

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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UNITED STATES RESTRICTIONS ON DAIRY PRODUCTS

1. The following communication, dated 25 March 1953, has been received from official sources:

"The Department of Agriculture announced today (March 25th) that there will be an embargo on imports of dried whole milk, buttermilk and cream effective April 1st. Referring to the recent large purchases of butter, cheese and non-fat dry milk solids the Commodity Credit Corporation is making under the milk butterfat support program, the U.S. Department of Agriculture stated that the action was necessary to prevent imports of the affected commodities from displacing domestic fluid milk with the consequent diversion of domestic milk to products being purchased by the Commodity Credit Corporation. All unused import authorizations for the affected items issued for the first quarter of 1953 will expire on March 31st except that authorizations will be renewed by the U.S. Department of Agriculture to cover shipments already in transit."

2. In this connection it will be noted that, since the close of the Seventh Session of the CONTRACTING PARTIES, the United States Government has made certain other changes in its import control of dairy products. In the belief that contracting parties will wish to have for record purposes a description of the measures taken, there is reproduced below the text of a press release issued by the United States Department of Agriculture on 20 December 1952 announcing changes in the import control programme administered under Defense Food Order 3 pursuant to Section 104 of the Defense Production Act of 1950, as amended, and effective as of 30 December 1952:

"Secretary of Agriculture Charles F. Brannen today announced the following changes in the import controls administered under Defense Food Order 3: (1) Establishment of import restrictions on dried whole milk, dried buttermilk, and dried cream; (2) removal of import restrictions on casein and on processed cheeses made from Edam or Gouda cheese; and (3) an increase of 500,000 pounds in the basic annual quotas for blue mold cheese.

"The actions were taken in accordance with provisions of Section 104 of the Defense Production Act, as amended, which require that imports of specified commodities and products be restricted to those quantities which will not have adverse effects (1) on domestic production, (2) on marketing and storage, or (3) on price support programs.

"The import restrictions being established for dried whole milk, dried buttermilk, and dried cream will limit imports during the period ending March 31, 1953, to quantities approximately equal to the average quarterly imports of each of these products during the first two quarters of 1952. Imports of dried whole milk have increased since 1950 from about 24,000 pounds to approximately 40 million pounds in 1952, and imports of dried buttermilk have gone from about half a million pounds to about 12 million in the same period.

"Recently it has been necessary for the Commodity Credit Corporation to purchase substantial quantities of butter and cheese under the price support program. In addition, the rate of purchases of nonfat dry milk solids has increased substantially in recent weeks. These increased purchases are being made despite the fact that this is the season of the year when milk production is normally lowest. The increased imports of dried whole milk and dried buttermilk have tended to displace domestically produced butterfat and solids. The import quotas imposed today will reduce the sharply increased level of imports of these products during recent months to the average quarterly level of imports during the first two quarters of 1952. This action is expected to reduce expenditures which might otherwise be necessary under the price support program.

"Individual importers will be granted licenses and quotas for importation of dried whole milk, dried buttermilk, and dried cream on the basis of their average imports of these products during the past 18 months. The totals through March 31, 1953, will be limited to 6.5 million pounds of dried whole milk, 2,150,000 pounds of dried buttermilk, and 35,000 pounds of dried cream, plus any supplies in transit to the U.S. before the effective date of the new controls.

"Imports of casein have been controlled since August 9, 1951. On the basis of experience gained during this period of control, the Secretary has concluded that termination of import controls on casein will not result in any of the adverse effects specified in Section 104.

"The increase of 500,000 pounds in the import quotas for blue mold cheese for the remainder of the year ending June 30, 1953, has been made in recognition of the strong demand for this type of cheese. The increase raises the basic import quotas for blue mold cheese to a total of 3.5 million pounds for the 1952-53 fiscal year. Although domestic production of blue mold cheese has recovered substantially in the past year, prices

of both the domestic and imported product have remained firm. Similarly, it is expected that removal of import restrictions from processed cheeses made from Edam or Gouda cheese will have no adverse effect on domestic production or prices of these products.

"The following types and varieties of cheese are unaffected by today's changes and continue under control at quota levels previously announced, Cheddar, Edam and Gouda, processed cheeses made in whole or in part from Cheddar or blue mould cheese, and Italian varieties made from cow's milk. Defense Food Order 3 also prohibits or limits imports of the following other commodities: Butter, butter oil, malted milk compounds, nonfat dry milk solids, flaxseed, linseed oil, peanuts, peanut oil, and rice. It is contemplated that cheese import licenses for the last quota period in 1952-53 will be issued shortly.

"The changes announced today are contained in a revised determination by the Secretary which is being published in the Federal Register."