

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
LIMITED B
GATT/CP.6/28
21 September 1951
ORIGINAL: ENGLISH

CONTRACTING PARTIES
Sixth Session

ITEM 30 - RESTRICTIONS ON IMPORTS OF DAIRY PRODUCTS INTO THE UNITED STATES

Memorandum submitted by the Danish Delegation

1. The Danish Delegation acting upon instructions from its Government hereby informs the Contracting Parties that the quantitative restrictions on the importation of dairy products introduced by the United States Department of Agriculture on August 9, 1951, have caused a serious impairment of the benefits accruing to Denmark under Article XI of the General Agreement.

In addition the action by the United States involves a reduction of the benefits of the tariff concessions on cheese granted by the United States at Annecy.

2. The Danish export of cheese to the United States is an important feature in the Dollar Export Drive necessitated by Denmark's balance-of-payments difficulties in the post-war period. Encouraged by the advisory work of the United States authorities Danish cheese producers as a result of large investments gradually succeeded in regaining the market which had been lost by the outbreak of the war. When in 1950 the export passed the 1938 figure of 1872 metric tons it was partly due to the fact that the tariff concessions on blue cheese granted by the United States at Annecy diminished a serious obstacle to the competition of Danish cheese producers on the American market, and partly due to the ability of the Danish cheese manufacturers to make their products in accordance with the taste of the American consumers.

The volume and value of the Danish export of cheese to the United States appears from the following table:

| | <u>Volume</u> (metric tons) | <u>Value</u> (1000 U.S.\$) |
|------------------|--------------------------------|-------------------------------|
| 1938 | 1872 | - |
| 1939 | 1820 | - |
| 1947 | 16 | - |
| 1948 | 394 | 425 |
| 1949 | 613 | 540 |
| 1950 | 1895 | 1345 |
| January-May 1950 | 1275 | 931 |

The Danish cheese export to the United States amounting to less than a half per cent of the total cheese production in the United States in 1950 could not be in any sense detrimental to the American cheese producers, and even if this was the case, it would not be relevant in this connection, because the idea behind the General Agreement is to facilitate a high degree of competition in international trade. On the other hand the Danish interest in this export is significant in view of the fact that cheese represents between 12 and 13 per cent of the total Danish exports to the United States.

3. The efforts shown by Danish cheese exporters during recent years and the expectations that this export might become a large scale contribution to the attainment of a self-supporting Danish external economy were frustrated when on August 9th, 1951 the United States Department of Agriculture announced that the importation of cheese during August-December 1951 could not exceed 5/12 of the annual average importations during the three years 1948-50. It was stated that this action was taken in pursuance of the following provisions contained in the Defense Production Act as amended on July 31, 1951:

"Import controls of fats and oils (including oilbearing materials, fatty acids, and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and no imports of any such commodity or product shall be admitted to the United States until after June 30, 1952, which the Secretary of Agriculture determines would (a) impair or reduce the domestic production of any such commodity or product below present production levels or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program. The president shall exercise the authority and powers conferred by this section".

As this action caused serious injury to Denmark's interests the Danish Government made several representations to the Government of the United States pointing out that the introduction of quantitative restrictions for purposes of protection is inconsistent with the provisions of Article XI, paragraph 1 of the General Agreement.

As the Government of the United States have not been able to assure the Danish Government of the prospective termination of this deviation from the provisions of the Agreement, the Danish Delegation hereby refers the matter to the Contracting Parties and requests them, acting under Article XXIII, paragraph 2, to recommend to the United States Government to take the necessary action to fulfil its obligations under Article XI of the Agreement.