

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3995/Add.2

26 June 1974

Limited Distribution

Original: English

UNITED STATES AGRICULTURAL ADJUSTMENT ACT

Import Quotas for Non-Fat Dry Milk

Addendum

The following communication, dated 17 June 1974, has been submitted by the United States mission in Geneva.

I have been asked by my authorities to inform you that Secretary of Agriculture Earl L. Butz has advised President Nixon that a further increase in the import quota for non-fat dry milk is not necessary or advisable at this time.

The Secretary's recommendation is directed to a pending presidential decision on an earlier recommendation of the United States Tariff Commission that the regular import quota for non-fat dry milk be increased, for the calendar year 1974 only, by 265 million pounds. The regular annual quota, which was established by President Eisenhower in 1953, is 1.8 million pounds per year.

Last December the Tariff Commission, following an investigation requested by the President, recommended that the 1974 quota be increased by the same amount as had been permitted during 1973. At that time, domestic production had fallen sharply and supplies were tight. Under the law, import restrictions may be imposed only as necessary to prevent imports from interfering with the price-support programme; and the Commission concluded that non-fat dry milk imports could be continued at the 1973 level without causing such interference. Also at that time dairy prices were well above the support level and the Government had made no support purchases for many months.

On 4 March, at the advice of the Secretary, President Nixon took interim action on the Commission's report, withholding final decision until the prospective supply situation for the entire year became more definite. The interim action authorized

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150 million of the recommended 265 million pounds additional non-fat dry milk imports during a period ending 30 June.

In his letter to the President, Secretary Butz pointed out that the dairy situation has changed markedly in recent months. Production of non-fat dry milk and other manufactured dairy products has been greater than anticipated; prices have fallen and are now close to or at the support level. The Commodity Credit Corporation has acquired dairy products under the price-support programme.

In this situation, the Secretary considered that any further increase in the import quota for non-fat dry milk would almost certainly result in interference with the price-support programme for milk and asked that no action on the report of the Tariff Commission be taken at this time.