Restrictions on United States Dairy Products

Introducing this item, Dr. H. van Blankenstein, Netherlands, made a statement, referring to the memorandum submitted by the Netherlands Delegation on the effect of the United States restrictions on imports of dairy products. A similar statement was made by Mr. E. Sveinbjornsson, Denmark, in reference to a memorandum submitted by the Danish Delegation. The Netherlands memorandum and statement are given in press releases 39 and 41; the Danish memorandum and statement are given in press releases 40 and 42.

Mr. Coppolo D'Anna, Italy, sharing the views of the Netherlands and Danish delegations, said that Italy would possibly be harder hit by the new United States regulations than other countries, particularly since the base year for the quota had been taken as 1949, 1948 and 1949. In these years the average import of Italian cheese by the United States was under 5,000 tons, whereas the average pre-war export to the United States was 11,500 tons. Mr. D'Anna also noted that the bulk of cheese exports was a special type of hard cheese consumed by special sections of the population. At Annecy the United States duties on cheese were reduced and Italy gave equivalent concessions. The United States action, he said, would annul the value of the Italian concessions. The United States action was clearly inconsistent with GATT and he sincerely hoped the United States would cancel the restrictions.

Mr. K.L. Press, New Zealand, stressed the psychological effect of the United States action on his people, and warned of the risk for critics of GATT to say that GATT provided one law for the big countries and one for the small. New Zealand, he said, wished it to be noted that benefits accruing under GATT were being nullified and impaired.

Mr. E. Borresen, Norway, agreed with the views expressed, although the magnitude of Norwegian cheese exports to the United States was not so great. But Norway had made great efforts to expand cheese exports in order to decrease the dollar shortage. The new restrictions, he said, would certainly nullify the concessions given by Norway at Annecy and Torquay in return for reduced United States duties on cheese.

For Australia, Mr. J.G. Phillips reminded the Contracting Parties that the United States action also referred to butter, dried milk and casein. He contended that the United States action had already nullified the United States concession on butter made in 1947. Pointing out that the embargo on butter imports had resulted in the sending of a formal protest to the United States Government, Mr. Phillips said he hoped that the United States would take action very soon.

Mr. Ernest Lecuyer, France, said his government had already made known their views to the United States government on August 30. Competition of French cheeses, which were priced about twice as high as United States cheeses, was scarcely formidable. He referred to the fact that keeping out French cheeses had already prevented France from buying about 3,000 tons of Californian oranges, thus giving an example of the effect of the United States restrictions on international trade.
Mr. C.J. Isbister, Canada, associated himself with the other delegations which had spoken, and said that the United States restrictions had serious effects on Canadian producers. He agreed the General Agreement had been infringed and he agreed that the United States restrictions were unjustified under the appropriate articles of the Agreement. What is involved, he said, is an infringement of the Agreement regardless of the figures of the proportion of imports to United States domestic production. It was, said Mr. Isbister, difficult to find any support for the allegation that United States cheese producers are in difficulty: surplus stocks of cheese which existed a few years ago had been reduced and the market price today was above the "support" price.

Canada was at present in consultation with the United States as envisaged under Article XXIII, he said. The Canadian Government had taken note of President Truman's constructive message to Congress asking that the Anderson Amendment should be repealed. Depending on events in the next few weeks Canada was prepared to lodge — at this Session — a complaint and to proceed with the subsequent retaliation and other steps envisaged under Article XXIII.

The delegate of Finland, Mr. Leo Tuominen, pointed out that before the war Finland exported 1,900 tons of cheese to the United States out of a total export of 6,000 tons. But although the total post-war exports of cheese had risen to 3,000 tons, the exports to the United States had not increased. He hoped that the United States market could be recovered and supported the other speakers.

Mr. Calder, United Kingdom, said that although the United Kingdom was not greatly affected by the United States restrictions, the United Kingdom was vitally concerned with the observance of the provisions of the General Agreement and with restrictions on agricultural products in general. He thought that it was appropriate that the Contracting Parties should urge the United States Government to take prompt and effective action.

Mr. Arnost Tauber, Czechoslovakia, said that although his country was not greatly affected by the United States restrictions, he did concur with the views of other delegations, namely that the United States Delegation had violated the Agreement.

Mr. Stig Sahlin, Sweden, associated his delegation with the remarks of the United Kingdom delegation.

Mr. Willard Thorp, United States, recalled the legislative procedures by which the relevant amendment to the Defence Production Act, namely Section 104, had been added to the main body of the Act. He brought out that there had been unusually little opportunity for expert consideration before final enactment was necessary. He said that the President signed the Act on July 31, the day the previous authority expired; but at the time the President expressed disapproval of Section 104 among others. On August 9 orders were issued putting the new restrictions into effect. On August 23 the President sent a message to Congress indicating the points, including Section 104 which were unsatisfactory to him. Subsequently the Banking and Currency Committee of the Senate held hearings on these points: Mr. Thorp said he personally
testified for the repeal of Section 104, and he was supported by the Under Secretary of Agriculture, Mr. McCormick. On September 7 the Chairman of the Committee presented a Bill to repeal Section 104: this Bill was reported favourably and was now before the Senate, said Mr. Thorp, and he hoped it would be considered very soon by the Senate and the House.

In conclusion, Mr. Thorp presented two points. First, the Executive Branch of the United States Government was vigorously urging the Congress to repeal Section 104 of the Defence Production Act. Mr. Thorp asked that the Contracting Parties should await a reasonable time for the completion of Congressional consideration of this matter before taking action. Secondly, he said, this particular incident must not be interpreted as indicating a basic change in the policy of the United States Government to encourage the development of foreign trade among the nations of the world.

At the suggestion of the Netherlands and Danish Delegations it was agreed to retain the item on the agenda. The Chairman said it was agreed that Section 104 of the Defence Production Act was an infringement of the General Agreement. But clearly the Executive Branch was making serious efforts to have it repealed. If these efforts were not successful, the matter would have to be considered under Article XXIII, Nullification and Impairment. This was, he said, as several delegates had indicated, a test case; but the United States disclaimer on this point was a very valuable reassurance that Section 104 did not represent a change of basic United States policy.