

EXPORT MARKET DEVELOPMENT TASK FORCE



Working Paper

**The U.S.A. Market for
Canadian Cheese**



A WORKING PAPER PREPARED FOR THE
EXPORT MARKET DEVELOPMENT TASK FORCE

The U.S.A. Market for Canadian Cheese

(The U.S.A. Export Market for
Variety Cheeses and Aged Canadian Cheddar)

Coordinator: Jackson Gardner, Agriculture Canada
Alec Hunt, Industry, Trade & Commerce

Revised to include MTN results by:
Pierre Aubin, Agriculture Canada
Brian Mackay, Industry Trade & Commerce

August, 1979

TABLE OF CONTENTS

		<u>PAGE</u>
	The Export Market Development Task Force	1
1.1	Potential Markets	2
1.2	Historical Shipments	2
1.3	U.S.A. Cheese Agreements	3
	1.3.1 U.S.A. Import Controls in effect to Dec. 31, 1979	
	1.3.2 U.S.A./Canada Cheese Agreement coming into effect Jan. 1, 1980	4
1.4	U.S.A. Cheese Consumption	5
1.5	Promotional Efforts	5
	1.5.1 New CDC Programme for U.S.A.	6
	1.5.2 Extension of PEMD to include export efforts to the U.S.A.	
2.1	Supply Position	7
2.2	Varieties and Volumes for Export Transportation Constraints	8
2.3	Transportation Constraints	8
2.4	Milk Supply	9
	2.4.1 Allocation of MSQ	
	2.4.2 Added Milk Supply for Provinces who want to increase exports of dairy products	
2.5	Cooperation with Provincial Governments and Agencies	10
2.6	Recommendations for Future Action	10
Annex	I: Exports of Cheese to the U.S.A.	12
Annex	II: U.S.A. Import Controls (section 22 agr. adj. act)	24
Annex	III: Commercial Disappearance of Cheese in the U.S.A.	42
Annex	IV: Canadian Cheese Exporters, with varieties	43
Annex	V: 1979 List of 8 Cheddar Cheese Import Licensees issued by U.S.D.A. for Cheddar Quota of 612,352 lbs under USDA quota description 950.08A	45

TABLE OF CONTENTS

	<u>PAGE</u>
Annex VI: 1979 List of 9 NSPF Licensees issued by USDA for 2,670,000 lbs of cheese under PRICEBREAK as per USDA quota description 950.10D and TSUS 117.85	46
Annex VII: CDC Promotional programme for U.S.A.	47
Annex VIII: ITC new PEMD programme for U.S.A.	49
Annex IX: Agriculture Canada 3 regional offices concerned with the market development of cheese	52

THE EXPORT MARKET DEVELOPMENT TASK FORCE

In the summer of 1978, the federal Deputy Ministers of Agriculture Canada and Industry, Trade and Commerce established the Export Market Development Task Force. They appointed Mr. C. Stuart, General Director - Agriculture, Fisheries and Food Products Branch, Industry, Trade and Commerce, and Mr. P.W. Couse, Director General - Market Development Directorate, Agriculture Canada, to lead the task force.

The task force leaders directed that a number of working papers be prepared, initially on: The U.S.A. Market for Variety Cheeses and Aged Canadian Cheddar; Breeding Cattle and Semen; Pulses; and Financing and Credits Insurance for Agricultural Exports. Other working papers are now being prepared on Blueberries, Processed Meat Products, and Processed Fruits and Vegetables and Export Assistance Programmes for Agricultural Products.

The study groups preparing the working papers are composed of officers from both departments, working at the federal level on identifying domestic and international market opportunities, and recommending policies, programs and specifications which would help Canadian agriculture.

1.1 Potential Markets

In examining the potential markets for Canadian cheese in the U.S.A. it became quite evident that the manufacturers who have the ability to export cheese, prefer to concentrate their efforts on the larger centres close to the Canada-U.S.A. border. In the case of manufacturers in Ontario and Quebec, where the bulk of the cheese for export is available, they have traditionally shipped into markets such as New York State, New Jersey, the New England States, Pennsylvania, Michigan and Los Angeles, and all indications are that these states will continue to be the primary markets for Canadian manufacturers. However, Canadians are receptive to the idea of searching for new outlets for their cheese. A recent study of the US cheese market has identified the largest regional cheese market to be in order of per capita consumption - i) California; ii) New England States; iii) New York area; and iv) North Central States.

Another such area that deserves investigation is the State of Florida for the simple reason that thousands of Canadians holiday in this area every winter, but manufacturers point out that the cost of transportation must be kept in mind, for this will restrict our price competitiveness in the U.S.A. The magnitude of these markets in the U.S.A. serves to attract the interest of many cheese manufacturers while at the same time the very size can often work against them. For example, it is difficult to maintain a good understanding of market conditions when the market forces in these large centers change so rapidly. Many Canadian manufacturers have stated they have difficulty keeping abreast of changes as they do not have representatives in these centres. In general terms there seems to be a lack of communications on U.S.A. market trends, on the part of domestic cheese manufacturers.

1.2 Historical Shipments

In the past the primary markets for Canadian cheese have been the north-eastern states, north-central states and to a certain extent, the west-coast states. It is evident that our performance in these markets has been sporadic over the past ten (10) years. It is also evident that in the last four

(4) years our shipments of cheddar cheese have been declining and shipments of specialty cheese have been unsteady. Ontario and Quebec have been the major suppliers to the U.S.A. market, with Ontario leading in cheddar and Quebec leading in specialty cheese.

Annex I documents the shipments of cheese from Canada to the U.S.A. for the past ten (10) years. It is broken into two sections, cheddar and cheese N.E.S. (specialty cheese). It shows the province of lading, quantity shipped, the dollar value and the census division of destination. The key explaining the states covered by the various census divisions is also attached.

1.3 U.S.A. Import Controls

1.3.1 U.S.A. Import Controls in effect to Dec. 31, 1979.

Canada holds three U.S. quotas; two quotas for cheddar cheese and one for specialty cheeses having a purchase price per lb. f.o.b. below pricebreak. Pricebreak is defined as the Commodity Credit Corporation buying price for cheddar plus seven (7) cents (this is currently set at \$1.24 + .07 = \$1.31). If the price of the cheese F.O.B. country of origin is in excess of \$1.31 U.S.*, then there are no quotas to restrict imports.

1979 Situation on U.S. Cheese import allocation to Canada.

A) Cheddar cheese licensed by USDA (950.08A)	612,352
B) Aged Cheddar admin. by US Customs on a first come, first served basis (950.08A subsection 2)	1,225,000
C) Cheeses having a purchase price per lb. F.O.B. <u>below</u> pricebreak (950.10D)	<u>2,679,000</u>
	Total allocation
	4,507,352 lbs.
D) Plus cheese over pricebreak (outside quota)	

* 1.31 as of October 12, 1979

Canada holds two quotas for cheddar cheese, one for aged cheddar (1,225,000 pounds) and one for non aged cheddar (612,352 pounds). The former is administered by U.S.A. customs on a first come first served basis and the latter is controlled by U.S.D.A. through licensed importers/(see list attached in Annex V).

Canada has also a quota of 2,670,000 pounds for specialty cheeses having a purchase price per lb. F.O.B. below price break. This quota is administered by USDA through licensed importer's (see list attached in Annex VI). Specialty cheese is controlled by specific country quotas for all varieties of cheese where the price F.O.B. country of origin is below pricebreak.

Annex II contains the documentation of import controls imposed by the U.S.A. government, as they apply to dairy products including cheese. This information gives a description of the background to these controls as well as the quota allotments for dairy products.

1.3.2 U.S.A/Canada Cheese Agreement coming into effect Jan. 1, 1980

A more restrictive U.S.A. import regime for Canadian Cheese will take effect as of January 1, 1980. The global volume of the quotas granted to Canada for cheeses subject to the quota systems will amount to a minimum of 2,044 metric tons (4,506,243 lbs) annually. Of this amount, 833 metric tons are reserved for Aged Cheddar (1.8 million lbs.). This is the equivalent total of our two former quotas for cheddar cheeses of which 555.7 mt (1.25 million lbs.) will still be administered by U.S.A. customs on the first come, first served basis and the other 277.3 mt (625,000 lbs.) will possibly be controlled by USDA who will issue licenses to importers of records. The 1979 list of eight cheddar cheese import licensee issued by USDA is attached for your convenience (see Annex V).

70 metric tons (or 154,323 lbs.) are reserved for Swiss type cheese.

The remaining 1,141 tons (2.5 million lbs.) is to be allocated to other cheeses not specifically provided for. This quota will be administered by USDA who will issue licenses to importers of record.

It is to be noted that there will be no more "price break" category which fell victim to the USA-EEC cheese settlement. In effect, the U.S.A. agreed to permit imports of subsidized cheese in exchange for expanding the coverage of U.S.A. import quotas to include most "over the price-break" cheeses. The only price restriction will be that subsidized cheese imports cannot undercut the U.S.A. wholesale price without facing a form of countervailing action.

The only exception from the global quota are soft cured cheeses in retail packs and cheeses made from sheep or goat's milk which will be exempt from these quotas. They would be mainly the Brie, Camembert, Ricotta and Neufchâtel type meeting the "soft cured" definition. With minor adjustment in the production process it appears that Oka can meet the US definition of soft cured cheese. Soft cured cheeses and cheeses made from sheep or goat's milk will enter the U.S.A. without restriction. All other types will be subject to annual import quotas.

1.4 USA Cheese Consumption

For the past ten years total cheese consumption has been on the increase and overall indications are that it will continue to grow, more in the specialty cheese sector than in the cheddar and cheddar type cheese sector. Domestic per capita consumption rose half a pound in 1977 over 1976. This is linked to increased consumption of pizza, which uses mozzarella as a main ingredient. Imports of cheese into the U.S.A. have remained fairly steady over the past few years with slight increases in quota cheeses being offset by slight decreases in non quota varieties. In 1978 the U.S.A. imported a total of 242 million pounds of cheese whereas in 1977, 209 million pounds were imported.

Annex III documents the commercial disappearance of cheese in the U.S.A. for the past ten (10) years.

1.5 Promotional Efforts

In the past there have been several attempts by the Department of Industry, Trade and Commerce and Agriculture Canada to further Canada's export sales of cheese in the U.S.A. Industry, Trade and Commerce has supported promotions by

individual manufacturers and recently Industry, Trade and Commerce with Agriculture Canada representation held promotional shows in New York City in July 78 and in June 79 where Canadian Cheese Manufacturers displayed their cheeses to members of the trade in the North Eastern States. Although once again it is difficult to quantify the volume of sales generated from this show, most of the participants are confident that the effort enhanced their performance on this market.

1.5.1 New CDC programme for the U.S.A. - Promotion fund for cheese exports to the United States -

The Canadian Dairy Commission has established a fund to provide promotional support for cheese exports to the United States. The object of this fund is to provide an opportunity for Canadian cheese manufacturers to compete in a more aggressive manner with other cheese manufacturers on the U.S. market. Promotion assistance payments are being funded by levies collected from Canadian dairy farmers to finance exports of dairy products generally. Annex VII is a copy of the CDC Program Details.

1.5.2 Extension of PEMD to include export efforts to the U.S.A.

The P.E.M.D. program (Program for Export Market Development), administered by Industry, Trade and Commerce, can now be used to provide funds to manufacturers to promote their products in the U.S.A. (see details in Annex VIII). Previous to January 1, 1979 these funds were not available for promoting products there. Industry, Trade and Commerce is continuing to conduct food promotion programs in various centres throughout the U.S.A. and Canadian cheese manufacturers are invited to participate, although there seems to be some reluctance on their part to do so.

2.1 Supply Position

Many Canadian cheese manufacturers have exported cheese to the U.S.A. in the past, however, some have withdrawn from this market primarily due to their lack of price competitiveness and because of the ability of U.S. importers to transfer quota allocation from one country to another. Due to the current exchange rate situation, these problems are not of the magnitude they once were.

In Annex IV is a list of manufacturers who currently have the capability for exporting cheese to the U.S.A. and the varieties that they would consider shipping. This list was compiled from information provided by manufacturers participating in previous promotional efforts in the U.S.A., and from those who have recently shown an interest in exporting cheese. Previous Section 1.3.1 deals with the import controls they would face in the U.S.A., with the exception of tariffs.

- A) Tariffs: Cheddar presently faces a rate of duty of 15%, process cheddar 20%, and specialty cheese 5% to 20%. Mozzarella Cheese for example, would be subject to a rate of duty of 10%. However, under the terms of the new MTN negotiations, the U.S. will reduce its tariff on unprocessed cheddar cheese from 15 to 12% in one step effective January 1, 1980; and on processed cheddar from 20 to 16% in two annual steps of 2% in January 1, 1980 and 1981. In 1978, Canada exported \$1.3 million worth of cheddar to the U.S. The U.S. tariffs on Swiss and certain Italian type cheeses will be reduced from 8 to 6.4% and from 10 to 7.5% respectively (over seven years, 8 annual steps, full reduction in effect as of January 1, 1987. In 1978, Canada exported \$33,000 worth of Swiss type cheeses to the United States.
- B) Labelling requirements: Cheeses shipped in bulk to this market would encounter very little difficulty as far as labelling requirements are concerned, however, with prepackaged cheeses, such is not the case. Moreover, U.S.D.A. advises that there are several requirements which must be met where the terminology of labelling differs from that of Canadian. These differences are mainly in areas of ingredient declaration, descriptive nomenclature and compositional standards. Other areas of

difference are lettering size, nutritional declarations and package sizes. U.S.D.A. has been requested to forward the most recent detailed information on this subject.

- C) Package size requirements: Package size requirements for bulk cheese has posed somewhat of a problem for several cheese manufacturers. Requests from the American trade for cheddar in wheels of 2, 3, 10 and 90 pounds have been frequent, yet there are few manufacturers who have shown an interest in supplying these sizes. A recent study of the US market indicates definite requirements for some of these sizes and shapes.

2.2 Varieties and Volumes for Export

Annex IV indicates the varieties which are available for export from the individual firms listed. Although it has been difficult to obtain an accurate reading on the volumes which would be available from each manufacturer, it is estimated that the US quota can be filled and shipped to the US with appropriate promotional efforts. It should also be noted that due to the increased development in our specialty cheese sector (Brie Camembert) during the past five years there is a strong possibility additional firms will be looking for export markets in the near future.

2.3 Transportation Constraints

In conducting a review of the possible transportation constraints that could confront a manufacturer wishing to ship to the U.S.A., it became evident these did not pose much difficulty to the cheese firms. In Quebec, the manufacturers who have in the past shipped cheese to this market have either used their own transportation facilities or a private trucking firm (mainly Maislin Transport). These firms have indicated satisfaction with the service these two methods have provided, and they did not foresee any difficulty in the future. In Ontario, the Ministry of Transportation and Communication advises that a class X license allows the shipper to transport into and out of this province. As of June 1978 there were 1,155 class X licences still valid with this Ministry; and provided adequate refrigeration was available from these companies, a cheese manufacturer could have a good selection of firms at his disposal. A few of the class X carriers in Toronto are Can-Am Freight Services,

Smith Transport, McNeil Transport Ltd. and R. Clough Transport Limited. In general there appears to be no problems in Ontario as far as transportation is concerned. In Alberta it would appear that Smith Transport is the firm most used in shipping to the U.S.A. and there are no complaints registered from exporting cheese manufacturers.

2.4 Milk Supply

2.4.1 Allocation of M.S.Q.

As the allocation of M.S.Q. within a province is under provincial control, it is difficult for the C.D.C. to ensure that this milk is used in cheese production.

In Ontario, the plant supply quota system has resulted in a diminished supply of milk for cheddar production. Coupled with growing consumption, this has led to a tight supply situation in that province. However, it should be noted that on a national basis there is no shortage of cheddar cheese. The Ontario Milk Marketing Board has been investigating this matter and has suggested introducing programs to alleviate this shortage in the future. Other provinces feel they have adequate supplies of milk to meet current cheese export demands to the U.S. market, but concede that additional quantities will be required should exports of cheese increase.

2.4.2 Added Milk Supply for Provinces who want to Increase Exports of Dairy Products

As the exports of cheese to the U.S. and the U.K. are presently under the market share quota (M.S.Q.) of the present dairy year (August 1, 1979 to July 31, 1980), provinces have already been allotted milk supplies for exports to these markets.

It is important to note that on a national basis, the three million hundredweight of extra milk will be available for evaporated milk, whole milk powder and for cheese exports only to countries other than the United States and the E.E.C.

2.5 Cooperation with Provincial Governments and Agencies

In discussions with the provinces who have cheese manufacturers in a position to export, support has been received for a concerted export marketing thrust for cheese. Ontario, although in a short position for aged cheddar, is extremely interested in furthering its exports of specialty cheeses. Quebec with sufficient supplies of both cheddar and specialty cheese, has a keen desire to participate in a program to expand their cheese exports. Manitoba has also indicated its interest in exporting cheeses. The National Dairy Council has voiced its approval of such a program, as well as the Dairy Bureau of Canada; which could provide excellent promotional material. As mentioned in the previous section, the Canadian Dairy Commission and the provincial marketing boards are in agreement with an increased export marketing thrust. To date no negative comments have been received on the principle of a concerted marketing effort. However, much thought will be required in establishing a detailed program.

2.6 Recommendations for Future Action

As a result of this initial investigation into Canada's potential to export increased volumes of cheese into the U.S.A., several recommendations for future action have surfaced concerning filling our quotas and increasing our exports of soft cheeses.

- A) Assist the cheese manufacturers, who are in a position to export, and determine the volumes and variety of cheese and the specialty shapes they can make available for export.
- B) Determine on a continuing basis our price competitiveness in the U.S. market by comparing the U.S.A. and Canadian wholesale cheese prices by variety and package size.
- C) Inform Canadian Cheese Manufacturers of U.S.A. labelling requirements.
- D) Create a genetic seal identifying all Canadian Cheeses and better current labeling.

- E) Further examine the export market opportunities for Canadian soft cheeses Brie, Camembert, Ricotta in the U.S.A. by region for the purpose of increasing sales of these cheses outside U.S. quotas in the new US/Canada cheese agreement.
- F) Consider the formation of a cheese exporters association following discussion with NDC and cheese manufacturers which might organize, supervise and direct promotions in conjuntion with the importers/distributors who would be provided informative brochures and point of purchase materials. The association could also follow shipments, handle complaints, spot check for quality and meet with food editors, participate and organize food shows, to promote their cheese.
- G) Consider how Canada could better promote its cheese in the U.S.A. including:
- (a) increased US buyers missions to Canada;
 - (b) increased contracts with U.S. importers and the specialty food trade to create greater awareness of Canadian cheeses;
 - (c) consideration be given to provide co-op advertising, promotional materials to importers and the specialty food trade for in-shore sampling and promotion activities similar to techniques used by Foreign competitors;
 - (d) to create a better trade awareness of Canadian cheese through the consideration of trade advertising in a few trade publications.
 - (e) increased participation at trade shows.
- H) Make Canadian exporters aware of existing export assistance programmes available to them eg. PEMD programmes.

ANNEX I
EXPORTS OF CHEDDAR CHEESE TO U.S.A.

PROV. OF LADING	1968			1969		
	DESTINATION	QTY. (CWT)	VALUE (\$)	DESTINATION	QTY. (CWT)	VALUE (\$)
QUEBEC	NEW ENG.	368	20590	NEW ENG.	27	1432
	NEW ENG.	9	650	MID ATL.	2427	121940
	MID ATL.	1374	70198			
	E. N. CENT	5	403			
	E. N. CENT	1046	50164			
	W. S. CENT	152	12004			
	TOTAL	2954	154009	TOTAL	2454	123372
ONTARIO	NEW ENG.	70	5218	NEW ENG.	11	1164
	MID ATL.	4421	382581	MID ATL.	6000	545220
	E. N. CENT	173	16384	E. N. CENT	88	7431
	E. N. CENT	27	3009	E. N. CENT	16	882
	W. N. CENT	2	309	S. ATL.	9	998
	S. ATL.	9	964	S. ATL.	26	1990
	S. ATL.	61	6722	PACIFIC	47	5019
	E. S. CENT	2	164	PACIFIC	369	40257
	E. S. CENT	2	267			
	PACIFIC	2	356			
	PACIFIC	12	1583			
	TOTAL	4781	418557	TOTAL	6566	602961
	BRITISH COLUMBIA	PACIFIC	7	997		
TOTAL		7	997			
NOVA SCOTIA				NEW ENG.	7	453
				TOTAL	7	453
GRAND TOTAL		7742	563543		9027	726786

Source: Statistics Canada

ANNEX I (Cont'd)
EXPORTS OF CHEDDAR CHEESE TO U. S. A.

PROV. OF LADING	DESTINATION	1970		1971		
		QTY. (CWT)	VALUE (\$)	DESTINATION	QTY. (CWT)	VALUE (\$)
QUEBEC	NEW ENG.	39	2823	NEW ENG.	42	2604
	NEW ENG.	70	3854	MID ATL.	1840	100756
	MID ATL.	5310	281230	E. N. CENT	21	1270
	TOTAL	5419	287907	TOTAL	1903	104630
ONTARIO	MID ATL.	7485	663263	NEW ENG.	11	819
	E. N. CENT	58	4230	MID ATL.	9834	915932
	E. N. CENT	398	28058	E. N. CENT	357	36791
	PACIFIC	20	2178	E. N. CENT	163	12451
	PACIFIC	529	51670	S. ATL.	47	3527
	TOTAL	8490	749399	MOUNTAIN	6	549
BRITISH COLUMBIA				PACIFIC	577	55258
	PACIFIC	7	894	TOTAL	10995	1025327
	PACIFIC	36	2894			
	TOTAL	43	3698			
GRAND TOTAL						
		13952	1041004		13134	21380

Source: Statistics Canada

1151343

ANNEX I (Cont'd)

EXPORTS OF CHEDDAR CHEESE TO U.S.A.

PROV. OF LADING	DESTINATION	1972		1973		
		QTY. (CWT)	VALUE (\$)	DESTINATION	QTY. (CWT)	VALUE (\$)
QUEBEC	NEW ENG.	438	28185	NEW ENG.	25	1805
	MID ATL.	2359	146796	NEW ENG.	1073	72147
	E.N.CENT	16	1316	MID ATL.	10697	726850
	E.N.CENT	707	48068	E.N.CENT	2762	189244
	TOTAL	3520	244365	TOTAL	14557	990046
ONTARIO	NEW ENG.	10	1053	NEW ENG.	24	1915
	NEW ENG.	177	14421	MID ATL.	11682	1177213
	MID ATL.	9791	995875	E.N.CENT	125	10746
	E.N.CENT	88	7641	E.N.CENT	829	20564
	E.N.CENT	143	11267	W.N.CENT	7	452
	PACIFIC	742	88210	PACIFIC	101	12125
	TOTAL	10951	1118467	TOTAL	12156	1223015
BRITISH COLUMBIA	MID ATL.	100	7201			
	TOTAL	100	7201			
MANITOBA	W.N.CENT	362	20472			
	TOTAL	362	20472			
ALBERTA				MID ATL.	69	6413
				TOTAL	69	6413
GRAND TOTAL		14933	1370505		26794	2219474

Source: Statistics Canada

ANNEX I (Cont'd)

EXPORTS OF CHEDDAR CHEESE TO U.S.A.

PROV. OF LADING	1974			1975		
	DESTINATION	QTY. (CWT)	VALUE (\$)	DESTINATION	QTY. (CWT)	VALUE (\$)
QUEBEC	NEW ENG.	32	2790	NEW ENG.	177	18110
	NEW ENG.	606	54497	MID ATL.	2463	150101
	MID ATL.	6849	557538	E. N. CENT	764	93965
	E. N. CENT	42	4248	E. S. CENT	385	42297
	E. N. CENT	2335	192606			
	W. N. CENT	1822	148100			
	TOTAL	11686	959779	TOTAL	3789	304473
ONTARIO	U. STATES	120	10881	U. STATES	66	5996
	MID ATL.	12821	1244749	MID ATL.	7506	942639
	E. N. CENT	3200	268954	E. N. CENT	15	8730
	E. N. CENT	409	38459	MOUNTAIN	31	3400
	TOTAL	16550	1563043	TOTAL	7618	960765
BRITISH COLUMBIA	NEW ENG.	20	8284	PACIFIC	51	8210
	PACIFIC	27	2898			
	TOTAL	47	5182	TOTAL	51	8210
GRAND TOTAL		28283	2528004		11450	1273448

Source: Statistics Canada

ANNEX I (Cont'd)

EXPORTS OF CHEDDAR CHEESE TO U.S.A.

PROV. OF LADING	1976			1977		
	DESTINATION	QTY. (CWT)	VALUE (\$)	DESTINATION	QTY. (CWT)	VALUE (\$)
QUEBEC	MID ATL.	2028	128049	NEW ENG.	87	17194
				MID ATL.	152	20240
				S. ATL.	61	8799
	TOTAL	2028	128049	TOTAL	300	46233
ONTARIO	MID ATL.	5886	710394	NEW ENG.	210	29996
	E. N. CENT	74	9666	NEW ENG.	217	39604
	E. N. CENT	519	69836	MID ATL.	3059	438258
	PACIFIC	28	5326	E. N. CENT	2553	443256
	TOTAL	6507	795222	TOTAL	6039	951114
BRITISH COLUMBIA				PACIFIC	26	4417
				TOTAL	26	4417
GRAND TOTAL		8535	918271		6365	1001764

Source: Statistics Canada.

ANNEX I (Cont'd)

EXPORTS OF CHEESE, N.E.S. TO U.S.A.

PROV. OF LADING	1968			1969		
	DESTINATION	QTY. (CWT)	VALUE (\$)	DESTINATION	QTY. (CWT)	VALUE (\$)
QUEBEC	NEW ENG.	3516	133396	NEW ENG.	4326	219351
	MID ATL.	862	33817	NEW ENG.	4985	246952
	E.N. CENT	8	1084	MID ATL.	1544	82437
				E.N. CENT	61	4490
	TOTAL	4386	168297	TOTAL	10916	553230
ONTARIO	NEW ENG.	99	5280	NEW ENG.	126	7337
	MID ATL.	122	9594	MID ATL.	2436	133390
	E.N. CENT	205	12783	E.N. CENT	256	16920
	W.N. CENT	1	115	E.N. CENT	29	2354
				S. ATL.	11	850
			E.S. CENT	4	545	
	TOTAL	427	27772	TOTAL	2862	161396
BRITISH COLUMBIA	PACIFIC	13	966	PACIFIC	114	3415
	PACIFIC	39	2241			
	TOTAL	52	3207	TOTAL	114	3415
NOVA SCOTIA	NEW ENG.	5	624			
	TOTAL	5	624			
MANITOBA	MID ATL.	6	764			
	TOTAL	6	764			
ALBERTA	W.S. CENT	1	200			
	PACIFIC	2	253			
	TOTAL	3	453			
GRAND TOTAL		4879	201117		13892	718041

Source: Statistics Canada

ANNEX I (Cont'd)

EXPORTS OF CHEESE, N.E.S. TO U.S.A.

PROV. OF LADING	1970			1971		
	DESTINATION	QTY. (CWT)	VALUE (\$)	DESTINATION	QTY. (CWT)	VALUE (\$)
QUEBEC	NEW ENG.	2006	100735	NEW ENG.	6191	305355
	NEW ENG.	7851	375198	MID ATL.	6747	369069
	MID ATL.	6643	348322	E. N. CENT	196	15217
	E. N. CENT	85	5853	W. S. CENT	10	531
	E. N. CENT	221	16389			
	W. N. CENT	280	14096			
	TOTAL	17086	860593	TOTAL	13144	690172
ONTARIO	NEW ENG.	505	42839	NEW ENG.	812	50025
	MID ATL.	9453	520787	MID ATL.	1630	119362
	E. N. CENT	802	47265	E. N. CENT	606	35490
	E. N. CENT	9	662	S. ATL.	2	100
	W. N. CENT	1162	64151	S. ATL.	20	1187
	S. ATL.	941	45368			
	S. ATL.	51	4078			
	E. S. CENT	6	442			
	PACIFIC	18	1994			
	PACIFIC	82	5903			
TOTAL	13029	733389	TOTAL	3070	206163	
BRITISH COLUMBIA				PACIFIC	17	687
				TOTAL	17	687
MANITOBA	MID ATL.	16	1668	E. N. CENT	263	12749
	E. N. CENT	675	31391			
	TOTAL	691	33059	TOTAL	263	12749
GRAND TOTAL		30806	1627041		16494	909771

ANNEX I (Cont'd)

EXPORTS OF CHEESE, N.E.S. TO U.S.A.

PROV. OF LADING	1972			1973		
	DESTINATION	QTY. (CWT)	VALUE (\$)	DESTINATION	QTY. (CWT)	VALUE (\$)
QUEBEC	NEW ENG.	5900	319448	NEW ENG.	176	12945
	MID ATL.	13183	751823	NEW ENG.	10323	692609
	E.N.CENT	23	1463	MID ATL.	30144	1990527
				E.N.CENT	115	8261
				E.N.CENT	48	4305
				W.N.CENT	570	35129
				W.N.CENT	405	31187
				E.S.CENT	409	31421
				W.S.CENT	3282	240197
	TOTAL	19106	1072744	TOTAL	45472	3046581
ONTARIO	NEW ENG.	173	11646	NEW ENG.	1300	116374
	NEW ENG.	1054	81805	MID ATL.	7770	569241
	MID ATL.	1932	168295	E.N.CENT	752	57039
	E.N.CENT	59	4535	E.N.CENT	567	41865
	E.N.CENT	190	13875	W.N.CENT	13	1233
	W.N.CENT	9	731	S. ATL.	502	13419
	S. ATL.	13	887	S. ATL.	365	28278
	PACIFIC	14	1281	PACIFIC	95	11581
	PACIFIC	46	5123			
	TOTAL	3490	288178	TOTAL	11364	839030
BRITISH COLUMBIA	MOUNTAIN	17	2101			
	PACIFIC	10	784			
	TOTAL	27	2885			
MANITOBA	W.N.CENT	758	42988			
	TOTAL	691	33059			
GRAND TOTAL		23381	1406795		56836	3885611

Source: Statistics Canada

ANNEX I (Cont.'d)

EXPORTS OF CHEESE, N.E.S. TO U.S.A.

PROV. OF LADING	DESTINATION	1974		1975	
		QTY. (CWT)	VALUE (\$)	QTY. (CWT)	VALUE (\$)
QUEBEC	NEW ENG.	10004	779633	NEW ENG.	5221 498366
	MID ATL.	23605	1834582	MID ATL.	9992 969487
	E. N. CENT	419	31866	E. N. CENT	121 13134
	E. N. CENT	36	3816		
	W. N. CENT	393	30023		
	W. S. CENT	799	60994		
	TOTAL	35256	2740914	TOTAL	15334 1480987
ONTARIO	U. STATES	176	13602	U. STATES	97 7495
	NEW ENG.	1322	167294	NEW ENG.	1392 194537
	MID ATL.	6165	558443	MID ATL.	2328 285613
	E. N. CENT	611	53216	E. N. CENT	229 25813
	E. N. CENT	2065	184772	E. N. CENT	174 21552
	S. ATL.	565	44196	S. ATL.	104 8840
	PACIFIC	51	4686		
	TOTAL	10955	1026209	TOTAL	4323 543850
BRITISH COLUMBIA	PACIFIC	133	9748		
	TOTAL	133	9748		
MANITOBA	MID ATL.	60	5769	E. N. CENT	3 265
	TOTAL	60	5769	TOTAL	3 265
ALBERTA	PACIFIC	765	57741		
	TOTAL	765	57741		
GRAND TOTAL		47169	3840381		19661 2025102

Source: Statistics Canada

ANNEX I (Cont'd)

EXPORTS OF CHEESE, N.E.S. TO U.S.A.

PROV. OF LADING	1976			1977		
	DESTINATION	QTY. (CWT)	VALUE (\$)	DESTINATION	QTY. (CWT)	VALUE (\$)
QUEBEC	NEW ENG.	23	3944	NEW ENG.	1322	149338
	NEW ENG.	7809	765217	NEW ENG.	7403	798352
	MID ATL.	17449	1846090	MID ATL.	12320	1403148
				E.N. CENT	162	16897
				PACIFIC	63	4412
	TOTAL	25281	2615251	TOTAL	21279	2372147
ONTARIO	NEW ENG.	1073	146384	NEW ENG.	1362	186735
	MID ATL.	997	141113	MID ATL.	976	125856
	E.N. CENT	361	32432	PACIFIC	66	7947
	PACIFIC	151	22037			
	TOTAL	2582	341966	TOTAL	2404	320538
BRITISH COLUMBIA	PACIFIC	78	12726	PACIFIC	16	3056
	PACIFIC	294	29688			
	TOTAL	372	42414	TOTAL	16	3056
GRAND TOTAL		28235	2999631		23699	2695741

Source: Statistics Canada

ANNEX I (Cont'd)

Census Division Title	Census Sub-division Number	States Covered
NEW ENGLAND	11	Maine New Hampshire Vermont
	12	Connecticut Massachusetts Rhode Island
MIDDLE ATLANTIC	20	New York New Jersey Pennsylvania
EAST-NORTH CENTRAL	31	Ohio Michigan
	32	Illinois Indiana Wisconsin
WEST-NORTH CENTRAL	41	North Dakota South Dakota Minnesota
	42	Nebraska Iowa Kansas Missouri
SOUTH ATLANTIC	51	Delaware District of Columbia Maryland Virginia West Virginia North Carolina

ANNEX I (Cont'd)

	52	South Carolina Georgia Florida
EAST-SOUTH CENTRAL	61	Kentucky Tennessee
	62	Alabama Mississippi
WEST-SOUTH CENTRAL	71	Louisiana Arkansas
	72	Oklahoma Texas
MOUNTAIN	81	Montana Idaho Wyoming
	82	New Mexico Arizona
	83	Colorado Nevada Utah
PACIFIC	91	Alaska Washington Oregon
	92	California Hawaii

ANNEX II
IMPORT CONTROLS UNDER SECTION 22
OF THE AGRICULTURAL ADJUSTMENT
ACT, AS AMENDED

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
IMPORT OPERATIONS DIVISION
IMPORT BRANCH
MARCH, 1975

ANNEX II (Cont'd)

- A. Authority. Section 22 was originally added to the Agricultural Adjustment Act of 1933 by the Act of August 24, 1935. It has been amended several times and was revised in its entirety by Section 3 of the Agricultural Act of 1948, and again by Section 3 of the Act of June 28, 1950. It was further amended by Sections 8(b) and 104 of the Trade Agreements Extension Acts of 1951 and 1953, respectively.

Section 22 directs the Secretary of Agriculture to advise the President whenever he has reason to believe that any article or articles are being imported under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with any price support or stabilization program, relating to agricultural commodities, undertaken by the Department of Agriculture, or reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken.

If the President agrees there is reason for such belief, he directs the U.S. International Trade Commission¹ to conduct an investigation, including a public hearing, and to submit a report to him of its findings and recommendations. The President is authorized, based on such findings, to impose such fees or quotas in addition to the basic duty as he shall determine necessary. The additional fees may not exceed 50 percent ad valorem and the quotas proclaimed may not be less than 50 percent of the quantity imported during a previous representative period, as determined by the President.

Furthermore, the President may designate the affected article or articles by physical qualities, value, use, or upon such other basis as he shall determine.

¹ Formerly U.S. Tariff Commission; name was changed by the Trade Act of 1974, (PL 93-618).

ANNEX II (Cont'd)

Whenever the Secretary of Agriculture reports to the President that a condition exists requiring emergency treatment, the President may take action without awaiting the report of the U.S. International Trade Commission. Any such action by the President shall continue in effect pending the report and recommendations of the U.S. International Trade Commission and action thereon by the President.

No trade agreement or other international agreement entered into at any time by the United States may be applied in a manner inconsistent with the requirements of Section 22.

A. Exclusions for Commodities Currently Under Section 22 Import Control.

Section 22 Import controls for the commodities listed below do not apply with respect to the following:

- (1) Articles imported by or for the account of any agency of the United States.
- (2) Commercial samples of cotton or cotton waste of any origin in uncompressed packages each weighing not more than 50 pounds gross weight; and articles (except cotton and cotton waste) with an aggregate value not over \$10. in any shipment, if imported as samples for taking orders, for the personal use of the importer, or for research.
- (3) Articles entered for exhibition, display, or sampling at a trade fair or for research; however, such articles may be entered only if written approval of the Secretary of Agriculture or his designated representative is presented at the time of entry, or if bond is furnished in a form prescribed by the Commissioner of Customs in an amount equal to the value of the merchandise as set forth in the entry plus the estimated duty as determined at the time of entry. For entries under bond, the required written approval must be submitted within six months from the date of entry.

ANNEX II (Cont'd)

(1) Dairy Product Quotas Administered by U.S.D.A. The import quotas listed in this subsection are administered by licensing by the Import Branch, Foreign Agricultural Service, United States Department of Agriculture, Washington, D.C. 20250. The quota for each commodity is prorated among eligible licensees under the provisions of Import Regulation 1, as revised and amended. Quota shares of supplying countries are shown in all cases where the establishing Presidential Proclamation specified such shares. For the other quotas listed in this subsection, supplying country quota shares are derived from import records, generally on the basis of importations of eligible importers during a designated representative period.

B. Specified Dairy Products. All dairy products subject to quota are listed in this section. Subsection 1 lists those products administered by licensing by the U.S. Department of Agriculture and subsection 2 lists those products administered on an unlicensed, first-come, first-served basis by the U.S. Customs Service.

Numerous changes have occurred in the quotas for specified dairy products. For convenient reference, these are listed and summarized in chronological order in Appendix II.

ANNEX II (Cont.'d)

APPENDIX ITEM NUMBER	TSUS COMMODITY	BASIS OF QUOTA		ANNUAL IMPORT QUOTA JAN. 1-DEC. 31 (pounds)
		AVERAGE ANNUAL IMPORTS (pounds)	REPRESENTATIVE PERIOD	
950.07	Blue-mold (except Stilton) and cheese and substitutes for cheese containing, or processed from Blue-mold cheese	2,066,000	(1948-50)	5,016,999
950.08A	Cheddar cheese, and cheese and substitutes for cheese containing, or processed from Cheddar cheese	5,490,262	(1961-65)	8,812,500 ^{1*}
	Subdivided as follows:			
	Australia			1,696,150
...	Canada			612,352 ...
	Ireland			562,250
	New Zealand			5,502,498
	Sweden			130,850
	Other countries as follows:			
	Austria, Belgium, Bulgaria, Denmark, Israel, Italy, Netherlands, Portugal, Switzerland, United Kingdom and West Germany (aggregate)			308,400
950.08B	American-type cheese, including Colby, washed curd and granular cheese (but not including Cheddar) and cheese and substitutes for cheese containing, or processed from, such American-type cheese	12,193,200	(1961-65)	6,096,600

*1 Does not include the 1,225,000 pound quota allocated to Canada Natural Aged Cheddar cheese (administered on first come, first served basis).

ANNEX II (Cont'd)

Subdivided as follows:

Australia	1,680,000
Ireland	560,000
New Zealand	3,360,000
Sweden	125,000

Other countries as follows:

Austria, Belgium, Bulgaria, Italy, Denmark, Israel, Netherlands, Portugal, Switzerland, United Kingdom, West Germany (aggregate). . . .	371,600
950.09A Edam & Gouda cheese	1,831,085 (1948-50)
	9,200,400

ANNEX II (Cont.'d)

APPENDIX ITEM NUMBER	TSUS COMMODITY	BASIS OF QUOTA		
		AVERAGE ANNUAL IMPORTS (pounds)	REPRESENTATIVE PERIOD	ANNUAL IMPORT QUOTA JAN. 1-DEC. 31 (pounds)
950.09B	Cheese and substitutes for cheese containing or processed from, Edam & Gouda cheese	2,729,591	(1965-67)	3,151,000
	Subdivided as follows:			
	Denmark			1,714,000
	Ireland			331,000
	Netherlands			169,000
	Norway			368,000
	West Germany			513,000
	Other countries			56,000
	Italian-type cheeses, made from cow's milk (Romano made from cow's milk, Reggiano, Parmesano, Provoloni, Provolette and Sbrinz)			
950.10	In original loaves	8,121,987	(1948-50)	11,500,100
950-10A	Not in original loaves and cheese and substitutes for cheese containing, or processed from such Italian-type cheese	680,437	(196(-67)	1,494,000
	Subdivided as follows:			
	Argentina			1,347,000
	Italy			104,500
	Australia			13,700
	Other countries			28,800

ANNEX II (Cont.'d)

TSUS APPENDIX ITEM NUMBER	COMMODITY	BASIS OF QUOTA		ANNUAL IMPORT QUOTA JAN. 1-DEC. 31 (pounds)
		AVERAGE ANNUAL IMPORTS (pounds)	REPRESEN- TATIVE PERIOD	

Swiss or Emmenthaler cheese with eye formation;
Gruyere-process cheese, and cheese and substitutes
for cheese containing, or processed from, such
cheeses; all the foregoing, if shipped otherwise
than in pursuance to a purchase, or if having a
purchase price per pound, f.o.b. country of origin,
less than the pricebreak.

950.10B	Swiss or Emmenthaler cheese			20,420,000
	with eye formation	6,904,833	(1967)	(4,271,000)
		16,149,000	(1970)	(16,149,000)

Subdivided as follows:

Austria	8,222,000
Denmark	3,396,000
Finland	6,111,000
Norway	1,672,000
Switzerland	269,000
West Germany	292,000
Netherlands	210,000
Israel	60,000
Other countries	188,000

950.10C	Other than Swiss or Emmenthaler			11,242,000
	with eye formation			
	(reported statistically	6,904,833	(1967)	(3,289,000)
	as Gruyere-process)	7,953,000	(1970)	(7,953,000)

Subdivided as follows:

Austria	1,406,000
Denmark	3,435,000

ANNEX II (Cont'd)

Finland	1,606,000
Switzerland	2,234,000
West Germany	1,818,000
Ireland	210,000
Norway	82,000
Portugal	275,000
Other countries	176,000

950.10D Cheeses and substitutes for cheese provided for in item 117.75 and 117.85, part 4C schedule 1 of the Tariff Schedules of the United States (except cheese not containing cow's milk; cheese except cottage cheese, containing 0.5 percent or less by weight of butterfat, and articles within the scope of other import quotas provided for in this part) if shipped otherwise than in pursuance to a purchase, or if having a purchase price per pound, f.o.b. country of origin less than the pricebreak.

		40,730,000
	17,617,700 (1967)	(25,090,00)
	15,640,000 (1970)	(15,640,000)

Subdivided as follows:

Belgium	469,000
Denmark	16,820,000
Finland	1,239,000
France	2,882,000
Iceland	649,000
Ireland	161,000
Netherlands	422,000
Norway	356,000
Poland	2,064,000
Sweden	1,707,000
Switzerland	215,000
United Kingdom	496,000
West Germany	2,148,000

ANNEX II (Cont'd)

	New Zealand		7,556,000	
...	Canada		2,670,000	...
	Portugal		227,000	
	Austria		199,000	
	Italy		17,000	
	Israel		145,000	
	Other countries		288,000	
950.10E	Cheese, and substitutes for cheese, containing 0.5 percent or less by weight of butterfat as provided for in items 117.75 and 117.85 of subpart C, part 4, schedule 1, (except articles within the scope of other import quotas provided for in this part) if shipped otherwise than in pursuance to a purchase, or if having a purchase price per pound, f.o.b. country of origin, less than the pricebreak.			
		993,074	(1967-69)	8,901,000
	Subdivided as follows:			
	Denmark			6,680,000
	United Kingdom			791,000
	Ireland			756,500
	West Germany			100,000
	Poland			385,600
	Australia			123,600
	Iceland			64,300
	Other countries			none
...	950.08A	Natural cheddar cheese, the product of Canada, made from unpasteurized milk and aged not less than 9 months which, prior to exportation, has been certified to meet such requirements by an official of the Canadian Government.		1,225,000
				...

ANNEX II (Cont'd)

APPENDIX I

Section 22 of the Agricultural Adjustment
Act of 1933, as Reenacted & Amended

(a) Whenever the Secretary of Agriculture has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any program or operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program or operation undertaken by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken, he shall so advise the President, and, if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties, and shall be conducted subject to such regulations as the President shall specify. (7 U.S.C. 624(a)).

(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such fees not in excess of 50 per centum ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares shown by such investigation to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with, any program

ANNEX II - APPENDIX I (Cont'd)

or operation referred to in subsection (a) of this section, or reduce substantially the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being undertaken: Provided: That no proclamation under this section shall impose any limitation on the total quantity of any article or articles which may be entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 per centum of the total quantity of such article or articles which was entered, or withdrawn from warehouse, for consumption during a representative period as determined by the President: And provided further, that in designating any article or articles, the President may describe them by physical qualities, value, use, or upon such other bases as he shall determine.

In any case where the Secretary of Agriculture determines and reports to the President with regard to any article or articles that a condition exists requiring emergency treatment, the President may take immediate action under this section, without awaiting the recommendations of the Tariff Commission, such action to continue in effect pending the report and recommendations of the Tariff Commission and action thereon by the President. (7 U.S.C. 624(b)).

(c) The fees and limitations imposed by the President by proclamation under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be therein specified, and such fees shall be treated for administrative purposes and for the purposes of section 32 of Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, as duties imposed by the Tariff Act of 1930, but such fees shall not be considered as duties for the purpose of granting any preferential concession under any international obligation of the United States. (7 U.S.C. 624(c)).

(d) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended or

ANNEX II - APPENDIX I (Cont'd)

terminated by the President whenever he finds and proclaims that the circumstances requiring the proclamation or provision thereof no longer exist or may be modified by the President whenever he finds and proclaims that changed circumstances require such modification to carry out the purposes of this section. (7 U.S.C. 624(d)).

(e) Any decision of the President as to facts under this section shall be final. (7 U.S.C. 624(e)).

(f) No trade agreement or other international agreement heretofore or hereafter entered into by the United States shall be applied in a manner inconsistent with the requirements of this section. (7 U.S.C. 624(f)).

See also section 202(a) of the Agricultural Act of 1956. Section 22 was added by the Act of August 24, 1935 (49 Stat.773). As originally enacted, action under this section could be taken only with respect to articles the importation of which was found to be adversely affecting programs or operations under the Agricultural Adjustment Act of 1933. Section 22 has been amended several times and was revised in its entirety by Section 3 of the Agricultural Act of 1948 (62 Stat. 1247) and again by Section 3 of the Act of June 28, 1950 (64 Stat.261). Regulations governing investigations under this section are set forth in Executive Order 7233, dated November 23, 1935, and in 19 CFR 201, 204.

Name changed to the United States International Trade Commission by the Trade Act of 1974 (PL 93-618).

Paragraph added by section 104 of the Trade Agreements Extension Act of 1953, 67 Stat. 472.

The provisions of this subsection (f) were substituted for earlier provisions by section 8(b) of the Trade Agreements Extension Act of 1951, approved June 16, 1951, 65 Stat. 72,75.

ANNEX II (Cont'd)

APPENDIX II

Presidential Proclamations Establishing and/or Amending Section 22
Import Quotas on Dairy Products

Presidential Proclamation Number	Date of Proclamation	Quota Description Item No.	Principal Provisions
3019	June 8, 1953		Established annual quotas for July-June quota years beginning July 1, 1953, for the following commodities:
		950.08A	<u>Cheddar cheese</u> , and cheese and substitutes for cheese containing or processed from Cheddar cheese - 2,780,100 pounds
		950.09A	<u>Edam and Gouda cheese</u> - 4,600,200 pounds
		950.07	<u>Blue-mold</u> (except Stilton) cheese and cheese containing or processed from blue-mold cheese - 4,167,000 pounds
		950.10	<u>Italian-type cheese</u> made from cow's milk, in original loaves - 9,200,100 pounds
3025(see 4482). 284			Samples not over \$10 ⁰⁰ Trade fair sampling not over 100 lbs with written approval.
3347	May 11, 1960		Increased the quota, effective July 1, 1960, for the following commodities:
		950.09A	<u>Edam and Gouda cheese</u> - doubles the quota from 4,600,200 pounds to 9,200,400.
		950.10	<u>Italian-type cheese</u> , made from cow's milk, in original loaves - increased the quota by 2,300,000 pounds from 9,200,100 pounds to 11,500,100 pounds.

ANNEX II - APPENDIX II (Cont'd)

- 3460 March 29, 1962 950.07 Increased the quota for Blue-mold cheese for the 1961-62 quota year by 283,333 pounds and for each subsequent quota year by 849,999, from 4,167,000 pounds to 5,016,999 pounds.
- 3709 March 31, 1966 950.08A Increased the quota for Cheddar cheese by 926,700 pounds from 2,780,100 pounds to 3,706,800 pounds for the quota year ending June 30, 1966, only.
Established annual quotas for the following commodities:
- 950.08B American-type cheese - 6,096,600 pounds
- 950.08A Increased the annual quota for Cheddar cheese by 7,257,400 pounds from 2,780,100 pounds to 10,037,500 pounds. Of this amount not less than 1,225,000 pounds must be natural Cheddar cheese made from unpasteurized milk and aged not less than nine months which prior to exportation has been certified to meet such requirements by a government official of the exporting country.
- 3790 a) quotas on a calendar year basis with semi-annual allocation
b) 1,225,000 lbs. of natural cheddar cheese from unpasteurized milk and aged not less than nine months certified prior exportation by a government official.

ANNEX II - APPENDIX II (Cont'd)

3870	Sept. 24, 1968	Established temporary quotas effective September 24, 1968 for the following commodities:
	950.09B	<u>Processed Edam and Gouda cheese</u> - 945,000 pounds for the period September 24 through December 31, 1968, and 3,151,000 pounds annually thereafter.
	950.10B	<u>Swiss or Emmenthaler cheese with eye formation**</u> - 1,281,000 pounds for the period September 24 through December 31, 1968, and 4,271,000 pounds annually thereafter.
	950.10C	<u>Other than Swiss or Emmenthaler with eye formation commonly referred to as Gruyere-process**</u> - 987,000 pounds for the period September 24 through December 31, 1968, and 3,289,000 pounds annually thereafter.
	... 950.10D	<u>Cheeses and substitutes for cheese ... containing over 0.5 percent butterfat commonly referred to as "Other cheese, nspf"(**)</u> - 5,249,000 pounds for the period September 24 through December 31, 1968, and 17,501,000 pounds annually thereafter.

... (**) Subject to a "pricebreak" of 47 cents; only cheese priced less than 47 cents per pound f.o.b., factory was made subject to quota. ...

ANNEX II - APPENDIX II (Cont'd)

- ... 3884 (Jan. 6, 1969)* 950.10D Made permanent the temporary annual ...
quotas established under Proclamations
3856 and 3870 except that the annual
quota of "Other cheese, nspf", was
fixed at 25,090,000 pounds rather than
17,501,000.
- (950.08A)* Provided, effective January 1, 1969,
that the unlicensed natural Cheddar
cheese quota established by
... *Proclamation 3790 be limited to "the ...
product of Canada."
Established effective January 1, 1969,
the following new annual quotas:
- 950.10A Italian-type cow's milk cheese, made
from cow's milk, not in original
loaves - 1,494,000 pounds.
- 4026 Dec. 31, 1970 Established, effective January 1, 1971,
the following new annual quotas:
- 950.10E Cheese and substitutes for cheese
containing 0.5 percent butterfat or
less, commonly referred to as "low-
fat cheese"* - 8,901,000 pounds.
- ... 4138 June 6, 1972 Replaced the fixed 47 cent "pricebreak"
with a flexible "pricebreak" figure.
The "pricebreak" is the Commodity ...

* Subject to a "pricebreak" of 47 cents; only cheese priced less than 47 cents per pound, f.o.b., factory was made subject to quota.

ANNEX II - APPENDIX II (Cont'd)

			Credit Corporation purchase price for Cheddar cheese, rounded to the nearest whole cent, plus 7 cents.
			Increased the annual quotas for the "pricebreak" cheese as follows:
		950.10B	<u>Emmenthaler cheese</u> by 16,149,000 pounds, from 4,271,000 to 20,420,000 pounds.
		950.10C	<u>Gruyere-process cheese</u> by 7,953,000 pounds, from 3,289,000 to 11,242,000 pounds.
		950.10D	<u>Other cheese, nspf</u> , containing more than 0.5 percent butterfat by 15,640,000 pounds, from 25,090,000 to 40,370,000 pounds.
4213	Apr. 25, 1973	950.07 through 950.10E	Temporarily increased the quota of all <u>cheeses</u> equal to 50 percent of the total annual cheese quotas (approximately 64 million pounds) for the period April 25 through July 31, 1973.
4258	Jan. 2, 1974	950.08A	Temporarily increased the quota for <u>Cheddar cheese</u> by 100 million pounds for the period January 3 through March 31, 1974.
... 4482	Jan 19, 1977	950.19	Raised the permissible maximum aggregate value of a shipment of a quota item which can enter free of quota restrictions from \$10 ⁰⁰ to \$25 ⁰⁰ .

ANNEX III

COMMERCIAL DISAPPEARANCE OF CHEESE IN THE UNITED STATES

	American (1) <u>Million lb.</u>	Other <u>Million Lb.</u>
1968	1,213.3	803.0
1969	1,281.0	861.6
1970	1,398.0	909.1
1971	1,454.8	987.0
1972	1,595.7	1,127.8
1973	1,677.1	1,210.2
1974	1,780.6	1,276.5
1975	1,717.1	1,331.9
1976	1,934.5	1,460.7
1977	1,951.3	1,505.5
1978	2,064.7	1,655.1

Source: U. S. D. A.

(1) Includes: Colby, Washed Curd, Stirred Curd Monterey and Jack.

ANNEX IV

Canadian Manufacturers with the Capability to Export, with Varieties

Firm	Variety
✓ AGROPUR (Coop Granby) Granby, Quebec	Brie, Camembert
✓ Ault Food Limited Winchester, Ontario	Cheddar
✓ Balderson Cheese Balderson, Ontario	Cheddar, Brick, Caraway
Bénédictins (Pères) Abbaye St. Benoit du Lac Ctê. Brôme, Québec	Gruyere, Ricotta, Lemoyne
✓ Black Diamond Cheese Belleville, Ontario	Cheddar
✓ Cooperative Fédérée de Québec Montréal, Québec	Cheddar, Brick, Colby, Caraway
Dalpé Frères Vercheres, Québec	Emmental
✓ Darigold Milk Products Ltd. Oakville, Ontario	Cheddar, Brick, Colby, Mozzarella
Evergreen Cheese Ltd. Sterling, Ontario	Cheddar, Brick, Colby, Provolone, Mozzarella,
Fromagerie Clement Inc. McMasterville, Québec	Camembert

ANNEX IV (cont'd)

Firm	Variety
Fromagerie d'Oka Incorporated Oka, Quebec	Oka, St. Paulin, St. André
Macedonian Import and Export Co. Ltd. Dunnville, Ontario	Feta, Goats Milk Cheese
Nestle (Canada) Limited Don Mills, Ontario	Cheddar
✓ Northern Alberta Dairy Pool Edmonton, Alberta	Cheddar
Perth Cheese Company Stratford, Ontario	Cheddar
Produits Alimentaires Anco Limitée Montréal, Québec	Swiss, Cream Cheese, Goats Milk Cheese, Brie, Camembert
Produits Caillette Inc. Maskinongé, Québec	Mozzarella
Sapco Ltée Montréal, Québec	Mozzarella
✓ Saputo Cheese Limited Montréal, Québec	Mozzarella, Ricotta
Trenton Riverside Cheese & Butter Trenton, Ontario	Quark, Muenster
Unilait (Chez Nous) Montréal, Québec	Cheddar, Feta, Goats Milk Cheese, Baron, Belle Crème, Bonne Mère

ANNEX V

1979 LIST OF 8 CHEDDAR CHEESE IMPORT LICENSEES
ISSUED BY USDA FOR CHEDAR QUOTA OF 612,352 LBS.
UNDER USDA QUOTA DESCRIPTION 950.08A

<u>Licensee Name</u>	<u>Street Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
Acme Markets Inc.	124 North 15th St.	Philadelphia	P.A.	19101
Brooke Bond Foods, Inc.	Delaware Ave. & Vine	Philadelphia	P.A.	19106
Elma Foods Inc.	P.O. Box 1926	Blasdell	N.Y.	14219
Lily Lake Cheese Co. Inc.	347 Greenwich St.	New York	N.Y.	10013
McCadam Cheese Co. Inc.		Heuvelton	N.Y.	13654
Northfield Cheese Co.	227 Union Street	Northvale	N.J.	07647
Otto Roth & Co. Inc.	14 Empire Boulevard	Moonachie	N.J.	07074
Soco Trading	975 Boston Post Rd.	Darien	C.T.	06820

46
ANNEX VI

1979 List of 9 N.S.P.F. Licensees issued by U.S.D.A. for 2,670,000 lbs. for Other cheeses having a Purchase Price per lb. F.O.B. below Pricebreak under USDA quota description 950.10D and TSUS 117.85

1-	H*	Peter Gandolfo California Olive Oil	134 Canal Street	Salem	M.A.	10970
2-		Bruno's Pizza Cheese Dist.	38 MacQueston Parkway North	Mt. Vernon	N.Y.	10550
3-	O*	S.G. Sergeant Company	646 Oakdene Avenue	Ridgefield	N.J.	07657
4-	O*	F. Soderlund Co. Inc.	975 Boston Post Road	Darien	C.T.	06820
5-	N*	W.M. Gwinner	224 E. Oak Ave.	Moorestown	N.J.	08057
6-	N*	Fernwood Trading Co. ¹	135 S. Glenwood Rd.	Glenwood	N.J.	07023
7-	N*	Albaroso Co. Inc. ¹	260 West Broadway	New York	N.Y.	10013
8-	N*	Anco Foods Corp.	149 New Dutch Lane	Fairfield	N.J.	07006
9-	N*	A. Decaddi Cheese Corp. ¹	215-14th St.	Jersey City	N.J.	07302
	L	B & T Cheese Company	R.D. 11 Hellam Branch	York	P.A.	19406
	L	N. Dorman & Co. Inc.	125 Michael Drive	Syosset L.I.	N.Y.	11791
	L	Noon Hour Food Products	652 West Randolph St.	Chicago	Il.	60606

H* Historical Licensee Holder

N* New Non-Historical Licensees

L 1978 Licensees who have lost their licenses in 1979 but are still importing over pricebreak

O* Griffin & Shaver Reports these two under the ownership of one individual: F. Soderlund

(1) see notes - Page 75 Griffin & Shaver Report on the Marketing of Canadian cheese in the U.S.A.

ANNEX VII

CDC Promotional Programme For The U.S.A.

Notice to Canadian Cheese Processors and ExportersPromotion Fund for Cheese Export
to the United States of America

The Canadian Dairy Commission has established a fund to provide promotional support for cheese exports to the United States of America. The object of this fund is to provide an opportunity for Canadian Cheese to compete in a more aggressive manner with other cheeses on the United States Market. Promotion assistance payments are being funded by levies collected from Canadian dairy farmers to finance exports of dairy products generally.

Program Details
for cheeses exported

- a) from September 21, 1978 to July 31, 1979
- b) from August 1, 1979

Exports of cheese from September 21, 1978 is eligible for promotional support. Canadian exporters who export cheese in this period and who complete promotional campaigns to assist in the marketing of this cheese will be eligible to have all or a portion of their marketing costs reimbursed up to a maximum of 20¢ a pound.

The CDC will consider applications which are supported by details of export performance and by proof of promotion including details of paid costs of such promotion. In the event that an exporter applies to the Commission for promotional assistance in advance of making the export and completing the promotional activity, the CDC may indicate its willingness to support the activity with payment upon documented completion.

ANNEX VII (cont'd)

Acceptable promotional activities would include:

- Costs of point-of-sale material
- in-store demonstrations
- advertising (trade or consumer)
- catalogue printing
- any other promotional activity acceptable to the Commission

Exporters who wish to apply for assistance under this program are invited to send a letter of application containing the following information on the product exported or to be exported:

- composition of product
- quantity of product
- destination in the United States
- date exported
- port of export
- copy of B-13 export form
- invoice showing proof of paid promotional activity

Applications should be sent to:

The Canadian Dairy Commission
2197 Riverside Dr.
Pebb Bldg., 5th Floor,
Ottawa, Ontario
K1A 0Z2

ITC New PEMD Programme For U.S.A.

Program for Export Market Development (PEMD) -
Administered by Industry, Trade and Commerce

PEMD was introduced in 1971 to develop and sustain the export of Canadian goods and services by sharing with the business community the financial risk of entering foreign markets or to follow-up on industrial co-operation initiatives.

The program is not intended to support normal export business activities either in maintaining an existing market abroad or in winning new business in a market where the supplier is already well established. PEMD only provides an incentive where there is a need to share the financial risk of developing a foreign market.

The program is divided into sections to meet different export marketing needs; Section A - Specific Project Bidding; Section B - Market Identification; Section C - Participation in Trade Fairs; Section D - Incoming Buyers; Section E - Formation of Export Consortium; Section R - designed for the development of export markets for agriculture, fisheries and food commodities and products. Previous to January 1, 1979, Section B and Section D were not applicable to the U.S.A. however these two sections have been expanded to include the U.S.A. Section R - is a new program which was implemented in April, 1979.

The U.S.A. has been divided into seven marketing areas and applications are eligible only when a company has not exported on a sustained basis to offshore markets and to that region of the U.S.A. for which assistance is sought. The amount of assistance provided under an approved application must be repaid if sales result from the project.

ANNEX VIII (cont'd)

Applicants for assistance under the program should contact the nearest ITC regional office where officers can assist them in taking advantage of various sources of information and guidance available from the Department.

REGIONAL OFFICES

IF YOU HAVE NOT PREVIOUSLY MARKETED ABROAD, CONTACT ANY REGIONAL OFFICER OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE AT THE ADDRESS LISTED BELOW.

NEWFOUNDLAND

LABRADOR

P.O. Box 6148

127 Water Street (2nd Floor)

St. John's, Newfoundland

A1C 5X8

Tel: (709) 737-5511

Telex: 016-4749

NOVA SCOTIA

Suite 1124, Duke Tower

5251 Duke Street, Scotia Square

Halifax, Nova Scotia

B3J 1N9

Tel: (902) 426-7540

Telex: 019-21829

NEW BRUNSWICK

Suite 642, 440 King Street

Fredericton, New Brunswick

E3B 5H8

Tel: (506) 452-3190

Telex: 014-46140

PRINCE EDWARD ISLAND

P.O. Box 2289

Dominion Building

97 Queen Street

Charlottetown

Prince Edward Island

C1A 8C1

Tel: (902) 839-2322

Telex: 014-44129

ANNEX VIII (cont'd)

REGIONAL OFFICES

QUEBEC

C.P. 1279, Station B

Suite 600

685, rue Cathcart

Montréal (Québec)

Tél: (514) 283-6254

Télex: 012-0280

Suite 620, 2, Place Québec

Québec(Québec)

G1R 2B5

Tél: (418)694-4726

Télex: 051-3312

ONTARIO

Commerce Court West

51st Floor

P.O. Box 325

Toronto, Ontario

M5L 1G1

Tel: (416) 369-3711

Telex: 065-24378

MANITOBA

507 Manulife House

386 Broadway Avenue

Winnipeg, Manitoba

R3C 3R6

Tel: (204) 949-2381

Telex: 075-7624

SASKATCHEWAN

Room 980

2002 Victoria Avenue

Regina, Saskatchewan

S4P 0R7

Tel: (306) 569-5020

Telex: 071-2745

ALBERTA

NORTHWEST TERRITORIES

500 Macdonald Place

9939 Jasper Avenue

Edmonton, Alberta

T5J 2W8

Tel: (403) 425-6330

Telex: 037-2762

BRITISH COLUMBIA

YUKON

P.O. Box 49178

Suite 2743

Bentall Centre, Tower III

595 Burrard Street

Vancouver, British Columbia

V7X 1K8

Tel: (604) 666-1434

Telex: 04-51191

ANNEX IX

Agriculture Canada 3 regional offices concerned with the
market development of dairy products

Montreal Paul Arthur Huot
Regional Markets and Merchandising Coordinator
Food Production and Marketing Branch
Dairy Division, Agriculture Canada
150 St-Paul West
Montréal, Québec
H2Y 1Z6

Tel (514) 283-5686

Toronto Bob Séguin
Regional Markets and Merchandising Coordinator
Food Production and Marketing Branch
Dairy Division, Agriculture Canada
160 Springhurst Ave.
Toronto, Ontario
M6K 1C2

Tel (416) 534-3553

Edmonton Lorne Clarke
Regional Markets and Merchandising Coordination
Food Production and Marketing Branch
Dairy Division, Agriculture Canada
878 Federal Bldg.
Edmonton, Alberta
T5K 1E7

Tel (403) 425-5040

