

UNITED STATES TARIFF COMMISSION

CHEDDAR CHEESE

Report to the President
on Investigation No. 22-39
Under Section 22 of the
Agricultural Adjustment Act, as Amended



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UNITED STATES TARIFF COMMISSION

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REPORT TO THE PRESIDENT

U.S. Tariff Commission,
March 8, 1974

To the President:

Pursuant to your request of January 2, 1974, 1/ the U.S. Tariff Commission has completed an investigation 2/ under subsection (d) of section 22 of the Agricultural Adjustment Act, as amended (7 U.S.C. 624), with respect to Cheddar cheese and cheese and substitutes for cheese containing, or processed from, Cheddar cheese (hereinafter referred to as Cheddar cheese). The purpose of the investigation was to determine whether 100,000,000 pounds of the aforementioned articles, described in item 950.08A of part 3 of the appendix to the Tariff Schedules of the United States (TSUS), may be imported into the United States during a temporary period beginning January 3, 1974, and ending March 31, 1974, in addition to the annual quota-quantity specified for such articles (10,037,500 pounds), 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. 3/

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

2/ Public notice of the Commission's sec. 22 investigation (No. 22-39), issued Jan. 7, 1974, is reproduced in app. B. 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 Jan. 10, 1974 (39 F.R. 1547), and in the Jan. 30, 1974, issue of the Customs Bulletin. A public hearing was held on Jan. 29, 1974; all interested parties were afforded opportunities to produce evidence and to be heard.

3/ Presidential Proclamation 4258 providing for the special additional import quota of 100,000,000 pounds of Cheddar cheese is reproduced in app. C.

The report of the Commission on the aforementioned matter, including its findings and recommendation, is submitted herewith. The information contained in this report was obtained from evidence submitted at the public hearing, briefs, industry sources, other Government agencies, and the Commission's files.

Findings 1/

On the basis of the investigation, the Commission (Commissioner Young dissenting) finds that the importation of 100,000,000 pounds of Cheddar cheese and cheese and substitutes for cheese containing, or processed from, Cheddar cheese into the United States during the period beginning January 3, 1974, and ending March 31, 1974, in addition to the annual quota quantity specified for such articles under item 950.08A of the Tariff Schedules of the United States, as provided for in Presidential Proclamation 4258 of January 2, 1974, will not 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.

Commissioner Young finds that the importation of 100,000,000 pounds of Cheddar cheese and cheese and substitutes for cheese containing, or processed from, Cheddar cheese into the United States during the period beginning January 3, 1974, and ending March 31, 1974, in addition to the annual quota quantity specified for such articles under item 950.08A of the Tariff Schedules of the United States, as provided for in Presidential Proclamation 4258 of January 2, 1974, will tend to render ineffective the price-support program now conducted by the Department of Agriculture for milk.

Recommendation

The Commission (Commissioner Young dissenting) recommends that no change be made in the additional quota provided for by Presidential Proclamation 4258.

1/ Commissioner Leonard did not participate in the decision.

Statement of Chairman Bedell, Vice Chairman Parker,
Commissioner Moore, and Commissioner Ablondi 1/

Pursuant to emergency action taken by the President (Proclamation 4258) under section 22(b) of the Agricultural Adjustment Act, as amended, a temporary quota was established to permit additional imports of 100,000,000 pounds of Cheddar cheese for the period beginning January 3, 1974, and ending March 31, 1974, in addition to imports under the regular annual quota (10,037,500 pounds). The purpose of this investigation (No. 22-39) is to determine whether the aforementioned 100,000,000 pounds of Cheddar cheese, may be imported into the United States 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.

U.S. imports of Cheddar cheese have been subject to an annual quota under section 22 of the Agricultural Adjustment Act, as amended, since mid-1955. The regular annual quota established for Cheddar in 1953 was 2,780,100 pounds. On March 31, 1966, via emergency action

1/ Commissioner Ablondi believes that the Tariff Commission has a continuing responsibility to undertake periodic reviews of developments respecting imports of all dairy products, and report to the President whether the annual import restrictions should be increased or decreased from time to time as changes occur in the domestic market, provided that any such modification will not "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."

under section 22(b) of the Agricultural Adjustment Act, as amended, the President increased the quota to 3,706,800 pounds for the year ending June 30, 1966. When the President requested the Commission to report on the emergency increase in the Cheddar cheese quota in March 1966, he asked for additional determinations concerning enlargement of the annual quota for subsequent years. Effective June 30, 1967, following the Commission's report in response to that request, the President increased the annual quota to 10,037,500 pounds; this amount is the current regular annual quota. For the period April 25-July 31, 1973, an additional temporary quota for Cheddar cheese amounting to 9,235,500 pounds was established following an investigation and report to the President by the Tariff Commission under section 22.

Imports under the 100,000,000 pound temporary quota for Cheddar cheese established by the President for the period January 3, 1974, through March 31, 1974, were permitted to enter into the United States in addition to imports under the regular annual quota. Imports under the additional temporary quota began January 3, 1974 and by February 28, 1974 the quota was 60 percent filled.

Cheddar cheese accounts for about 50 percent of the U.S. consumption of cheese made from whole milk. Although U.S. market prices for Cheddar cheese have risen significantly in recent years, U.S. commercial consumption of Cheddar cheese has increased at an average annual rate of about 5 percent; per capita consumption has increased by 7 percent.

Because of the strong commercial demand for Cheddar cheese, the quantities required to be purchased by the Department of Agriculture under the price-support program for milk have declined in recent years. In 1973, only 2 million pounds of Cheddar cheese were purchased by the Department under the price-support program, the smallest amount of Cheddar purchased under the program since section 22 quotas became effective in mid-1953. These purchases, which were made in March of 1973, consisted of processed Cheddar cheese for which the Department of Agriculture paid a differential (for processing and packaging) of 6.5 cents per pound above the announced support price for natural Cheddar cheese. This cheese was all committed at the time of purchase for donation to domestic needy families. For practical purposes, the Department of Agriculture has had no uncommitted supplies of Cheddar cheese since July of 1972.

Since March of 1973, the Department of Agriculture has not purchased any Cheddar cheese under the price-support program. Furthermore, at the Commission's public hearing on this investigation, the Department testified that it does not expect to purchase any Cheddar cheese under the price-support program in 1974.

As larger amounts of the U.S. production of Cheddar cheese have been consumed by the commercial market in recent years, expenditures by the Government for cheese under the price-support program for milk have declined sharply. In the year beginning July 1, 1972 such expenditures amounted to only \$9 million, compared with \$45 million in the year beginning July 1, 1971, and \$38 million in the year beginning July 1, 1970.

In response to the strong demand for Cheddar cheese--which has reflected growing consumption--U.S. production has increased in recent years, reaching a record level of 1,316 million pounds in 1973. While the production trend for Cheddar cheese has remained upward and consumption has increased, the market price for Cheddar cheese has also increased. Since mid-1973, the increase in the price of Cheddar cheese has been rapid and substantial. By February 28, 1974, the market price for Cheddar cheese (91.25 cents per pound) exceeded the support price of 65.00 cents per pound by a record amount of 26.25 cents.

Commercial stocks at the end of December 1973, and even at the end of January 1974 (after some 23 million pounds of the additional imports had been entered), were substantially larger than in comparable periods of the past few years. The imported cheese, meanwhile, had largely been purchased by processors, who also own sizable amounts of the comparatively large commercial stocks, at prices equivalent to, and in some cases when the cheese was first imported, greater than the price of domestic cheese. It is not unusual for processors to carry large inventories in periods of strong market demand.

During this investigation virtually no objection was offered to the Commission concerning the additional imports of 100,000,000 pounds of Cheddar cheese, as authorized in Presidential Proclamation 4258 of January 2, 1974. Moreover, a survey made in the first part of February 1974, about a month after the additional quota had been in effect, indicated that the imported cheese was moving readily into U.S. market channels.

It is clear from the foregoing facts that the persistently strong upward trend in the commercial demand for Cheddar cheese in the United States will continue for some time as evidenced by (a) rapidly increasing commercial consumption, (b) virtually no purchases of Cheddar cheese by the Department of Agriculture under its price-support program for about a year and the Department's expectation--presented at the hearing on this investigation--that it will not purchase any cheese under the price-support program in 1974, and (c) a continuation in the strong upward trend of market prices, which are substantially above support prices.

On the basis of the aforementioned facts we have concluded that the additional imports of 100,000,000 pounds of Cheddar cheese permitted under the temporary quota provided for in Presidential Proclamation 4258, will not 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.

Statement of Commissioner Young

Under present law the market price of a number of agricultural commodities is required to be supported by the Secretary of Agriculture. The amount of discretion delegated to the Secretary in setting the price-support level varies with different commodities. 1/ Milk is one of the commodities for which price support is mandatory.

At the outset, I would like to clear up the apparent confusion between purchase-price levels for dairy products and the price-support program for milk, and to establish that a conclusion on "interference" pursuant to Section 22 with the purchase-price levels of dairy products does not necessarily imply a conclusion on "interference" with the milk price-support program.

The Agriculture and Consumer Protection Act of 1973 requires the Secretary of Agriculture to support the price of milk at such level as he determines necessary in order to:

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

except that the price-support level may not be less than 80 percent 2/ nor more than 90 percent of parity. Prior to the 1973 Act the only

1/ In the case of wheat, price support is to be made available at such level as the Secretary of Agriculture determines appropriate, but not less than \$1.37 a bushel. In the case of cotton the law provides that the loan level is 90 percent of the average world price with adjustments to prevent an adverse effect on the competitive position of the United States cotton.

2/ The minimum level of support reverts to 75 percent of parity on April 1, 1975.

standard was that the support be set at a level to assure an adequate supply of milk with the minimum being 75 percent of parity and the maximum 90 percent.

Pursuant to the Agricultural Act of 1970, the Secretary of Agriculture is required to support the price of milk through purchases of milk and milk products but without any specification as to the level of support for the individual products of milk. Prior law had required the Secretary to support whole milk, butterfat, and the products of such commodities individually at levels between 75 and 90 percent of parity therefor. This means that since 1970 the Secretary is permitted to set the purchase price of cheese at more than 90 percent of parity while the purchase price of butter and nonfat dry milk may be less than 75 percent of parity and vice versa, so long as he determines that the purchase price of all the products will achieve the price-support level for milk. Accordingly, simply comparing the purchase price of Cheddar cheese with the market price of that product is to take a narrow simplistic approach because it does not deal with the effect of imports on the supply of milk, the reflection of changes in cost of production, or the level of farm income. Accordingly, comparing the market price and purchase price of cheese is not sufficient to comply with the Presidential directive to the Commission to determine whether there is "interference" with the price-support program for milk now conducted by the Department of Agriculture.

Period under investigation

Before a determination can be made of whether there is "interference" with "the price-support program now conducted by the Department of Agriculture for milk", it is necessary to ascertain what period of time is to be considered applicable to this investigation.

This investigation involves the effect of 100,000,000 pounds of Cheddar cheese authorized to be imported during the period beginning January 2 and ending March 31, 1974. Traditionally the new marketing year for milk begins on April 1 of each year, at which time a new price-support level for milk becomes effective. In my opinion the setting of a new level of price-support does not constitute a new program. Clearly one must consider the effects on the market of the additional 100,000,000 pounds of imported Cheddar cheese regardless of when such effects occur. The facts developed in this investigation make it clear, in my judgment, that a very substantial part of the imported cheese will be entering the channels of trade after March 31 with its impact on the market coming during the new marketing year. It seems, therefore, illogical to limit the determination of the effect of the cheese imports on the milk price-support program to the period when imports are authorized which ends March 31. Accordingly, I have concluded that the period for measuring the effects of the imported cheese will run well beyond April 1, perhaps through most of the current calendar year. Support for this view is found in the recent Commission report on Wheat and Milled Wheat Products: Interim Report to the President on Investigation 22-38 . . ., TC Publication 643, 1974.

The genesis of that investigation was a letter from the President directing the Tariff Commission to determine whether the termination or suspension of wheat quotas would interfere with the wheat price-support program "now conducted by the Department of Agriculture." In that interim report, the Commission recommended that the import quotas on wheat and milled wheat products be suspended until June 30, 1974. The new marketing year for wheat begins July 1, at which time a new price support level for wheat traditionally becomes effective. The fact that the Commission stated in the interim report that an additional final report would follow shows that in the case of wheat, the Commission implicitly reached a similar conclusion as I am now reaching in the case of cheese with respect to the meaning of the "price-support program now conducted by the Department of Agriculture."

Effect of imports of Cheddar cheese

In determining the effect of the importation of 100m000,000 pounds of additional Cheddar cheese from January 1 to March 31, 1974 on the price-support program for milk, it is necessary to evaluate the conditions existing in the market place for manufacturing milk and the length of time required for the market to fully absorb the additional imports.

On January 1, 1974 a substantial quantity of butter and butter oil, (particularly the latter) imported in November and December 1973 pursuant to Presidential Proclamation No. 4253 had not been consumed. In addition, on March 5, an additional 150,000,000 pounds of nonfat dry milk was authorized to be imported through June 30, 1974, thereby increasing the U.S. supply of nonfat milk during that period by almost one-third.

This is equivalent to about 1-3/4 billion pounds additional supply of manufacturing milk on the U.S. market (from imports) during the four-month period. Moreover, the 100,000,000 pounds of additional Cheddar cheese (subject to this investigation) imported during the first quarter of 1974 (a three-month period) will add about 30 percent to the supply of Cheddar cheese, which is equivalent to further increasing the supply of manufacturing milk during that period by an additional one billion pounds. Thus the effect of the imports of cheese and non-fat dry milk is equivalent to adding about five percent to the quantity of milk used annually for manufacturing purposes. The impact of such imports will be much greater than the absolute quantity would indicate since the imports of cheese and nonfat dry milk will be concentrated during three or four months and just prior to or during the period of seasonally high milk production. Moreover, the impact of the butter and butter oil imported in November and December 1973, which will be in the channels of trade in 1974, will still be overhanging the market.

At the hearing held in connection with this investigation a Department of Agriculture witness testified that the introduction of the 100,000,000 pounds of cheese into the U.S. market in addition to the unused imported butter would result in the price of milk being lower than would have been the case in the absence of such imports. 1/ The witness also testified that the milk-feed ratio 2/ would be lower

1/ Transcript of hearing, pp.64 and 65.

2/ The milk-feed ratio is the number of pounds of mixture of feeds fed to dairy cows which can be purchased with the money received from the sale of one pound of milk.

(assuming no change in feed prices) than otherwise, thereby adversely affecting milk production. The authorization of the 150,000,000 pounds of additional nonfat dry milk imports subsequent to the hearings will obviously have a further bearish effect on the price of milk and consequently a depressing effect on the milk-feed price ratio.

The milk-feed ratio in the north central area of the United States, where most of the manufacturing milk is produced, dropped from 1.54 in January 1974 to 1.49 in February. In November 1973, before the increase in butter and Cheddar cheese imports, the milk-feed ratio was 1.70 in the north central area. Dairy specialists generally agreed that a pound of milk must buy 1.6 to 1.8 pounds of feed if milk production is to be increased.

The reduction in the milk-feed ratio in the north central area from 1.70 in November 1973 to 1.49 in February 1974 shows that the price of milk lost ground significantly in its relationship with the price of dairy feed, strongly indicating that the price of milk is not reflecting changes in the cost of production and that the production of milk is more likely to decline than to increase, further aggravating the supply situation. The market price of milk is a higher percentage of the parity price of milk than it has been in recent years, but the parity formula was not established to reflect the cost of producing milk. Rather it is a measurement of the relationship of all farm prices to prices paid by all farmers for family living and production items plus interest, taxes and wage rates. The milk-feed ratio is a more direct reflection of the relationship between milk prices and the cost of producing milk.

In 1973 the U.S. dairy situation changed from a long-time surplus position to one of deficit. Although price supports were designed to provide a floor for market prices, the price-support level for practical purposes becomes the market price and acts in effect as a ceiling during periods of surplus production. During periods when demand at the price-support level exceeds supply, prices rise above the support level until they reach supply-demand equilibrium. Such a condition now exists with respect to milk.

Recognizing that the responsibility for setting the level of price support for milk rests with the Secretary of Agriculture and not with the Tariff Commission, it is nevertheless necessary to consider what that level might be on April 1 (about three weeks) in making a determination concerning the effect of imports on the price-support program within the statutory criteria of Section 22. Since the support level for milk under present law must be set between 80 and 90 percent of parity, it can be expected, based upon the February 1974 report of the Department of Agriculture that the support level will be somewhere between \$6.45 and \$7.25 per hundredweight compared with the current level of \$5.61 per hundredweight. Based on current conditions it is virtually certain that the market price for milk will initially exceed the new support price level. Even so, the greatly increased price-support level for milk will have the effect of encouraging milk production in the coming year, but the importation of substantial amounts of dairy products will tend to offset this effect.

In my judgment, opening up the U.S. market to foreign produced dairy products as a means of imposing price restraints on milk is analogous to rolling back the price of gasoline under current conditions. The Administration opposes the latter, as distasteful as are the current high prices, in order that increased production of oil might follow. The effort to roll back the price of Cheddar cheese and nonfat dry milk solids by a 30-percent increase in the supply of each during the importing period will inevitably discourage production of milk. This will tend to nullify the effect the increase in the milk support price will have on increasing milk production and virtually assure that there will not be an adequate supply of milk to meet current needs. This is reinforced by the relatively low level of the milk-feed ratio compared with the level required to reflect the increase in production costs and to encourage the increased production needed to meet current needs. In the same manner that rolling back the price of gasoline would tend to render ineffective the program designed to assure an adequate supply of oil to meet current needs, it is my considered judgment that the importation of 100,000,000 pounds of Cheddar cheese will tend to render ineffective the price-support program for milk.

Addendum

In connection with the discussion of the price-support program for milk on pages A-8 to A-9 of the accompanying report, Commissioner Young makes the following observation:

Based on the latest statistics on parity prices published by the Department of Agriculture (February 1974) and assuming that the price-support level for manufacturing milk is set at 90 percent of parity effective April 1, 1974, the approximate purchase price for butter would be 67-1/2 cents per pound, for nonfat dry milk, 60 cents per pound and Cheddar cheese, 80 cents per pound, if the current relationship between the purchase prices of these products were maintained. If these conditions prevailed the purchase price of butter and nonfat dry milk would be above the current market price for these products. Accordingly, it is almost certain that the price of butter and nonfat dry milk would be forced up above their current levels and that the Department of Agriculture would be required to purchase butter and nonfat dry milk. This would encourage increased butter and nonfat dry milk production, thereby making less milk available for the production of cheese. Otherwise cheese producers would be required to pay more for their milk, causing cheese prices to rise.

INFORMATION OBTAINED IN THE INVESTIGATION

Description and Uses of Cheddar Cheese

Cheddar cheese, a natural cheese made from cow's milk, 1/ is made and used so widely in the United States that it is often referred to as "American" cheese, which term, however, is also used to identify the other varieties of cheese competitive therewith in the major U.S. market for Cheddar (i.e., in pasteurized process American cheese). 2/ Cheddar, which accounts for about 80 percent of the annual U.S. production of cheeses of the "American" type, is the only cheese subject to this investigation.

About half of the U.S. production of Cheddar is used to make pasteurized process American cheese. Inasmuch as most "process" Cheddar is generally not sharp in flavor, it is made largely from natural Cheddar that has been aged not more than 60 days (often called "fresh" cheese) and produced from either pasteurized or heat-treated milk. Some Cheddar aged for longer periods is also sometimes used in processing, however, inasmuch as it imparts flavor to the process cheese.

The bulk of the remaining half of the U.S. production of Cheddar cheese is consumed as natural cheese for table use, but some is used as an ingredient in foods such as soup and crackers. Virtually all of the cheese used for these purposes is made from either heat-treated or raw (unpasteurized) milk. Such natural Cheddar, often called "aged" cheese

1/ Natural cheese is cheese first produced directly from milk, whereas a process cheese is any such natural cheese which has been further processed by heating, emulsifying, and stirring into a plastic mass (21 CFR 19.750).

2/ Only Cheddar, Colby, washed curd, and granular cheeses are eligible to be used in making pasteurized process American cheese (21 CFR 19.750).

insofar as domestic cheese is concerned, is aged for periods which generally vary from 4 to 16 months (depending upon the flavor desired); that cheese is, therefore, sharper in flavor than fresh Cheddar.

A large part of the Cheddar produced in the United States is made in 500-pound, plastic-lined, barrel-shaped, steel containers. Such cheese, commonly called barrel Cheddar, is especially adapted for processing, inasmuch as labor costs are lower and cheese wastes are smaller than when the smaller size cheeses are processed. The remainder of the output is generally made into loaves (blocks or wheels) that vary in weight from several pounds each (known by names such as longhorns, daisies, and twins) to about 60 pounds each. The bulk of this output of Cheddar cheese is made in the form of 40- to 60-pound blocks.

Virtually all of the U.S. imports of Cheddar from New Zealand, the principal supplier under the regular annual quota, have consisted of fresh cheese, made from pasteurized milk, in 44- to 55-pound blocks, for processing. Imports from Canada, which account for the bulk of the remainder of the entries under the regular annual quota, consist predominantly of aged, sharp cheeses, made from raw milk, for table use. They generally consist of 3- to 5-pound circles, 6- to 8-ounce plastic-wrapped bars, or 70- to 80-pound wheels.

U.S. Quotas on Cheddar Cheese

The regular annual quota

Cheddar cheese was one of the four cheeses, among certain other dairy products, made subject to quotas in mid-1953 under section 22 of the Agricultural Adjustment Act, as amended, in order to prevent

imports of dairy products from interfering with the price-support program conducted by the Department of Agriculture for milk. The annual quota established for Cheddar cheese in 1953 was 2,780,100 pounds. On March 31, 1966, by emergency action under section 22(b) of the Agricultural Adjustment Act, as amended, the President increased the quota to 3,706,800 pounds for the quota year ending June 30, 1966. This was the first time such emergency action was taken on import quotas on dairy products. 1/

When the President requested the Commission to report on the March 1966, emergency increase in the Cheddar cheese quota, he asked for additional determinations concerning enlargement of the annual quota for subsequent years. Following the Commission's report in June 1966 in response to this request, the President, on June 30, 1967, increased the annual quota to 10,037,500 pounds, the current regular annual quota. Imports of the entire 10,037,500 pounds under the quota could consist of "aged" Cheddar cheese, i.e., natural cheese made from unpasteurized milk and aged not less than 9 months. However, not more than 8,812,500 pounds of the total can be "unaged"

1/ In September 1961, following a supplemental investigation under sec. 22, the Commission found, among other things, that the circumstances that led to the imposition of the quota on Cheddar cheese in 1953 had not so changed that the quota could be enlarged or eliminated without resulting in material interference with the price-support program for milk; the President made no change in the quota on Cheddar cheese.

Cheddar cheese, i.e., cheese that does not meet the aforementioned requirements. 1/

About 63 percent of the regular annual quota for "unaged" Cheddar cheese is licensed by the Department of Agriculture to importers to enter the product from New Zealand; 19 percent, from Australia; 7 percent, from Canada; 6 percent, from Ireland; 1 percent, from Sweden; and 4 percent, from a group of countries consisting of Austria, Belgium, Bulgaria, Denmark, Israel, Italy, the Netherlands, Portugal, Switzerland, the United Kingdom, and West Germany. The amount of the quota that can be imported as "aged" Cheddar cheese not required to be licensed by the Department of Agriculture can be imported only from Canada. In addition, not more than half of the total quantity of Cheddar cheese specified in the regular annual quota is permitted entry during the first 6 months of a quota year (beginning January 1).

1/ Imports of the amount that could be entered as "unaged" Cheddar are subject to the licensing procedures of the Department of Agriculture for imports of most cheeses. Of imports, under the quota, that shall not be "unaged" cheese, 1,225,000 pounds was exempted from the licensing procedure when the overall quota was enlarged in 1967. Imports of such "aged" Cheddar that are exempted from licensing are administered by the U.S. Customs Service on a first-come-first-served basis, but an official of a government agency of the country where the cheese was produced must certify that the cheese has met the requirements for "aged" Cheddar. When the "quota" was provided for aged Cheddar in 1967, it was largely filled with cheese from France that met the literal requirements of the "quota," but this cheese was relatively low priced and used for processing rather than for table use. Following an investigation by the Commission under sec. 22 in December 1968, that "quota" was changed so that the unlicensed "aged" Cheddar cheese could be imported only from Canada. The cheese imported from Canada has been relatively high priced and used exclusively for table use.

The additional temporary quota for April 25-July 31, 1973

For the period April 25-July 31, 1973, an additional temporary quota for Cheddar cheese amounting to 9,235,500 pounds (or 92 percent of the regular annual quota) was established following an investigation and report to the President by the Tariff Commission under section 22. 1/ The Commission found that each of the cheese quotas (including the Cheddar quota) for each of the supplying countries wherever applicable, could be increased by 50 percent for the 1973 calendar year within the terms of section 22, such additional quantities to be entered during a temporary period ending July 31, 1973. 2/ The temporary quota on Cheddar cheese was 98 percent filled; in the aggregate, however, the cheese quotas were about 74 percent filled.

The additional temporary quota for January 3-March 31, 1974

For the period January 3 through March 31, 1974, the President established by proclamation that 100,000,000 pounds of Cheddar cheese may be imported into the United States in addition to imports under the regular annual quota. The imports under the additional quota are to be entered on a first-come-first-served basis, except that no importer is permitted to enter more than 2,500,000 pounds and import licenses are not required. In addition, 55 percent of the quota was allocated to New Zealand; 12 percent, to Australia; and 33 percent, to other countries.

1/ Cheeses, Report to the President on Investigation No. 22-31 . . ., TC Publication 567, April 1973.

2/ In total, the quotas were increased 50 percent; some of them were increased less and some were increased more than that percentage.

Imports under the additional temporary quota began January 3, 1974, and by February 28 the quota was 60 percent filled. The amount of the additional temporary quota is roughly equivalent to a month's U.S. commercial consumption of Cheddar cheese, or about 8 percent of annual consumption. The amount of the regular annual quota has been equivalent to less than 1 percent of annual consumption.

The Domestic Dairy Situation

U.S. production and prices of milk

U.S. milk production declined about 4.3 billion pounds from 1972 to 1973, amounting to about 115.6 billion pounds in the latter year (table 1). Except for the decrease in 1966, that decline was the largest year-to-year drop in milk production in recent history. In 1973, milk production per cow was below the level a year earlier (table 2) for the first time in nearly 30 years.

In mid-December 1973 the Department of Agriculture reported that high feed prices together with strong slaughter-cow prices were the primary cause for reduced milk production in 1973. At the Commission's hearing in connection with investigation No. 22-36 at the end of November 1973, the Department reported that milk production may show a further but smaller decline in 1974, with most of the drop in the first half. At the hearing in the current investigation (held on January 29, 1974) the Department reported that the decline in milk production is continuing, although the downturn is moderating and production may stabilize and possibly recover during the latter half of 1974.

The milk-feed price ratio (the pounds of concentrate feed equal in value to 1 pound of milk) declined to 1.18 in August 1973, the lowest in recent years; by November it had increased to 1.61 and in December it averaged 1.53. As of February 15, 1974, it was 1.46. At the Commission's public hearing on this investigation, No. 22-39, the Department of Agriculture testified that the ratio should continue to rise on into the latter part of 1974, if feed prices moderate as expected and possibly because of an increase in milk prices. At the Commission's public hearing on investigation No. 22-34 (held in August 1973), testimony was presented that a milk-feed price ratio of 1.6 to 1.8 was necessary to bring forth increased milk supplies. In August 1973, the price of utility (cull) cows averaged about 38 cents per pound, the highest in recent years. By December, it had declined to 30 cents per pound, and as of February 23, 1974, it was 32.3 cents per pound.

The market price of milk for manufacturing averaged \$8.18 (unadjusted for fat content) per hundredweight on February 15, 1974, the highest in recent years. That price, when adjusted to the standard fat content used in calculating parity is equivalent to \$8.14, or \$2.53 above the support price of \$5.61.

Utilization of domestic milk

About half of the milk produced in the United States is used for the fluid market (table 3). As of February 15, milk eligible for that market sold for 99 cents more per hundredweight than milk eligible only for manufacturing. 1/

1/ Manufacturing grade milk cannot be used for the fluid market, but fluid milk can be used for manufacturing. Therefore, competition between the two grades of milk is limited.

Cheese and butter/powder (i.e., nonfat dry milk) consume about 70 percent of the available U.S. supply of milk used for manufacturing. In recent years, producers of cheese have been outbidding producers of butter/powder by 10 to 18 cents per hundred pounds for milk. In 1973, however, as the available supply of milk for manufacturing declined and the demand for cheese remained strong, producers of cheese began to pay even greater amounts for milk than did the butter/powder producers; by November, cheese producers were paying 32 cents per hundredweight more for milk than producers of butter/powder, and by January 1974, they were paying 37 cents more. In 1972, for the first time on record, more milk was used for cheese than for butter; in 1973, 4 billion pounds more of the domestic production of milk was used for cheese than for butter (table 3).

The price-support program for milk

The Agriculture and Consumer Protection Act of 1973 (Public Law 93-86) became law on August 10, 1973. The 1973 legislation increased the price support for milk from not less than 75 percent of parity (the minimum) to not less than 80 percent of parity for the period August 10, 1973, through March 31, 1975. The 1973 act expressed a new statutory objective for the milk price-support program effective April 1, 1974 (the beginning of the marketing year). The new law directs the Secretary of Agriculture to support the price of milk at such level between 80 percent and 90 percent of parity as he 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.

In order to support the price of milk, as required by law, the Secretary of Agriculture maintains a price-support program under which the Department of Agriculture will purchase at announced prices unlimited quantities of butter, Cheddar cheese and nonfat dry milk which meet certain specifications. 1/ In response to the Agriculture and consumer Protection Act of 1973, the Department of Agriculture announced that, effective August 10, 1973, it would support the price of milk at 80 percent of the parity price in effect at the beginning of the marketing year. The new price-support objective for manufacturing milk was set at \$5.61 per hundredweight (6 percent above that announced in March for the 1973 marketing year) (table 4). To achieve that new objective, a new support price of 65.0 cents per pound was set for Cheddar cheese and one of 41.4 cents per pound was set for nonfat dry milk. The support price for butter remained at 60.9 cents per pound (the price announced in March).

Purchases and costs.--Both in terms of poundage and as a ratio to production (table 5), the Department of Agriculture has purchased less Cheddar cheese than butter or nonfat dry milk under the price-support program in recent years, since the commercial market has absorbed

1/ Since 1965 the Secretary of Agriculture has been authorized (by sec. 709 of Public Law 89-321) to purchase the three products at market prices above support prices, if necessary, to meet commitments under various Government programs, such as the school lunch program or for needy families. About 5.0 million pounds of Cheddar cheese was so purchased in March 1971; in 1973, 0.5 million pounds was so purchased in May; 0.7 million pounds, in June; and 1.0 million pounds, in November. Through Feb. 25, 1974, 504,000 pounds of process Cheddar cheese was purchased at market prices above support prices by the Department of Agriculture under special authority of sec. 4(a) of Public Law 93-86.

virtually all of production. In 1973, total purchases of Cheddar cheese under the price-support program and under the aforementioned section 709 amounted to only 4 million pounds (table 6), the smallest amount purchased in recent years.

Virtually all of the Cheddar cheese purchased in recent years has consisted of process Cheddar cheese. Such process cheese has been purchased either under the price-support program at price differentials above the announced support-price for natural (unprocessed) Cheddar cheese, inasmuch as the Department of Agriculture pays the manufacturer for processing and packaging the cheese, or under the authority of the aforementioned section 709 or section 4(a) at market prices (above support prices). In 1972, when only process Cheddar cheese was purchased, the differential paid for packaging and processing the cheese ranged from 4.49 cents to 6.49 cents per pound. The Department of Agriculture did not purchase any Cheddar cheese under the price-support program from June 1972 until March 22, 1973, when it purchased 2 million pounds of process Cheddar cheese under the program at a differential of 6.5 cents per pound for processing and packaging the cheese above the announced support price for natural cheddar. The remaining 2 million pounds of process Cheddar cheese purchased in 1973 was bought in the months of May, June, and November at market prices under the authority of section 709. In the period January-February 25, 1974, 504,000 pounds of process Cheddar cheese was purchased at market prices under section 4(a). No Cheddar cheese has been purchased by the Department of Agriculture under the price-support program since March 1973.

Generally, annual net Government expenditures on the milk price-support program have varied inversely with the amounts by which market

prices have exceeded support prices. Such expenditures, which have been declining since the year beginning July 1, 1970, amounted to about \$153 million in the year beginning July 1, 1972, equivalent to about half of the expenditures in most recent years (table 7). Of the total expenditures for the year beginning July 1, 1972, about \$9 million was for Cheddar cheese.

Dispositions.--In recent years, virtually all of the Cheddar cheese purchased by the Department of Agriculture has been donated to domestic needy families. For practical purposes the Department has had no uncommitted supplies of Cheddar cheese since July 1972. The cheese bought in 1973 (4 million pounds) was mostly committed upon purchase. At the end of 1973, uncommitted supplies were nil.

Cheddar Cheese

In recent years, Cheddar cheese has accounted for about 40 percent of the annual commercial consumption of all cheese (including cottage cheese) in the United States and about 50 percent of the consumption of cheese made from whole milk. Cheddar, moreover, is the only cheese purchased by the Department of Agriculture under the price-support program in order to support the price of milk as required by law.

U.S. customs treatment

Cheddar cheese, not processed otherwise than by division into pieces, is dutiable under item 117.15 of the TSUS (the item under which most imports enter) at the rate of 15 percent ad valorem. If otherwise processed (process Cheddar), it is dutiable under item 117.20 at the rate

of 20 percent ad valorem. The aforementioned rates of duty, which reflect concessions granted by the United States in the General Agreements on Tariffs and Trade (GATT), have been in effect since 1951. The statutory rate of duty is 35 percent ad valorem for both items.

U.S. producers and production

Wisconsin, the leading producer of Cheddar for many years, accounted for nearly 30 percent of U.S. production in 1972, followed by Minnesota (10 percent) and Missouri (5 percent). The number of U.S. plants producing Cheddar cheese declined from 838 in 1963 to 677 in 1968; in 1972 there were 529 U.S. plants producing Cheddar cheese. From 1963 to 1968 (the latest years for which data are available) the average output of American cheese--mostly Cheddar--per plant increased 250 percent.

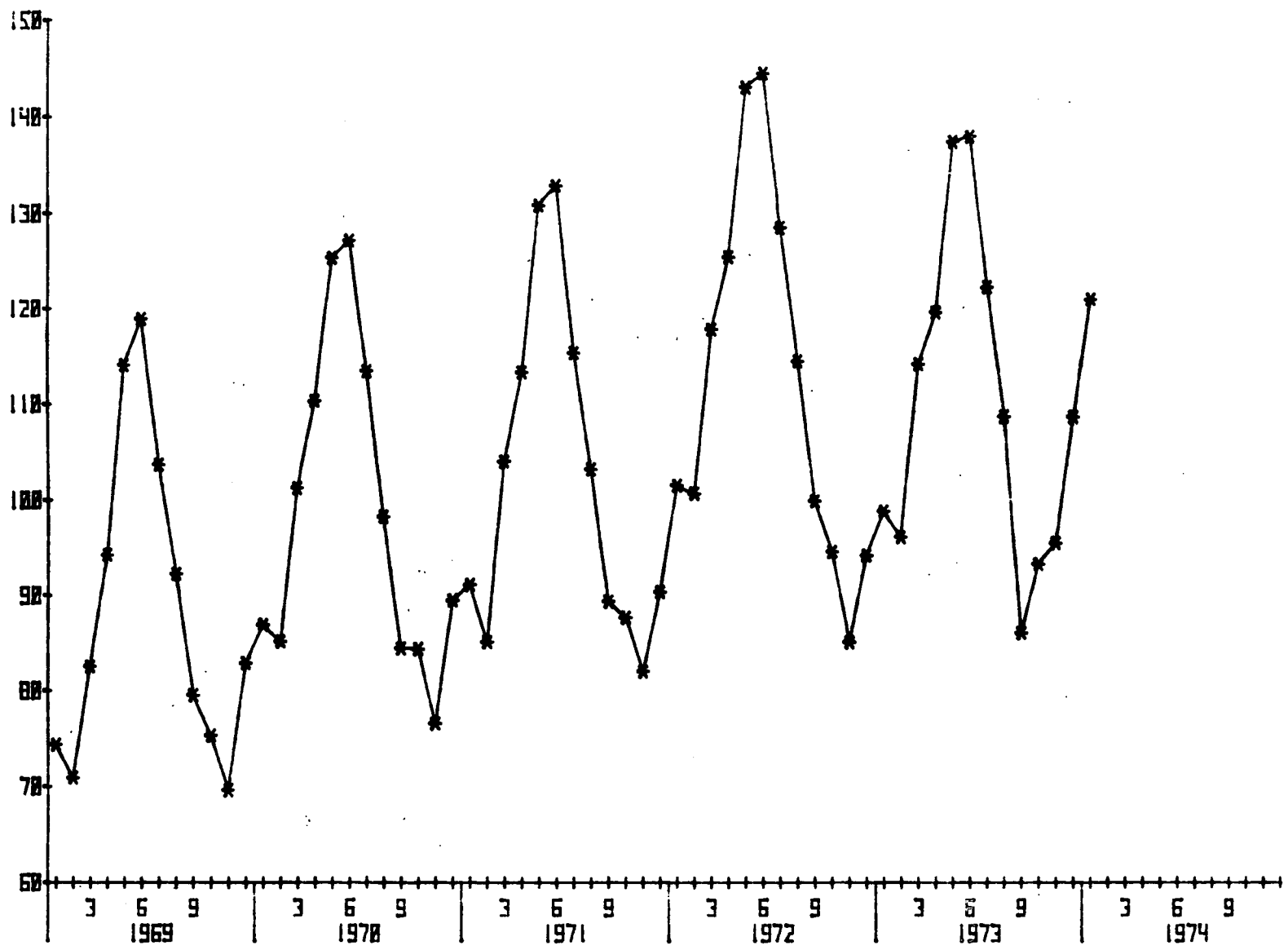
The plants that make Cheddar cheese in the United States typically send their output to other concerns (known in the trade as assemblers) which age or process and market the product. Some assemblers produce and handle other dairy products and a variety of other foods, and a few of them produce some Cheddar cheese. Over the years, the large assemblers have become a dominant force in the marketing of cheese in the United States; 1/ approximately 25 assemblers handle virtually all of the Cheddar cheese produced in the United States. Although the assemblers do not generally own the plants that make the natural cheeses, they often supervise the operations of such plants to assure access

1/ According to the National Commission on Food Marketing, four large firms accounted for 44 percent of the value of U.S. shipments of natural cheese in 1963, compared with 27 percent in 1947.

to cheeses that meet their designated requirements and specifications. The aging of most Cheddar is carried on by assemblers under contracts--often negotiated about a year in advance--with chainstores. Cheddar deemed likely to develop imperfections while aging is processed rather than aged. Most Cheddar used for processing, however, is not initially intended to be aged.

Annual U.S. production of Cheddar cheese, which has generally been increasing in recent years in response to the strong demand, reached a peak of 1.3 billion pounds in 1972 (table 8); based on available data it will probably remain at about that amount in 1973. Accordingly, a growing portion of the total U.S. production of milk has been used to produce Cheddar; in 1972, about 11 percent of the production of milk was so used, compared with 9 percent in 1969. Reflecting in large part seasonal trends in milk production, the output of Cheddar cheese is seasonal (table 9), generally reaching a low in November (the low in 1973 was in September). Production then increases in December and January, declined slightly in February, and then continues upward, reaching a high in June (fig. 1).

illion
ounds



A-14

Figure 1.--Cheddar cheese: U.S. production, by months, January 1969 - January 1974

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

U.S. commercial consumption

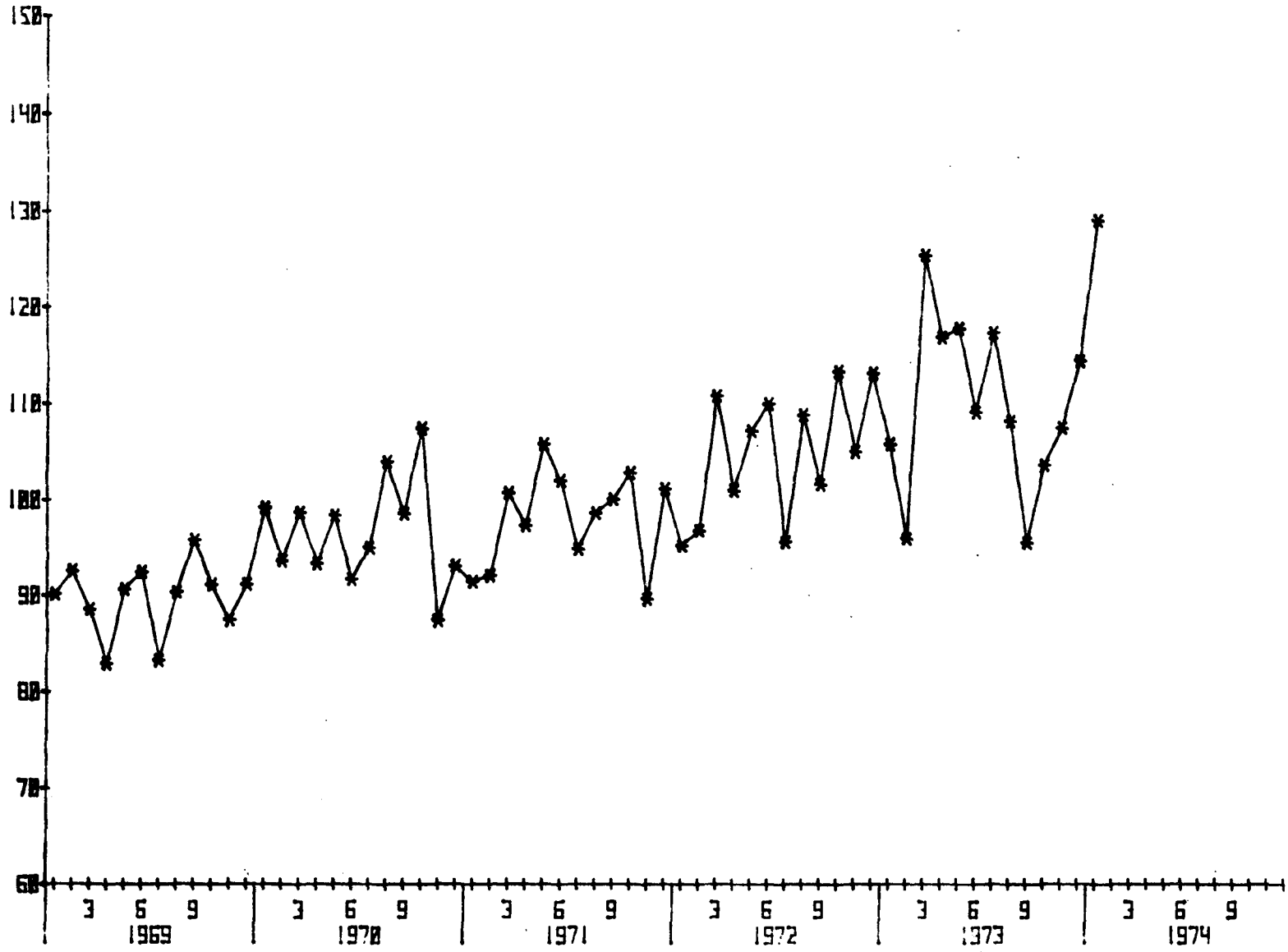
U.S. consumption of all cheese, excluding cottage cheese, increased from 1971 to 1972, by 12 percent, nearly double the average annual rate of increase of 7 percent during the preceding 4 years. From 1972 to 1973 the consumption of all cheese increased by 5 percent. According to the Economic Research Service of the Department of Agriculture, the increased consumption of cheese is attributable to factors such as the substitution of cheese for meat owing to higher meat prices, increased consumer income, growing demand for process cheese on cheeseburgers and in snacks, and the increased use of cheese as an ingredient in other foods. 1/

Estimated U.S. consumption of Cheddar cheese increased by 7 percent from 1971 to 1972, slightly more than the annual rate of increase of 5 percent in recent years. In 1973, consumption of Cheddar increased from 1,261 million pounds to an estimated 1,321 million pounds, or by 4.8 percent over 1972. The per capita consumption of Cheddar cheese increased from 5.7 pounds in 1969 to 6.1 pounds in 1972, or by 7 percent.

Consumption of Cheddar cheese increased during 1969-73, although market prices of Cheddar cheese increased significantly (fig. 2 and 4). On balance, increasing Cheddar cheese prices did not prevent consumption from increasing at nearly the same rate in 1973 as in earlier years (except 1972).

1/ The Dairy Situation, DS-348, November 1973, pp. 15 and 19.

Million
pounds



A-16

Figure 2.--Cheddar cheese: Estimated U.S. commercial consumption, by months, January 1969 - January 1974

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

U.S. stocks

In recent years, total U.S. stocks of cheese (commercial and Government-owned) have reached a high point in the months of July or August, after the peak period of production, and receded to a low point in March (table 9 and fig. 3). Total estimated yearend stocks of natural Cheddar cheese (229 million pounds) at the end of 1973, a few days before the additional temporary quota of 100,000,000 pounds was announced on January 2, 1974, were higher than at the end of any other year during 1969-73. ^{1/} Market prices for Cheddar cheese were also higher at the end of 1973 than at any other time during the period. At the end of 1973, as has generally been true throughout recent years, virtually all of the stocks of Cheddar cheese were commercially owned. The negligible quantities of stocks owned by the Department of Agriculture consisted of committed supplies of process Cheddar cheese.

At the Commission's hearing, a number of questions were raised as to why stocks of Cheddar cheese were higher at the end of December 1973 than at the end of December in the past several years. A representative of the Department of Agriculture pointed out that commercial sales of cheese have increased in recent years and that relatively larger stocks of Cheddar, such as were on hand at the end of 1973, would therefore be maintained for aging and to serve market outlets. He stated that in the 1965-67 period yearend stocks were equivalent to 24 to 27 percent of commercial sales. At the end of 1971, stocks were

^{1/} At the end of January 1974, stocks of Cheddar cheese amounted to 234 million pounds, higher than at the end of January in any year since 1969.

Million
pounds

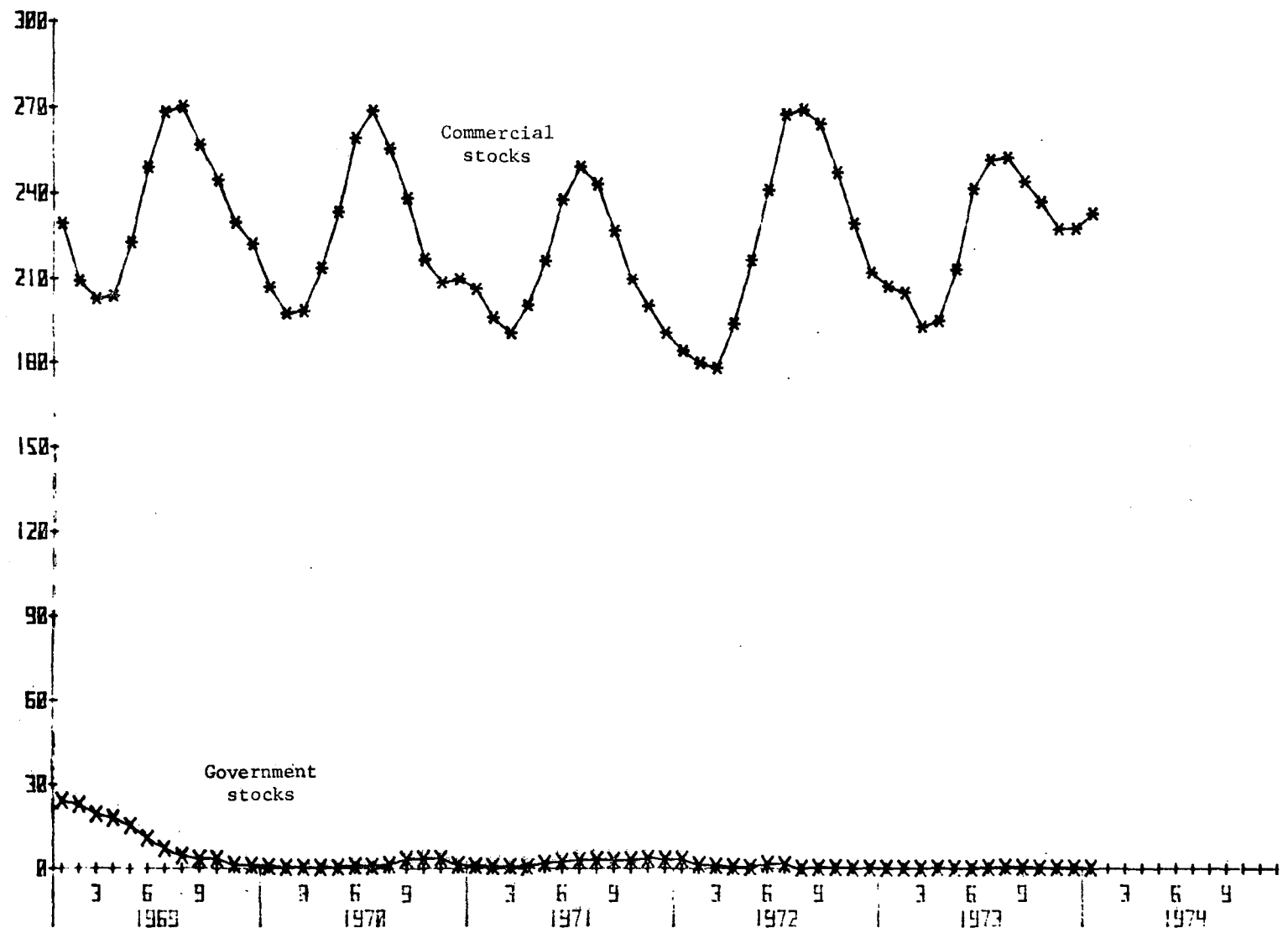


Figure 3.--Cheddar cheese: Stocks, Government-owned and commercial, by months, January 1969-January 1974

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

equivalent to about 16 percent of sales, and, by the end of 1973, yearend stocks of Cheddar had climbed back to about 17.5 percent of commercial sales. The spokesman for the National Cheese Institute, Inc., testified at the hearing that the stocks were being cured and prepared for sale through commercial outlets.

The data show that yearend commercial stocks and commercial consumption of Cheddar cheese have been increasing since 1971. Because the consumption of natural (unprocessed) cheese has been increasing for many years, larger amounts of cheese would most likely be carried in stocks--as part of the aging process--in order to obtain more cheese for table use. This is the normal pattern, not necessarily associated with short-term movements in stocks such as the deviation that occurred in December 1973 and January 1974. In 1971 and 1972, stocks of Cheddar declined each month from July or August through the following March (fig. 3); in 1973, stocks in December increased from those in November and then in January 1974 they rose again even though production, commercial consumption, and market prices were continuing to increase. In each of the years 1969-73, market prices increased from November to December.

Prices

U.S. market prices of Cheddar cheese increased over the period 1969-73 at an average annual rate of 9 percent, and support prices increased at an average annual rate of 7 percent. In 1969 the average market price and the average support price were 51.98 cents and 47.75 cents per pound, respectively, while in 1973 the average prices were 72.96 cents and 62.04 cents, respectively (table 9).

The total increase in market prices during 1969-73 occurred in two stages. In the first stage of 55 months covering the period January 1969 through July 1973, market prices increased by 40 percent; in the second stage of only 5 months (August through December 1973), market prices increased much more rapidly, by approximately 30 percent. Figure 4 presents a chart of monthly U.S. market prices and support prices in the 5-year period.

The average market price of Cheddar cheese exceeded the support price of the product in every month of the 1969-73 period. In the first 55 months the market price was 1.25 cents to 9.00 cents per pound greater than the support price; in the last 5 months the market price was 9.69 cents to 23.25 cents per pound greater. The 23.25 cents per pound differential occurred in December 1973, when commercial stocks were higher than in any other December during the past 4 years; in that month the average market price was 83.25 cents per pound and the support price was 65.00 cents per pound.

Cents
per
pound

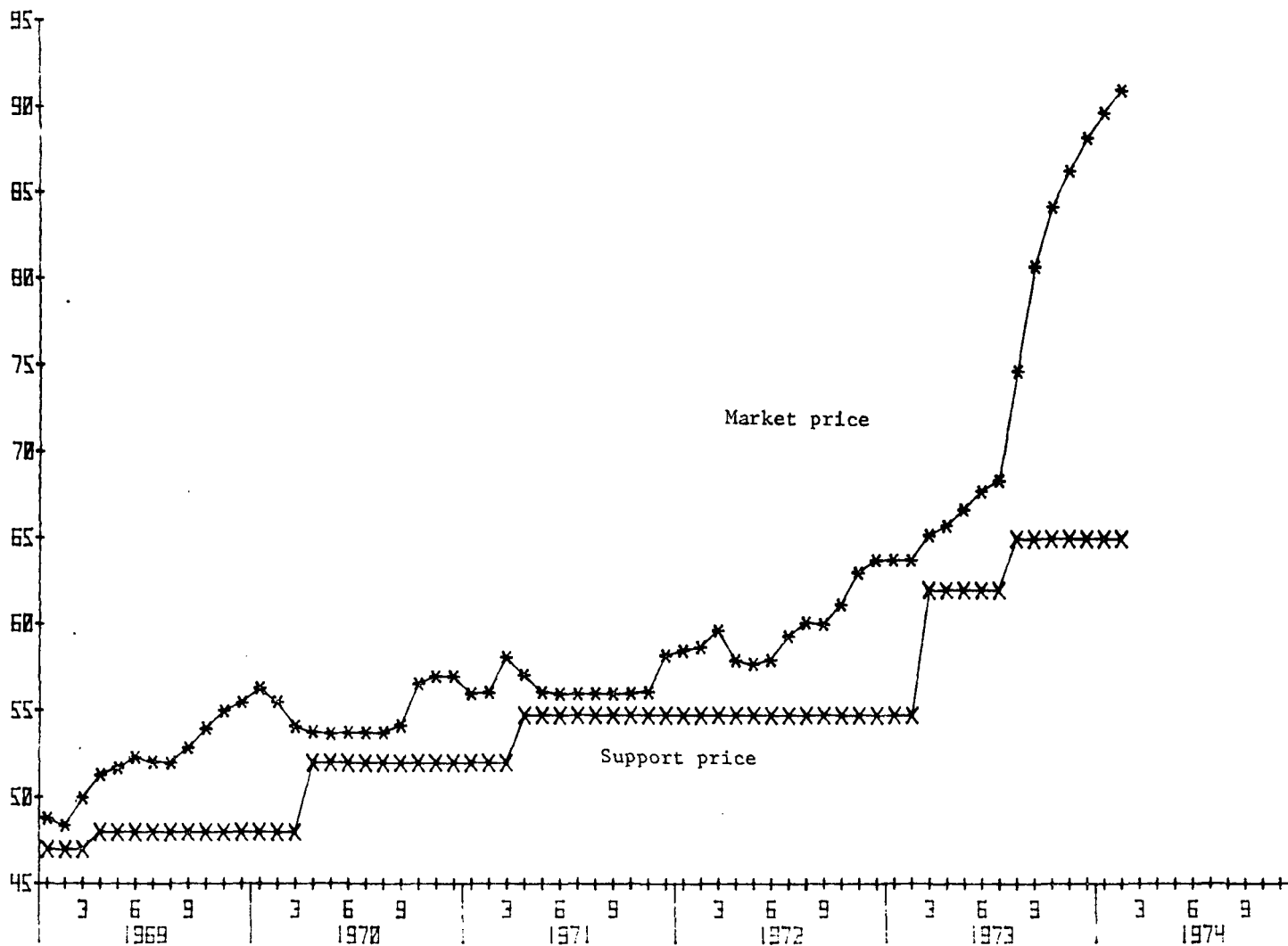


Figure 4.--Cheddar cheese: Market price and U.S. Department of Agriculture support price, by months, January 1969 - February 1974

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

The market price of Cheddar was 89.25 cents per pound during the last 2 weeks of December, and it remained at that level until January 21, 1974--about 3 weeks after the announcement of the additional temporary quota of Cheddar cheese--when it increased to 90.00 cents per pound (25.00 cents above the support level). By February 28, market prices averaged 91.25 cents per pound, or 26.25 cents above the current support level. By then at least 20 million pounds of cheese entered under the temporary additional quota probably had been purchased by processors.

In recent years U.S. imports of Cheddar cheese used for processing have generally sold at 4 to 5 cents per pound below the price of the most comparable domestic Cheddar used for processing. At the hearing the spokesman for New Zealand reported that he expects to get a price fully equal to the U.S. market price for the Cheddar imported from New Zealand under the additional quota and sold in the United States; the spokesman for Australia reported that the price of the cheese from that country in the United States would more or less equal the U.S. price. The spokesman for Ireland reported that the Cheddar that country is shipping to the United States under the additional quota will sell at 85 cents or more per pound in New York, and the spokesman for Norway reported that the Cheddar from that country will be landed, duty paid, at New York, at 85 to 90 cents per pound. By the time the imported cheese is transported to Wisconsin to be used for processing, it will be priced about the same as the domestic cheese for processing.

During the Commission's investigation, several users of the Cheddar cheese imported under the additional quota of 100,000,000 pounds reported that shortly after the quota became effective (January 3) they paid 1 to 2 cents per pound more for the imported cheese since domestic supplies of cheese were not available to meet their needs. During the first week of February 1974, however, they reported that they were paying about the same for imported Cheddar cheese for processing as for domestic cheese for that use. Some of them reported that they were not buying any more of the imported cheese because the current asking prices were too high. However, as noted above, the spokesmen for the major foreign suppliers indicated that they expected to receive a price fully equivalent to the U.S. market price for their cheese.

Examples of export prices in early 1973 were 50 cents per pound for basic grade, rindless Cheddar in 60-pound blocks in New Zealand, 54 cents per pound for bulk mild Cheddar in Australia, and 63 cents per pound for white Cheddar in Canada. Comparable export prices in late October 1973 were 47 cents per pound for basic grade, rindless Cheddar in 44-pound blocks in New Zealand, 57 cents per pound for bulk mild Cheddar in Australia, and 70 cents per pound for white Cheddar in Canada. The U.S. price for Cheddar cheese in 40-pound blocks at Wisconsin assembly points in October 1973 averaged 84 cents per pound. The price of "aged" Cheddar cheese from Canada in the United States has invariably been higher than the most comparable type of domestic cheese in recent years.

U.S. imports

The regular annual quota on U.S. imports of Cheddar cheese is equivalent to 0.8 percent of the U.S. production of such cheese. The regular annual quota for "unaged" Cheddar cheese was 93 to 95 percent filled in 1970-73. The regular annual quota for "aged" Canadian Cheddar cheese has been filled, or virtually filled, in recent years; as of mid-January 1974, it was filled for the first half of 1974.

New Zealand was allocated 55 percent and Australia, 12 percent, of the additional temporary quota for Cheddar cheese for January 3-March 31, 1974. The remaining 33 percent was not allocated to designated countries, but rather was specified to be permitted entry from "other countries." According to spokesmen at the hearing for the New Zealand Dairy Board and the Australia Dairy Produce Board, which boards control the exports of Cheddar cheese from New Zealand and Australia, those countries will fill their respective shares of the additional temporary quota on Cheddar cheese. Most of the Cheddar from the two countries will be used to make process cheese in the United States.

By February 28, 1974, the 33 million pounds of the additional quota allocated to "other countries" was filled. Thus, according to available information, the 100,000,000 additional quota for Cheddar cheese will be filled by the time it expires on March 31, 1974. By February 28, the quota was 60 percent filled. Most of the emergency quotas imposed on other dairy products in 1973 were filled much more rapidly than the Cheddar cheese quota is being filled.

Complete data are not available regarding the sources of imports of Cheddar cheese into the United States under the additional quota of

33,000,000 pounds allocated to "other countries". A spokesman for the Irish Dairy Board, the sole exporter of Ireland's dairy products, reported at the hearing that Ireland may export a total of 12,000,000 pounds of Cheddar cheese to the United States. Ireland already has about 6,400,000 pounds of Cheddar cheese in transit to the United States, all of which is intended to be used in making process cheese. According to a representative of the Norwegian Dairy Sales Association and Gerber International Foods, Inc., Norway is expected to export some 660,000 pounds of Cheddar cheese to the United States; that cheese will be used to make a cold pack cheese food. Sources in Canada have reported that some 5,000,000 to 6,000,000 pounds of Cheddar will be shipped from that country to the United States. The Canadian Cheddar will be mostly aged and semiaged cheese for table use; some may also be fresh cheese for processing. In addition, the trade has reported that about 5,000,000 pounds of Cheddar cheese will be imported from the European Community (EC) under the additional quota; all of that cheese is to be used to make process cheese in the United States.

A survey made during the first part of February 1974 of 24 importers that had accounted for about 80 percent of the Cheddar cheese imported under the additional temporary quota through February 1 indicated that about 16,000,000 pounds, or 89 percent, of the natural cheese included in the survey was owned by processors, and a third of that cheese had already been processed (a small amount of that third had been cut into pieces and packaged). The processors generally indicated that the imported cheese was readily moving into retail distribution channels. About 2,000,000 pounds, or 11 percent, of the total cheese included

in the survey was still owned by brokers or importers that were not assemblers.

U.S. exports

U.S. exports of cheese, which may contain some cheese other than Cheddar, have been negligible in recent years compared with production; exports have been equivalent to about 40 percent of imports. Such exports, which have averaged about 4,000,000 pounds annually (table 8), have gone mostly to Canada, Panama, Japan, Jamaica, the Bahamas, and Bermuda. U.S. exports of cheese have been small because U.S. prices have not generally been competitive in world markets with those for Cheddar cheese from other countries.

World production, trade, and stocks

World production of cheese 1/ (excluding cottage cheese) increased from 10,000,000,000 pounds in 1969 to 12,000,000,000 pounds in 1972 (the latest year for which data are available). 2/ The United States, the largest individual producing country, accounted for about 22 percent of the total output in 1972. France, the major producer within the EC (which as a whole produced about a third of the world total) produced about 13 percent; the Union of Soviet Socialist Republics produced about 9 percent. New Zealand and Australia, the countries that received 55 percent and 12 percent, respectively, of the 100,000,000-pound additional temporary quota for Cheddar cheese, produced a total of about 400,000,000

1/ World production and trade data are generally reported on all cheese, rather than separately on individual varieties of cheese.

2/ Preliminary data from the Foreign Agricultural Service of the U.S. Department of Agriculture show that cheese production in selected countries or areas (the EC, Finland, Norway, Sweden, Austria, Switzerland, Canada, and Oceania) was about the same in January-November 1973 as in the corresponding period of 1972.

pounds of cheese in 1972, or 3 percent of the world production in that year.

International trade in cheese amounted to about 1,000,000,000 pounds annually in 1969-71 (exclusive of intra-EC trade). New Zealand, the largest individual exporting country, accounted for about a fifth of the total, followed by Denmark with about a seventh of the total. Other large exporters were the Netherlands, Switzerland, France, Australia, and Finland. The principal importing countries (exclusive of intra-EC trade) were the United Kingdom, the United States, Japan, Switzerland, Sweden, and Canada.

Total stocks of cheese in selected foreign countries in December 1973 amounted to 808,000,000 pounds, representing an increase of about 3 percent from December 1972. About 60 percent of the stocks were in the EC; the United Kingdom, France, and the Netherlands accounted for the bulk of the Community's stocks.

A-28.

APPENDIX A
THE PRESIDENT'S LETTER

THE WHITE HOUSE

WASHINGTON

January 2, 1974

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 quantities of Cheddar cheese, and cheese and substitutes for cheese containing or processed from Cheddar cheese, as provided for in TSUS item 950.08A, may be imported for a temporary period 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.

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 Cheddar cheese, as described above, and has therefore recommended that I take immediate action under Section 22(b) to authorize the importation of 100,000,000 pounds during a temporary period ending March 31, 1974. I have therefore this day issued a proclamation establishing a special temporary quota of 100,000,000 pounds to be effective through March 31, 1974. This quota is in addition to the existing quota of 10,037,500 pounds per annum previously proclaimed under the Section 22 authority.

The United States Tariff Commission is therefore directed to make an investigation under Section 22 of the Agricultural Adjustment Act, as amended, to determine whether the above-described article may be imported in the amount and for the

period specified above 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, and to report its findings and recommendations at the earliest practicable date.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Nixon". The signature is written in a cursive style with a prominent vertical stroke at the beginning.

The Honorable Catherine M. Bedell
Chairman
U. S. Tariff Commission
Washington, D. C. 20436

APPENDIX B
THE COMMISSION'S NOTICE OF INVESTIGATION
AND HEARING

UNITED STATES TARIFF COMMISSION
Washington

[22 - 39]

CHEDDAR CHEESE, CHEESE AND SUBSTITUTES FOR CHEESE
CONTAINING OR PROCESSED FROM CHEDDAR CHEESE

Notice of Investigation and Date of Hearing

At the request of the President (reproduced herein), the United States Tariff Commission, on January 3, 1974, instituted an investigation under subsection (d) of section 22 of the Agricultural Adjustment Act, as amended (7 U.S.C. 624), to determine whether 100,000,000 pounds of the articles described in item 950.08A of Part 3 of the Appendix to the Tariff Schedules of the United States (TSUS) may be imported into the United States during the period ending March 31, 1974, in addition to the quota-quantity specified for such articles under TSUS item 950.08A 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.

The text of the President's letter of January 2, 1974, to the Commission follows:

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 quantities of Cheddar cheese, and cheese and substitutes for cheese containing or processed from Cheddar cheese, as provided for in TSUS item 950.08A, may be imported for a temporary period 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.

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 Cheddar cheese, as described above, and has therefore recommended that I take immediate action under Section 22(b) to authorize the importation of 100,000,000 pounds during a temporary period ending March 31, 1974. I have therefore this day issued a proclamation establishing a special temporary quota of 100,000,000 pounds to be effective through March 31, 1974. This quota is in addition to the existing quota of 10,037,500 pounds per annum previously proclaimed under the Section 22 authority.

The United States Tariff Commission is therefore directed to make an investigation under Section 22 of the Agricultural Adjustment Act, as amended, to determine whether the above-described article may be imported in the amount and for the period specified above 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, and to report its findings and recommendations at the earliest practicable date.

Hearing. A public hearing in connection with this investigation will be held in the Tariff Commission's Hearing Room, Tariff Commission Building, 8th and E Streets, N.W., Washington, D.C., beginning at 10:00 a.m., E.D.S.T., on January 29, 1973. All parties will be given opportunity to be present, to produce evidence, and to be heard at such hearing. Interested parties desiring to appear at the public hearing should notify the Secretary of the Tariff Commission, in writing, at its offices in Washington, D.C., at least by the close of business on January 24, 1974. The notification should indicate

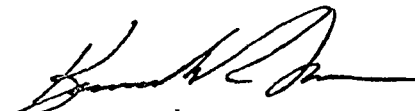
the name, address, telephone number, and organization of the person filing the request, and the name and organization of the witnesses who will testify.

Because of the limited time available, the Commission reserves the right to limit the time assigned to witnesses. Questioning of witnesses will be limited to members of the Commission and officials of the Department of Agriculture.

Written submissions. Interested parties may submit written statements of information and views, in lieu of their appearance at the public hearing, or they may supplement their oral testimony by written statements of any desired length. In order to be assured of consideration, all written statements, including briefs, should be submitted at the earliest practicable date, but not later than five days after the conclusion of the public hearing.

With respect to any of the aforementioned written submissions, interested parties should furnish a signed original and nineteen (19) true copies. Business data to be treated as business confidential shall be submitted on separate sheets, each clearly marked at the top "Business Confidential", as provided for in section 201.6 of the Commission's Rules of Practice and Procedure.

By order of the Commission:



Kenneth R. Mason
Secretary

APPENDIX C

PRESIDENTIAL PROCLAMATION 4258

PROCLAMATION AMENDING PART 3 OF THE APPENDIX TO THE
TARIFF SCHEDULES OF THE UNITED STATES WITH RESPECT TO THE
IMPORTATION OF AGRICULTURAL COMMODITIES

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

4258

WHEREAS, pursuant to section 22 of the Agricultural Adjustment Act, as amended (7 U.S.C. 624), limitations have been imposed by Presidential proclamations on the quantities of certain dairy products which may be imported into the United States in any quota year; and

WHEREAS the import restrictions proclaimed pursuant to said section 22 are set forth in part 3 of the Appendix to the Tariff Schedules of the United States; and

WHEREAS the Secretary of Agriculture has reported to me that he believes that additional quantities of Cheddar cheese, and cheese and substitutes for cheese containing, or processed from, Cheddar cheese provided for in item 950.08A of part 3 of the Appendix to the Tariff Schedules of the United States (TSUS) may be entered for a temporary period 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; and

WHEREAS, under the authority of section 22, I have requested the United States Tariff Commission to make an investigation with respect to this matter; and

WHEREAS the Secretary of Agriculture has determined and reported to me that a condition exists with respect to such cheese provided for in item 950.08A of the TSUS which requires emergency treatment and that the quantitative limitation imposed on such cheese should be increased during the

period ending March 31, 1974, without awaiting the recommendations of the United States Tariff Commission with respect to such action; and

WHEREAS I find and declare that the entry during the period ending March 31, 1974, of an additional quantity of 100,000,000 pounds of the cheese provided for in item 950.08A of the TSUS will not render or tend to render ineffective, or materially interfere with, the price support program which is being undertaken by the Department of Agriculture for milk and will not reduce substantially the amount of products processed in the United States from domestic milk; and that a condition exists which requires emergency treatment and that the quantitative limitation imposed on such cheese should be increased during such period without awaiting the recommendations of the United States Tariff Commission with respect to such action;

NOW, THEREFORE, I, RICHARD NIXON, President of the United States of America, acting under and by virtue of the authority vested in me as President, and in conformity with the provisions of section 22 of the Agricultural Adjustment Act, as amended, and the Tariff Classification Act of 1962, do hereby proclaim that subdivision (vii) of headnote 3(a) of part 3 of the Appendix to the Tariff Schedules of the United States is amended to read as follows:

(vii) Notwithstanding any other provision of this part, 100,000,000 pounds of the articles described in item 950.08A may be entered during the period beginning January 3, 1974, and ending March 31, 1974, in addition to the annual quota quantity specified for such articles under item 950.08A, and import licenses shall not be required for entering such additional quantity. 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 articles in excess of 2,500,000 pounds. The 100,000,000 pound additional quota quantity authorized to be entered during the period ending March 31, 1974, shall be allocated among supplying countries as follows:

| <u>Supplying Country</u> | <u>Quantity in pounds</u> |
|--------------------------|---------------------------|
| New Zealand | 55,000,000 |
| Australia | 12,000,000 |
| Other Countries | 33,000,000 |

The additional quota quantity provided for herein shall continue in effect pending Presidential action upon receipt of the report and recommendations of the Tariff Commission with respect thereto.

IN WITNESS WHEREOF, I have hereunto set my hand this second day of January in the year of our Lord nineteen hundred and seventy-four, and of the Independence of the United States of America the one hundred and ninety-eighth.



APPENDIX D
STATISTICAL TABLES

Table 1.--Dairy products: U.S. milk production and whole-milk equivalent (fat-solids basis) of U.S. exports and imports for consumption, 1969-73

| Year | Total milk production | Exports | | | Imports | | Export or import (-) balance | |
|-----------|-----------------------|-----------------|---------------------|----------------|---|----------------|------------------------------|---|
| | | Sales <u>1/</u> | Donations <u>2/</u> | Quantity | Ratio of exports to total milk production | Quantity | | Ratio of imports to total milk production |
| | Million pounds | Million pounds | Million pounds | Million pounds | Percent | Million pounds | Percent | Million pounds |
| 1969----- | 116,108 | 444 | 477 | 921 | 0.8 | 1,600 | 1.4 | -679 |
| 1970----- | 116,962 | 397 | 41 | 438 | .4 | 1,874 | 1.6 | -1,436 |
| 1971----- | 118,532 | 480 | 2,000 | 2,458 | 2.1 | 1,347 | 1.1 | 1,111 |
| 1972----- | 119,904 | <u>3/</u> | <u>3/</u> | 1,481 | 1.2 | 1,684 | 1.4 | -203 |
| 1973----- | 115,620 | <u>3/</u> | <u>3/</u> | 658 | .6 | 3,886 | 3.4 | -3,228 |

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.

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

Table 2.--U.S. milk production, milk cows and replacement heifers on U.S. farms on Jan. 1, production per cow, and number of farms selling milk, 1969-74

| Year | Total milk production | Milk cows on farms | Replacement heifers | Production per cow | Number of farms selling milk |
|-------------------|---------------------------------|-----------------------------|------------------------|-----------------------|---------------------------------------|
| | <u>Million</u> <u>pounds</u> | <u>Thousands</u> | <u>Thousands</u> | <u>Pounds</u> | <u>Thousands</u> |
| 1969----- | 116,108 | 12,550 | 3,990 | 9,434 | 400 |
| 1970----- | 116,962 | 12,091 | 3,880 | 9,747 | <u>1/</u> |
| 1971----- | 118,532 | 11,908 | 3,843 | 10,009 | <u>1/</u> |
| 1972----- | 119,904 | 11,773 | 3,828 | 10,250 | <u>1/</u> |
| 1973 <u>2/</u> -- | 115,620 | 11,624 | 3,874 | 10,128 | <u>1/</u> |
| 1974 <u>2/</u> -- | <u>1/</u> | 11,284 | 3,943 | <u>1/</u> | <u>1/</u> |

1/ Not available.

2/ Preliminary.

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

Table 3.--Milk: U.S. utilization of domestic output, 1969-73

| Year | Fluid use <u>1/</u> | Manufactured dairy products | | | | | | Grand total | Percent of total used for-- | |
|--------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|--------------------------------|--------|
| | | Butter <u>2/</u> | Cheese | Condensed and evapor- ated milk | Frozen products | Other <u>3/</u> | Total | | Butter | Cheese |
| | <u>Billion</u> <u>pounds</u> | <u>Billion</u> <u>pounds</u> | <u>Billion</u> <u>pounds</u> | <u>Billion</u> <u>pounds</u> | <u>Billion</u> <u>pounds</u> | <u>Billion</u> <u>pounds</u> | <u>Billion</u> <u>pounds</u> | <u>Billion</u> <u>pounds</u> | | |
| 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 <u>4/</u> --- | 53.7 | 18.9 | 23.0 | 2.9 | 10.8 | 5.7 | 61.2 | 114.9 | 16 | 20 |

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 1969-72 and Mar. 15-Dec. 31, 1973

| Year beginning Apr. 1-- | Butter (grade A) at Chicago | | Cheddar cheese | | Nonfat dry milk: (spray process) | | Milk for manufacturing | | |
|----------------------------|--------------------------------|-----------------------|--|-----------------------|---|-----------------------|--------------------------------------|----------------------------|--|
| | Market price | Support price | Market price (Wisconsin assembly points) | Support price | Market price (U.S. aver- age) | Support price | Market price (U.S. average) | Price-support objective | Per- Amount 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 |
| 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 | 85 |
| 1971----- | 67.9 | 67.8 | 57.0 | 54.8 | 31.8 | 31.7 | 4.91 | 4.93 | 85 |
| 1972----- | 68.3 | 67.7 | 61.1 | 54.8 | 35.2 | 31.7 | 5.21 | 4.93 | 79 |
| 1973: | | | | | | | | | |
| Mar. 15-Aug. 9----- | <u>1/</u> 61.8 | 60.9 | <u>1/</u> 67.0 | 62.0 | <u>1/</u> 45.0 | 37.5 | <u>1/</u> 5.58 | 5.29 | 75 |
| Aug. 10-Dec. 31----- | 78.2 | 60.9 | 82.6 | 65.0 | 50.3 | 41.4 | <u>2/</u> 7.18 | 5.61 | 80 |

1/ April-July.

2/ August-December.

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

Table 5.--Butter, Cheddar cheese, and nonfat dry milk: U.S. production, U.S. Department of Agriculture purchases, and ratio of purchases to production, 1969-73

| Commodity and year | Production | USDA purchases | Ratio of purchases to production |
|--------------------|-----------------|----------------|----------------------------------|
| | Million pounds | Million pounds | Percent |
| Butter: | | | |
| 1969----- | 1,118 | 188 | 16.8 |
| 1970----- | 1,137 | 246 | 21.6 |
| 1971----- | 1,144 | 324 | 28.3 |
| 1972----- | 1,102 | 224 | 20.3 |
| 1973----- | 922 | 98 | 10.6 |
| Cheddar cheese: | | | |
| 1969----- | 1,058 | 36 | 3.4 |
| 1970----- | 1,183 | 43 | 3.6 |
| 1971----- | 1,225 | 101 | 8.2 |
| 1972----- | 1,349 | 21 | 1.6 |
| 1973----- | <u>1/</u> 1,318 | 4 | .3 |
| Nonfat dry milk: | | | |
| 1969----- | 1,452 | 354 | 24.4 |
| 1970----- | 1,444 | 447 | 31.0 |
| 1971----- | 1,418 | 444 | 31.3 |
| 1972----- | 1,223 | 298 | 24.4 |
| 1973----- | 954 | 32 | 3.3 |

1/ Estimated, based on ratio of monthly production of Cheddar cheese to American cheese in 1972.

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

Table 6.--Butter, Cheddar cheese, and nonfat dry milk: U.S. Department of Agriculture and sec. 32 purchases, utilization (disposal), and uncommitted supplies, 1969-73

| (In millions of pounds) | | | | |
|------------------------------|---------------------|-------------|---|-----|
| Commodity and year <u>1/</u> | Purchases <u>2/</u> | Utilization | Uncommitted supplies at end of year <u>3/</u> | |
| Butter: | | | | |
| 1969----- | 188 | 223 | | 33 |
| 1970----- | 246 | 242 | | 37 |
| 1971----- | 324 | 328 | | 33 |
| 1972----- | 224 | 216 | | 43 |
| 1973----- | 98 | 150 | | 6 |
| Cheddar cheese: | | | | |
| 1969----- | <u>4/</u> 36 | 58 | | 4 |
| 1970----- | 43 | 47 | | 0 |
| 1971----- | <u>5/</u> 101 | 86 | | 15 |
| 1972----- | 21 | 36 | | 0 |
| 1973----- | <u>6/</u> 4 | 5 | | 0 |
| Nonfat dry milk: <u>7/</u> | | | | |
| 1969----- | 354 | 461 | | 137 |
| 1970----- | 447 | 560 | | 29 |
| 1971----- | 444 | 462 | | 14 |
| 1972----- | 298 | 353 | | 0 |
| 1973----- | <u>8/</u> 32 | 33 | | 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 13 million pounds purchased under sec. 709 of the Food and Agriculture Act of 1965.

5/ Includes 5 million pounds purchased under sec. 709.

6/ Includes 2 million pounds purchased under sec. 709.

7/ Includes instant nonfat dry milk.

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

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

Table 7.--Net U.S. Government expenditures on dairy support and related programs, fiscal years 1969-73 1/

(In millions of dollars)

| Year beginning July 1 | Net support purchases <u>2/</u> | Sec. 32 <u>3/</u> | Sec. 709 <u>4/</u> | Export assistance <u>5/</u> | Total (excluding special milk) | Special milk program <u>6/</u> |
|-----------------------|---------------------------------|-------------------|--------------------|-----------------------------|--------------------------------|--------------------------------|
| 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/ There were no Government expenditures for military milk in 1969-73.

2/ CCC support purchases and related costs (for processing, packaging, transporting, and storing) of dairy products, less proceeds from sales.

3/ Expenditures of sec. 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 sec. 709 of the 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 non-fat dry milk, butter, and other high-milkfat products, and CCC cost of exports under title I, Public Law 480, of dairy products not originating in CCC stocks.

6/ Expenditures of CCC and sec. 32 funds to increase milk consumption by children in schools, childcare centers, and similar institutions.

Source: U.S. Department of Agriculture.

Table 8.--Cheddar cheese: U.S. production, imports for consumption, exports, yearend stocks, commercial consumption, and ratio of imports to consumption, 1969-73

| (In million of pounds) | | | | | | | |
|------------------------|----------------------|--------------|------------------------|-----------------------------|---|--|--|
| Year | Pro- duc- tion | Im- ports | Ex- ports <u>1/</u> | Yearend stocks <u>2/</u> | Commer- cial consump- tion <u>2/</u> | Ratio of imports to consump- tion | |
| 1969---- | 1,058 | 10 | 4 | 223 | 1,076 | 0.9 | |
| 1970---- | 1,182 | 10 | 4 | 211 | 1,160 | .9 | |
| 1971---- | 1,225 | 9 | 4 | 194 | 1,178 | .8 | |
| 1972---- | 1,349 | 10 | 4 | 213 | 1,261 | .8 | |
| 1973---- | <u>3/</u> 1,318 | <u>4/</u> 21 | 4 | 229 | 1,321 | <u>4/</u> 1.6 | |

1/ Exports may contain some cheese other than Cheddar cheese.

2/ Estimated by applying the ratio of annual production of Cheddar cheese to that of American cheese to the statistics reported by the U.S. Department of Agriculture for monthly commercial stocks and commercial consumption of American cheese.

3/ Estimated, based on ratio of monthly production of Cheddar cheese to that of American cheese in 1972.

4/ Includes imports under the additional temporary quota in effect during Apr. 25-July 31, 1973.

Source: Production, compiled from official statistics of the U.S. Department of Agriculture, except as noted; imports and exports, compiled from official statistics of the U.S. Department of Commerce.

Table 9 --Cheddar cheese: U.S. production, commercial and Government-owned stocks as of end of month, market prices, 1/ and U.S. Department of Agriculture support prices, 1969-74

| (Production and stocks in thousands of pounds; prices in cents per pound) | | | | | | | | | | | | | |
|---|---------|----------|---------|---------|---------|---------|---------|---------|-----------|---------|----------|----------|------------------|
| Year and item | January | February | March | April | May | June | July | August | September | October | November | December | Total or average |
| 1969: | | | | | | | | | | | | | |
| Production----- | 74,331 | 70,879 | 82,547 | 94,255 | 114,043 | 118,873 | 103,664 | 92,230 | 79,532 | 75,315 | 69,611 | 82,899 | 1,058,179 |
| Stocks: 2/ | | | | | | | | | | | | | |
| Commercial----- | 229,387 | 208,980 | 202,335 | 203,330 | 222,807 | 248,874 | 268,212 | 270,058 | 256,749 | 244,540 | 229,795 | 222,079 | - |
| Government-owned-- | 24,175 | 22,699 | 19,305 | 17,888 | 15,413 | 10,742 | 7,107 | 4,394 | 3,381 | 3,522 | 1,416 | 1,058 | - |
| Total----- | 253,562 | 231,679 | 221,640 | 221,218 | 238,220 | 259,616 | 275,319 | 274,452 | 260,130 | 248,062 | 231,211 | 223,137 | - |
| Prices: | | | | | | | | | | | | | |
| Market----- | 48.77 | 48.38 | 49.97 | 51.31 | 51.72 | 52.31 | 52.04 | 52.00 | 52.85 | 53.97 | 55.00 | 55.47 | 54.98 |
| Support----- | 47.00 | 47.00 | 47.00 | 48.00 | 48.00 | 48.00 | 48.00 | 48.00 | 48.00 | 48.00 | 48.00 | 48.00 | 47.75 |
| Market over support----- | 1.77 | 1.38 | 2.97 | 3.31 | 3.72 | 4.31 | 4.04 | 4.00 | 4.85 | 5.97 | 7.00 | 7.47 | 4.23 |
| 1970: | | | | | | | | | | | | | |
| Production----- | 86,911 | 85,151 | 101,225 | 110,267 | 125,338 | 127,124 | 113,395 | 98,216 | 84,420 | 84,354 | 76,556 | 89,429 | 1,182,386 |
| Stocks: 2/ | | | | | | | | | | | | | |
| Commercial----- | 206,590 | 197,215 | 197,992 | 213,576 | 233,341 | 259,245 | 268,647 | 255,603 | 238,450 | 216,772 | 208,521 | 209,756 | - |
| Government-owned-- | 710 | 411 | 355 | 355 | 414 | 857 | 692 | 1,413 | 3,390 | 3,591 | 3,587 | 1,266 | - |
| Total----- | 207,300 | 197,626 | 198,347 | 213,931 | 233,755 | 260,102 | 269,339 | 257,016 | 241,840 | 220,363 | 212,108 | 211,022 | - |
| Prices: | | | | | | | | | | | | | |
| Market----- | 56.31 | 55.51 | 54.11 | 53.78 | 53.68 | 53.75 | 53.75 | 53.75 | 54.18 | 56.56 | 57.00 | 57.00 | 54.95 |
| Support----- | 48.00 | 48.00 | 48.00 | 52.00 | 52.00 | 52.00 | 52.00 | 52.00 | 52.00 | 52.00 | 52.00 | 52.00 | 51.00 |
| Market over support----- | 8.31 | 7.57 | 6.11 | 1.72 | 1.68 | 1.75 | 1.75 | 1.75 | 2.18 | 4.56 | 5.00 | 5.00 | 3.95 |
| 1971: | | | | | | | | | | | | | |
| Production----- | 91,069 | 85,069 | 103,958 | 113,230 | 130,752 | 132,788 | 115,273 | 103,139 | 89,356 | 87,648 | 81,978 | 90,330 | 1,224,884 |
| Stocks: 2/ | | | | | | | | | | | | | |
| Commercial----- | 205,985 | 196,022 | 190,634 | 200,400 | 216,349 | 238,044 | 249,563 | 243,633 | 227,392 | 210,098 | 200,379 | 190,869 | - |
| Government-owned-- | 839 | 806 | 930 | 601 | 1,726 | 2,521 | 2,918 | 3,120 | 2,943 | 3,059 | 3,494 | 3,259 | - |
| Total----- | 206,824 | 196,828 | 191,564 | 201,001 | 218,075 | 240,565 | 252,481 | 246,753 | 230,335 | 213,157 | 203,873 | 194,128 | - |
| Prices: | | | | | | | | | | | | | |
| Market----- | 56.00 | 56.07 | 58.13 | 57.09 | 56.09 | 56.00 | 56.00 | 56.00 | 56.00 | 56.00 | 56.09 | 58.21 | 56.47 |
| Support----- | 52.00 | 52.00 | 52.00 | 54.75 | 54.75 | 54.75 | 54.75 | 54.75 | 54.75 | 54.75 | 54.75 | 54.75 | 54.06 |
| Market over support----- | 4.00 | 4.07 | 6.31 | 2.34 | 1.34 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.34 | 3.46 | 2.41 |

See footnotes at end of table.

Table 9.--Cheddar cheese: U.S. production, commercial and Government-owned stocks as of end of month, market prices, 1/ and U.S. Department of Agriculture support prices, 1969-74--Continued

| (Production and stocks in thousands of pounds; prices in cents per pound) | | | | | | | | | | | | | |
|---|---------|----------|----------|---------|---------|---------|---------|----------|-----------|---------|----------|----------|------------------|
| Year and item | January | February | March | April | May | June | July | August | September | October | November | December | Total or average |
| 1972: | | | | | | | | | | | | | |
| Production----- | 95,920 | 95,159 | 113,150 | 116,843 | 135,287 | 140,670 | 124,741 | 112,812 | 97,031 | 92,674 | 83,345 | 92,199 | 1,299,832 |
| Stocks: <u>2/</u> | | | | | | | | | | | | | |
| Commercial----- | 184,598 | 180,190 | 178,350 | 194,127 | 216,965 | 241,854 | 268,381 | 269,964 | 264,998 | 247,959 | 230,261 | 212,711 | - |
| Government-owned-- | 3,415 | 1,409 | 948 | 649 | 403 | 1,645 | 1,478 | 208 | 337 | 303 | 200 | 183 | - |
| Total----- | 188,013 | 181,599 | 179,298 | 194,776 | 217,368 | 243,499 | 269,859 | 270,172 | 265,335 | 248,262 | 230,461 | 212,894 | - |
| Prices: | | | | | | | | | | | | | |
| Market----- | 58.50 | 58.69 | 59.65 | 57.94 | 57.75 | 57.99 | 59.33 | 60.11 | 60.02 | 61.14 | 63.01 | 63.75 | 59.82 |
| Support----- | 54.75 | 54.75 | 54.75 | 54.75 | 54.75 | 54.75 | 54.75 | 54.75 | 54.75 | 54.75 | 54.75 | 54.75 | 54.75 |
| Market over support----- | 3.75 | 3.94 | 4.90 | 3.19 | 3.00 | 3.24 | 4.58 | 5.36 | 5.27 | 6.39 | 8.26 | 9.00 | 5.07 |
| 1973: | | | | | | | | | | | | | |
| Production <u>3/</u> ----- | 97,567 | 94,915 | 112,708 | 119,504 | 135,673 | 136,230 | 122,219 | 108,702 | 87,123 | 94,460 | 95,539 | 111,372 | 1,316,011 |
| Stocks: <u>2/</u> | | | | | | | | | | | | | |
| Commercial----- | 207,537 | 205,413 | 193,378 | 195,275 | 214,003 | 242,697 | 252,594 | 253,450 | 245,087 | 237,976 | 228,486 | 228,137 | - |
| Government-owned-- | 149 | 138 | 173 | 129 | 214 | 314 | 431 | 643 | 498 | 359 | 464 | 490 | - |
| Total----- | 207,686 | 205,551 | 193,551 | 195,404 | 214,217 | 243,011 | 253,025 | 254,093 | 245,585 | 238,335 | 228,950 | 228,627 | - |
| Prices: | | | | | | | | | | | | | |
| Market----- | 63.75 | 63.75 | 65.75 | 65.19 | 66.68 | 67.75 | 68.36 | 74.69 | 80.75 | 84.22 | 86.33 | 88.25 | 72.96 |
| Support----- | 54.75 | 54.75 | 4/ 62.00 | 62.00 | 62.00 | 62.00 | 62.00 | 5/ 65.00 | 65.00 | 65.00 | 65.00 | 65.00 | 62.04 |
| Market over support----- | 9.00 | 9.00 | 3.19 | 3.75 | 4.68 | 5.75 | 6.36 | 9.69 | 15.75 | 19.22 | 21.33 | 23.25 | 10.92 |
| 1974: | | | | | | | | | | | | | |
| Production <u>3/</u> ----- | 120,964 | - | - | - | - | - | - | - | - | - | - | - | - |
| Stocks: | | | | | | | | | | | | | |
| Commercial----- | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Government-owned-- | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total----- | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Prices: | | | | | | | | | | | | | |
| Market----- | 89.72 | 91.06 | - | - | - | - | - | - | - | - | - | - | - |
| Support----- | 65.00 | 65.00 | - | - | - | - | - | - | - | - | - | - | - |
| Market over support----- | 24.72 | 26.06 | - | - | - | - | - | - | - | - | - | - | - |

1/ Average prices paid for 40-pound blocks of Cheddar cheese at Wisconsin assembly points.

2/ Estimated, by applying the ratio of annual production of Cheddar cheese to that of American cheese to the statistics reported by the U.S. Department of Agriculture for monthly commercial stocks; all Government-owned stocks consist of Cheddar cheese.

3/ Estimated, based on the ratio of monthly production of Cheddar cheese to that of American cheese in 1972.

4/ Effective Mar. 15.

5/ Effective Aug. 10.

Source: Compiled from official statistics of the U.S. Department of Agriculture, except as noted.

