UNITED STATES TARIFF COMMISSION

NONFAT DRY MILK

Report to the President on Investigation No. 22-32
Under Section 22 of the
Agricultural Adjustment Act, as Amended

TC Publication 587
Washington, D.C.
June 1973

UNITED STATES TARIFF COMMISSION

Address all communications to

United States Tariff Commission

Washington, D.C. 20436

C O N T E N T S

Appendix Tables

Report To The President

U.S. Tariff Commission,
June 13, 1973

To the President:

Pursuant to your request of May 10, 1973, 1/ the U.S. Tariff Commission has conducted an investigation 2/ under subsection (d) of section 22 of the Agricultural Adjustment Act, as amended (7 U.S.C. 624), to determine whether 60,000,000 pounds of dried milk described in item 115.50 of the Tariff Schedules of the United States (TSUS) (hereinafter referred to as nonfat dry milk) may be imported into the United States during the period beginning May 11, 1973, and ending June 30, 1973, in addition to the regular quota quantity (1,807,000 pounds) specified for such article under TSUS item 950.02, without rendering or tending to render ineffective, or materially interfering with, the price-support program now conducted by the Department of Agriculture for milk, or reducing substantially the amount of products processed in the United States from domestic milk.

The report of the Commission, including its finding and recommendation, which you requested at the earliest practicable date, is submitted herewith.

The information contained in this report was obtained from evidence submitted at the public hearing, from briefs, from other Government agencies, and from the Commission's files.

1/ The full text of your letter is shown in app. A.

2/ Public notice of the investigation (No. 22-32) was issued May 15, 1973 The notice was posted at the Commission's offices in Washington, D.C., and in New York City, and was published in the Federal Register of May 17, 1973 (38 F.R. 12966). A public hearing was held on May 24, 1973; all interested parties were afforded opportunities to produce evidence and to be heard.

Finding and Recommendation of the Commission 1/

On the basis of the investigation, the Commission finds that the importation of 60,000,000 pounds of nonfat dry milk into the United States during the period beginning May 11, 1973, and ending June 30, 1973, in addition to the annual quota quantity specified for such article under item 950.02 of the Tariff Schedules of the United States, as provided for in Presidential Proclamation No. 4216 of May 10, 1973, will not render or tend to render ineffective, nor materially interfere with, the price support program now conducted by the Department of Agriculture for milk, nor reduce substantially the amount of products processed in the United States from domestic milk.

We therefore recommend that the enlarged quota provided for by Presidential Proclamation 4216 be permitted to continue in effect until June 30, 1973.

1/ Commissioner Young did not participate in the finding and recommendation.

Statement of the Commission

Since mid-1953, U.S. imports of certain dairy products, including nonfat dry milk, have been subject to quotas under section 22 of the Agricultural Adjustment Act, as amended, in order to protect the price-support program maintained by the Secretary of Agriculture for milk from import interference. The quota for nonfat dry milk (1,807,000 pounds) remained unchanged from 1953 until December 30, 1972, when an additional special temporary quota of 25,000,000 pounds was established for the period ending February 15, 1973, pursuant to emergency action taken by the President in Proclamation 4177. Imports under that temporary quota began January 4, 1973, and by January 15 the quota was entirely filled. About 78 percent of the imports came from Canada, 17 percent from Belgium, 4 percent from the Netherlands, and 1 percent from Australia. On May 10, 1973, another additional special temporary quota of 50,000,000 pounds was established for nonfat dry milk for the period beginning May 11 and ending June 30, 1973, pursuant to emergency action taken by the President in Proclamation 4216. Imports under that quota began May 11, 1973, and by May 25, the quota was entirely filled. About 42 percent of the imports came from Canada, 24 percent from the Netherlands, 17 percent from Ireland, 14 percent from Belgium, 2 percent from Denmark, and 1 percent from France.

During the 20-year period following the imposition of the quota in 1953, there generally were no abrupt changes in the domestic market situation for nonfat dry milk. Production increased gradually, reaching a peak of about 2 billion pounds in the mid-1960's and then declined irregularly to about 1.3 billion pounds in 1972. The Department

of Agriculture has estimated that production in 1973 will decline to about 1.0 billion pounds. Commercial consumption of nonfat dry milk, meanwhile, increased irregularly from 646 million pounds in 1953 to 1,040 million pounds in 1969 and thereafter, declined gradually to 899 million pounds in 1972. During the 20-year period the Department of Agriculture purchased, under the price-support program, the surplus production. Such purchases ranged from about one-third to one-half of the annual output and U.S. market prices remained at or near the support price level. Nearly all of the purchases of nonfat dry milk by the Depa tment of Agriculture were diverted to noncommercial uses, as authorized by law.

Annual domestic production of nonfat dry milk is cyclical, reaching a high point in May or June and gradually receding to a low point in November. In the last quarter of 1972 and the first quarter of 1973, however, the U.S. supply-demand situation for nonfat dry milk changed significantly from the long-term trend. Production during that period declined about 20 percent from the comparable year-earlier level, whereas in most earlier recent years it had declined about 9 percent in a more or less seasonal cycle. Commercial consumption, meanwhile, increased about 5 percent, whereas it had declined 8 percent in the year-earlier period. Virtually all of the increase in consumption occured in the first quarter of 1973 and it most likely included the 25,000,000

pounds of nonfat dry milk imported under the aforementioned temporary quota. Moreover, the data on increased commercial consumption may also reflect a building up of stocks by commercial users following their apparent depletion in the fall of 1972.

Over the years, annual commercial consumption of nonfat dry milk has been declining. The decline in production, however, has been about twice as fast as the drop in consumption. Notwithstanding the more rapid decline in production than consumption, the U.S. supply of nonfat dry milk had been substantially in excess of commercial market demand for a long period preceding the fall of 1972. Even during the first three quarters of 1972, the Department of Agriculture purchased 298 million pounds of the surplus production (about a fourth of that year's output) from the commercial market. From November 1972 through May 1973, however, the Department did not purchase any nonfat dry milk, except for 10.5 million pounds of the instantized product purchased on April 4 at a price differential for processing and packaging of 12.77 cents per pound above the support price for the product in bulk. At the Commission's public hearing on the current investigation (No. 22-32), the spokesman for the Department of Agriculture reported that the Department expects to purchase only relatively small amounts of nonfat dry milk during the remainder of the 1973 year.

As a result of the disposition of nonfat dry milk by the Department of Agriculture in 1972 and the abnormal seasonal lag in production, uncommitted supplies of nonfat dry milk owned by the Government were exhausted in October of that year for the first time

in more than a decade, and thus far in 1973 (June 1) they have been nil. Commercial stocks of the product also have been drawn down to abnormally low levels. By the end of April 1973, commercial stocks were about 30 percent less than on the corresponding date in 1972 and significantly lower than they had been at the end of that month during most years of the past two decades.

In the fall of 1972 when stocks of nonfat dry milk became abnormally low, market prices, which had been at or near the support price of 31.7 cents per pound for more than a year, began to rise rapidly. Commercial users turned to the Department of Agriculture for supplies. For the first time since 1967, the Department sold some nonfat dry milk (13 million pounds) to commercial users at the minimum price required by law for sales of dairy products acquired by the Department of Agriculture under the price-support program.

By the end of December, after the Department of Agriculture's stocks were exhausted, market prices had risen to 38.5 cents per pound, or 6.8 cents per pound above the support price. The 25,000,000 pounds of nonfat dry milk imported under a special temporary quota during the first 15 days of January 1973 were immediately absorbed by the commercial market. Market prices were not depressed because of those imports, but rather increased slightly averaging 39.0 cents per pound in January and February, or 7.30 cents per pound above the support level.

Market prices rose again in March averaging 41.9 cents per pound. Effective March 15, the support price was increased to 37.5 cents per pound and the market price reported the following day was 4.8 cents

per pound above the new support price. Market prices continued to increase after that date and by May 11, the first day the special temporary quota of 60,000,000 pounds was in effect, they had risen to 44.9 cents per pound, or 7.40 cents per pound above the new support level--the widest margin that has existed between the market prices and support prices since the regular quota was established in 1953. By May 25, the temporary quota was entirely filled and as of June 1, market prices had remained at the 44.9 cent level.

The above-described supply-demand situation clearly demonstrates that the additional 60,000,000 pounds of nonfat dry milk permitted to enter under the special temporary quota have been readily absorbed by the commercial market and that market prices have not been depressed because of such imports. Even after all the nonfat dry milk had been imported under the temporary quota commercial market prices continued to exceed the support price of the Department of Agriculture by 7.40 cents per pound. Thus, it is quite clear that the additional imports authorized under the temporary quota will not result in additional purchases having to be made by the Department under the price-support program.

On the basis of the changed circumstances described above, we have concluded that the additional importation of 60,000,000 pounds of nonfat dry milk, as provided for in Presidential Proclamation 4216, will not render or tend to render ineffective, nor will it materially interfere with, the price-support program now conducted by the Department of Agriculture for milk, nor reduce substantially the amount of products processed in the United States from domestic milk.

Additional Statement of Commissioner Leonard

In addition to the previously set forth views of the Commission, in which I concur, three further observations merit attention.

First, although the question was not at issue in the instant investigation, much of the evidence obtained by the Commission in this investigation indicated that the annual quota for nonfat dry milk could be increased without affecting adversely the price-support program for milk or reducing substantially the amount of products processed in the United States from domestic milk. The U.S. production of milk is now in its flush season. Nonetheless, production of nonfat dry milk is far below its usual cyclical high point and stocks are abnormally low. Some 85 million pounds of nonfat dry milk have entered in recent months under the two special import quotas proclaimed by the President without apparent affect on U.S. market prices of that product, which have been materially above the support price. Such factors strongly suggest that a need may well arise to increase the quota again. Because of the very recent changes in the domestic supply-demand situation for nonfat dry milk, however, it is extremely difficult to determine precisely how much the quota could be modified before imports would be of much magnitude as to affect adversely the price-support program or the processing of products from domestic milk.

Second, in the case of the two recent emergency actions whereby the special temporary quotas on nonfat dry milk were proclaimed, virtually all of the nonfat dry milk permitted entry was imported and entered into consumption channels by the time the Commission's public hearings were concluded. Thus, the Commission's investigations were essentially exercises in futility; they were absolutely of no consequence or effect.

It gives pause as to whether the public interest and indeed the legislative intent in the enactment of section 22 is being served by the way the statute has been used recently.

Third, both of the temporary emergency quotas for nonfat dry milk were established as global quotas to be filled on a first-come, first-served basis (except that no importer was permitted to enter more than 2.5 million pounds). Because of their geographic location, Australia and New Zealand, as well as several potential European suppliers, had little opportunity to supply nonfat dry milk under the quotas. Canada, the nearest foreign country having available stocks, was the largest supplier. Thus, countries that may have exported nonfat dry milk to the U.S. market in the absence of any restrictions were--as a practical matter--denied a share of the temporarily opened market. In the Commission's report on the earlier section 22 investigation of nonfat dry milk, 1/ I suggested that consideration should be given to establishing such emergency quotas so as to allocate the quota amounts on a more equitable basis among foreign suppliers. That observation applies equally here. Alternative methods that might be considered include allocation to the countries that supplied the product to the United States during a representative period (the method by which most quotas for dairy products are allocated), allocation to countries according to the shares they supplied in world markets in recent years, or allocation to countries that would agree to supply the U.S. market a designated quantity for a specified time at prices that would fluctuate with U.S. prices. Another

1/ U.S. Tariff Commission, Nonfat Dry Milk, Report to the President on Investigation No. 22-30..., TC Publication 541, January 1973, p. 6.

means whereby the quota might be equitably allocated would be via an auction system whereby the quota would be granted to the country bidding the lowest delivery price for the product, or to the country bidding the highest price for a license to import. The "emergency" nature of the two special quotas on nonfat dry milk would not have precluded use of some method of allocation; the more recent quota, for example, was proclaimed for the period May 11 through June 30, 1973--a period that would have permitted imports from even the most distant supplying countries.

Additional Statement of Commissioner Ablondi

I concur with the Commission's finding and statement respecting this investigation as set forth above. In addition, I have further observations.

An underlying factor in the market situation for nonfat dry milk in recent years has been the relationship of the product to the total nonfat milk solids consumed in the United States in forms other than nonfat dry milk. Indeed, it is the changed consumption patterns for nonfat milk solids--only in part the subject of the current investigation--that have had a significant bearing on the U.S. consumption and production of nonfat dry milk. For example, the increases in consumption of cheese (which has more than doubled since 1953) and low-fat milk (which rose 50 percent in the past 5 years) have dwindled the U.S. supply of nonfat milk solids available for drying inasmuch as the raw milk went to the manufacture of those products rather than butter. In addition, purchases of the surplus production of dairy products by the Department of Agriculture in order to support the price of milk, as well as the costs of the price-support program, have been trending downward over the years. Recently, market prices for such products (except butter) have been substantially above the support prices, and purchases by the Department of Agriculture have been virtually nil.

The domestic dairy situation has so changed that within a period of 5 months the Commission has been requested to conduct three investigations for the purpose of temporarily modifying existing annual quotas. This action is indicative of a need to undertake periodic reviews of developments respecting imports of all dairy products to determine whether the annual import restrictions--particularly those which have been temporarily enlarged--should be modified from time to time as changes occur in the domestic market.

Introduction

The Agricultural Act of 1949, as amended, requires the Secretary of Agriculture to support the price of milk at such levels between 75 percent and 90 percent of parity as he determines necessary in order to assure an adequate supply. In order to satisfy that statutory requirement, the Secretary maintains a price-support program for milk under which the Department of Agriculture will purchase butter, Cheddar cheese, and nonfat dry milk at specified prices. In mid-1953 quotas were imposed on U.S. imports of certain dairy products--including nonfat dry milk--under section 22 of the Agricultural Adjustment Act, as amended, in order to protect the price-support program from import interference. From time to time since 1953 some of the quotas have been modified when found warranted by changed circumstances, and additional dairy products have been made subject to quotas when it was found that the statutory criteria were met. 1/

The quota for nonfat dry milk (1,807,000 pounds) remained unchanged from 1953 until December 30, 1972, when an additional special temporary quota of 25,000,000 pounds was established for the period ending February 15, 1973, pursuant to emergency action taken by the President in Proclamation No. 4177. Imports under that temporary quota began January 4, 1973, and by January 15 the quota was entirely filled. On May 10, 1973, another additional special temporary quota for nonfat dry milk (60,000,000 pounds)

1/ The current quotas under sec. 22 are shown in pa. 3 of the appendix to the Tariff Schedules of the United States Annotated (TSUSA).

was established for the period beginning May 11 and ending June 30, 1973, pursuant to emergency action taken by the President in Proclamation No. 4216 (shown in app. B). Imports under that quota began May 11, 1973, and by May 25 the quota was entirely filled.

Trends in U.S. Production and Utilization of Milk

Annual U.S. production of milk increased from 116.3 billion pounds in 1969 to 120.3 billion pounds in 1972 (table 1). The output in 1972 was valued at $7.2 billion (farm level). In January-April 1973, output of milk was 1.9 percent less than in the corresponding period of 1972. The Department of Agriculture has recently estimated that the production of milk in 1973 will be about 119.5 billion pounds, the first time annual milk production has declined since 1969. The Department attributed the decline in production to higher feed prices and short supplies, poor quality roughage, and increased culling of herds. They indicated that dairymen's marketings in 1973 will be valued at about $7.5 billion, but net returns may be lower than in 1972 because gross incomes are rising less than costs.

Nonfat dry milk can only be produced by drying the skim milk that remains after butter is produced from whole milk. In recent years, the proportion of the U.S. output of milk used for butter and nonfat dry milk has declined while the proportion used for cheese has increased (table 2). Prices for cheese have risen relative to butter prices inasmuch as the demand for cheese has risen rapidly. In 1972, for the first time on record, more domestic milk was used in the production of cheese than in butter, thereby diminishing

the amount of fluid skim milk available for drying. Moreover, U.S. output of low-fat and skim milk for consumption as such, not included in table 2 because computations therein are on a fat-solids basis, increased about 65 percent during the past 5 years, also contributing to the decline of fluid skim milk available for drying.

In recent years, producers of cheese have been paying higher prices to farmers for milk than have those producing butter. In 1968, for example, producers of butter paid 2 cents more per hundred pounds of milk than producers of cheese. In 1972 and January-April 1973, however, producers of cheese paid 18 cents more per hundred pounds of milk than producers of butter. The Department of Agriculture reported that the recent (increased) support price announced for Cheddar cheese effective March 15, 1973, will result in a support level to producers of milk of 50 cents more per hundred pounds for milk used for cheese than for milk used for butter. The increased support price of milk used for cheese relative to the price of milk used for butter, coupled with the current strong demand for cheese, indicates that prices of milk used for cheese will remain above prices of milk used for butter and nonfat dry milk during 1973.

On the average, 4.61 pounds of butter and 8.96 pounds of nonfat dry milk can be obtained from a hundred pounds of milk. In earlier years the price relationships established for butter and nonfat dry milk under the support program were such that the butter obtained from a hundred pounds of milk was of greater value than the nonfat dry milk obtained. The support levels established on March 15, 1973 (60.9 cents per pound for butter and 37.5 cents

per pound for nonfat dry milk), however, yield a value of $2.81 for the butter and $3.36 for the nonfat dry milk produced from a hundred pounds of milk; moreover, current market prices are such that the butter is still valued at $2.81 whereas the nonfat dry milk is valued at $4.02. Although producers have been receiving lower prices for the butter they produced, the prices they have received for nonfat dry milk have risen rapidly, thus enabling them to continue to compete with producers of cheese for the available supply of milk and, apparently, recoup any losses that may have been incurred from producing butter or make up any foregone profits.

Nonfat Dry Milk

Production and commercial consumption

U.S. production of nonfat dry milk has been cyclical in recent years, reaching a high point in May or June and gradually receding to a low point in November (table 3). The output of nonfat dry milk declined from 1.6 billion pounds in 1968 to 1.5 billion pounds in 1969, remained at about the 1969 level in 1970 and 1971, and then declined to 1.3 billion pounds in 1972 (table 4). The Department of Agriculture has estimated that output in 1973 will amount to about 1.0 billion pounds. In the last quarter of 1972 and the first quarter of 1973, production declined more than seasonally--about 20 percent from the corresponding period of a year earlier--whereas in most of the past few years it had declined about 9 percent. Although production resumed its cyclical upward trend in March and April 1973, it was still about 22 percent less than in the corresponding period of 1972.

During 1968-72, commercial consumption of nonfat dry milk declined at an average annual rate of 1.9 percent; production declined at the rate of 4.4 percent. During the last quarter of 1972 and the first quarter of 1973, however, commercial consumption increased 5 percent, whereas it had declined 8 percent in the corresponding periods of a year earlier. Virtually all of this increase in consumption occurred in the first quarter of 1973 and most likely included the 25 million pounds of nonfat dry milk imported under the temporary quota established on December 30, 1972. Moreover, the data showing the increase in consumption may reflect a buildup of stocks by commercial users following an apparent depletion in the fall of 1972.

In recent years, Minnesota, Wisconsin, California, and Iowa have accounted for about 60 percent of the U.S. output of nonfat dry milk. Nonfat dry milk is used primarily as an ingredient in other dairy products such as ice cream and cottage cheese packaged for home use, and in bakery and prepared dry mixes, meat processing, confectionery, soups, and pharmaceuticals. At the Commission's hearing on its investigation on nonfat dry milk in January 1973 (No. 22-30), several persons reported that it is generally not feasible to substitute other ingredients for nonfat dry milk in their products because of fixed formulas and consumer preferences and, in some cases, the requirements of the Federal standards for nonfat milk solids, which are usually supplied from nonfat dry milk.

Prices

Nonfat dry milk is one of the three products purchased by the Department of Agriculture in order to support the price of milk. U.S. market prices for nonfat dry milk have generally increased in response to increases in the Department's support price. However, in the last quarter of 1972 and the first quarter of 1973, market prices remained above the support prices, indicating that commercial demand for the product during that period had a far greater effect on market prices than the Department of Agriculture's suppor price. Average annual market prices for nonfat dry milk increased from 23.00 cents per pound in 1968 to 32.88 cents per pound in 1972; by May 4, 1973, the price had increased to 44.90 cents per pound (table 3), where it remained as of June 1.

Prior to the fall of 1972, market prices for nonfat dry milk generally had remained close to the support price, and the Department of Agriculture had purchased about a third of the annual domestic output. During the period January 1968 through August 1972, for example, monthly U.S. market prices for nonfat dry milk ranged from 1.25 cents per pound above the support price to 0.20 cents per pound below the support price (table 3). In September 1972, however, market prices advanced above the support price (then 31.7 cents per pound) for the first time in more than a year; by December, they averaged 38.5 cents per pound, or 6.8 cents per pound above the support price--by far the largest margin by which the market price had exceeded the support price during the 1968-72 period.

Notwithstanding the importation of 25,000,000 pounds of nonfat dry milk under the temporary quota in January 1973, market prices continued to increase, averaging 39.0 cents per pound in January and February, or 7.3 cents per pound above the support level. Market prices rose again in March, averaging 41.9 cents per pound. Effective March 15, the support price was increased to 37.5 cents per pound, and the market price reported the following day was 4.8 cents per pound above the new support price. Market prices continued to rise after that date and on May 4, 7 days before the first day the temporary quota of 60,000,000 pounds was in effect, they had increased to 44.9 cents per pound, or 7.4 cents per pound above the new support level. By May 25, the temporary quota was entirely filled and market prices as of June 1 remained at 44.9 cents.

U.S. prices of nonfat dry milk, like those of other dairy products, have been above prices in most other countries. In April 1973, r example, the price of nonfat dry milk in the United States was 44 cents per pound, compared with 24 cents in New Zealand and 32 cents in Canada.

Exports

During the period 1968-71, U.S. exports of nonfat dry milk ranged from 329 million pounds to 416 million pounds (table 4). Exports amounted to about 25 percent of production during that period, compared with about 50 percent in the early 1960's. In 1972, exports amounted to 282 million pounds and were equivalent to about 22 percent of production. In January-March 1973, exports amounted to 11 million pounds, compared with 56 million pounds in the corresponding period of 1972. The exports in 1973 consisted of Government supplies that had been committed in 1972. In recent years the bulk of the exports have been to Brazil, Colombia, South Vietnam, Mexico, India, the Dominican Republic, and the Republic of Korea. All of the U.S. exports have been under various Government programs. Most have consisted of donations abroad by the Department of Agriculture; some have been subsidized sales. In October 1972, the Department of Agriculture stopped programing exports of nonfat dry milk.

Imports

The rate of duty applicable to U.S. imports of nonfat dry milk, 1.5 cents per pound, has been in effect since 1948; it reflects a concession granted by the United States in the General Agreement on Tariffs and Trade. The average ad valorem equivalent of the rate of duty, based on 1972 imports, was 6.7 percent.

The regular section 22 quota for nonfat dry milk, 1,807,000 pounds, has been virtually filled in recent years. As of April 30, 1973, nearly half the quota was filled for 1973. About 75 percent of the regular quota is licensed by the Department of Agriculture to importers who are authorized to enter the article from Australia and 25 percent is licensed to importers who are authorized to enter the article from Canada.

The temporary quota proclaimed on December 30, 1972--25,000,000 pounds to be imported during the period ending February 15, 1973--was administered on a first-come - first-served basis, except that no importer was permitted to enter more than 2,500,000 pounds and import licenses were not required. Imports under that temporary quota began January 4, 1973, and by January 15 the quota was entirely filled. About 78 percent of the imports came from Canada, 17 percent from Belgium, 4 percent from the Netherlands, and 1 percent from Australia. That temporary quota quantity was equivalent to about 2 percent of the U.S. production of nonfat dry milk in 1972, 0.25 percent of the total nonfat milk solids in the total U.S. production of milk in that year, and 20 percent of the U.S. output of nonfat dry milk during the first month and a half of 1973 (the period of time the temporary quota was in effect).

The temporary quota proclaimed on May 10, 1973--60,000,000 pounds to be imported during the period May 11 through June 30, 1973--is to be administered on a first-come - first-served basis, except that no importer may enter more than 2,500,000 pounds and no import licenses are required.

The Bureau of Customs reported that as of May 25, 1973, the quota had been entirely filled; 42 percent of the imports had come from Canada, 24 percent from the Netherlands, 17 percent from Ireland, 14 percent from Belgium, 2 percent from Denmark, and 1 percent from France. This temporary quota quantity is equivalent to about 5 percent of the U.S. output of nonfat dry milk in 1972, 0.6 percent of the total nonfat milk solids in the total U.S. production of milk in that year, and 25 percent of the U.S. output of nonfat dry milk during the period in 1972 corresponding to the period in 1973 that the temporary quota will be in effect.

The regular quota for nonfat dry milk has been equivalent to about 0.1 percent of the U.S. production of nonfat dry milk in recent years. The two temporary quotas that have been in effect in 1973 are equivalent to about 8 percent of estimated production for that year.

Stocks

Total yearend stocks of nonfat dry milk (commercial and Government-owned) declined from 278 million pounds in 1968 to 45 million pounds in 1972 (table 5); at the end of April 1973, they amounted to 57 million pounds compared with 92 million pounds at the end of April 1972. Over the years, the great bulk of the yearend stocks of nonfat dry milk have generally been Government owned. Since the spring of 1970, however, the bulk of the stocks have been owned commercially.

Commercial stocks of nonfat dry milk were drawn down to abnormally low levels in the fall of 1972. Although they increased from 34 million pounds at the end of January 1973 to 57 million pounds at the end of April, the latter

figure was about 30 percent less than the April 1972 level and significantly lower than the levels at the end of that month during most years of the past two decades. Government stocks were also drawn down in the fall of 1972; at the end of April 1973 they were virtually nil. Since October 1972, all the Government stocks have consisted of committed supplies.

World production, trade, and stocks

During the period 1968-71, world production of nonfat dry milk declined from 5.3 billion to 4.7 billion pounds; in 1972, it amounted to 5.2 billion pounds. The European Community (EC), the world's largest producer, accounted for about 57 percent of the total output. The United States, the next largest producer, accounted for about 25 percent of the total, and Canada, for about 7 percent.

World trade in nonfat dry milk increased each year during 1968-71. The largest exporter, the EC, accounted for about one-third of the world exports during the period (exclusive of intra-Community shipments). The United States, whose exports consisted of Government donations and subsidized sales, was the second largest supplier, accounting for one-fourth of the exports; Canada accounted for about one-seventh of the exports. New Zealand and Australia were the remaining principal exporting countries. The principal importing countries were Japan, Cuba, Mexico, Spain, and the United Kingdom.

World stocks of nonfat dry milk declined from 1,176 million pounds in 1969 to 308 million pounds in 1971. At the end of 1972 they amounted to 592 million pounds.

Current U.S. commercial supply-demand-price situation

In the last quarter of 1972 and the first quarter of 1973, U.S. output of nonfat dry milk declined about 20 percent from the corresponding periods of a year earlier, whereas in most of the past few years it had declined about 9 percent in a more or less seasonal cycle. In April 1973, output was about 24 percent less than in April 1972. In the fall of 1972, manufacturers' stocks of the product were drawn down to abnormally low levels and uncommitted stocks of the Department of Agriculture became exhausted. Imports, meanwhile, were restricted by the section 22 quota. Under the circumstances, prices in the marketplace, which traditionally have been at or near the Department of Agriculture's support prices, rose sharply, reflecting the fact that the commercial demand for the product exceeded the supply in the last several months of 1972. Twenty-five million pounds of nonfat dry milk were imported under the temporary quota during the first 15 days of January 1973 and immediately absorbed by the commercial market. Market prices, which had risen from 32.2 cents per pound in September 1972 to 38.5 cents per pound in December, averaged 39.0 cents in January and February 1973. Prices advanced again in March 1973, and they continued to increase, reaching 44.9 cents per pound on May 4 (where they remained as of June 1) notwithstanding the authorization on May 10 of another 60,000,000 pounds of nonfat dry milk to be imported during the period May 11-June 30, 1973. Thus, during the period September 1972 through June 1, 1973, market prices for nonfat dry milk rose about 40 percent.

From the end of November 1972 through June 1, 1973 (the last date for which data are available), the Department of Agriculture did not

purchase any nonfat dry milk 1/ except 10.5 million pounds of the instantized product purchased on April 4 at a price differential for instantizing (breaking up the particles of powder so they are more dispersible in water) and packaging at a price of 12.77 cents per pound above the support price for the product in bulk. The Department has been offered instantized nonfat dry milk each week since April 4, as it had been from time to time after the end of November, but it has not bought the product because of the high price. This fact, coupled with the record high market prices for nonfat dry milk, which persisted for 3 weeks following the announcement of the special temporary quota of 60,000,000 pounds on May 10, indicate that the commercial demand for the product continued to exceed the supply in the first quarter of 1973. The data show that domestic production resumed its traditional cyclical upturn in March and April 1973, but output in those months was about 22 percent less than in the comparable months of 1972.

1/ On June 1 market prices were 7.40 cents per pound above the Department's support price.

The Price-Support Program for Milk

As required by law, the price-support program for milk is carried out by the Department of Agriculture through purchases of butter, Cheddar cheese, and nonfat dry milk. In advance of each marketing year (which begins April 1), the Secretary of Agriculture announces the price-support objective for manufacturing-grade milk and the price at which the Department of Agriculture will purchase unlimited quantities of butter, Cheddar cheese, and nonfat dry milk which meet certain specifications in order to reflect that objective to the farmer. 1/ During the marketing years 1968-72, the price-support ojective for milk for manufacturing was increased from $4.28 per hundredweight to $4.93 per hundredweight (table 6). During most of the period, average market prices were above the price-support objective.

On March 8, 1973, the Department of Agriculture announced that effective March 15, 1973, and for the 1973 marketing year the price-support objective for manufacturing-grade milk would be $5.29 per hundredweight, or 7 percent above the support objective in effect for the 2 previous years. The market price for manufacturing-grade milk in April was 20 cents above the new support objective; the new support objective was 75 percent of the parity price on April 1, the minimum required by law. The new support price for cheese was 62.0 cents per pound, 13 percent above the price of the 2 previous years, and the

1/ Since 1965 the Secretary of Agriculture has been authorized (sec. 709, Public Law 89-321) to purchase the three products at market prices above support prices if necessary to meet commitments under various Government programs. Thus far, there have been no purchases of nonfat dry milk under sec. 709. On May 23, 1973, however, the Department of Agriculture purchased 504,000 pounds of Cheddar cheese under sec. 709--the first time such purchases of cheese have been made since March 1971.

new price for nonfat dry milk was 37.5 cents per pound, an increase of 18 percent. The support price for butter, was reduced to 60.9 cents per pound, or by about 10 percent. The Department of Agriculture pointed out that the increase in its price for cheese was made in order to encourage cheese production in the face of increasing consumer demand, and the reduction in the price of butter was made to increase the consumption of butter.

Purchases and costs

During the period 1968-71, removals of dairy products from the commercial market by the Department of Agriculture, in terms of milk equivalent (fat-solids basis), ranged from 3.8 percent of the production of milk in 1969 to 6.1 percent in 1971. In 1972 removals were equivalent to 4.5 percent of production, and the Department of Agriculture has estimated that removals will amount to about 2 percent of production in 1973. Removals were about one-fourth smaller in 1972 than in 1971. Annual purchases of the individual products--butter, Cheddar cheese, and nonfat dry milk--for the years 1968-72, January-April 1972, and January-April 1973 are shown in table 7. During 1968-72, the Department of Agriculture purchased from 39 percent (in 1968) to 23 percent (in 1972) of the annual production of nonfat dry milk. From November 1972 through March 1973 the Department did not purchase any nonfat dry milk.

On April 4, 1973, the Department of Agriculture purchased about 10.5 million pounds of instantized nonfat dry milk; the Department paid a differential of 12.77 cents per pound above the announced

support price for bulk nonfat dry milk for instantizing and packaging. 1/ As of June 1, no more nonfat dry milk had been purchased by the Department of Agriculture, although it had been offered instantized nonfat dry milk each week since April 4. The Department did not accept those offers because of the high prices. At the Commission's public hearing on the current investigation (No. 22-32) the spokesman for the Department of Agriculture reported that the Department expects to purchase only relatively small amounts of nonfat dry milk during the remainder of 1973.

The annual net Government expenditures on the dairy price-support and related programs, as reported by the Department of Agriculture, amounted to $364 million in the year ending June 30, 1968, $327 million in 1969, $291 million in 1970, $422 million in 1971, $338 million in 1972, and an estimated $240 million in 1973 and $228 million in 1974. Generally, the expenditures have varied inversely with the amounts by which market prices have been above the support prices.

Dispositions

The dairy products acquired by the Government under the price-support program are nearly all disposed of quite promptly through donations to domestic welfare and institutional outlets and donations or subsidized sales abroad. Most of the Department of Agriculture's purchases of nonfat dry milk have been donated abroad, whereas most of the purchases of butter and cheese have been disposed of through school

1/ In 1971 and 1972, about 20 percent of the nonfat dry milk purchased by the Department of Agriculture was instantized.

lunch and welfare programs in the United States. In late 1971 and early 1972, however, about 140 million pounds of butter was sold abroad, mostly to the United Kingdom, and in late 1972 and in early 1973 a total of about 4 million pounds of butter was sold to Canada, all at subsidized prices. In October 1972 the Department of Agriculture stopped programing exports of nonfat dry milk. Since then the Department has not had any uncommitted supplies of nonfat dry milk, for the first time since 1959.

In recent years, sales of dairy products purchased by the Department of Agriculture to domestic commercial users for unrestricted use have been negligible or nil, except in 1972 when about 20 million pounds of butter and 13 million pounds of nonfat dry milk were sold to domestic commercial users. Those sales of nonfat dry milk were at current market prices, which were about 10 percent above the original purchase price, the minimum required by law for sales of dairy products acquired by the Department of Agriculture under the price-support program.

Appendix A

The President's Letter

THE WHITE HOUSE

WASHINGTON

May 10, 1973

Dear Madam Chairman:

Pursuant to section 22 of the Agricultural Adjustment Act, as amended, I have been advised by the Secretary of Agriculture, and I agree with him, that there is reason to believe that additional supplies of nonfat dried milk may be imported during a temporary period ending June 30, 1973 without rendering or tending to render ineffective, or materially interfering with, the price support program for milk now conducted by the Department of Agriculture, or reducing substantially the amount of products processed in the United States from domestic milk.

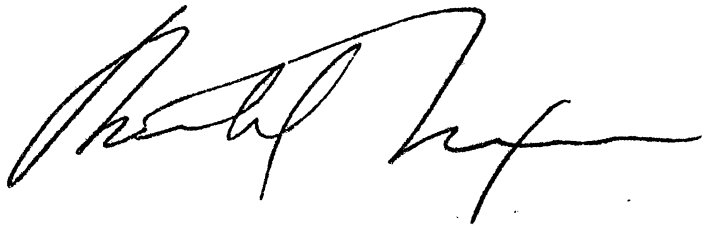
Specifically, reference is made to the following article presently subject to section 22 quantitative limitations under item 950.02 of the Tariff Schedules of the United States:

> Dried milk, provided for in part 4 of schedule 1 of the Tariff Schedules of the United States Annotated (1972), described in item 115.50 (Dried milk, other than buttermilk, containing not over 3 percent of butterfat).

The Secretary has also advised me, pursuant to section 22 (b) of the Agricultural Adjustment Act, as amended, that a condition exists requiring emergency treatment with respect to nonfat dried milk and has therefore recommended that I take immediate action under section 22 (b) to authorize the importation of 60,000,000 pounds during a temporary period ending June 30, 1973. I have therefore this day issued a proclamation establishing a special temporary quota of 60,000,000 pounds to be effective through June 30, 1973. This quota is in addition to the quantities otherwise authorized to be imported under section 22 quantitative limitations.

The United States Tariff Commission is, therefore, directed to make an investigation under section 22 of the Agricultural Adjustment Act, as amended, to determine whether 60,000,000 pounds of the above-described article may be imported during a temporary period ending June 30, 1973, in addition to the quantities otherwise authorized to be imported under section 22 quantitative limitations, without rendering or tending to render ineffective, or materially interfering with, the price support program now conducted by the Department of Agriculture for milk, or reducing substantially the amount of products processed in the United States from domestic milk, and to report its findings and recommendations at the earliest practicable date.

Sincerely,



The Honorable Catherine May Bedell
Chairman
United States Tariff Commission
Washington, D.C. 20436

Appendix B

Presidential Proclamation No. 4216

PROCLAMATION AMENDING PART 3 OF THE APPENDIX TO THE TARIFF SCHEDULES OF THE UNITED STATES WITH RESPECT TO THE IMPORTATION OF AGRICULTURAL COMMODITIES

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS, pursuant to section 22 of the Agricultural Adjustment Act, as amended (7 U.S.C. 624), limitations have been imposed by Presidential proclamations on the quantities of certain dairy products which may be imported into the United States in any quota year; and

WHEREAS the import restrictions proclaimed pursuant to said section 22 are set forth in part 3 of the Appendix to the Tariff Schedules of the United States; and

WHEREAS the Secretary of Agriculture has reported to me that he believes that additional quantities of dried milk provided for in item 950.02 of the Tariff Schedules of the United States (hereinafter referred to as "nonfat dry milk") may be entered for a temporary period without rendering or tending to render ineffective, or materially interfering with, the price support program now conducted by the Department of Agriculture for milk or reducing substantially the amount of products processed in the United States from domestic milk; and

WHEREAS, under the authority of section 22, I have requested the United States Tariff Commission to make an investigation with respect to this matter; and

WHEREAS the Secretary of Agriculture has determined and reported to me that a condition exists with respect to nonfat dry milk which requires emergency treatment and that the quantitative limitation imposed on nonfat dry milk should be increased during the period ending June 30, 1973, without awaiting the recommendations of the United States Tariff Commission with respect to such action; and

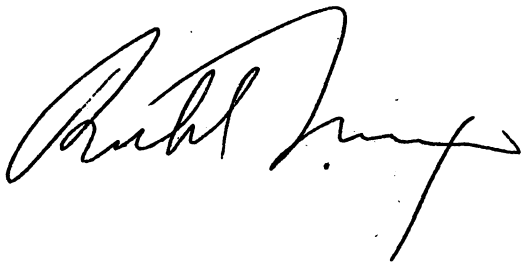
WHEREAS I find and declare that the entry during the period ending June 30, 1973, of an additional quantity of 60,000,000 pounds of nonfat dry milk will not render or tend to render ineffective, or materially interfere with, the price support program which is being undertaken by the Department of Agriculture for milk and will not reduce substantially the amount of products processed in the United States from domestic milk; and that a condition exists which requires emergency treatment and that the quantitative limitation imposed on nonfat dry milk should be increased during such period without awaiting the recommendations of the United States Tariff Commission with respect to such action;

NOW, THEREFORE, I, RICHARD NIXON, President of the United States of America, acting under and by virtue of the authority vested in me as President, and in conformity with the provisions of section 22 of the Agricultural Adjustment Act, as amended, and the Tariff Classification Act of 1962, do hereby proclaim that subdivision (vi) of headnote 3(a) of Part 3 of the Appendix to the Tariff Schedules of the United States is amended to read as follows:

(vi) Notwithstanding any other provision of this part, 25,000,000 pounds of dried milk described in item 115.50 may be entered during the period beginning December 30, 1972, and ending February 15, 1973, and 60,000,000 pounds of such milk may be entered during the period beginning the day after the date of issuance of this proclamation and ending June 30, 1973, in addition to the annual quota quantity specified for such article under item 950.02, and import licenses shall not be required for entering such additional quantities. No individual, partnership, firm, corporation, association, or other legal entity (including its affiliates or subsidiaries may during such period enter pursuant to this provision quantities of such additional dried milk totaling in excess of 2,500,000 pounds.

The 60,000,000 pound additional quota quantity provided for herein shall continue in effect pending Presidential action upon receipt of the report and recommendations of the Tariff Commission with respect thereto.

IN WITNESS WHEREOF, I have hereunto set my hand this tenth day of May, in the year of our Lord nineteen hundred seventy-three, and of the Independence of the United States of America, the one hundred and ninety-seventh.



Appendix C

Statistical Tables

Table 1.--Dairy products: U.S. milk production and milk equivalent (fat-solids basis) of U.S. exports and imports for consumption, 1968-72, January-March 1972, and January-March 1973

Period	Total milk production	Exports				Imports		Export or import (-) balance
		Sales 1/	Donations 2/	Total 1/				
				Quantity	Ratio to total milk production	Quantity	Ratio to total milk production	
	Million pounds	Million pounds	Million pounds	Million pounds	Percent	Million pounds	Percent	Million pounds
1968	117,234	455	730	1,185	1.0	1,780	1.5	-595
1969	116,345	444	477	921	.8	1,600	1.4	-679
1970	117,149	397	41	438	.4	1,874	1.6	-1,436
1971	118,640	480	2,000	2,480	2.1	1,347	1.1	1,133
1972	120,300	3/	3/	1,481	1.2	1,684	1.4	-203
Jan.-Mar.--								
1972	29,636	3/	3/	969	3.3	453	1.5	516
1973	29,006	3/	3/	151	0.5	394	1.4	-243

1/ Includes some commercial sales subsidized by the Commodity Credit Corporation (CCC).
2/ Donations by CCC chiefly to relief agencies for shipment to overseas destinations.
3/ Not available.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Note.--Total milk production in January-April 1973 amounted to 39,424 million pounds, compared with 40,269 million pounds in January-April 1972. Because the data in this table are on a milk-equivalent (fat-solids) basis, the data shown for imports and exports do not include nonfat dry milk. Such data for nonfat dry milk is shown in table 4 of this report.

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Table 2.--Milk: U.S. utilization of domestic output, 1968-72

Year	Fluid use	Manufactured dairy products						Grand total	Percent of total used for--	
		Butter	Cheese	Condensed and evaporated milk	Frozen products	Other 1/	Total		Butter	Cheese
	Billion pounds	Billion pounds	Billion pounds	Billion pounds	Billion pounds	Billion pounds	Billion pounds	Billion pounds		
1968	56.3	25.1	17.4	3.9	11.0	1.7	59.1	115.4	22	15
1969	55.3	23.8	17.7	3.8	11.0	3.0	59.3	114.6	21	15
1970	54.2	24.1	19.5	3.3	11.0	3.3	61.2	115.4	21	17
1971	53.9	24.0	20.9	3.2	11.1	4.0	63.1	117.0	21	18
1972	54.2	22.9	23.1	3.0	11.2	4.1	64.3	118.5	19	19

1/ Includes dry whole milk, malted milk, dry ice-cream mix, creamed cottage cheese, and other miscellaneous products.

Source: Compiled from official statistics of the U.S. Department of Agriculture, Economic Research Service, Dairy Section.

Note.--Quantities are in terms of milk or milk equivalent.

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Table 3.--Nonfat dry milk: U.S. production, market prices, 1/ and U.S. Department of Agriculture support prices, by months, 1968-73

(Production in thousands of pounds, prices in cents per pound)

Year and item	January	February	March	April	May	June	July	August	September	October	November	December	Total or average
1968:													
Production	125,050	126,056	142,956	165,594	191,018	189,460	152,222	119,452	89,401	88,815	89,356	114,983	1,594,363
Market price	20.50	20.50	20.40	24.00	24.00	23.80	23.80	23.80	23.80	23.80	23.80	23.80	23.00
Support price													
Effective Apr. 1	19.60	19.60	19.60	23.10	23.10	23.10	23.10	23.10	23.10	23.10	23.10	23.10	22.23
Market price above support price	.90	.90	.80	.90	.90	.70	.70	.70	.70	.70	.70	.70	.78
1969													
Production	117,604	114,207	129,260	147,216	175,717	176,495	140,367	113,000	83,629	79,592	72,444	102,747	1,452,278
Market price	23.80	23.80	23.80	23.80	23.80	23.80	23.80	23.80	23.90	23.90	23.90	23.90	23.80
Support price													
Effective Apr. 1	23.10	23.10	23.10	23.35	23.35	23.35	23.35	23.35	23.35	23.35	23.35	23.35	23.29
Market price above support price	.70	.70	.70	.45	.45	.45	.45	.45	.55	.55	.55	.55	.55
1970													
Production	104,331	104,116	128,356	139,586	171,234	169,508	141,386	117,685	88,174	89,551	81,524	108,909	1,444,360
Market price	23.80	23.80	24.60	27.80	27.70	27.70	27.70	27.70	27.70	27.70	27.70	27.70	26.80
Support price													
Effective Apr. 1	23.35	23.35	23.35	27.20	27.20	27.20	27.20	27.20	27.20	27.20	27.20	27.20	26.24
Market price above support price	.45	.45	1.25	.60	.50	.50	.50	.50	.50	.50	.50	.50	.56
1971													
Production	108,949	106,683	125,269	142,465	164.414	171,119	137,530	116,690	86,025	86,813	78,546	93,146	1,417,649
Market price	27.70	27.60	27.60	32.00	32.00	32.00	32.00	31.70	31.50	31.50	31.50	31.60	30.72
Support price													
Effective Apr. 1	27.20	27.20	27.20	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	30.58
Market price above support price	.50	.40	.40	.30	.30	.30	.30	0.00	-.20	-.20	-.20	-.10	.15
1972													
Production	98,500	100,000	118,000	128,935	153,040	159,956	127,408	99,427	76,965	69,603	61,631	75,843	1,269,308
Market price	31.70	31.70	31.70	31.60	31.60	31.60	31.60	31.70	32.20	34.40	36.30	38.50	32.88
Support price													
Effective Apr. 1	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70
Market price above support price	0.00	0.00	0.00	-.10	-.10	-.10	-.10	0.00	.50	2.70	4.60	6.80	1.18
1973													
Production	85,154	79,902	95,071	97,347	-	-	-	-	-	-	-	-	-
Market price	39.00	39.00	41.90	44.30	44.90	2/ 44.90	-	-	-	-	-	-	-
Support price													
Effective Apr. 1	31.70	31.70	3/37.50	37.50	37.50	2/ 37.50	-	-	-	-	-		-
Market price above support price	7.30	7.30	4.40	6.80	7.40	2/ 7.40	-	-	-	-	-	-	-

1/ For 50-pound bags of high-heat powder, f.o.b. Wisconsin shipping points.
2/ Effective June 1.
3/ The increased support price was effective Mar. 15, 1973; for the entire month, the market price averaged 6.8 cents per pound above the average support price.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

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Table 4.--Nonfat dry milk: U.S. production, imports for consumption, exports, yearend stocks, and commercial consumption, 1968-72, January-March 1972, and January-March 1973

Year	Production	Imports 1/	Exports	Yearend stocks	Commercial consumption	Ratio of exports to production
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	Percent
1968	1,594,363	1,654	396,755	278,000	1,031,000	25
1969	1,452,278	1,733	329,372	222,000	1,040,000	23
1970	1,444,360	1,807	416,000	138,000	960,000	29
1971	1,417,649	1,805	347,627	90,000	958,000	25
1972	1,269,308	1,807	282,461	45,000	899,000	22
Jan.-Mar.--						
1972	316,500	112	55,760	2/	241,000	18
1973	260,127	25,843	11,493	2/	280,100	4

1/ Those entered under absolute quota pursuant to sec. 22 of the Agricultural Adjustment Act, as amended.
2/ Not applicable.

Source: Production, imports, and stocks compiled from official statistics of the U.S. Department of Agriculture; exports compiled from official statistics of the U.S. Department of Commerce.

Table 5.--Nonfat dry milk: Commercial (manufacturers') and Government-owned stocks as of end of month, 1968-72 and January-April 1973

(In thousands of pounds)

Year and stocks	January	February	March	April	May	June	July	August	September	October	November	December
1968:												
Commercial--	83,017	79,170	77,044	89,730	118,999	147,678	140,878	126,962	106,317	85,533	74,852	79,047
Government-owned-----	166,355	185,746	193,186	202,383	207,334	228,755	256,609	253,772	232,821	202,686	196,633	198,716
Total-----	249,372	264,916	270,230	292,113	326,333	376,433	397,487	380,734	339,138	288,219	271,485	277,763
1969:												
Commercial--	71,563	68,171	64,128	78,622	112,091	140,955	154,372	150,890	130,529	107,935	90,163	83,913
Government-owned-----	202,213	211,102	205,330	183,700	193,810	203,671	229,611	231,524	209,105	187,669	171,594	137,787
Total-----	273,776	279,273	269,458	262,322	305,901	344,626	383,983	382,414	339,634	295,604	261,757	221,700
1970:												
Commercial--	77,286	75,608	76,641	96,076	136,215	155,860	156,941	161,112	139,416	118,074	101,236	95,346
Government-owned-----	98,332	86,080	79,298	65,634	66,692	66,357	57,175	64,503	70,518	49,881	49,755	42,569
Total-----	175,618	161,688	155,939	161,710	202,907	222,217	214,116	225,615	209,934	167,955	150,991	137,915
1971:												
Commercial--	87,060	97,377	74,353	99,553	134,309	151,121	152,525	143,025	107,165	100,842	85,063	77,005
Government-owned-----	39,382	10,729	14,099	14,113	14,549	29,092	48,565	40,681	55,293	48,872	19,568	12,526
Total-----	126,442	108,106	88,452	113,666	148,858	180,213	201,090	183,706	162,458	149,714	104,631	89,531
1972:												
Commercial--	76,282	63,817	62,132	78,364	97,073	106,687	107,427	86,343	64,679	47,907	34,889	37,928
Government-owned-----	8,705	12,738	15,129	14,003	15,513	25,630	40,432	48,605	40,203	19,863	14,559	6,929
Total-----	84,987	76,555	77,261	92,367	112,586	132,317	147,859	134,948	104,882	67,770	49,448	44,857
1973:												
Commercial--	34,446	36,899	38,261	56,791	-	-	-	-	-	-	-	-
Government-owned-----	5,661	1,260	167	110	-	-	-	-	-	-	-	-
Total-----	40,107	38,159	38,428	56,901	-	-	-	-	-	-	-	-

Source: Compiled from official statistics of the U.S. Department of Agriculture.

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Table 6.--Butter, Cheddar cheese, nonfat dry milk, and all milk for manufacturing: U.S. market prices, Department of Agriculture support prices, and price-support objectives, marketing years 1968-72 and April 1973

Year beginning Apr. 1	Butter (grade A) at Chicago		Cheddar cheese		Nonfat dry milk (spray process)		Milk for manufacturing		
	Market price	Price support	Market price (Wisconsin assembly points)	Price support	Market price (U.S. average)	Price support	Market price (U.S. average)	Price-support objective: Amount	Price-support objective: Percent of parity
	Cents per pound	Cents per pound	Cents per pound	Cents per pound	Cents per pound	Cents per pound	Cents per pound	Cents per pound	
1968	66.9	66.4	48.3	47.0	23.3	23.1	4.30	4.28	89
1969	68.0	67.6	53.6	48.0	23.6	23.4	4.55	4.28	83
1970	69.9	69.8	55.3	52.0	27.3	27.2	4.76	4.66	85
1971	67.9	67.8	57.0	54.8	31.8	31.7	4.91	4.93	85
1972	68.3	67.7	61.1	54.8	35.2	31.7	5.21	4.93	79
1973 (April)	61.6	60.9	65.8	62.0	44.3	37.5	5.49	5.29	75

Source: Compiled from official statistics of the U.S. Department of Agriculture.

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Table 7.--Butter, Cheddar cheese, and nonfat dry milk: U.S. Department of Agriculture and sec. 32 purchases, utilization (disposals), and uncommitted supplies, 1968-72, January-April 1972, and January-April 1973

(In millions of pounds)

Commodity and Year	Purchases 1/	Utilization	Uncommitted supplies at end of year 2/
Butter:			
1968	193	255	77
1969	188	223	33
1970	246	242	37
1971	324	328	33
1972	224	216	43
January-April--			
1972	105	47	90
1973	79	43	78
Cheddar cheese:			
1968	78	111	24
1969	3/ 36	58	4
1970	43	47	-
1971	101	86	15
1972	21	36	-
January-April--			
1972	9	20	4
1973	2	2	1
Nonfat dry milk: 4/			
1968	625	582	246
1969	354	461	137
1970	447	560	29
1971	444	462	14
1972	298	353	-
January-April--			
1972	105	134	2
1973	10	7	0

1/ On the basis of contracts made; some deliveries were made in the subsequent reporting period.

2/ Owing to rounding of figures and purchase contract tolerances, the supplies at the end of a period do not always equal the supplies at the beginning plus purchases less utilization.

3/ Includes 13.5 million pounds purchased for school lunches under sec. 709 of the Food and Agriculture Act of 1965.

4/ Includes instantized nonfat dry milk.

Source: Compiled from official statistics of the U.S. Department of Agriculture.

Note.--Table does not include 107 million pounds of evaporated milk purchased between Apr. 1, 1969, and Apr. 1, 1970, with sec. 32 funds for domestic welfare use.