

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES  
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## ITEM 30 - IMPORT RESTRICTIONS OF DAIRY PRODUCTS INTO THE UNITED STATES OF AMERICA

### Memorandum submitted by the Netherlands Delegation

The enactment, at the end of July this year, of the amendments on the Defence Production Act of 1951 has empowered the American Government to restrict, under certain circumstances, the import of a number of products, among them dairy products. This authority has already been made use of since, beginning 9 August, the importation of cheese and caseine has been subjected to a quantitative restriction on the basis of the imports during 1948, 1949 and 1950 for cheese and during 1950 for caseine. The embargo already existing on the importation of butter and milk powder of low fat content will be continued under this law.

The production and export of cheese have, for a very long time, been of major importance to the Dutch economy and an important part of the Dutch population is dependent thereon for earning a livelihood.

Before the war, i.e. in 1937 and 1938, the import of Dutch cheese into the United States of America amounted to 5,420,000 lbs. and 4,140,000 lbs. respectively.

After the second world war the numbers of head of cattle had decreased to such an extent and the provision with feeding stuffs had deteriorated so much that several years were needed to repair the damage. In 1947, however, the export of cheese was re-established on a small scale and 247,000 lbs. were exported to the United States of America.

When the internal situation in the Netherlands had improved, also due to much valued external assistance, the export of cheese could be progressively increased. In 1948, 1949 and 1950 these exports to the United States amounted to 328,000, 633,000 and 3,398,000 lbs. respectively. During the first six months of 1951 the pre-war level was reached with an export of 2,544,000 lbs. This achievement was accomplished by the joint effort of the Dutch Government and the country's dairy industry.

In an official communication handed by the United States Government to the Dutch Government on the 10th August 1951, the State Department has informed the Netherlands Government that the importation of butter and milk powder with a low fat content has been again prohibited while the United States Department of Agriculture has limited the total quantity of every kind of cheese for which import licences will be issued - during the period from 10 August 1951 to 31 December 1951 - to 5/12ths of the average yearly imports of each kind during 1948, 1949 and 1950.

It is self-evident that Dutch exports of cheese to the United States will be damaged considerably by these restrictive measures. Though it does not affect the principle side of the matter the different kinds of Dutch cheese which are being exported to the United States of America have each their own distinctive quality, so that it cannot be said that they compete with the cheeses produced in the United States of America. Moreover, Dutch cheese is intended for a special category of buyers which is prepared to pay higher prices than for American cheese because of the special quality demanded.

The table below shows that the total import of all kinds of cheese into the United States does not even amount to 5% of internal United States' production of cheese.

Year	Home <u>production</u>	Total <u>imports</u>	<u>United States Imports from the Netherlands</u> (in 1,000 lbs.)
1948	1,096,000	23,557	328
1949	1,193,000	32,014	633
1950	1,171,000	56,189	3,398

Added to this, the quantity of cheese imported during 1950, remained below the pre-war level, while United States internal production in 1950 was 40% higher than during the pre-war year 1939. Furthermore, the export of cheese from the United States of America in 1950 amounted to about 200% of the import of cheese in that year.

The importation of caseins into the United States of America from 1950 to 1951 has also increased. Because of the new restrictions it will be impossible to maintain this increase.

The exportation of butter and milk powder of low fat content to the United States of America, which is of primary importance for Dutch exports generally, will be made impossible by the re-introduction of the import prohibitions so that an important market for these dairy products will remain closed to the Netherlands.

In order to encourage exports to the United States of America, Dutch Trade Commissioners have been appointed there and Fairs and Shows have been organized at the cost of important sums of a currency which is still very scarce to the Netherlands' Government. Moreover, producers have been greatly discouraged by the measures taken because it is now feared that any new initiative to increase exports will be followed by fresh obstacles introduced by the importing country; it is evident that this fear may adversely affect the above mentioned endeavours to increase exports from the Netherlands to the United States of America.

The quantitative restrictions and import prohibitions introduced by the United States Government are, according to the opinion of the Netherlands Government, contrary to the general principles of the General Agreement on Tariffs and Trade, which are intended to promote the expansion of trade

between contracting parties. In particular these restrictions would be contrary to Article XI, 1st and 2nd paragraphs.

Furthermore, these import restrictions will greatly diminish the value of the concessions for butter, cheese and caseine which the United States has granted during the trade negotiations held under the General Agreement on Tariffs and Trade.

For these reasons the Netherlands Government, acting in accordance with Article XXIII, 1st paragraph, of the General Agreement, has made known to the Government of the United States of America, on the 16th August, its objections against the restrictions imposed upon the importation of cheese and caseine.