste, including comber waste made from cotton 1-3/16 inches or more in staple length.</p>	Supplying Country	Quantity in Pounds	New Zealand.....	28,560,000	Member States of the European Economic Community.....	24,640,000	Other Countries as follows:		Argentina, Australia, Canada, Norway, Sweden, and Switzerland.....	2,800,000																																																																																											
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949.80	1/	Whenever, in any 12-month period beginning January 1 in any year, the respective aggregate quantity specified below for one of the numbered classes of articles has been entered, no article in such class may be entered during the remainder of such period: Milk and cream, fluid or frozen, fresh or sour, containing over 5.5 percent but not over 45 percent by weight of butterfat: For the 12-month period ending December 31, 1967: New Zealand..... Other..... For each subsequent year: New Zealand..... Other.....	1/ 1/ 1/ 1/	The quantity entered on or before June 30, 1967, plus 750,000 gallons None 1,500,000 gallons None																																																																																						
949.90	1/	Milk and cream, condensed or evaporated, classifiable for tariff purposes under items 115.30, 115.35, and 115.40: For the 12-month period ending December 31, 1968.....	1/	The quantity entered on or before the date of this amendment, 2/ plus the following quantities:																																																																																						
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Other.....	1/	None	None	4,000	None																																																																																					
For each subsequent 12-month period.....		The following quantities:																																																																																								
Netherlands.....	1/	1,209,000	None	338,000	None																																																																																					
Canada.....	1/	70,000	None	2,192,000	5,000																																																																																					
Denmark.....	1/	11,000	None	1,334,000	None																																																																																					
West Germany.....	1/	22,000	None	None	None																																																																																					
Australia.....	1/	None	None	202,000	None																																																																																					
Other.....	1/	None	None	8,000	None																																																																																					
				Quota Quantity (in pounds)																																																																																						
50.01	1/	Dried milk, dried cream, and dried whey provided for in part 4 of schedule 1: Described in items 115.45 and 118.05.....	1/	496,000																																																																																						
50.02	1/	Described in item 115.50.....	1/	1,807,000 3/																																																																																						
50.03	1/	Described in item 115.55.....	1/	7,000																																																																																						
50.04	1/	Described in item 115.60.....	1/	500																																																																																						
50.05	1/	Butter, and fresh or sour cream containing over 45 percent of butterfat, provided for in part 4B of schedule 1.....	1/	707,000																																																																																						
		1/ See Appendix statistical headnote 2. 2/ June 10, 1968. 3/ See headnote 3(a)(vi) of this part.																																																																																								

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1972)

APPENDIX TO THE TARIFF SCHEDULES

Part 3. - Additional Import Restrictions Proclaimed Pursuant to Section 22 of the Agricultural Adjustment Act, as Amended

9 - 3 --  
950.06 - 950.10A

Item	Stat. Suffix	Articles	Units of Quantity	Quota Quantity (in pounds)
950.06	1/	Whenever, in any 12-month period, etc. (con.): Butter substitutes containing over 45 percent of butterfat provided for in item 116.30, part 4B, schedule 1, and butter oil however provided for elsewhere in these schedules.....	1/	1,200,000
950.07	1/	Cheeses and substitutes for cheese provided for in part 4C, schedule 1: Blue-mold (except Stilton) and cheese and substitutes for cheese containing, or processed from, blue-mold cheese.....	1/	5,016,999 2/ 5
950.08A	1/	Cheddar cheese, and cheese and substitutes for cheese containing, or processed from, Cheddar cheese: For the 12-month period ending December 31, 1967.....	1/	The quantity entered on or before June 30, 1967, plus 5,018,750 pounds (See headnote 3(a)(ii) of this part)
		For each subsequent 12-month period.....	1/	10,037,500 pounds (See headnote 3(a)(ii) of this part) 2/ 5
950.08B	1/	American-type cheese, including Colby, washed curd, and granular cheese (but not including Cheddar) and cheese and substitutes for cheese containing, or processed from, such American-type cheese: For the 12-month period ending December 31, 1967.....	1/	The quantity entered on or before June 30, 1967, plus 3,048,300 pounds
		For each subsequent 12-month period.....	1/	6,096,600 2/ 5
950.09A	1/	Edam and Gouda cheeses.....	1/	9,200,400 2/ 5
950.09B	1/	Cheese and substitutes for cheese containing, or processed from, Edam and Gouda cheese: For the 12-month period ending December 31, 1968.....	1/	The quantity entered on or before the date of this proclamation, 3/ plus the following quantities:
		Denmark.....	1/	514,000
		Ireland.....	1/	99,000
		Netherlands.....	1/	51,000
		Norway.....	1/	110,000
		West Germany.....	1/	154,000
		Other.....	1/	17,000
		For each subsequent 12-month period.....	1/	The following quantities: 2/ 5
		Denmark.....	1/	1,714,000
		Ireland.....	1/	331,000
		Netherlands.....	1/	169,000
		Norway.....	1/	368,000
		West Germany.....	1/	513,000
		Other.....	1/	56,000
950.10	1/	Italian-type cheeses, made from cows' milk, in original loaves (Romano made from cows' milk, Reggiano, Parmesano, Provoloni, Provolette, and Sbrinz).....	1/	11,500,100 2/ 5
950.10A	1/	Italian-type cheeses, made from cow's milk, not in original loaves (Romano made from cow's milk, Reggiano, Parmesano, Provoloni, Provolette, and Sbrinz), and cheese and substitutes for cheese containing, or processed from, such Italian-type cheeses, whether or not in original loaves: Argentina.....	1/	1,347,000 2/ 5
		Italy.....	1/	104,500 2/ 5
		Australia.....	1/	13,700 2/ 5
		Other.....	1/	28,800 2/ 5

1/ See Appendix Statistical headnote 2.  
2/ See also headnote 3(a)(vii) of this part.  
3/ September 24, 1968.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1972)

APPENDIX TO THE TARIFF SCHEDULES  
 Part 3. - Additional Import Restrictions Proclaimed Pursuant to  
 Section 22 of the Agricultural Adjustment Act, as Amended

Stat. Suffix	Articles	Units of Quantity	Quota Quantity (in pounds)
.10B 1/	Whenever, in any 12-month period, etc. (con.): Cheeses and substitutes for cheese, etc. (con.): Swiss or Emmenthaler cheese with eye formation; Gruyere-process cheese; and cheese and substitutes for cheese containing, or processed from, such cheeses: 2 Swiss or Emmenthaler cheese with eye formation: 2 For the 12-month period ending December 31, 1972: If shipped otherwise than in pursuance to a purchase, or if having a purchase price per pound (see headnote 3(a)(iii) of this part) under 47 cents..... Austria..... 1/ 972,000 Denmark..... 1/ 609,000 Finland..... 1/ 1,843,000 Norway..... 1/ 367,000 Switzerland..... 1/ 200,000 West Germany..... 1/ 124,000 Other..... 1/ 156,000 If having a purchase price per pound (see headnote 3(a)(iii) of this part) of 47 cents or more, but less than the price determined in accordance with headnote 3(a)(v) of this part..... Austria..... 1/ 4,229,000 Denmark..... 1/ 1,626,000 Finland..... 1/ 2,490,000 Norway..... 1/ 761,000 Switzerland..... 1/ 40,000 West Germany..... 1/ 98,000 Netherlands..... 1/ 110,000 Israel..... 1/ 35,000 Other..... 1/ 31,000 2 For each 12-month period beginning January 1, 1973, if shipped otherwise than in pursuance to a purchase, or if having a purchase price per pound (see headnote 3(a)(iii) of this part) less than the price determined in accordance with headnote 3(a)(v) of this part..... Austria..... 1/ 8,222,000 Denmark..... 1/ 3,396,000 Finland..... 1/ 6,111,000 Norway..... 1/ 1,672,000 Switzerland..... 1/ 269,000 West Germany..... 1/ 297,000 Netherlands..... 1/ 210,000 Israel..... 1/ 60,000 Other..... 1/ 188,000		The following quantities: The quantity entered on or before the date of this proclamation, 2/ plus the following quantities: The following quantities: 3/ 5

1/ See Appendix statistical headnote 2.  
 2/ June 6, 1972.  
 3/ See headnote 3(a)(vii) of this part.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1972)

9 - 3 --  
950.10C

APPENDIX TO THE TARIFF SCHEDULES  
Part 3. - Additional Import Restrictions Proclaimed Pursuant to  
Section 22 of the Agricultural Adjustment Act, as Amended

Item	Stat. Suffix	Articles	Units of Quantity	Quota Quantity (in pounds)
950.10C	<u>1/</u>	<p>Whenever, in any 12-month period, etc. (con.): Cheeses and substitutes for cheese, etc. (con.): Swiss or Emmenthaler cheese, etc. (con.): Other than Swiss or Emmenthaler with eye formation: ② For the 12-month period ending December 31, 1972: If shipped otherwise than in pursuance to a purchase, or if having a purchase price per pound (see headnote 3(a)(iii) of this part) under 47 cents..... Austria..... <u>1/</u> Denmark..... <u>1/</u> Finland..... <u>1/</u> Switzerland..... <u>1/</u> West Germany..... <u>1/</u> Other..... <u>1/</u> If having a purchase price per pound (see headnote 3(a)(iii) of this part) of 47 cents or more, but less than the price determined in accordance with headnote 3(a)(v) of this part..... Austria..... <u>1/</u> Denmark..... <u>1/</u> Finland..... <u>1/</u> Switzerland..... <u>1/</u> West Germany..... <u>1/</u> Ireland..... <u>1/</u> Norway..... <u>1/</u> Portugal..... <u>1/</u> Other..... <u>1/</u> ② For each 12-month period beginning January 1, 1973, if shipped otherwise than in pursuance to a purchase, or if having a purchase price per pound (see headnote 3(a)(iii) of this part) less than the price determined in accordance with headnote 3(a)(v) of this part..... Austria..... <u>1/</u> Denmark..... <u>1/</u> Finland..... <u>1/</u> Switzerland..... <u>1/</u> West Germany..... <u>1/</u> Ireland..... <u>1/</u> Norway..... <u>1/</u> Portugal..... <u>1/</u> Other..... <u>1/</u></p>		<p>The following quantities: 483,000 119,000 1,516,000 10,000 1,078,000 83,000  The quantity entered on or before the date of this proclamation, <u>2/</u> plus the following quantities: 538,000 1,934,000 52,000 1,297,000 432,000 107,000 47,000 160,000 71,000  The following quantities: <u>3/</u> ⑤ 1,406,000 3,435,000 1,606,000 2,234,000 1,818,000 210,000 82,000 275,000 176,000</p>

1/ See Appendix statistical headnote 2.  
2/ June 6, 1972.  
3/ See headnote 3(a)(vii) of this part.

(5th supp. 5/11/73)



TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1972)

APPENDIX TO THE TARIFF SCHEDULES

Part 3. - Additional Import Restrictions Proclaimed Pursuant to Section 22 of the Agricultural Adjustment Act, as Amended

Item	Stat. Suf-fix	Articles	Units of Quantity	Quota Quantity (in pounds)																																																																																																			
950.10D	1/	<p>Whenever, in any 12-month period, etc. (con.):                      Cheeses and substitutes for cheese, etc. (con.):                      Cheeses and substitutes for cheese provided for in items 117.75 and 117.85, part 4C, schedule 1 (except cheese not containing cow's milk; cheese, except cottage cheese, containing 0.5 percent or less by weight of butterfat, and articles within the scope of other import quotas provided for in this part):</p> <p>② For the 12-month period ending December 31, 1972:</p> <p style="padding-left: 2em;">If shipped otherwise than in pursuance to a purchase, or if having a purchase price per pound (see headnote 3(a)(iii) of this part) under 47 cents.....</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 4em;">Belgium.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">207,000</td> </tr> <tr> <td style="padding-left: 4em;">Denmark.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">8,966,000</td> </tr> <tr> <td style="padding-left: 4em;">Finland.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">1,124,000</td> </tr> <tr> <td style="padding-left: 4em;">France.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">931,000</td> </tr> <tr> <td style="padding-left: 4em;">Iceland.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">649,000</td> </tr> <tr> <td style="padding-left: 4em;">Ireland.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">151,000</td> </tr> <tr> <td style="padding-left: 4em;">Netherlands.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">56,000</td> </tr> <tr> <td style="padding-left: 4em;">Norway.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">222,000</td> </tr> <tr> <td style="padding-left: 4em;">Poland.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">2,064,000</td> </tr> <tr> <td style="padding-left: 4em;">Sweden.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">1,535,000</td> </tr> <tr> <td style="padding-left: 4em;">Switzerland.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">34,000</td> </tr> <tr> <td style="padding-left: 4em;">United Kingdom.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">274,000</td> </tr> <tr> <td style="padding-left: 4em;">West Germany.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">989,000</td> </tr> <tr> <td style="padding-left: 4em;">New Zealand.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">7,500,000</td> </tr> <tr> <td style="padding-left: 4em;">Other.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">388,000</td> </tr> </table> <p style="padding-left: 2em;">If having a purchase price per pound (see headnote 3(a)(iii) of this part) of 47 cents or more, but less than the price determined in accordance with headnote 3(a)(v) of this part.....</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 4em;">Belgium.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">153,000</td> </tr> <tr> <td style="padding-left: 4em;">Denmark.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">4,581,000</td> </tr> <tr> <td style="padding-left: 4em;">Finland.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">67,000</td> </tr> <tr> <td style="padding-left: 4em;">France.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">1,138,000</td> </tr> <tr> <td style="padding-left: 4em;">Ireland.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">6,000</td> </tr> <tr> <td style="padding-left: 4em;">Netherlands.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">213,000</td> </tr> <tr> <td style="padding-left: 4em;">Norway.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">78,000</td> </tr> <tr> <td style="padding-left: 4em;">Sweden.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">100,000</td> </tr> <tr> <td style="padding-left: 4em;">Switzerland.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">106,000</td> </tr> <tr> <td style="padding-left: 4em;">United Kingdom.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">129,000</td> </tr> <tr> <td style="padding-left: 4em;">West Germany.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">676,000</td> </tr> <tr> <td style="padding-left: 4em;">New Zealand.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">33,000</td> </tr> <tr> <td style="padding-left: 4em;">Canada.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">1,459,000</td> </tr> <tr> <td style="padding-left: 4em;">Portugal.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">113,000</td> </tr> <tr> <td style="padding-left: 4em;">Austria.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">87,000</td> </tr> <tr> <td style="padding-left: 4em;">Italy.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">10,000</td> </tr> <tr> <td style="padding-left: 4em;">Israel.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">85,000</td> </tr> <tr> <td style="padding-left: 4em;">Other.....</td> <td style="text-align: center;">1/</td> <td style="padding-left: 4em;">89,000</td> </tr> </table>	Belgium.....	1/	207,000	Denmark.....	1/	8,966,000	Finland.....	1/	1,124,000	France.....	1/	931,000	Iceland.....	1/	649,000	Ireland.....	1/	151,000	Netherlands.....	1/	56,000	Norway.....	1/	222,000	Poland.....	1/	2,064,000	Sweden.....	1/	1,535,000	Switzerland.....	1/	34,000	United Kingdom.....	1/	274,000	West Germany.....	1/	989,000	New Zealand.....	1/	7,500,000	Other.....	1/	388,000	Belgium.....	1/	153,000	Denmark.....	1/	4,581,000	Finland.....	1/	67,000	France.....	1/	1,138,000	Ireland.....	1/	6,000	Netherlands.....	1/	213,000	Norway.....	1/	78,000	Sweden.....	1/	100,000	Switzerland.....	1/	106,000	United Kingdom.....	1/	129,000	West Germany.....	1/	676,000	New Zealand.....	1/	33,000	Canada.....	1/	1,459,000	Portugal.....	1/	113,000	Austria.....	1/	87,000	Italy.....	1/	10,000	Israel.....	1/	85,000	Other.....	1/	89,000		<p>The following quantities:</p> <p>The quantity entered on or before the date of this proclamation, 2/ plus the following quantities:</p>
Belgium.....	1/	207,000																																																																																																					
Denmark.....	1/	8,966,000																																																																																																					
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1/ See Appendix statistical headnote 2.  
 ② 2/ June 6, 1972.

(5th supp. 5/11/73)

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1972)

APPENDIX TO THE TARIFF SCHEDULES

Part 3. - Additional Import Restrictions Proclaimed Pursuant to Section 22 of the Agricultural Adjustment Act, as Amended

9 - 3 --  
950.10D - 950.10E

Item	Stat. Suffix	Articles	Units of Quantity	Quota Quantity (in pounds)
950.10D (con.)	1/	Whenever, in any 12-month period, etc. (con.): Cheeses and substitutes for cheese, etc. (con.): Cheeses and substitutes for cheese, etc. (con.): ② For each 12-month period beginning January 1, 1973, if shipped otherwise than in pursuance to a purchase, or if having a purchase price per pound (see headnote 3(a)(iii) of this part) less than the price determined in accordance with headnote 3(a)(v) of this part.....		
				The following quantities: 2/ ⑤
Belgium.....			1/	469,000
Denmark.....			1/	16,820,000
Finland.....			1/	1,239,000
France.....			1/	2,882,000
Iceland.....			1/	649,000
Ireland.....			1/	161,000
Netherlands.....			1/	422,000
Norway.....			1/	356,000
Poland.....			1/	2,064,000
Sweden.....			1/	1,707,000
Switzerland.....			1/	215,000
United Kingdom.....			1/	496,000
West Germany.....			1/	2,148,000
New Zealand.....			1/	7,556,000
Canada.....			1/	2,670,000
Portugal.....			1/	227,000
Austria.....			1/	199,000
Italy.....			1/	17,000
Israel.....			1/	145,000
Other.....			1/	288,000
950.10E	1/	Cheese, and substitutes for cheese,		
containing 0.5 percent or less by weight of butterfat, as provided for in items 117.75 and 117.85 of subpart C, part 4, schedule 1, except articles within the scope of other import quotas provided for in this part if shipped otherwise than in pursuance to a purchase, or if				
② having a purchase price per pound (see headnote 3(a)(iii) of this part) less than the price determined in accordance with headnote 3(a)(v) of this part.....				The following quantities: 2/ ⑤
Denmark.....			1/	6,680,000
United Kingdom.....			1/	791,000
Ireland.....			1/	756,500
West Germany.....			1/	100,000
Poland.....			1/	385,600
Australia.....			1/	123,600
Iceland.....			1/	64,300
Other.....			1/	None

1/ See Appendix statistical headnote 2.

⑤ 2/ See headnote 3(a)(vii) of this part.

## TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1972)

 APPENDIX TO THE TARIFF SCHEDULES  
 Part 3. - Additional Import Restrictions Proclaimed Pursuant to  
 Section 22 of the Agricultural Adjustment Act, as Amended

 9 - 3 --  
 950.11 - 950.17

Item	Stat. Suffix	Articles	Units of Quantity	Quota Quantity (in pounds)
950.11	<u>1/</u>	Whenever, in any 12-month period, etc. (con.): Malted milk, and articles of milk or cream, provided for in item 118.30, part 4D, schedule 1....	<u>1/</u>	6,000
950.15	<u>1/</u>	Chocolate provided for in item 156.30, of part 10, schedule 1, if containing over 5.5 percent by weight of butterfat (except articles for consumption at retail as candy or confection):		
		Ireland.....	<u>1/</u>	9,450,000
		United Kingdom.....	<u>1/</u>	7,450,000
		Netherlands.....	<u>1/</u>	100,000
		Other.....	<u>1/</u>	None
950.16	<u>1/</u>	Chocolate provided for in item 156.30 of part 10 and articles containing chocolate provided for in item 182.95, part 15, schedule 1, containing 5.5 percent or less by weight of butterfat (except articles for consumption at retail as candy or confection):		
		United Kingdom.....	<u>1/</u>	930,000
		Ireland.....	<u>1/</u>	3,750,000
		Other.....	<u>1/</u>	None
950.17	<u>1/</u>	Animal feeds containing milk or milk derivatives, classified under item 184.75, subpart C, part 15, schedule 1:		
		Ireland.....	<u>1/</u>	12,060,000
		United Kingdom.....	<u>1/</u>	185,000
		New Zealand.....	<u>1/</u>	3,930,000
		Australia.....	<u>1/</u>	125,000
		Other.....	<u>1/</u>	None

1/ See Appendix statistical headnote 2.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1972)

9 - 3 --  
950.18 - 950.23

APPENDIX TO THE TARIFF SCHEDULES  
Part 3. - Additional Import Restrictions Proclaimed Pursuant to  
Section 22 of the Agricultural Adjustment Act, as Amended

Item	Stat. Suf-fix	Articles	Units of Quantity	Quota Quantity
950.18	<u>1/</u>	Whenever, in any 12-month period, etc. (con.): Ice cream, as provided for in item 118.25 of part 4, subpart D, schedule 1: Belgium..... New Zealand..... Denmark..... Netherlands..... Jamaica..... Other.....	 <u>1/</u> <u>1/</u> <u>1/</u> <u>1/</u> <u>1/</u> <u>1/</u>	 243,650 gallons 155,680 gallons 3,450 gallons 27,600 gallons 950 gallons None
950.22 950.23	<u>1/</u> <u>1/</u>	Articles containing over 5.5 percent by weight of butterfat, the butterfat of which is commercially extractable, or which are capable of being used for any edible purpose (except articles provided for in subparts A, B, C or item 118.30, of part 4, schedule 1, and except articles which are not suitable for use as ingredients in the commercial production of edible articles): Over 45 percent by weight of butterfat..... Over 5.5 percent but not over 45 percent by weight of butterfat and classifiable for tariff purposes under item 182.92 or 182.95: Australia..... Belgium and Denmark (aggregate)..... Other.....	 <u>1/</u> <u>1/</u> <u>1/</u>	 None  2,240,000 pounds 340,000 pounds None

1/ See Appendix statistical headnote 2.

APPENDIX C

ARTICLE XIII OF THE GENERAL AGREEMENT ON TRADES AND UNIONS

## Article XIII

**Non-discriminatory Administration of Quantitative Restrictions**

1. No prohibition or restriction shall be applied by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation of any product destined for the territory of any other contracting party, unless the importation of the like product of all third countries or the exportation of the like product to all third countries is similarly prohibited or restricted.

2. In applying import restrictions to any product, contracting parties shall aim at a distribution of trade in such product approaching as closely as possible the shares which the various contracting parties might be expected to obtain in the absence of such restrictions, and to this end shall observe the following provisions:

(a) Wherever practicable, quotas representing the total amount of permitted imports (whether allocated among supplying countries or not) shall be fixed, and notice given of their amount in accordance with paragraph 3(b) of this Article;

(b) In cases in which quotas are not practicable, the restrictions may be applied by means of import licences or permits without a quota;

(c) Contracting parties shall not, except for purposes of operating quotas allocated in accordance with sub-paragraph (d) of this paragraph, require that import licences or permits be utilized for the importation of the product concerned from a particular country or source;

(d) In cases in which a quota is allocated among supplying countries, the contracting party applying the restrictions may seek agreement with respect to the allocation of shares in the quota with all other contracting parties having a substantial interest in supplying the product concerned. In cases in which this method is not reasonably practicable, the contracting party concerned shall allot to contracting parties having a substantial interest in supplying the product shares based upon the proportions, supplied by such contracting parties during a previous representative period, of the total quantity or value of imports of the product, due account being taken of any special factors which may have affected or may be affecting the trade in the product. No conditions or formalities shall be imposed which would prevent any contracting party from utilizing fully the share of any such total quantity or value which has been allotted to it, subject to importation being made within any prescribed period to which the quota may relate.

3. (a) In cases in which import licences are issued in connection with import restrictions, the contracting party applying the restrictions shall provide, upon the request of any contracting party having an interest in the trade in the product concerned, all relevant information concerning the administration of the restrictions, the import licences granted over a recent period and the distribution of such licences among supplying countries; Provided that there shall be no obligation to supply information as to the names of importing or supplying enterprises.

(b) In the case of import restrictions involving the fixing of quotas, the contracting party applying the restrictions shall give public notice of the total quantity or value of the product or products which will be permitted to be imported during a specified future period and of any change in such quantity or value. Any supplies of the product in question which were en route at the time at which public notice was given shall not be excluded from entry; Provided that they may be counted so far as practicable, against the quantity permitted to be imported in the period in question, and also, where necessary, against the quantities permitted to be imported in the next following period or periods; and Provided further that if any contracting party customarily exempts from such restrictions products entered for consumption or withdrawn from warehouse for consumption during a period of thirty days after the day of such public notice, such practice shall be considered full compliance with this subparagraph.



(c) In the case of quotas allocated among supplying countries, the contracting party applying the restrictions shall promptly inform all other contracting parties having an interest in supplying the product concerned of the shares in the quota currently allocated, by quantity or value, to the various supplying countries and shall give public notice thereof.

4. With regard to restrictions applied in accordance with paragraph 2(d) of this Article or under paragraph 2(c) of Article XI, the selection of a representative period for any product and the appraisal of any special factors affecting the trade in the product shall be made initially by the contracting party applying the restriction; Provided that such contracting party shall, upon the request of any other contracting party having a substantial interest in supplying that product or upon the request of the CONTRACTING PARTIES, consult promptly with the other contracting party or the CONTRACTING PARTIES regarding the need for an adjustment of the proportion determined or of the base period selected, or for the reappraisal of the special factors involved, or for the elimination of conditions, formalities or any other provisions established unilaterally relating to the allocation of an adequate quota or its unrestricted utilization.

5. The provisions of this Article shall apply to any tariff quota instituted or maintained by any contracting party, and, in so far as applicable, the principles of this Article shall also extend to export restrictions.

APPENDIX D

STATISTICAL TABLES

Table 1.--U.S. milk production, milk cows and replacement heifers on U.S. farms January 1, production per cow, and number of farms selling milk 1963-73

Year	Total milk production	Milk cows on farms	Replacement heifers	Production per cow	Number of farms selling milk
	<u>In million pounds</u>	<u>Thousands</u>	<u>Thousands</u>	<u>Pounds per cow</u>	<u>Thousands</u>
1963-----	125,202	16,750	5,186	7,700	<u>1/</u>
1964-----	126,967	15,960	4,978	8,099	648
1965-----	124,173	15,380	4,780	8,305	<u>1/</u>
1966-----	119,892	14,490	4,450	8,522	<u>1/</u>
1967-----	118,769	13,725	4,215	8,851	<u>1/</u>
1968-----	117,234	13,115	4,080	9,135	<u>1/</u>
1969-----	116,345	12,550	3,990	9,434	400
1970-----	117,149	12,091	3,880	9,747	<u>1/</u>
1971-----	118,640	11,909	3,848	10,009	<u>1/</u>
1972-----	120,300	11,778	3,828	10,271	<u>1/</u>
1973 <u>2/--</u>	116,500	11,651	3,875	<u>3/</u> 8,639	<u>1/</u>

1/ Data not available.

2/ Preliminary.

3/ Production per cow for the period January-October 1973; the corresponding figure for January-October 1972 was 8,693.

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

Table 2.--Dairy products: U.S. milk production and whole-milk equivalent (fat-solids basis) of U.S. exports and imports for consumption, 1953-72, January-August 1972, and January-August 1973

Period	Exports				Imports				Export or import (-) balance
	Total milk production	Sales 1/	Donations 2/	Total 1/	Quantity	Ratio to total milk production	Quantity	Ratio to total milk production	
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Percent	Million pounds	Percent	Million pounds
Annual:									
1953	120,521	675	694	1,369	1.1	1.1	525	0.4	844
1954	122,294	707	1,340	2,047	1.7	1.7	441	.4	1,606
1955	123,045	919	5,743	6,662	5.4	5.4	458	.4	6,204
1956	124,860	1,432	4,797	6,229	5.0	5.0	514	.4	5,715
1957	124,628	1,028	1,675	2,703	2.2	2.2	661	.5	2,042
1958	123,220	757	2,047	2,804	2.3	2.3	507	.4	2,297
1959	121,989	651	503	1,154	.9	.9	578	.5	576
1960	123,109	755	21	776	.6	.6	604	.5	172
1961	125,707	645	10	655	.5	.5	760	.6	-105
1962	126,251	434	853	1,287	1.0	1.0	795	.6	492
1963	125,202	552	4,484	5,036	4.0	4.0	915	.7	4,121
1964	126,967	368	6,504	6,872	5.4	5.4	830	.7	6,042
1965	124,173	416	1,420	1,836	1.5	1.5	923	.7	913
1966	119,892	778	-	778	.6	.6	2,791	2.3	-2,013
1967	118,769	353	10	363	.3	.3	2,908	2.4	-2,545
1968	117,234	455	730	1,185	1.0	1.0	1,780	1.5	-595
1969	116,345	444	477	921	.8	.8	1,600	1.4	-679
1970	117,149	397	41	438	.4	.4	1,874	1.6	-1,436
1971	118,640	480	2,000	2,480	2.1	2.1	1,347	1.1	1,133
1972	120,300	3/	3/	1,481	1.2	1.2	1,684	1.4	-203
January-August 1972	92,430	3/	3/	1,293	1.4	1.4	1,000	1.1	293
January-August 1973	90,025	3/	3/	463	.5	.5	1,239	1.4	-756

1/ Includes some commercial sales subsidized by the Commodity Credit Corporation (CCC).

2/ Donations by CCC chiefly to relief agencies for shipment to overseas destinations.

3/ Not available.

4/ For January-September.

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

Table 3.--Milk: U.S. utilization of domestic output, 1953-73

Year	Manufactured dairy products										Grand total	Percent of total used for--	
	Fluid use 1/	Butter 2/	Cheese	Condensed and evaporated milk	Frozen products	Other 3/	Total	Butter	Cheese				
	Billion pounds	Billion pounds	Billion pounds	Billion pounds	Billion pounds	Billion pounds	Billion pounds	Billion pounds	Billion pounds	Billion pounds			
1953	55.0	32.4	13.3	6.2	7.8	2.5	62.2	117.2	28	11			
1954	56.2	32.9	13.8	6.1	7.7	2.3	62.8	119.0	28	12			
1955	57.5	31.2	13.6	6.3	8.2	3.0	62.3	119.8	26	11			
1956	58.7	31.5	13.7	6.4	8.5	2.9	63.0	121.7	26	11			
1957	59.2	31.4	13.5	6.2	8.4	3.0	62.5	121.7	26	11			
1958	58.7	31.7	12.7	5.6	8.8	3.0	61.8	120.5	26	11			
1959	58.5	30.3	12.6	5.7	9.4	2.8	60.8	119.3	25	11			
1960	58.3	30.7	13.4	5.4	9.5	3.3	62.3	120.6	25	11			
1961	57.4	32.9	14.9	5.4	9.6	3.1	65.9	123.3	27	12			
1962	57.7	34.0	14.4	5.0	9.7	3.1	66.2	123.9	27	12			
1963	58.4	31.5	14.8	5.0	9.8	3.5	64.6	123.0	26	12			
1964	58.7	31.9	15.7	5.0	10.2	3.3	66.1	124.8	26	13			
1965	58.8	29.0	15.8	4.6	10.4	3.5	63.3	122.1	24	13			
1966	58.6	24.0	16.7	4.6	9.1	4.9	59.3	117.9	20	14			
1967	56.9	26.4	17.2	4.1	9.4	2.8	59.9	116.8	23	15			
1968	56.3	25.1	17.4	3.9	11.0	1.7	59.1	115.4	22	15			
1969	55.3	23.8	17.7	3.8	11.0	3.0	59.3	114.6	21	15			
1970	54.2	24.1	19.5	3.3	11.0	3.3	61.2	115.4	21	17			
1971	53.9	24.0	20.9	3.2	11.1	4.0	63.2	117.1	21	18			
1972	54.2	22.9	23.1	3.0	11.2	4.1	64.3	118.5	19	19			
1973 4/	53.7	18.9	23.0	2.9	10.8	5.7	61.2	114.9	20	16			

1/ Does not include milk fed to calves but does include other milk consumed on farms.

2/ Includes farm and nonfarm butter.

3/ Includes dry whole milk, dry ice-cream mix, creamed cottage cheese, and other miscellaneous products.

4/ Preliminary.

Source: Compiled from official statistics of the U.S. Department of Agriculture, Economic Research Service, Dairy Section.

Table 4.--Butter, Cheddar cheese, nonfat dry milk, and all milk for manufacturing: U.S. market prices, Department of Agriculture support prices, and price-support objectives, marketing years 1953-72 and Mar. 15-Oct. 31, 1973

Year beginning Apr. 1--	Butter (grade A) at Chicago		Cheddar cheese		Nonfat dry milk: (spray process)		Milk for manufacturing		
	Market price	Price support	Market price (Wisconsin assembly points)	Price support	Market price (U.S. aver- age)	Price support	Market price (U.S. average)	Price-support objective	Per- cent of parity
	Cents per pound	Cents per pound	Cents per pound	Cents per pound	Cents per pound	Cents per pound	Cents per pound	Cents per pound	Cents per pound
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	<sup>1/</sup> 33.2	15.3	<sup>2/</sup> 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	<sup>3/4/</sup> 35.0	15.5	16.0	3.31	<sup>3/</sup> 3.25	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									
(1961)-----	60.6	<sup>5/</sup> 60.5	39.1	<sup>5/</sup> 34.2	14.7	<sup>5/</sup> 13.9	3.29	<sup>5/</sup> 3.22	80
Mar. 10-31 (1961)-----	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	<sup>6/</sup> 3.40	83
July 18-Mar. 31									
(1962)-----	60.5	60.5	37.2	36.5	16.0	16.4	3.39	<sup>6/</sup> 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	74
1964-----	59.1	58.0	36.8	35.6	14.6	14.4	3.30	3.15	74
1965-----	61.1	59.0	39.8	36.1	14.9	14.6	3.45	3.24	74
1966:									
Apr. 1-June 29-----	64.1	61.0	43.5	39.3	17.2	16.6	3.70	3.50	74
June 30-Mar. 31									
(1967)-----	69.1	66.5	49.2	43.8	20.1	19.6	4.24	4.00	89
1967-----	66.7	66.5	45.2	43.8	19.9	19.6	4.06	4.00	83
1968-----	66.9	66.4	48.3	47.0	23.3	23.1	4.30	4.28	83
1969-----	68.0	67.6	53.6	48.0	23.6	23.4	4.55	4.28	83
1970-----	69.9	69.8	55.3	52.0	27.3	27.2	4.76	4.66	83
1971-----	67.9	67.8	57.0	54.8	31.8	31.7	4.91	4.93	83
1972-----	68.3	67.7	61.1	54.8	35.2	31.7	5.21	4.93	74
1973:									
Mar. 15-Aug. 9-----	<sup>7/</sup> 61.8	60.9	<sup>7/</sup> 67.0	62.0	<sup>7/</sup> 45.0	37.5	<sup>7/</sup> 5.58	5.29	74
Aug. 10-Oct. 31-----	83.7	60.9	80.1	65.0	49.0	41.4	<sup>8/</sup> 6.43	5.61	83

<sup>1/</sup> Cheddar supported at 32.25 cents per pound from Apr. 1 to July 11, 1954.

<sup>2/</sup> Nonfat dry milk supported at 15 cents per pound from Apr. 1 to July 11, 1954.

<sup>3/</sup> Applies to the period Apr. 19, 1956-Mar. 31, 1957.

<sup>4/</sup> For the period Apr. 1-18, 1956, the support price was 34.0 cents per pound.

<sup>5/</sup> Increase required by Public Law 86-799.

<sup>6/</sup> 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; the new purchase prices of July 1961 more accurately reflected the \$3.40 price-support objective.

<sup>7/</sup> April-July.

<sup>8/</sup> August-September.

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

Table 5.--Butter, Cheddar cheese, and nonfat dry milk: U.S. Department of Agriculture and sec. 32 purchases, utilization (disposal), and uncommitted supplies, 1953-72 and January-September of 1971-73

(In millions of pounds)			
Commodity and period <u>1/</u>	Purchases <u>2/</u>	Utilization	Uncommitted supplies at end of year <u>3/</u>
Butter:			
1953-----	359	118	257
1954-----	320	313	264
1955-----	162	366	60
1956-----	165	225	0
1957-----	173	142	31
1958-----	184	208	7
1959-----	124	130	0
1960-----	145	129	16
1961-----	330	196	150
1962-----	403	259	294
1963-----	308	482	120
1964-----	266	368	18
1965-----	216	225	9
1966-----	<u>4/</u> 29	32	6
1967-----	259	128	137
1968-----	193	255	77
1969-----	188	223	33
1970-----	246	242	37
1971-----	324	328	33
1972-----	224	216	43
January-September--			
1971-----	279	170	144
1972-----	216	134	113
1973-----	98	125	<u>5/</u> 21
Cheddar cheese:			
1953-----	308	54	255
1954-----	276	196	335
1955-----	150	224	261
1956-----	188	303	146
1957-----	241	245	142
1958-----	80	215	3
1959-----	57	53	7
1960-----	<u>6/</u>	7	0
1961-----	124	70	54
1962-----	203	194	63
1963-----	120	164	19
1964-----	119	121	17
1965-----	39	56	<u>6/</u>
1966-----	<u>4/</u> 20	12	8
1967-----	182	133	57
1968-----	78	111	24
1969-----	<u>4/</u> 36	58	4
1970-----	43	47	0
1971-----	101	86	15
1972-----	21	36	0
January-September--			
1971-----	88	76	12
1972-----	21	35	0
1973-----	<u>7/</u> 3	4	0

See footnotes at end of table.

Table 5.--Butter, Cheddar cheese, and nonfat dry milk: U.S. Department of Agriculture and sec. 32 purchases, utilization (disposal), and uncommitted supplies, 1953-72 and January-September of 1971-73--Continued

(In millions of pounds)			
Commodity and period <u>1/</u>	Purchases <u>2/</u>	Utilization	Uncommitted supplies at end of year <u>3/</u>
Nonfat dry milk: <u>8/</u>			
1953-----	597	209	432
1954-----	649	1,000	97
1955-----	536	649	4
1956-----	724	726	32
1957-----	825	821	27
1958-----	783	765	45
1959-----	838	783	0
1960-----	873	696	177
1961-----	1,193	1,185	186
1962-----	1,300	972	314
1963-----	998	1,146	303
1964-----	677	977	66
1965-----	888	823	143
1966-----	367	433	64
1967-----	615	478	201
1968-----	625	582	246
1969-----	354	461	137
1970-----	447	560	29
1971-----	444	462	14
1972-----	298	352	0
January-September--			
1971-----	357	232	35
1972-----	301	180	23
1973-----	9/ 31	32	0

1/ Calendar year unless otherwise specified.

2/ On the basis of contracts made; some deliveries were made in the subsequent reporting period.

3/ The supplies at the end of a year do not always equal the supplies at the beginning, plus purchases, less utilization, owing to rounding of figures and purchase contract tolerance.

4/ Includes purchases for school lunches under sec. 709 of the Food and Agriculture Act of 1965.

5/ Estimated.

6/ Less than 0.5 million pounds.

7/ Includes 1 million pounds purchased under sec. 709 of the Food and Agriculture Act of 1965.

8/ Includes instant nonfat dry milk.

9/ Includes 21 million pounds purchased under sec. 709.

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



Table 6. --Butter, Cheddar cheese, and nonfat dry milk: U.S. production, U.S. Department of Agriculture price-support purchases, and ratio of purchases to production, 1953-72, January-September 1972, and January-September 1973

Commodity and period	Production	USDA price-support purchases	Ratio of purchases to production
	Million pounds	Million pounds	Percent
Butter:			
1953-----	1,412	359	25.4
1954-----	1,449	320	22.1
1955-----	1,383	162	11.7
1956-----	1,413	165	11.7
1957-----	1,414	173	12.2
1958-----	1,390	184	13.2
1959-----	1,334	124	9.3
1960-----	1,373	145	10.6
1961-----	1,484	330	22.2
1962-----	1,537	403	26.2
1963-----	1,420	308	21.7
1964-----	1,442	266	18.4
1965-----	1,325	216	16.3
1966-----	1,112	29	2.6
1967-----	1,225	259	21.1
1968-----	1,165	193	16.6
1969-----	1,118	188	16.8
1970-----	1,137	246	21.6
1971-----	1,144	324	28.3
1972-----	1,102	224	20.3
Jan.-Sept. 1972-----	871	216	24.8
Jan.-Sept. 1973-----	732	98	13.4
Cheddar cheese:			
1953-----	967	308	31.9
1954-----	970	276	28.5
1955-----	920	150	16.3
1956-----	889	188	21.1
1957-----	927	241	26.0
1958-----	883	80	9.1
1959-----	849	57	6.7
1960-----	894	3	.3
1961-----	1,020	124	12.2
1962-----	956	203	21.2
1963-----	965	120	12.4
1964-----	1,009	119	11.8
1965-----	1,007	39	3.9
1966-----	1,043	20	1.9
1967-----	1,103	182	16.5
1968-----	1,050	78	7.4
1969-----	1,058	36	3.4
1970-----	1,182	43	3.6
1971-----	1,225	101	8.2
1972-----	1,349	21	1.6
Jan.-Sept. 1972-----	1,297	21	1.6
Jan.-Sept. 1973-----	1,284	3	.2

Table 6.--Butter, Cheddar cheese, and nonfat dry milk: U.S. production, U.S. Department of Agriculture price-support purchases, and ratio of purchases to production, 1953-72, January-September 1972, and January-September 1973--Continued

Commodity and period	Production	USDA price-support purchases	Ratio of purchases to production
	Million pounds	Million pounds	Percent
Nonfat dry milk:			
1953-----	1,214	597	49.2
1954-----	1,334	649	48.7
1955-----	1,366	536	39.2
1956-----	1,490	724	48.6
1957-----	1,624	825	50.8
1958-----	1,710	783	45.8
1959-----	1,723	838	48.6
1960-----	1,819	873	48.0
1961-----	2,020	1,193	59.1
1962-----	2,230	1,300	58.3
1963-----	2,106	998	47.4
1964-----	2,177	677	31.1
1965-----	1,989	888	44.6
1966-----	1,595	367	23.0
1967-----	1,679	615	36.6
1968-----	1,594	625	39.2
1969-----	1,452	354	24.4
1970-----	1,444	447	31.0
1971-----	1,418	444	31.3
1972-----	1,223	298	24.4
Jan.Sept. 1972-----	1,031	301	29.2
Jan.Sept. 1973-----	800	31	3.9

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

Table 7.--Net Government expenditures on dairy support and related programs, fiscal years, 1953-72

Year beginning July 1	Net support purchases 1/	Military milk 2/	Section 32 3/	Section 709 4/	Export assistance 5/	Total (excluding special milk) 6/	Special milk program 6/
Million dollars							
1953-53	274.9	---	25.1	---	---	300.0	---
1953-54	400.4	---	74.0	---	---	474.4	---
1954-55	228.7	4.3	24.4	---	---	257.4	22.2
1955-56	237.9	7.3	39.0	---	---	284.2	48.2
1956-57	239.1	16.4	75.6	---	---	331.1	61.0
1957-58	205.9	30.4	123.7	---	---	360.0	66.7
1958-59	102.1	23.0	106.2	---	---	231.3	74.7
1959-60	159.5	23.6	35.1	---	---	218.2	81.2
1960-61	173.9	25.3	82.1	---	---	281.3	87.0
1961-62	539.0	25.9	47.1	---	---	612.0	91.7
1962-63	454.0	24.8	---	---	6.7	485.5	93.7
1963-64	311.7	26.5	4.4	---	36.5	379.1	97.1
1964-65	157.2	26.2	105.6	---	44.7	333.7	86.9
1965-66	26.1	---	38.7	---	3.8	68.6	97.0
1966-67	283.9	---	.9	14.2	18.4	317.4	96.1
1967-68	357.1	---	---	---	7.1	364.2	103.1
1968-69	268.8	---	45.4	---	13.1	327.3	101.9
1969-70	168.6	---	107.1	7.8	7.4	290.9	102.9
1970-71	315.4	---	91.6	3.2	11.6	421.8	91.8
1971-72	267.0	---	63.9	---	7.3	338.2	93.6
1972-73	135.8	---	15.4	.1	1.5	152.8	90.8

1/ CCC support purchases and related costs (for processing, packaging, transporting, and storing) of dairy products, less proceeds from sales. 2/ CCC reimbursements to U.S. military agencies, Veterans' Administration, and other participants. 3/ Expenditures of Section 32 funds to buy dairy products in the market and from CCC for school lunch and welfare uses. 4/ Purchases of dairy products at market prices under Section 709, Food and Agriculture Act of 1965, for domestic school lunch and welfare use. 5/ Value of Payment-in-kind certificates issued by CCC on exports of nonfat dry milk, butter, and other high-milkfat products, and CCC cost of exports under Title I, P.L. 480, of dairy products not originating in CCC stocks. 6/ Expenditures of CCC and Section 32 funds to increase milk consumption by children in schools, child-care centers, and similar institutions. 7/ Net receipt due to sales exceeding purchases. 8/ Receipt due to adjustment.

Source: U.S. Department of Agriculture.

Table 8.--Utilizations (commitments to programs) of nonfat dry milk acquired by the U.S. Department of Agriculture under the price-support program, 1968-72

(In millions of pounds)

Use	1968	1969	1970	1971	1972
Commercial sales:					
Domestic:					
Unrestricted-----	-	-	-	-	13.3
Restricted <u>1/</u> -----	4.4	4.8	6.6	<u>2/</u>	<u>2/</u>
Export-----	36.5	24.9	33.5	43.3	6.9
Noncommercial sales <u>3/</u> -----	79.7	16.8	28.4	35.7	63.7
Donations:					
Domestic-----	128.5	102.9	166.1	140.5	96.9
Foreign-----	331.7	311.4	324.3	241.7	131.1
Other <u>4/</u> -----	-.5	.3	.6	.6	.5
Total-----	580.3	461.1	559.5	461.8	312.4

1/ For use as animal feed.

2/ Less than 50,000 pounds.

3/ Virtually all for export to foreign governments and other agencies for school lunch, welfare, or similar uses.

4/ Donation to penal institutions and for research and other miscellaneous uses, and inventory adjustments.

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

Table 9.--Nonfat dry milk: Commercial sales, by end uses, 1968-72  
(In millions of pounds)

End use	1968	1969	1970	1971	1972
Dairy <u>1</u> /-----	292.8	289.5	286.2	304.7	330.7
Packaged for home use-----	281.5	310.9	271.2	231.8	224.2
Bakery-----	234.4	190.7	166.5	165.4	161.2
Prepared dry mixes---	78.8	105.0	98.2	95.3	89.9
Meat processing-----	50.2	45.9	34.6	43.9	33.3
Confectionery-----	24.6	20.4	15.0	22.4	26.9
Institutions-----	7.2	4.1	10.3	9.4	9.3
Soft drink bottlers--	3.1	6.1	5.6	5.6	5.6
Soup manufacturers---	5.1	4.1	4.7	14.0	4.6
Chemicals and pharmaceuticals----	1.0	1.0	1.9	1.0	.9
Animal feed <u>2</u> /-----	10.2	9.2	4.7	4.7	5.6
Other uses-----	34.8	32.6	36.4	36.4	34.2
Total-----	1,023.7	1,019.5	935.3	934.6	926.4

1/ Includes use for ice cream, cottage cheese

2/ Nonfat dry milk processed originally for human food.

Source: Compiled from Census of Dry Milk Distribution and Production Trends, a census conducted under the direction of the American Dry Milk Institute, Inc., Chicago, Ill.

Table 10.--Nonfat dry milk: U.S. production, imports for consumption, exports, yearend stocks, and commercial consumption, 1953-72, January-September 1972, and January-September 1973

Period	Pro- duction	Im- ports <sup>1/</sup>	Exports	Yearend stocks	Commer- cial consump- tion <sup>2/</sup>	Ratio of exports to pro- duction
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Percent
1953-----	1,214	<u>2/</u>	175	540	646	14
1954-----	1,334	1	257	324	672	19
1955-----	1,366	2	528	250	809	39
1956-----	1,490	1	644	201	777	43
1957-----	1,624	2	667	223	801	41
1958-----	1,710	2	671	243	821	39
1959-----	1,723	2	663	157	944	38
1960-----	1,819	1	447	383	1,000	25
1961-----	2,020	2	761	488	963	38
1962-----	2,230	1	872	675	944	39
1963-----	2,106	2	1,119	487	924	53
1964-----	2,177	2	1,311	174	969	60
1965-----	1,989	1	863	154	931	43
1966-----	1,595	3	388	118	1,024	24
1967-----	1,679	1	434	257	986	26
1968-----	1,594	2	397	278	1,031	24
1969-----	1,452	2	329	222	1,040	23
1970-----	1,444	2	416	138	960	29
1971-----	1,418	2	348	90	958	25
1972-----	1,223	2	282	45	899	23
Jan.-Sept--						
1972-----	1,031	<u>3/</u>	<u>4/</u> 282	<u>5/</u> 105	718	27
1973-----	800	231	<u>4/</u> 15	<u>5/</u> 85	958	2

<sup>1/</sup> Imports entered under absolute quota pursuant to sec. 22 of the Agricultural Adjustment Act, as amended.

<sup>2/</sup> Does not include any surplus product removed from the market under Government programs.

<sup>3/</sup> Less than 0.5 million pounds.

<sup>4/</sup> January-August.

<sup>5/</sup> Stocks on Sept. 31.

Source: Production, imports (except January-September 1972 and January-September 1973), and stocks compiled from official statistics of the U.S. Department of Agriculture; exports and imports for January-September 1972 and January-September 1973 compiled from official statistics of the U.S. Department of Commerce.

Table 11.--Nonfat dry milk: Commercial (manufacturers') and Government-owned stocks as of end of month, 1968-72 and January-September 1973

Year and stocks	(In thousands of pounds)											
	January	February	March	April	May	June	July	August	September	October	November	December
1968:												
Commercial--	83,017	79,170	77,044	89,730	118,999	147,678	140,878	126,962	106,317	85,533	74,852	79,047
Government-												
owned-----	166,355	185,746	193,186	202,383	207,334	228,755	256,609	253,772	232,821	202,686	196,633	198,716
Total-----	249,372	264,916	270,230	292,113	326,333	376,433	397,487	380,734	339,138	288,219	271,485	277,763
1969:												
Commercial--	71,563	68,171	64,128	78,622	112,091	140,955	154,372	150,890	130,529	107,935	90,163	83,913
Government-												
owned-----	202,213	211,102	205,330	183,700	193,810	203,671	229,611	231,524	209,105	187,669	171,594	137,787
Total-----	273,776	279,273	269,458	262,322	305,901	344,626	383,983	382,414	339,634	295,604	261,757	221,700
1970:												
Commercial--	77,280	75,608	76,641	96,076	136,215	155,860	156,941	161,112	139,446	118,074	101,236	95,346
Government-												
owned-----	98,332	86,080	79,298	65,634	66,692	66,357	57,175	64,503	70,518	49,881	49,755	42,569
Total-----	175,612	161,688	155,939	161,710	202,907	222,217	214,116	225,615	209,964	167,955	150,991	137,915
1971:												
Commercial--	87,060	97,377	74,353	99,553	134,309	151,121	152,525	143,025	107,165	100,842	85,063	77,605
Government-												
owned-----	39,382	10,729	14,099	14,113	14,549	29,092	48,565	40,681	55,293	48,872	19,568	12,526
Total-----	126,442	108,106	88,452	113,666	148,858	180,213	201,090	183,706	162,458	149,714	104,631	89,331
1972:												
Commercial--	76,282	63,817	62,132	78,364	97,073	106,687	107,427	86,343	64,679	47,907	34,889	37,928
Government-												
owned-----	8,705	12,738	15,129	14,003	15,513	25,630	40,432	48,605	40,203	19,863	14,559	6,929
Total-----	84,987	76,555	77,261	92,367	112,586	132,317	147,859	134,948	104,882	67,770	49,448	44,857
1973:												
Commercial--	34,446	36,899	38,261	56,791	75,441	96,583	91,014	88,795	84,730	-	-	-
Government-												
owned-----	5,661	1,260	167	110	0	0	0	0	0	-	-	-
Total-----	40,107	38,159	38,428	56,901	75,441	96,583	91,014	88,795	84,730	-	-	-

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

Table 12.--Nonfat dry milk: U.S. production, market prices,<sup>1/</sup> and U.S. Department of Agriculture support prices, by months, 1968-73

Year and item	(Production in thousands of pounds, prices in cents per pound)												Total or average				
	January	February	March	April	May	June	July	August	September	October	November	December					
1968:																	
Production-----	125,050	126,056	142,956	165,594	191,018	189,460	152,222	119,452	89,401	88,815	89,356	114,983	1,594,363				
Market price-----	20.50	20.50	20.40	24.00	24.00	23.80	23.80	23.80	23.80	23.80	23.80	23.80	23.00				
Support price ef-																	
fective Apr. 1--	19.60	19.60	19.60	23.10	23.10	23.10	23.10	23.10	23.10	23.10	23.10	23.10	22.23				
Market price above:																	
support price----	.90	.90	.80	.90	.90	.70	.70	.70	.70	.70	.70	.70	.78				
1969:																	
Production-----	117,604	114,207	129,260	147,216	175,717	176,495	140,367	113,000	83,629	79,592	72,444	102,747	1,455,278				
Market price-----	23.80	23.80	23.80	23.80	23.80	23.80	23.80	23.80	23.90	23.90	23.90	23.90	23.80				
Support price ef-																	
fective Apr. 1--	23.10	23.10	23.10	23.35	23.35	23.35	23.35	23.35	23.35	23.35	23.35	23.35	23.29				
Market price above:																	
support price----	.70	.70	.70	.45	.45	.45	.45	.45	.55	.55	.55	.55	.55				
1970:																	
Production-----	104,331	104,116	128,356	139,586	171,234	169,508	141,386	117,685	88,174	89,551	81,524	108,909	1,444,360				
Market price-----	23.80	23.80	24.60	27.80	27.70	27.70	27.70	27.70	27.70	27.70	27.70	27.70	26.80				
Support price ef-																	
fective Apr. 1--	23.35	23.35	23.35	27.20	27.20	27.20	27.20	27.20	27.20	27.20	27.20	27.20	26.24				
Market price above:																	
support price----	.45	.45	1.25	.60	.50	.50	.50	.50	.50	.50	.50	.50	.56				
1971:																	
Production-----	108,949	106,683	125,269	142,465	164,414	171,119	137,530	116,690	86,825	86,813	78,546	93,146	1,417,649				
Market price-----	27.70	27.60	27.60	32.00	32.00	32.00	32.00	31.70	31.50	31.50	31.50	31.60	30.72				
Support price ef-																	
fective Apr. 1--	27.20	27.20	27.20	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	30.58				
Market price above:																	
support price----	.50	.40	.40	.30	.30	.30	.30	0	-.20	-.20	-.20	-.10	.15				
1972:																	
Production-----	95,505	99,729	115,859	130,156	151,330	155,320	121,162	92,356	69,113	63,618	57,219	72,089	1,223,456				
Market price-----	31.70	31.70	31.70	31.60	31.60	31.60	31.60	31.70	32.20	34.40	36.30	38.50	32.88				
Support price ef-																	
fective Apr. 1--	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70				
Market price above:																	
support price----	0	0	0	-.10	-.10	-.10	-.10	0	.50	2.70	4.60	6.80	1.18				
1973:																	
Production-----	85,154	79,902	95,071	97,347	121,514	118,995	87,105	63,999	51,056	49.50	49.50	49.50	32.88				
Market price-----	39.00	39.00	41.90	44.30	44.90	44.90	45.05	48.50	49.50	49.50	49.50	49.50	32.88				
Support price ef-																	
fective Apr. 1--	31.70	31.70	34/37.50	37.50	37.50	37.50	37.50	41.40	41.40	41.40	41.40	41.40	31.70				
Market price above:																	
support price----	7.30	7.30	4.40	6.80	7.40	7.40	7.55	7.10	8.10	8.10	8.10	8.10	1.18				

1/ For 50-pound bags of high-heat powder, f.o.b. Wisconsin shipping points.

2/ The price changed from 44.90 cents to 45.50 cents on July 27.

3/ Nov. 2.

4/ The increased support price was effective Mar. 15, 1973; for the entire month, the market price averaged 6.8 cents per pound above the average support price.

5/ The support price changed Aug. 10, 1973.

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



Table 13.--Nonfat dry milk: Exports of major suppliers, 1968-72

(In millions of pounds)

Country	1968	1969	1970	1971	1972
New Zealand-----	248.1	277.7	288.5	303.2	<u>1/</u> 385.0
Canada-----	126.7	238.3	297.2	240.4	114.5
Australia-----	97.2	105.2	120.5	101.2	92.9
EC:					
West Germany-----	14.1	5.9	94.4	153.6	47.1
France-----	322.9	70.9	180.6	85.6	60.1
Belgium-Luxembourg---	103.2	45.3	104.9	41.5	84.8
United Kingdom-----	21.3	32.6	29.5	47.8	79.6
Denmark-----	42.0	44.2	37.3	43.7	55.2
Ireland-----	<u>2/</u>	21.9	26.2	39.7	27.8
Netherlands-----	<u>72.2</u>	<u>64.8</u>	<u>49.8</u>	<u>20.4</u>	<u>13.1</u>
EC total-----	<u>575.7</u>	<u>285.6</u>	<u>522.7</u>	<u>432.3</u>	<u>368.3</u>
Other countries (except:					
United States)-----	27.6	9.3	.1	-	-
United States-----	396.8	329.4	416.1	357.6	282.5
Grand total-----	<u>1,472.1</u>	<u>1,245.5</u>	<u>1,645.1</u>	<u>1,434.7</u>	<u>1,243.2</u>

1/ Figure is for year ending June 30 of following year.

2/ Not available.

Source: Compiled from official statistics of the U.S. Department of Agriculture, Foreign Agricultural Service.

Table 14.--Nonfat dry milk stocks in major producing and exporting countries, 1972 and 1973

Country	Date	1972	1973	Percentage change, 1973 over 1972
		Million Pounds	Million Pounds	Percent
Belgium-----	June 30	-	14.5	-
France-----	June 1	210.3	397.9	+89.2
Germany-----	July 1	-	95.5	-
Netherlands-----	July 31	117.2	115.0	-1.9
Denmark-----	July 1	-	19.8	-
Ireland-----	Aug. 1	-	66.1	-
United Kingdom---	July 1	55.6	115.7	+108.1
EC total ----		383.1	824.5	115.2
Canada-----	Aug. 1	123.5	95.0	-23.1
Austria-----	July 1	12.0	13.2	+10.0
Norway-----	July 1	3.1	4.0	+29.0
Sweden-----	July 1	22.0	39.7	+80.4
Switzerland-----	June 1	17.3	21.1	+22.0
Australia-----	July 1	30.8	80.6	+161.7
New Zealand-----	June 1	162.7	187.6	+15.3
Grand total--		754.5	1,285.9	70.4

Source: Compiled from official statistics of the U.S. Department of Agriculture, Foreign Agricultural Service, Dairy and Poultry Division, Commodity Analysis Branch.

Table 15.--Milk cows on farms, calves slaughtered under Federal inspection, and veal production in the United States, 1965-72

Year	Milk cows on farms on Jan. 1	Calves and vealers slaughtered under Federal inspection	Veal production Million pounds
	Thousands	Thousands	
1965-----	16,981	5,076	1,020
1966-----	15,973	4,432	911
1967-----	15,129	4,002	792
1968-----	14,456	3,876	735
1969-----	13,821	3,637	673
1970-----	13,303	3,024	588
1971-----	11,908	2,807	546
1972-----	11,773	2,421	458

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

Table 16.--Milk replacers and milk-replacer bases: U.S. imports for consumption, by sources, 1968-72 and Jan. 1-Nov. 2, 1973

(In thousands of pounds)

Source	1968	1969	1970	1971	1972	Jan. 1- Nov. 2, 1973
Ireland-----	2,393	8,456	24,511	11,812	9,940	11,933
New Zealand-----	1	1,152	2,924	-	2,022	2,733
Australia-----	-	85	87	-	-	56
United Kingdom-----	-	-	-	-	185	1
Canada-----	5	-	-	-	-	-
Total-----	2,399	9,693	27,522	11,812	12,147	14,023

Source: Data for 1968-70 compiled from consumption entry documents; data for 1971-72 and Jan. 1-Nov. 2, 1973, compiled from official statistics of the U.S. Department of Commerce.

