

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/268

3 November 1954

Limited Distribution

Original: English

UNITED STATES RESTRICTIONS ON DAIRY PRODUCTS

Report by the United States Government

on action since the Eighth Session

In the resolution of 13 October 1953, concerning United States restrictions on the importation of dairy products, the CONTRACTING PARTIES requested the United States Government to report, before the opening of the Ninth Session, on the action which it has taken on this matter. The following report is in response to this request:

In the report submitted to the Seventh Session of the CONTRACTING PARTIES, the United States delegation described the United States support programme for dairy products, giving the history of its development and its objectives and pointed out the necessity for imposing import quotas in connection with the programme. Since that time the United States has taken important steps directed toward the reduction of the maladjustment between the world dairy supply and commercial demand, which underlies this quota situation.

In the field of production incentives, the level of price assurance has been reduced. On 15 February 1954, the Secretary of Agriculture of the United States announced a reduction in the level of price supports for milk for manufacturing and butterfat from 90 per cent to 75 per cent of parity (the minimum permitted under the law) to become effective 1 April, the beginning of the 1954-55 marketing year.

In the field of consumption, the United States has taken steps to help solve the commercial surplus problem by encouraging increased consumption. An active campaign has been carried on to increase the commercial milk consumption in the United States. Under recent legislation 50 million dollars has been made available in 1954-55 for use in increasing the consumption of fluid milk by school children. Large quantities of dairy products have been donated for use in domestic school lunches and for other purposes. Additional quantities have been donated, or sold at less than cost, for welfare use in other countries with the acquiescence of their governments.

Among the effects of this adjustment that are beginning to be seen is the levelling off in production and an expansion in the consumption of dairy products in general. However, the production of dairy products in the United States has continued to exceed the demands of the domestic market and the government owns

large stocks. At the end of the 1953-54 programme year, before price supports were reduced, government stocks amounted to about 10 per cent of the year's milk production. Substantial quantities are still being acquired under the price support programme in the 1954-55 season. Nevertheless, the United States has continued to allow imports under the quotas established in 1953.

The dairy problem is part of an overall agricultural problem of adjustment to post-war conditions, especially the continuation of high production levels in war time supply areas while import requirements are held at relatively low levels. The United States has every confidence that the dairy producing countries can together find ways to meet this dairy surplus problem on the basis of benefit to producers and consumers alike. We have already taken the initiative in approaching other dairy exporting countries regarding cooperation in developing new markets for dairy products in areas of the world where the per capita consumption of milk and milk products is below minimum dietary standards. Many people are consuming an inadequate quantity of milk and its products. From ~~this point of view~~ there is no surplus of dairy products in the world. It is in the framework of this approach, in the view of the United States Government, that there can be achieved a definitive solution of the world commercial dairy surplus problem.