

INTERNATIONAL DAIRY ARRANGEMENT

Sixth Annual Report

**THE WORLD MARKET  
FOR DAIRY PRODUCTS  
1985**

General Agreement on Tariffs and Trade

Geneva, November 1985

## Introduction

The International Dairy Arrangement came into operation on 1 January 1980, and was a result of the Multilateral Trade Negotiations 1973 to 1979. It was in a way a successor to the Arrangement Concerning Certain Dairy Products of 1970. It has recently been extended until 31 December 1988.

As of 1 November 1985, the Arrangement had the following participants: Argentina, Australia, Bulgaria, Egypt, the European Economic Community, Finland, Hungary, Japan, New Zealand, Norway, Poland, Romania, South Africa, Sweden, Switzerland and Uruguay. Other countries have been represented at meetings by observers. The United States was participating in the Arrangement until 12 February 1985 and Austria until 9 June 1985.

The objectives of the Arrangement are: to achieve the expansion and ever greater liberalization of world trade in dairy products under market conditions as stable as possible, on the basis of mutual benefit to exporting and importing countries; and to further the economic and social development in developing countries. In adopting these objectives, the economic importance of milk and dairy products to many countries, and the need to avoid surpluses and shortages and to maintain prices at an equitable level were recognized, and it was considered that improved co-operation in the dairy products sector contributed to the attainment of the objectives agreed upon in the Tokyo Declaration of 14 September 1973.

These objectives are advanced through the activities of the International Dairy Products Council and the Committees of the Protocols. The Council makes twice a year an evaluation of the market situation, based on background documentation established by the secretariat. Three Protocols are annexed to the Arrangement: Protocol Regarding Certain Milk Powders; Protocol Regarding Milk Fat and Protocol Regarding Certain Cheeses, which are integral parts of it. Under these Protocols, minimum export prices have been established for skimmed milk powder, whole milk powder, buttermilk powder, anhydrous milk fat, butter and certain cheeses. Participants have undertaken to take the steps necessary to ensure that these minimum export-price provisions are being complied with. The Committees are making quarterly reviews of the market situation for the respective products, and quarterly reviews of the application of the provisions of the Protocols by participants, notably their observance of the minimum export prices.

The present report, which is the sixth annual report issued under the Arrangement, reviews the situation in the world market for dairy products. It covers developments in 1984 and the first half of 1985 and the outlook for 1985/86. It is based on the work of the Council and the Committees. The sources of information are mainly submissions by participants supplemented with other information available to the secretariat.

**TABLE 1**  
**LEVELS OF MINIMUM EXPORT PRICES**

Pilot products	US\$/metric ton f.o.b.	
	since 1 October 1981	since 5 June 1985
Skimmed milk powder	600	600
Whole milk powder	950	830
Buttermilk powder	600	600
Anhydrous milk fat	1,440	1,200
Butter	1,200	1,000
Certain cheeses	1,000	1,000

The minimum export prices are fixed for pilot products defined in the Arrangement taking account, in particular, of the current market situation, dairy prices in producing participants, the need to ensure equitable prices to consumers, and the desirability of maintaining a minimum return to the most efficient producers in order to ensure stability of supply over the longer term. Special note should be taken of the fact that new minimum prices were negotiated for whole milk powder, anhydrous milk fat and butter on 31 May 1985. Minimum export prices of other products remained unchanged. These minimum export prices must not be considered as market prices.

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## Resumé of the Situation

### General

(a) World trade showed its biggest increase in eight years in 1984 when it grew by 9 per cent in volume. All sectors of economy shared in the expansion; the manufactures trade grew more than twice as fast as trade in agricultural and mineral products. Due to the continuous appreciation of the United States dollar, however, world exports in dollar value terms showed an expansion of only 6.5 per cent. At US\$1,955 billion in 1984, they were higher than their level in 1983, but still slightly below the 1980 level of US\$2,000 billion. The developing countries increased their total export earnings by 7.5 per cent in 1984, while exports of the industrial countries expanded by 6 per cent in value and those of the Eastern trading area by 4 per cent. The growth rate of world production of goods in 1984 was 5.5 per cent, more than twice as much as in 1983. Agricultural output increased by 5 per cent, but world trade in agricultural products expanded at a more rapid pace of 7 per cent in 1984.

(b) Despite the generally encouraging picture of world trade growth in 1984, economic activity did not pick up in all countries to the same extent. The recovery in North America (especially in the United States) was much stronger in 1984, especially in the first half, than in the previous year, raising the growth rate of developed countries as a group to more than 5 per cent, despite continuing weakness in European growth. Japan's growth rate was only slightly below the developed country average but more than double that of Europe. Growth in developing countries at around 3.5 per cent in 1984 was not evenly shared by all developing countries.

(c) In 1984, total employment rose by 4 per cent in North America, through a combination of growth in the labour force and declining unemployment. In Japan, total employment was constant in 1984 while in Western Europe it continued to decline slightly. On the other hand, the unemployment rate declined significantly in North America in 1984 (by 2 percentage points), then levelled off in the first half of 1985. In Western Europe unemployment increased further, although its rise from the second quarter of 1984 through the first half of 1985 was moderate. Most forecasts available in the first half of 1985 anticipated that the growth rates of world production and trade in 1985 and 1986 would be below those of 1984. The forecast for production reflected the anticipated slowdown in the rate of growth in North America, Japan and certain developing economies in South-East Asia. In contrast, the rate of growth in other developing countries was expected to pick up. As for Western Europe, the outlook was for continued economic growth in the range of 2.5 per cent.

### World dairy situation

#### Production

(a) World production of milk hovered around a level of 500 million tons in 1984, without showing further increase in relation to 1983 when it

had increased by 3.5 per cent. The main causes of a stagnation in world milk output were the production control programmes introduced in the United States, the EC and some other West European countries during 1984. For the first time in many years, milk production in the United States dropped by 3 per cent in 1984, mainly as a result of the milk diversion programme and higher feed costs. With the termination of this programme in March, production was expected to rise again by 4.5 per cent to a level of 64.1 million tons in 1985. Canadian milk deliveries were, however, 3 per cent more than in 1983, but were expected to slow down in 1985 as a result of adjustments to the Canadian dairy programme. Milk output in the EC, the leading world producer and exporter of dairy products, declined by 1.9 per cent in 1984 to a level of 122.3 million tons, whereas in 1983 output had been about 4 per cent higher over the preceding year's level. Milk deliveries in the first five months of 1985 were estimated to be 6.5 per cent below the level of the corresponding period of the previous year, and the expectation was that these would lag behind the allocated quotas for 1985/86. Milk output in Finland, Norway, Sweden and some other European countries was also expected to level off due to the application of production quotas. Following good climatic conditions and increased cow numbers, production of milk increased in Australia and New Zealand during 1984. In these two countries, monetary developments also had an impact on prices to producers. In the USSR, milk production in 1984 was about 1.2 per cent higher than in 1983; the pace of increase was, however, markedly lower due to poor feed supplies in the 1984/85 crop year. Milk output in Eastern Europe was up to 5 per cent higher in 1984 due mainly to increased milk deliveries in Poland. Shortages of feed and difficult economic conditions affected milk production in Africa. In Latin America, a recovery in demand was accompanied by an increase in milk production. In Asia milk output continued to increase at a steady pace, especially in India and China. Total world milk production for 1985 was estimated to be 1 to 1.5 per cent above that of 1984.

(b) World output of skimmed milk powder in 1984 at 4.6 million tons was about 7 per cent lower than in 1983, when it had risen by 9.7 per cent. The downward drift continued in the first half of 1985. Production was low in the EC, Austria, Finland, Hungary and the United States. However, it rose in Australia, New Zealand, Canada, Poland, Sweden and Switzerland. It remained unchanged in Japan, but increased in the USSR. Butter production also declined in 1984. At 7.6 million tons, it was about 1 per cent less than in 1983. The EC experienced an overall decline of 8 per cent in 1984 when its production of butter fell from 2.19 million tons to 2.02 million tons. In the first half of 1985 output was more than 12 per cent less than in the corresponding period of last year. Production also fell in Argentina, Austria, Australia, Finland, Hungary and South Africa. It increased, however, in Poland, Romania, Switzerland, Canada, Japan and New Zealand. In the United States, production of butter at about 500,000 tons in 1984 was 16 per cent below the 1983 level, but was gradually picking up in the first and second quarters of 1985 with the increase in milk production. The general expansion in cheese production, evident in most countries in

1984, seemed to be continuing in 1985. The overall EC manufacture of cheese was more than 4 per cent higher in 1984 and was likely to continue its uptrend in 1985. Cheese production was lower in Switzerland and Portugal, but it increased in Austria, Finland, Hungary, Norway, Poland, Romania, South Africa and Sweden. Canadian output was up by 5 per cent in 1984 and had further increased in the first half of 1985. The United States output at 2.1 million tons was 2 per cent below the 1983 level, but the indications were that it was moving up again with larger milk supplies in 1985. Output of cheese was also expected to go up in Australia as a result of increased milk supplies in 1985. Production in the USSR increased in 1984 for the third consecutive year to reach a level of 1.6 million tons.

### Trade

(a) International trade in dairy products showed a slight recovery in 1984 compared to the sluggish performance in the preceding two years. Trade in cheese was particularly buoyant in most of the producing countries, while exports of skimmed milk powder increased at a faster rate than in 1983, due solely to increased deliveries as food aid. World trade in butter, after having slowed down in 1983, increased somewhat in volume in 1984 though with variations from one exporter to another. Exports of dairy products by the EC, after having declined in 1983 for the third consecutive year, showed some recovery in 1984 partly due to increased food aid operations. Exports from Oceania progressed more remarkably, while deliveries from North America provided a mixed picture during 1984.

(b) The EC, which in July 1984 had adopted a series of additional measures to facilitate the disposal of dairy products, more particularly of butter, announced two new initiatives in October designed to reduce its public stocks of butter, namely the "butter for Christmas" sales campaign, and a programme for the export to certain destinations of certain quantities of butter from public stocks at a price which, because of the age of the product, would have to be lower than the minimum price under the Arrangement. This second measure led to a special meeting of the Committee of the Protocol Regarding Milk Fat on 23 and 24 October 1984. At that meeting, the Committee took note that two regulations (Regulations (EEC) No. 2955/84 and No. 2956/84) had been promulgated on 23 October 1984 and found that the sales envisaged under Title II of Regulation (EEC) No. 2956/84 were not consistent with the provisions of Article 3 of the Protocol. The Committee having been unable to reach a satisfactory solution, the International Dairy Products Council considered the matter at a series of meetings held under the terms of Article IV:6 of the Arrangement, and on 16 November 1984 adopted a Resolution. It recorded, inter alia, that the Council found that the Community measures constituted a threat to the trade interests of all other participants in certain markets, in particular for developing countries taking into account Article 1 of the Arrangement, and that in those circumstances those participants might take action in the short term to safeguard their position, for example by making sales at prices below the minima specified in the Protocol Regarding Milk Fat. On 18 December 1984 the Council noted that the European Communities had abrogated on 8 December 1984 Title II of



Regulation (EEC) No. 2956/84, and that the EC had contracted to sell approximately 220,000 tons of butter and butteroil exclusively to the USSR at prices above and below the relevant minimum export prices with deliveries to be effected not later than 30 June 1985. Under the Resolution of 16 November 1984, some sales of fresh butter by other participants were also made at less than the minimum price. Following agreements reached in the Committee of the Protocol Regarding Milk Fat on 31 May 1985, to reduce minimum prices of butter and anhydrous milk fat and the adoption of a derogation permitting sales of old butter at prices below the minima, the Council decided to rescind the Resolution of 16 November 1984.

(c) As regards imports, purchases by the USSR increased except for butter which declined by 2 per cent in 1984. Imports by India also showed a substantial increase, although this was more under the food aid programmes. Japan increased its imports of cheeses and skimmed milk powder during 1984. There was also a considerable increase in import demand for sophisticated dairy products, especially cheeses, by other developed industrial countries.

(d) In 1985, supplies would remain excessive and demand was growing more slowly, and consequently the surplus situation in the EC was not expected to improve. Large quantities of liquid and dried skim milk would continue to be channelled into the feedstuff sector at heavily subsidized prices. Demand for cheeses was expected to increase in 1985 in the United States, the EC, Japan and other countries. The USSR would remain a major outlet for butter, although its imports tended to taper off slightly in 1985. The world supply and demand situation for certain dairy products, such as milk powders and cheeses, might improve somewhat in 1985 and 1986. As to butter, surplus stocks continued to weigh on the market and the situation remained one of concern.

(e) As supplies would remain in excess of demand during 1985, prices would remain depressed. Since late 1984, a growing proportion of transactions in international dairy trade had been carried out below the GATT minimum export prices. The situation was likely to improve as a result of a downward revision of some of these minimum prices in May 1985. However, a considerable proportion of international transactions would continue to take place on special terms.

#### Consumption

(a) Generally, consumption of liquid milk had lagged behind production in a number of major producing countries, thus increasing the quantity of milk available for industrial processing. This trend had been accentuated by consumer preference for low fat milk.

(b) World consumption of skimmed milk powder, which had expanded in 1984 compared to 1983 was once again levelling off in 1985. The decline was more marked in developed countries and for human consumption purposes. Consumption continued to fall in the United States, Canada and some European countries, but expanded in Japan, India, South America and Eastern Europe. In the USSR, after rising by 0.7 per cent in 1984,

it drifted downwards in 1985. The EC had also shown an overall downward trend in 1985, after having increased in 1984 by almost 5 per cent. The bulk of consumption in the EC was for animal feed, which had progressively increased. Consumption for human purposes in the EC had, however, remained static over the years. Growth in world consumption of butter had somewhat slowed down in 1985 and was expected to be only marginally above the 1984 level. Some improvements were expected in Canada, Brazil, Venezuela, Eastern Europe and the USSR, India and Japan, while overall consumption was estimated to have declined in the United States and the EC. In Australia and New Zealand, the overall consumption of butter was likely to remain static. The trends in the consumption of cheese showed a different pattern. There was an all-round increase in consumption in 1984 in Canada, the United States, and Venezuela, the EC countries, Switzerland, Eastern Europe and the USSR, Japan and some Asian countries. Further increases were anticipated for 1985 in most of these countries as well as Australia and New Zealand.

(c) Consumption of dairy products was being sustained at high levels with the help of deliberate policy measures in many countries. In Western Europe, skimmed milk powder and liquid skim milk were mainly used for animal feed and their use was subsidized on a large scale. In the EC, for example, a number of measures were applied to promote consumption of skimmed milk powder. Consumption of butter and cheese was supported in many countries by advertizing campaigns, welfare distribution programmes, sales at reduced prices to dispose of surplus stocks and, in the case of butter, making the product competitive with vegetable fats. In the EC, butter production far exceeded domestic requirements, and measures like special Christmas sales and other promotional aids had been adopted. In the United States, several dairy product distribution programmes had been adopted to dispose of surplus stocks. Domestic consumption was expected to rise by 2 per cent because of additional population, larger per capita income, lower real prices for dairy products and the national dairy promotion programme. In some countries, the price relationship between vegetable fats and butter fat was maintained by taxing the former. The prices of vegetable fats were, in fact, distinctly lower in most instances. While an increase in margarine consumption was often accompanied by a decline in consumption of butter, trends in butter consumption seemed to depend also on factors other than price, consumer preference, in particular, and dietic considerations. It should also be noted that in some countries, consumption declined in the whole fats sector.

### Stocks

(a) World stocks of skimmed milk powder at the end of 1984 were below their level of the beginning of the year and were continuing to decline in 1985. The decline was due mainly to increased deliveries of skimmed milk powder as food aid. Butter stocks, on the other hand, increased substantially during 1984 compared to their level in 1983, but had tended to move downwards in 1985. The bulk of butter stocks were held by the EEC. Global stocks of cheese continued to be smaller with an ever-growing demand for cheeses in many developed countries.

(b) On 1 July 1985, stocks of skimmed milk powder held by the EC, North America and Oceania totalled 993,000 tons, i.e., about 43 per cent less than the level of a year earlier at 1,725,000 tons. Stocks of butter held by the same group of countries on 1 July 1985 amounted to about 1,345,900 tons, i.e., about 12 per cent less than in the corresponding period of the previous year. Stocks of cheese continued to dwindle with a sharp decline in the United States stocks. The substantial decline in skimmed milk powder stocks was the result of a fall in world production together with an increase in consumption and increased food aid donations. Public stocks of skimmed milk powder held by the EC on 1 July 1985 were 381,000 tons as against 956,000 tons in July 1984. The EC butter stocks, public and private, on 12 September 1985 were 1,200,000 tons as against 948,000 tons at the end of 1984 and 1,084,000 tons in July of 1985. The EEC was currently holding 80 per cent of world stocks of butter (1,500,000 tons). In the United States, butter stocks held by the Commodity Credit Corporation, together with commercial stocks, declined to 193,000 tons at the end of 1984 as against 250,000 tons at the beginning of the year. On 1 July 1985 the stocks were sharply reduced to 125,900 tons and were expected to fall further in the coming months. In New Zealand, butter stocks increased substantially to a peak level of 119,000 tons on 1 April 1985 but were subsequently reduced to a level of 77,900 tons in July 1985. Australian butter stocks declined to 27,400 tons from a level of 50,500 tons in the beginning of 1985. The EC cheese stocks at 85,000 tons on 1 July 1985 were almost 5 per cent higher than a year earlier. They also increased in Norway, Poland, Sweden and Uruguay, while there was a decline in most other countries.

#### International prices

(a) The minimum prices of whole milk powder, butter and anhydrous milk fat, which had remained fixed since 1 October 1981 at US\$950, \$1,200 and \$1,440 respectively, were revised downwards in May 1985 to take account of a changed market situation, inter alia, a continuous appreciation in the value of the United States dollar. Minimum prices of skimmed milk powder and buttermilk powder (US\$600) and those of certain cheeses (US\$1,000) remained unchanged. (Table 2 and graphs 1 to 5)

(b) The slide in dairy product prices which began in 1982 due to keen competition in the international market, growing stocks and monetary fluctuations continued in 1984. In the third quarter of the year, prices of all major dairy products had drifted downwards except in the case of cheddar cheese, the prices of which had somewhat stabilized. In the fourth quarter of 1984 and early 1985, prices of all other dairy products had further deteriorated. Under the Resolution of 16 November 1984, some butter sales had taken place at less than the minimum prices. On 31 May 1985 it was decided to modify the levels of minimum prices of three products (i.e., whole milk powder (US\$830), anhydrous milk fat (US\$1,200) and butter (US\$1,000)). The new minimum export prices came into effect on 5 June 1985. It was also agreed to authorize, under certain conditions, any participant holding exceptionally large stocks to sell old butter at prices lower than the agreed minimum export prices. The Resolution of 16 November 1984 was subsequently rescinded. These decisions were expected to contribute to greater stability in the

international market for dairy products by reducing excess supplies and stimulating demand in response to lower prices. During the third quarter of 1985, prices of milk powders had strengthened as a result in particular, of the depreciation of the United States dollar vis-à-vis other currencies; and the market for Cheddar cheese had remained relatively firm. As to butter and anhydrous milk fat, prices had remained depressed. The price situation and the level of butter stocks continued to cause concern.

TABLE 2

International Prices (1983-1984-1985)

(US\$ per metric ton f.o.b.)

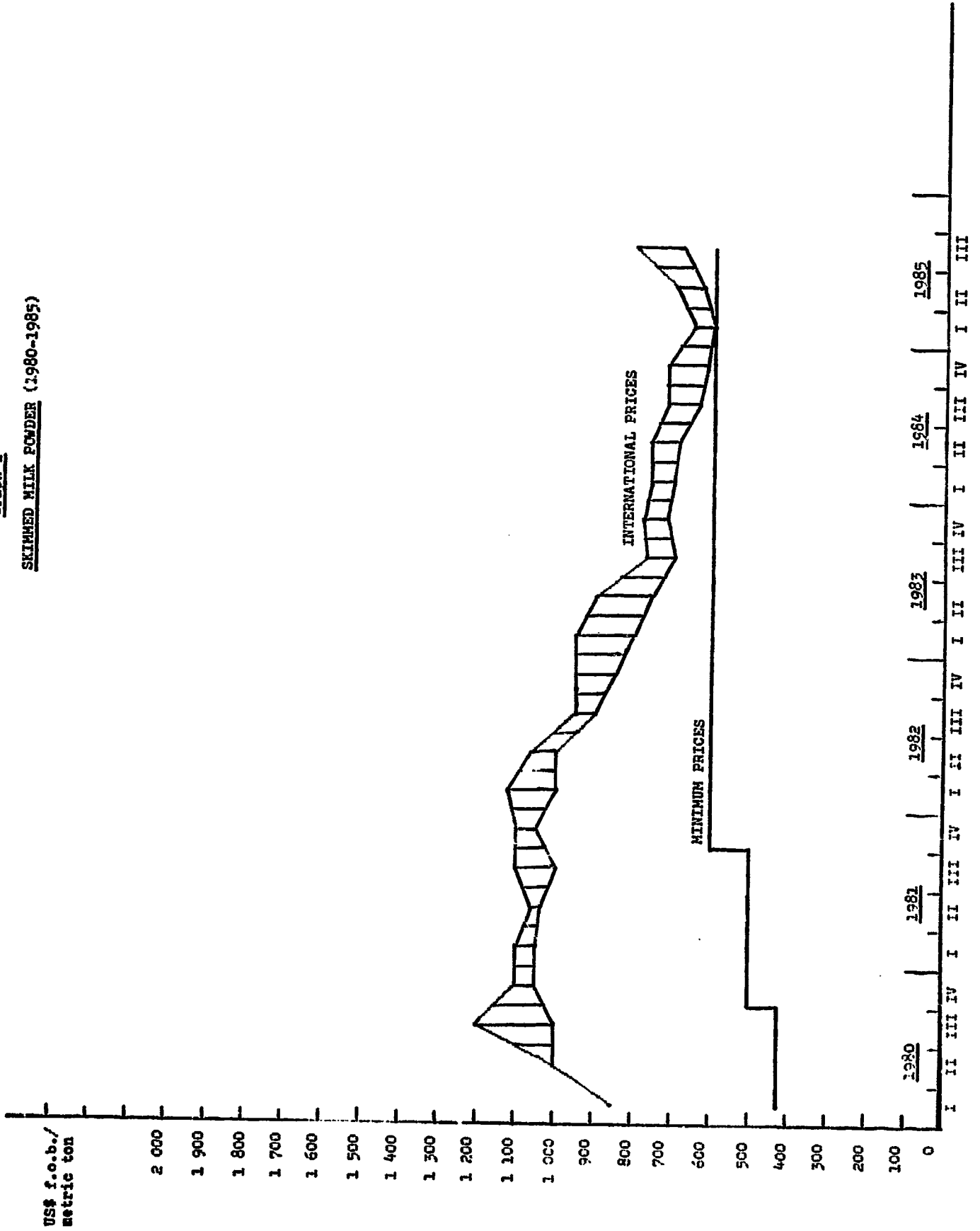
Product	1983						1984						1985		
	January-March	April-June	July-September	October-December	January-March	April-June	July-September	October-December	January-March	April-June	July-September	1985	1985	1985	
Skimmed milk powder <sup>a/</sup>	800-950	760-900	700-770	720-780	700-760	690-760	640-720	620-720	600-650	630-700	685-800				
Whole milk powder	1,200-1,350	1,080-1,300	1,030-1,200	1,000-1,150	980-1,100	970-1,100	950-1,050	950-1,000	860-950	850-960	880-1,010				
Anhydrous milk fat <sup>b/</sup>	2,350-2,400	1,900-2,050	1,850-1,940	1,800-1,900	1,700-1,900	1,700-1,800	1,480-1,750	1,440-1,500	1,440-1,500	1,290-1,650	1,200-1,360				
Butter <sup>b/</sup>	2,000-2,200	1,785-1,950	1,680-1,750	1,620-1,700	1,510-1,610	1,540-1,600	1,200-1,450	1,200-1,300	1,200-1,300	850-1,450	1,000-1,150				
Cheddar cheese <sup>c/</sup>	1,550-1,650	1,250-1,450	1,300-1,500	1,200-1,500	1,200-1,350	1,150-1,300	1,150-1,250	1,200-1,250	1,150-1,200	1,100-1,430	1,050-1,270				

<sup>a/</sup> Mainly skimmed milk powder for human consumption. Some sales of skimmed milk powder for animal feed made according to Article 3:5 of the Protocol Regarding Certain Milk Powders have been made at lower prices than the ranges indicated.

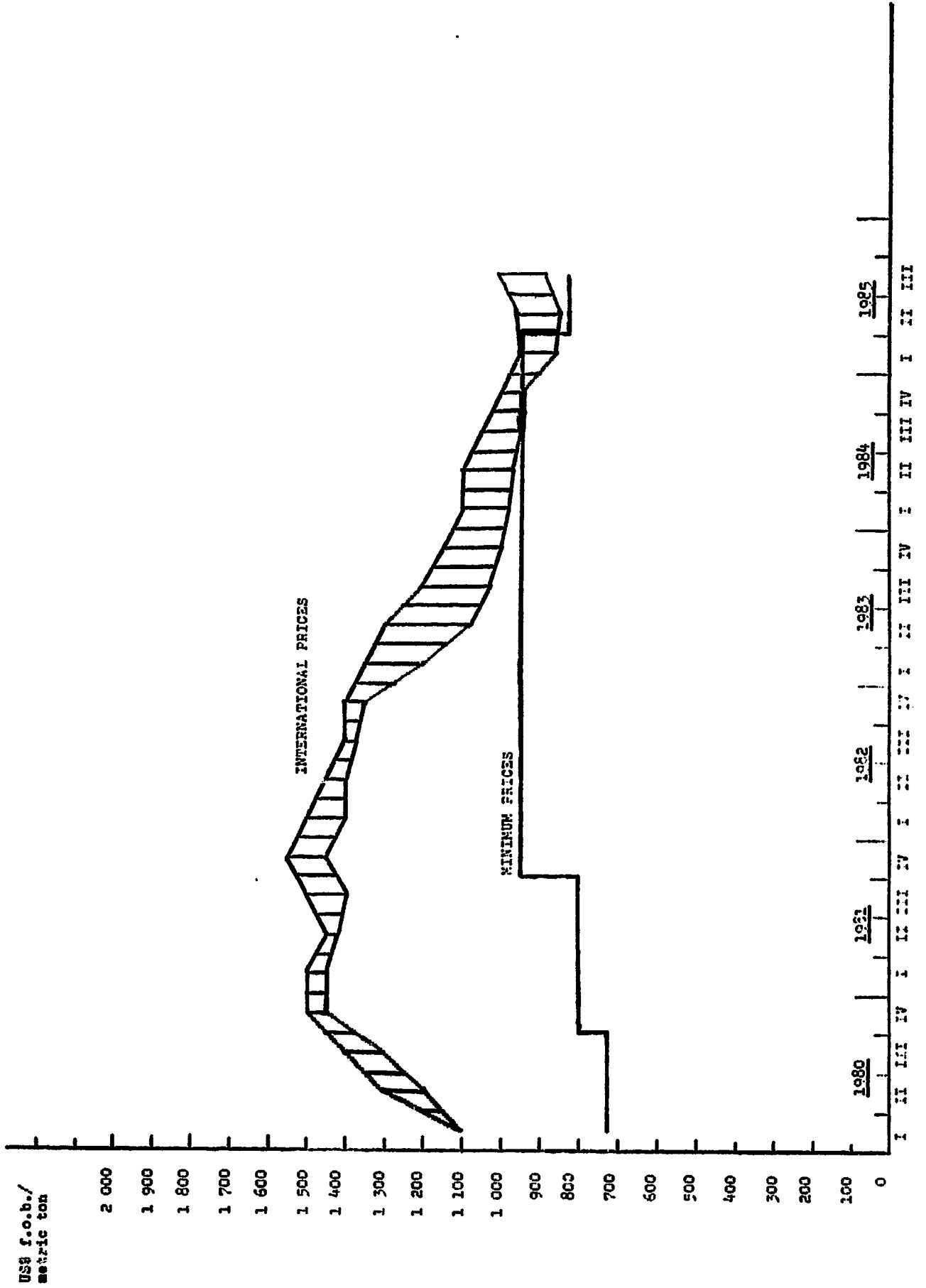
<sup>b/</sup> The minimum export prices of anhydrous milk fat and butter were provisionally suspended from 16.11.84 to 31.5.85. During that period, around two hundred thousand tons of butter were sold at prices below US\$1,200/m.t.

<sup>c/</sup> Some sales of cheese below normal export quality made according to Article 7:2 of the Protocol Regarding Certain Cheeses have been made at lower prices than the range indicated.

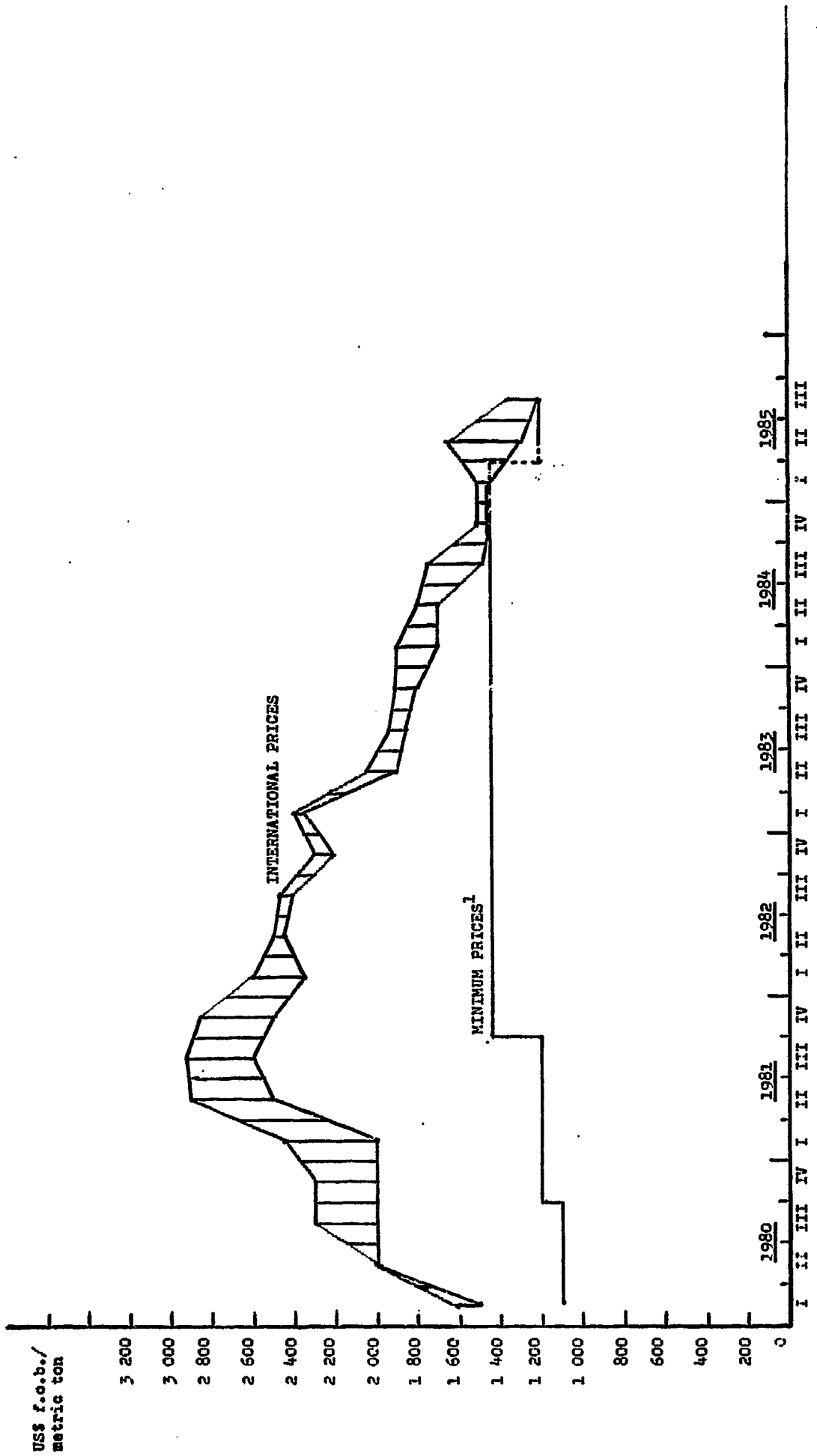
Graph 1  
SKINNED MILK POWDER (1980-1985)



Graph 2  
WHOLE MILK POWDER (1980-1985)



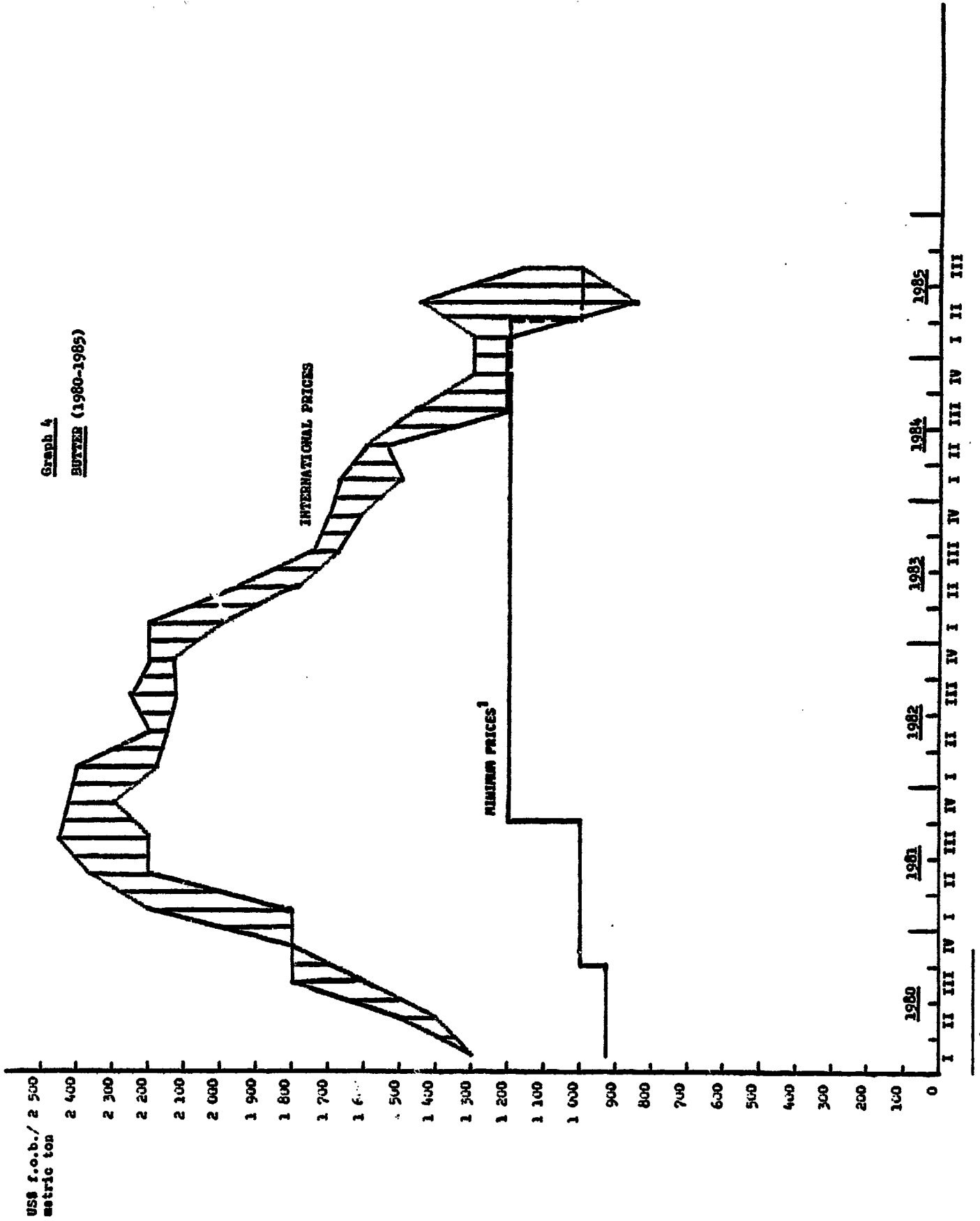
Graph 2  
ANHYDROUS MILK FAT (1980-1985)



<sup>1</sup>Minimum prices provisionally suspended from 16.11.84 to 5.6.85 (broken line).

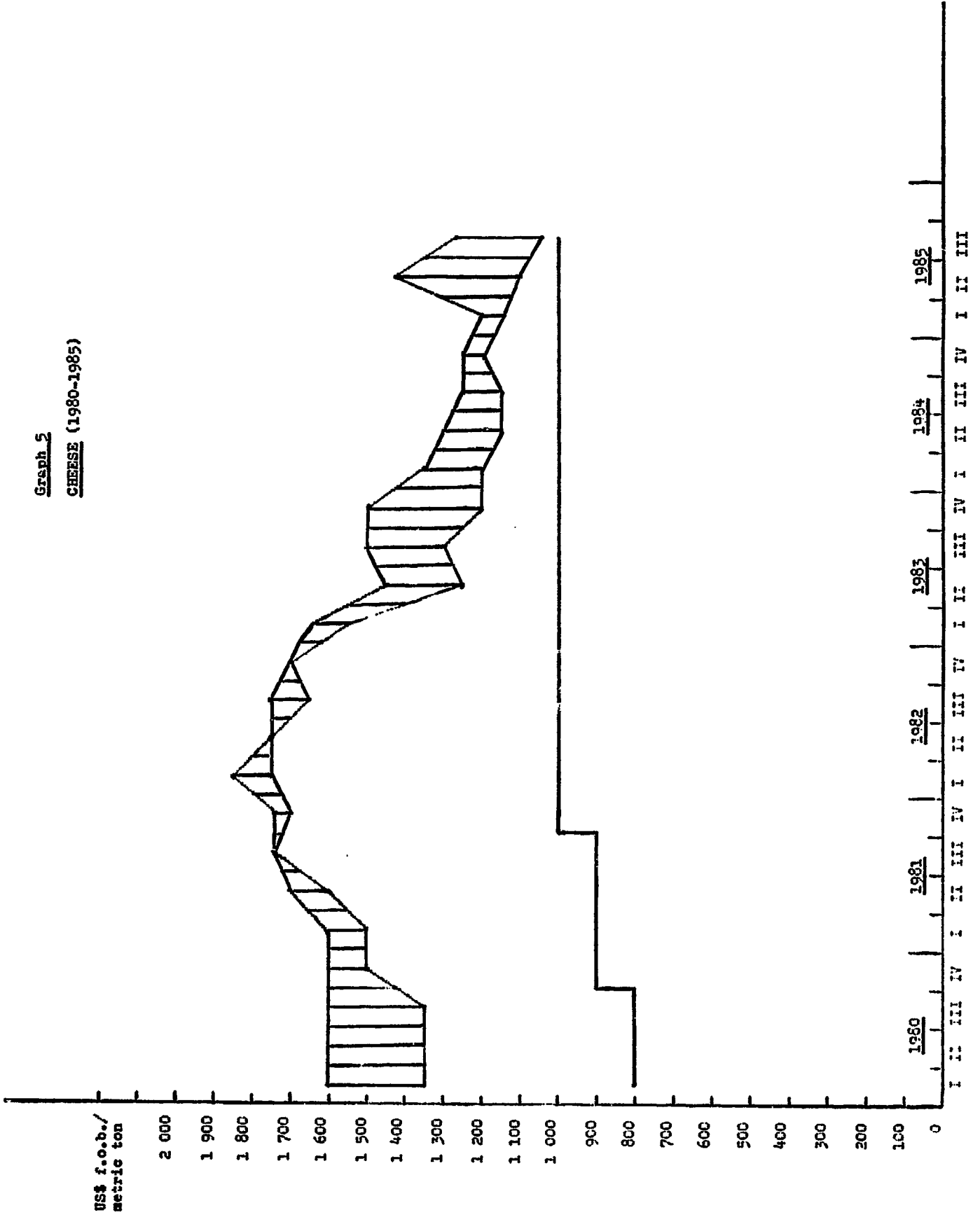


Graph 4  
BUTTER (1980-1985)



<sup>1</sup>Minimum prices were provisionally suspended from 16.11.84 to 5.6.84 (broken line).

Graph 5  
CHEESE (1980-1985)



The Situation for Individual Products

Milk

Production

1. World production of milk at about 500 million tons in 1984 was virtually stagnant at its previous year's level, despite some noteworthy increases that took place in Asia, Latin America, East European countries and Oceania. The combined cow milk output of the EC, the United States, the USSR and Oceania, which normally account for about two thirds of the world total production and the bulk of world trade in dairy products, fell by nearly 1 per cent to 295.3 million tons in 1984 (Table 3). As a result of the operation of the quota system, the EC milk output in 1984 was 1.9 per cent less than in 1983, when it aggregated 124.7 million tons. The milk diversion programme of the United States reduced the milk output by 3 per cent to a level of 61.5 million tons in 1984. The production declines in the United States and the EC were to a large extent offset by increased production in the USSR. Although production appeared to have increased in the USSR, it increased by much less than had been expected earlier due to the appearance of drought conditions in summer. In Australia and New Zealand, on the other hand, good climatic conditions and increased cow numbers contributed to higher production.

TABLE 3

Cow Milk Production in Selected Countries/Areas

	1984 Estimates ( '000 tons)	Change from year earlier (%)	1985 Forecasts ( '000 tons)	from year earlier (%)
EEC (10)	122,300	-1.9	119,854	-2.0
United States	61,565	-3.0	64,100	+4.5
USSR	97,600	+1.1	99,000	+1.0
Australia	6,187	+7.2	6,320	+1.9
New Zealand	7,637	+11.0	7,364	-3.6
Total	295,289	-0.7	296,698	+0.5

2. Prospects for milk production in 1985 were closely linked with the general weather conditions and the production policies pursued by major producing countries. Total world production of milk in 1985 was estimated to be between 1 and 1.5 per cent above that of the previous year. A further decline in Community milk production was more than outweighed by increases in the United States and the USSR. The good yields of 1984 were not likely to be reached this year in New Zealand for which a decline was expected in 1985. In Australia, further build-up of the herd and good yields would result in further progress in the output of milk in 1985. In most European countries production was expected to be inferior to that of the previous year, and similar developments were expected for Africa and South America. A further expansion in milk production was apparent for Asia, notably for China, India and Japan.

TABLE 4

Rates of Change of Milk Production, Milk Yield and Dairy  
Cow Numbers in Some Countries

		Milk Production	Milk Yield	Dairy Cow Numbers
EC	1983	+4.0	+2.4	+2.5
	1984	-1.9	+0.3	-3.4
	1985 <sup>a/</sup>	-2.0		-4.2
United States	1983	+3.1	+2.6	+0.5 (July)
	1984	-3.0	-0.7	-2.3
	1985 <sup>a/</sup>	+4.5	+3.0	+1.5
New Zealand	1983	-1.2	-0.1	+1.1 (June)
	1984	+11.0	+8.7	+2.1
	1985 <sup>a/</sup>	-3.6		
Australia	1983	+7.8	+8.8	-1.0 (March)
	1984	+7.2	+2.8	-1.6
	1985 <sup>a/</sup>	+1.9		
Japan	1983	+4.3	+3.7	+0.5 (February)
	1984	+1.4		+0.6
	1985 <sup>a/</sup>	+3.0		
USSR	1983	+6.0	+6.0	0.0 (January)
	1984	+1.1	+0.6	0.0
	1985 <sup>a/</sup>	+1.0		-0.7 (July)

<sup>a/</sup> Forecast

3. Milk production in the European Communities totalled 122.3 million tons in 1984, 1.9 per cent less than year earlier (milk deliveries to dairies decreased by 2.3 per cent). The reduction derived primarily from efforts by dairy producers in the EC to reduce production in order to conform to Community-wide "restraint levels" of production. In essence, the EC adopted a programme at the beginning of the 1984/85 fiscal year, under which milk deliveries were to be restrained to a "reference" level in each of the subsequent five years by way of a levy on milk deliveries over that level. The reference level was equal to the level of milk deliveries in 1981, plus 1.0 per cent, that is to say, 98.2 million tons. For the 1984/85 campaign, however, a supplementary amount was added to the reference level such that it totalled 99.4 million tons. This increased amount was intended to facilitate the transition to the restraint level. In addition to the restraints fixed on deliveries under the programme there was also a "reference" level fixed for sales directly to customers; a quantity totalling 4.2 million tons. In terms of administration, the global reference level was shared out amongst member states. Member states had a choice as to how they, in turn, allocated their reference quantities. The allocation could be to individual producers (formula A) or to dairies (formula B). Milk deliveries over and above the established "quota" levels would be levied at a rate of 75 per cent under formula A and at 100 per cent under formula B. For the year 1985/86, the EC target price for milk was fixed at ECU 27.84 per 100 kg., delivered to dairy, on the basis of 3.7 per cent fat content. The intervention price for butter was reduced from ECU 319.7 per 100 kg. to ECU 313.2 per 100 kg. The intervention price for skimmed milk powder was raised from ECU 165.88 per 100 kg. to ECU 174.04 per 100 kg. These intervention prices took account of an adjustment in the fat content/non-fat solid content ratio from 50/50 to 48/52. The co-responsibility levy was reduced to 2 per cent of the target price with effect from 1 April 1985, after having been increased to 3 per cent for the 1984/85 season. The measures taken in 1984/85 have provoked both reduced yields per cow (through less intensive feeding) and reduced cow numbers. The December census of cattle number in the EC indicated that dairy cow number decreased by about 4.2 per cent. This gave a strong indication of a further decrease in milk production in 1985. Milk deliveries to dairies in the first five months of 1985 had been 6.5 per cent lower than in the corresponding period of last year. Milk production and deliveries to dairies for the whole of 1985 would be 2.0 per cent and 1.6 per cent respectively lower than in 1984.

4. Milk production in Finland decreased in 1984 to about 3.2 million tons, 0.4 per cent less than in 1983. A further reduction of 2 to 3 per cent was anticipated for 1985. This was partly due to the fact that dairy cow numbers had fallen significantly in recent years, during 1984 alone by 4 per cent and also as a result of measures which had been taken to contain production. With effect from 1 January 1985, a two-price scheme for milk was adopted in Finland. Provisionally the system would be valid for one year but could be continued. The plan established annual production quotas per producer on the basis of the annual production in either of the years 1 September 1981-31 October 1982 or 1 September 1982-31 October 1983, whichever being higher. However, in any event, any single producer could produce at least 30,000 litres

annually. Additionally, no producer would have his quota affected by his participation in governmental programmes, which had existed since 1980, to reduce milk production. Also producers may apply for larger quotas if they had invested in dairy production since 1 January 1979. As regards prices, producers received the whole support price for "in-quota" milk while "surplus" milk would receive approximately the world price, or in other words, about FIM 1.60 per litre less than the support price. As regards other programmes it should be noted that in 1984 no licences to produce milk were granted (producers with herds exceeding eight cows would require a licence). In 1985, producers possessing up to thirty cows would be granted licences provided they produced at least two thirds of their own fodder. In addition, the voluntary production reduction system had been extended. Any producer who reduced his production by 15 per cent or by 5,000 litres would receive FIM 0.90 per litre of reduced production. On 1 March 1985, the milk support price was fixed at FIM 228.60 per 100 litres. From March 1984, deficiency payments were fixed at FIM 25.00 per 100 litres on production up to 30,000 litres and were reduced to FIM 13.10 per 100 litres for the next 170,000 litres.

5. Milk production in Norway decreased slightly in 1984 to about 1.9 million tons (0.2 per cent). It is believed that this decrease was at least partly due to measures taken in 1982-83 to reduce production. The two-price system for milk introduced in 1983 was particularly important. Under this scheme, the price received by a farmer for milk produced in excess of this quota (which was established on the basis of a three-year average of his deliveries) was well below the average return for "in-quota" milk. In 1983 the average return for "in-quota" milk was 231 øre per litre while "over-quota" milk was 100 øre per litre. It may be noted that for 1984 the "over-quota" price for milk was set at 60 øre per litre. For 1985, the two-price system would be changed in such a way that producers' quotas would be fixed, taking into account historical production. On 1 July 1984, the quantity limited support price for milk was fixed at 158 øre per litre for deliveries up to 20,000 litres. For the subsequent 10,000 litres the price was fixed at 68 øre per litre. It may also be noted that, since 1982, a premium has been paid for the slaughter of calves.

6. In Sweden milk deliveries to dairies which had increased by 1.6 per cent in 1983 increased by a further 2.2 per cent in 1984, reaching 3.8 million tons. Deliveries of milk to dairies in the first half of 1985 were estimated to be 1.1 per cent lower than in the corresponding period of the previous year, and the decline was even more pronounced for the third quarter of 1985, i.e. 3 to 4 per cent. Dairy cow numbers had been relatively stable since 1981 and were expected to remain so for the next two years. It might be noted that these increases occurred despite the fact that measures were introduced in 1983 to deal with over-production of milk. "Non-production" grants were being paid to farmers aged sixty to sixty-five years to encourage them to leave dairying (in the amount of 0.50 øre per kg. of milk, the farmer must produce less than 100 tons of milk annually; the maximum subsidy

was therefore limited to SEK 50,000 per farmer). In addition, the slaughter of heifers had been subsidized and there had been limitations placed on State credit for farm investment. As from 1 January 1985, the "middle" or target prices for butter, cheese and skim milk powder were set at, respectively, SEK 17.67 per kg., 23.56 per kg. and 12.66 per kg. Additionally special support was granted to small farmers and to farmers in Northern Sweden. A two-price system for milk was applied on a trial basis since 1 July 1985. Participation by farmers in the system was voluntary. Those who chose to participate in the system would receive full home market price for a quota corresponding to 92 per cent of the largest annual delivery in the 1981 to 1983 period. For deliveries in excess of the quota they would receive a quota based on actual export returns. Farmers not participating in the two-price system would receive a price corresponding to the home market price reduced by a levy calculated on the basis of the difference between the home market price and the export price and also taking into account the total quantity of milk delivered by producers not participating in the two-price system.

7. Milk production in Austria totalled 3.65 million tonnes in 1984, about 0.5 per cent less than in 1983. Dairy cow numbers in December 1984 were slightly higher than a year earlier. On 1 January 1984, the producer price for milk was fixed at S 4.66 per kg. for milk of first quality with a fat content of 3.8 per cent. Levies were assessed on production to be used for sales promotion. The levy was a two-tiered one: a "base" levy per kg. for "in-quota" milk and an additional levy for "over-quota" milk. Figures for the first half of 1985 suggested a decline of nearly 3 per cent in deliveries of milk for 1985.

8. In Switzerland, milk production increased by 1.9 per cent in 1984 relative to the preceding year. As a result of this over-production producers marketed a significantly greater number of cows. Because of the reduction in the dairy herd and government measures to curb production, milk production for 1985 would not exceed that of 1984. Milk deliveries during January to August 1985 period were almost 4 per cent lower than in the corresponding period of 1984.

9. Milk production in the United States, decreased in 1984 by 3 per cent reaching a level of 61.4 million tons. The decrease was the result of the adoption of the diversion programme and the higher feed costs. The milk diversion programme, which was terminated in March 1985, consisted of three main elements: a reduction in support prices; the imposition of mandatory deductions, and the introduction of a paid milk diversion programme. As regards support prices, the minimum price was fixed at \$227.78 per ton (3.7 per cent butter fat basis) down from \$288.80 per ton previously, with the provision that it could be reduced by \$11.02 per ton on 1 April 1985 if CCC net purchases (in milk equivalent terms) were projected to exceed 6 billion pounds (2.7 million tons) for the subsequent twelve months. Moreover, prices could be reduced by a further \$11.02 per ton at 1 July 1985 if net purchases in the subsequent twelve months were expected to exceed 5 billion pounds (2.3 million tons). If purchases at that time were projected to be less than 5 billion pounds the support price might be increased. With

respect to the mandatory deductions the legislation provided for a deduction of \$11.02 per ton as from 1 December to help finance the diversion scheme and one of \$3.31 per ton for dairy product promotion, research and education (a \$2.20 per ton credit was permitted for qualifying state or regional promotional programmes). With respect to the paid diversion, producers entered into contracts in which they undertook to reduce their production by 5 to 30 per cent relative to either the average of production in 1981-82 or of production in 1982 during the fifteen-month life of the programme (as from 1 December 1983). Producers were being paid \$220,46 per ton for reduced production. Although about 38,000 dairy producers participated in this programme (i.e. about 20 per cent of all dairy producers in the United States), and agreed to reduce their marketings by 4.25 million tonnes, the net result was disappointing. The CCC purchases in 1984 totalled 8.6 billion pounds (3.9 million tons) and the first reduction in price was accordingly implemented on 1 April 1985. The second reduction came into effect on 1 July 1985 as it was most certain that CCC purchases would exceed 5 billion pounds milk equivalent in 1985. The United States production in 1985 was projected to increase by 4.5 per cent to a level of 64.1 million tons. Termination of the diversion programme in March was expected to lead to an increase in the number of milk cows, but the expansion might be limited by lower support prices for milk and tighter cash flow problems. The number of cows for 1985 was projected to be 1.5 per cent above 1984. Milk per cow was anticipated to average 3 per cent above 1984. Lower feed prices in 1985 would provide the necessary incentive to producers to increase yields. On the demand side, removal of excess dairy products from the market under the support programme was expected to be about 5.9 million tons of milk equivalent, compared with 3.9 million tons in 1984. A large part of this was expected to be absorbed by domestic and external donation programmes.

10. Following an 11.4 per cent increase in milk production in New Zealand during the 1983/84 production year (ending 31 May 1984), output decreased by about 6.5 per cent during the current season to the level of 7.3 million tons. The decrease was linked entirely with reduced production per cow since cow numbers increased during 1984. It was estimated that in 1985/86, production might decline by 3.6 per cent in terms of milk fat equivalent. For the 1983/84 season, the basic price for milk fat was set at \$NZ 3.50 per kg. compared to \$NZ 3.60 in the 1982/83 season. The reduction was a direct reflection of the decrease in international prices experienced in 1983/84. For the 1984/85 season commencing 1 June 1984 the basic price for milk fat was set at \$NZ 2.50 per kg., and that for solids non-fat at \$NZ 1.05 per kg., giving a combined basic price of \$NZ 3.55 per kg. milk fat equivalent. The supplementary minimum price scheme for dairy products was terminated with effect from 31 May 1984. In any event, no payments were made under the scheme in 1983/84.

11. Milk production in Australia for the 1984/85 season was 6.21 million metric tons which was marginally above the level of 1983/84. A marginal increase in milk yields coupled with an increase in cow numbers were mainly responsible for the increased milk production.



Output of milk in 1985 was expected to remain near 1984 levels despite good weather conditions. However, for the 1985/86 season, milk production was estimated to reach 6.32 million metric tons, a 1.9 per cent increase compared to 1984/85.

12. Japanese production of milk at 7.1 million tons in 1984 was almost the same as in 1983, but forecasts for 1985 indicated that production in 1985 would be about 3 per cent higher than in 1984. Under the production restraint programme the number of dairy farms in Japan had progressively diminished and the number of dairy cows at 1,474,000 head had remained unchanged for the last several years. The guaranteed minimum price of raw milk, fixed at 90.1 yen in 1976, had remained unchanged. With producers benefiting from declining concentrate feed prices, the support price of manufacturing milk had been frozen for 1985/86. However, the quota which limited the quantity of milk eligible for the support, had been increased.

13. Total milk production in South Africa in 1984 was estimated to be 1.8 million tons, a shade lower than in 1983. Due to cash flow and credit problems of farmers, milk production was expected to remain at relatively high levels during 1985. Temporary quotas on industrial milk, with the accompanying levy for over-production were introduced for a short period in the beginning of 1985, but were subsequently suspended.

14. Trends in milk production in major milk producing countries of Latin America were nearly the same. In Argentina, milk production at 4.98 million tons in 1984 was almost 2 per cent below the level of 1983. It was expected to recover in 1985. Brazilian output of milk at 10.5 million tons in 1984 was also about 2 per cent lower than in the previous year and there were no prospects of an increase during 1985. Milk production in Uruguay also declined from 522,000 tons in 1983 to 498,000 tons in 1984.

15. Milk production in Canada in 1984 increased by about 11 per cent to 8.26 million tons. Industrial milk production in Canada was controlled by the Federal Government, while that of fresh (or table) milk was controlled by each province. The national quota for industrial milk was again fixed at 47.6 million hectolitres for the 1984/85 productive year (August-July), the level which had existed in 1983/84. The "target return" for industrial milk and cream was raised by 1.9 per cent on 1 August 1984 to Can.\$44.65 per hectolitre. At the same time, the levy on "over-quota" milk was raised to Can.\$34.38 per hectolitre. This levy was further raised to Can.\$37.70 per hectolitre. Since 1 April 1982, industrial milk has been subject to the Federal Government's price restraint programme. Under the programme, price increases of goods and services produced by industries subject to government regulation were to be limited to 6 per cent in 1982, 5 per cent in 1983 and 4 per cent in 1984. Milk production in 1985 calendar year was expected to be less than in the previous year, despite a decline of 5 to 6 per cent in

milk/feed price ratio in the course of the current year. The slowdown in production was linked with adjustments to the Canadian dairy programme.

16. In Poland, milk production recovered sharply from the depressed levels of 1981/82. Production totalled about 16.7 million tons in 1984, about 4 per cent more than a year earlier when it totalled about 16.1 million tons. The increases in 1984 were largely attributed to increased yields per cow as a result of more favourable weather conditions. Cow numbers increased by about 0.2 per cent from June 1983 to June 1984. Indications were that in 1985 output would be smaller than that of the preceding two years. Poland pursued a policy aimed at restoring the balance between supply and demand for milk. Dairy output was supported, inter alia, by price subsidies for milk products. The subsidies producers received depended on the costs of production and marketing borne by producers.

17. Production in Hungary at about 2.7 million tons in 1984 was more or less at the same level as in 1983. Production per cow was increasing and cow numbers were decreasing. Dairy cow numbers totalled 735,000 head at 1 January 1984, 2 per cent less than year earlier. The guaranteed prices paid to producers for milk were not only differentiated in terms of quality but also by size of producer. Thus while the prices of first and second class milk from 1 January to 30 April 1984 for "large" producers were Ft 7.25 and Ft 7.15 per litre respectively, they were Ft 7.15 and Ft 6.95 respectively for "small" producers. In addition, premiums or discounts from these prices were exacted for butterfat content above or below, respectively, 3.6 per cent at a rate of Ft 1.10 per kg. For the period 1 May to 30 November 1984, all producer prices were reduced. The average reduction was about Ft 0.60 per litre. Special aids were accorded to "small" producers.

18. Elsewhere in Eastern Europe, milk production was also favourably influenced by improved weather conditions in 1984. In Bulgaria, production increased by about 2 per cent to 2.2 million tons, while in Romania, it increased by 3 per cent to 3.5 million tons. Production in Romania had been declining prior to 1983 due to severe drought conditions. Yugoslavia also showed an increase of 2 per cent to a level of 4.7 million tons in 1984.

19. It was estimated that cow milk production in Spain in 1984 totalled about 6.27 million tons, roughly 3 per cent more than in 1983. Production per cow recovered to a level of 3,421 kg. in 1984. Dairy cow numbers in 1984 were 1 per cent up on year earlier. The producer price for milk for the 1984/85 production year had been fixed at Pta 31.10 per litre and the target price at Pta 31.50 per litre. Milk production in Portugal decreased in 1984 by about 12 per cent to approximately 700,000 tons, but was expected to increase again in 1985 to a level of 750,000 tons.

20. In spite of drought in the USSR in 1984, milk production increased by about 1 per cent relative to 1983, reaching 97.6 million tons. Given that the size of the cow herd was at the end of 1984 virtually unchanged

relative to a year earlier, production growth would depend primarily on the existence of favourable weather and pasture conditions to raise milk yields per cow. For 1985, increased yields due to a favourable feed situation were likely to result in an increase in milk production of 1 to 2 per cent.

21. Cow milk production in both India and China increased again in 1984. Production in India increased by 1 per cent to 14.2 million tons and that in China by 13 per cent to 4.4 million tons. Assuming that favourable weather conditions would continue, production in both these countries would increase further in 1985.

22. Cow milk production in Egypt totalled about 655,000 tons in 1984, a shade higher than a year earlier. Buffalo milk production also increased by about 1.5 per cent to 1.32 million tons. Sheep and goat milk production was negligible.

### Consumption

23. The consumption of liquid milk was steadily declining, especially in high income countries, where considerations of health and availability of numerous substitute beverages had adversely affected the use of milk. In low income countries, there still appeared to be a positive correlation between demand for whole milk and income levels. In some other countries where milk consumption had increased, or had been relatively stable, the explanation could be the existence of retail price subsidization or welfare programmes to encourage milk consumption in certain regions or sections of populations.

24. The following countries had experienced a decline in the consumption of whole milk (the percentage decline in 1984 compared to 1983 is shown in brackets): United Kingdom (-0.5); Denmark (-9.7); Netherlands (-0.1); Finland (-1.3); Norway (-1.0); Sweden (-0.4); Switzerland (-1.4) and Japan (-17.0). Consumption increased in New Zealand (+1.0), the United States (+0.8), Canada (+0.1), Ireland (+0.4) and in the Federal Republic of Germany (+0.4). It remained more or less unchanged in Australia, Belgium and Portugal.

25. The consumption of low fat milk which for some time had followed an upward trend in a number of countries, especially in developed high income countries, did not continue its trend in 1984. In the EC countries human consumption remained static at 240,000 tons in 1984, but there was an increase of 15 per cent in the use for animal feed purposes from 1,656,000 tons in 1983 to 1,911,000 tons in 1984. The United States showed a significant drop in low fat milk consumption for human purposes from 329,000 tons in 1983 to 269,000 tons in 1984, although there was a 7 per cent increase in consumption for animal feed purposes. There was also a drop in human consumption in Japan (-2.0 per cent); Norway (-2.5 per cent); Poland (-3.0 per cent); Sweden (-10.0 per cent) and in Uruguay (-75.0 per cent). Consumption for animal feed purposes increased in Bulgaria (+14 per cent); Poland (+17 per cent) and in Sweden (+16 per cent). Major exceptions to the fall in human consumption of low fat milk were Australia, Canada and New Zealand where consumption increased in 1984, by 125, 65 and 1 per cent respectively.

26. Farm use of whole milk, in recent years, had tended to decrease in a number of countries due to the adoption of systems for supporting producer incomes by means of the prices for processed products which had encouraged processing into butter and skimmed milk powder. The trend had lately been reversed as a result of the implementation of production or delivery restraint programmes in many of these countries.

### Fresh Milk Products

27. Production and consumption of fresh milk products in the last three to four years has been characterized by a regular increase in a number of countries. Nevertheless, the absence of information for the United States regarding 1984 made it impossible to have a full assessment of the situation at the present time. However, taking into account the fact that milk production dropped in the United States, it could be assumed that the output of fresh products also declined.

28. According to revised data, output of fresh products (excluding cream) in the European Community in 1984, amounted to 28.7 million tons, a marginal increase as compared with 1983. Consumption amounted to 28.5 million tons remaining stable as compared with 1983. In 1984, exports increased to 249,000 tons, or by 28.5 per cent. Levels of domestic consumption having reached a saturation point were not expected to increase significantly as a result of promotion campaigns.

29. In Sweden, the production of fresh products has been steadily increasing in the last few years. In 1984 the evolution was the following: cream, up by 4.6 per cent to 68,000 tons; buttermilk, up by 5.3 per cent to 100,000 tons; fermented milks, up by 1.4 per cent to 217,000 tons and whey, up by 2.4 per cent to 1,193,000 tons. These production increases reflected a rise in domestic consumption since there was no trade in them. In Norway, the output of fresh products has also increased regularly in recent years, and in 1984, with the exception of fermented milks including curdled milk, kephir, yoghurt, etc., which declined by 2.2 per cent to 60,300 tons, this upward trend continued. Cream production rose to 24,200 tons, up by 1.3 per cent and buttermilk production increased by 15.1 per cent to 135,900 tons. The Finnish production of fresh products in 1984 followed similar trends, with the output of products based on acidified milk declining slightly to 302,000 tons, while cream production rose by 3.4 per cent to 30,000 tons and buttermilk to 473,000 tons, an increase of 0.4 per cent. In Switzerland, the production of acidified milk, which consisted almost entirely of yoghurt, reached an estimated record level of about 112,000 tons, up by 2.8 per cent from year earlier. About 9-10 per cent of the Swiss production of yoghurt was exported and in 1984, exports reached 11,000 tons, up by 10 per cent. Cream output had been rising at a regular 1,000 tons per year in the last few years and totalled 42,000 tons in 1984. Production of cream in Austria in 1984 rose by 2.4 per cent to some 29,700 tons. The last figure available for yoghurt and chocolate-flavoured milk output referred to 1983 and amounted to 66,200 tons.

30. With the exception of whey production, which declined by 3.7 per cent to 504,600 tons, the Hungarian output of fresh products increased in 1984. Buttermilk production rose by 4.9 per cent to 38,300 tons, the output of curdled milk, kephir and yoghurt reached 23,100 tons, an increase of 5 per cent, and for sour cream the increase was of 2.9 per cent to 64,000 tons. The production of fermented milk in Bulgaria, which included curdled milk, kephir and yoghurt, was at the relatively modest level of 300 tons.

31. The Japanese output of flavoured milk reached 688,000 tons, which was a record level and represented a 9.2 per cent increase over a year earlier. This increase in production reflected an increase in domestic demand, probably provoked by the hot summer weather in 1984. Production of fermented milk and acidified milk drinks continued its upward trend, reaching 330,000 tons, compared to 312,000 tons a year earlier.

32. In 1984, the United States exports of yoghurt and other fermented milk declined by 27.0 per cent to 445,000 tons. The Canadian output of cream dropped sharply in 1984 by 71.6 per cent to 112,900 tons of milk equivalent. After three years of decline, the production of low fat products such as buttermilk recovered somewhat to 105,200 tons, compared to 103,800 tons a year earlier, while the production of curdled milk, kephir and yoghurt showed a dramatic increase of some 31 per cent to 53,200 tons.

33. Australian exports of fresh cream, skimmed milk, buttermilk, sour milk, sour cream, whey, kephir and yoghurt were approximately 558,161 litres in the July-December period of 1984. Imports of fresh cream (not concentrated or sweetened) were negligible. In New Zealand, the production of fresh products, including ice cream, yoghurt, cottage cheese, etc., rose sharply in 1984 to reach a record level of 47,900 tons, up by 61.3 per cent compared to year earlier.

#### Skimmed milk powder

##### Production (Annex Table 1)

34. In 1984, total production of skimmed milk powder in the countries or group of countries listed in Annex Table 1 reached 3,662,000 tons, i.e. about 499,000 tons or 12 per cent less than in 1983. According to certain reports, world production in 1984 (4,600,000 tons) was 7 per cent lower than in 1983 when it had risen by 9.7 per cent. According to the data shown in Annex Table 1, production continued to decrease in the first half of 1985. In the EC, after increasing by 22.5 per cent in 1983, production decreased by 16.9 per cent in 1984, reaching 2,074,000 tons; in the first half of 1985 it decreased by 12.2 per cent, to about 1,086,000 tons. In the United States, production decreased by 23.9 per cent in 1984 to 526,000 tons, after having increased by 8 per cent in 1983; in the first half of 1985, production amounted to 315,400 tons, an increase of 0.8 per cent in relation to the corresponding period of 1984. In New Zealand, production which had recovered in 1983, continued to increase in 1984 at a faster rate,

showing a rise of 27.5 per cent and reaching 226,100 tons, whereas it increased by about 1.3 per cent in 1983 compared with 1982; however, it decreased by 15.4 per cent in the first half of 1985. Production during the 1984-85 season was up by 1.6 per cent as compared to the previous season. In Australia, production in 1984 rose by 22.9 per cent to 136,800 tons; this increase continued in the first half of 1985, but at a slower rate. Production of skimmed milk powder/butter milk powder for 1984-85 season was 149,300 tons, or 15 per cent more than their level in 1983-84. In Canada, production rose by 6.7 per cent in 1984 to 129,900 tons; however, it decreased in the first half of 1985. According to the data communicated to the secretariat, production of skimmed milk powder by other countries followed varying trends in 1984. In Austria, Finland and Hungary, production decreased in 1984; it increased in Poland, Sweden and Switzerland while it remained unchanged in Japan. According to certain reports, production in the USSR continued to increase in 1984.

35. It is estimated that world production of skimmed milk powder will decrease by about 4 per cent in 1985, i.e. at a slower rate than in 1984. In the EC, production might show a decrease of 8 per cent in 1985 compared with 1984. Following the measures taken in the United States to bring supply and demand into balance, production could be down from the 1984 level. In Canada, the production was expected to remain more or less the same in 1984/85 as in 1983/84. In Australia, production was expected to decrease by 0.75 per cent in 1985/86 to the level of 140,000 tons. In New Zealand, estimated production for the 1985/86 season was 170,000 tons as against 205,000 tons produced in 1984/85. According to certain indications, production in the USSR could remain stable in 1985.

#### Trade (Annex Tables 2, 3 and 4)

36. Total exports of skimmed milk powder (including food aid) continued to increase in 1984 at a faster rate than in 1983. For the countries or group of countries included in Annex Table 2, total exports for 1984, at 993,000 tons, were greater (by 18.3 per cent) than the 1983 figure. This rise was due to the very substantial increase in food aid deliveries. According to the data in Annex Table 2, exports in the first half of 1985 continued to increase. Total exports by the EC (including food aid), after having decreased for three consecutive years in 1981, 1982 and 1983 increased in 1984 by some 62 per cent, reaching 312,000 tons of which 167,000 tons was delivered as food aid. According to the provisional data, exports appear to have continued to increase during the first half of 1985, reaching 192,000 tons, as against 157,000 tons in the corresponding period of 1984. Exports by the United States rose by 13 per cent in 1984 to reach 264,500 tons; approximately 68 per cent of the shipments - about 180,000 tons - were made as food aid. The principal destinations of these exports were countries in Africa, South and Central America. Exports continued to increase in the first half of 1985. According to certain reports, in the second quarter of 1985, the United States has agreed to sell to Spain some 25,000 tons of skimmed milk powder for animal feed purposes, the total value of this sale being US\$7.5 million. Exports of skimmed

milk powder for human consumption by New Zealand showed an increase of 7.7 per cent in 1984, rising to 167,100 tons; this increase was continued in the first half of 1985. In that period New Zealand exported 28,600 tons of skimmed milk powder for stockfeed and other non-human consumption. As in 1983, the main destinations of New Zealand exports in 1984 were countries in South-East and Eastern Asia. Exports from Australia amounted to 69,800 tons in 1984 i.e. an increase of 23.5 per cent compared with 1983; they continued to increase in the first half of 1985 at a faster rate. Exports from Canada continued to decrease in 1984 (by about 14.5 per cent after a decrease of 31 per cent in 1983) falling to 70,000 tons; however, they recovered in the first half of 1985. The principal destinations of Canadian exports in 1984 were countries in South and Central America. Exports from Poland increased by 7.7 per cent in 1984, reaching 40,800 tons; the main destinations were countries in South and East Asia. In April and May 1985, Poland sold to Japan, in accordance with Article 3, paragraph 5 of the Protocol, 3,232 tons of skimmed milk powder for animal feed at prices between US\$590 and US\$595 per metric ton franco Polish border, i.e. at prices slightly below the minimum price of US\$600 per metric ton f.o.b. In March and April 1985 Switzerland had sold to Spain, in accordance with Article 3, paragraph 5 of the Protocol, some 900 tons of skimmed milk powder for animal feed purposes at prices ranging between US\$537 and US\$550 per ton f.o.b.

37. On the import side (Annex Table 3), purchases by Japan, a traditional importer, declined by 3.2 per cent in 1984 to 90,000 tons. Much of the powder imported - 70,000 tons - was for use as animal feed. At the beginning of 1985, imports recovered and showed a rise of 17 per cent in the first two quarters. The principal origins of imports in 1984 were New Zealand (37,000 tons) and Australia (29,200 tons). Spain which is also a traditional importer of this product, imported less in 1983, but an upward trend was reported for 1984 and 1985. Mexico, whose imports continued at a fairly high level in 1982 and 1983, imported some 130,000 tons of skimmed milk powder in 1984, as against 122,000 tons in 1983, the principal supplier being the United States.

38. As regards the outlook, the recovery in international trade noted in 1983 and 1984 was likely to continue or even gain strength by reason, in particular, of increased deliveries as food aid. Total exports by the United States could reach 350,000 tons in 1985, as against 264,000 tons in 1984. Exports by Canada in 1985/86 could remain uncharged as compared to 1984/85. The EC and Oceania could also show some increase in exports in 1985.

#### Food aid

39. Food aid deliveries of dairy products, consisting mainly of skimmed milk powder and anhydrous milk fat, increased in 1984 from the countries listed in Table 5. As regards skimmed milk powder, foreign donations by the United States amounted to 180,533 tons in 1984 as against 113,211 tons in 1983, the main destinations being Egypt, Brazil and Guatemala. During the first three months of 1985, foreign donations amounted to about 56,000 tons, out of total exports of 76,000 tons.

These figures do not include skimmed milk powder exported as a component of a mixture of corn, soya and skimmed milk powder. The EC food-aid programme for the year 1984 provided for delivery of 122,500 tons of skimmed milk powder, as against 150,000 tons in 1983. Food-aid deliveries by the EC amounted to 167,000 tons in 1984, against 73,000 tons in 1983. In order to make up arrears, community deliveries of skimmed milk powder and butteroil were greater in 1984 than in 1983. The main beneficiaries under the 1984 programme were India with 27,000 tons, Egypt with 6,750 tons and the World Food Programme (28,000 tons). The 1985 food-aid programme of the Community provided for a maximum of 108,600 tons of skimmed milk powder. The Community had drawn up a list of countries and organizations eligible for food-aid operations but a break-down of the above-mentioned quantity of skimmed milk powder by recipient countries and international organizations was not available. According to available data, food aid deliveries of milk powder had also been made by Australia, Austria, Canada, Finland, Japan and Switzerland. China, which had not traditionally been a large milk producer and consumer, was now attaching greater importance to dairy development and might be using food aid in the form of skimmed milk powder and anhydrous milk fat as a major element in its dairy development programme.

#### Consumption (Annex Table 5)

40. World consumption of skimmed milk powder appeared to have increased further in 1984. This up-trend was mainly due to increased consumption in the EC, where total internal consumption had risen to the level of 2,151,000 tons in 1984, an increase by 13.5 per cent in relation to 1983. Human consumption was estimated to have amounted to 240,000 tons, unchanged in relation to 1983. Consumption for animal feed - the major outlet for skimmed milk powder in the Community - increased by about 255,000 tons in 1984, reaching 1,911,000 tons, of which 1,311,000 tons was used to feed calves and 600,000 tons to feed pigs and poultry. During the first half of 1985, total domestic consumption was 1,130,000 tons, as against 1,104,000 tons in the first half of 1984. In the United States, total consumption of skimmed milk powder dropped by some 17,000 tons in 1984, to a level of 346,000 tons. As in 1983, the volume of skimmed milk powder used for animal feed remained very small compared with human consumption. In Japan, domestic consumption totalled 259,000 tons in 1984, i.e. 4,000 tons less than in 1983. The greater part (190,000 tons) was used for human consumption. In Finland, Hungary and Austria, most of the skimmed milk powder consumed in 1984 was used for animal feed.

41. In Western Europe, where skimmed milk powder was used mainly for animal feed, measures were applied to promote its consumption. EC direct aid for the use of skimmed milk powder in feeding calves was at the rate of ECU 80 per 100 kg., or 40 per cent of the price of this product. In addition, subsidies were granted on liquid skimmed milk, either to promote its use in the animal feed sector or for processing



**Table 5**  
**Share of Food Aid in Total Exports**

Participating countries	Total exports		Food aid		Food aid/ total exports	
	1983	1984	1983	1984	1983	1984
	Metric tons				Per cent	
	<u>Skimmed milk powder</u>					
Australia	56,300	70,200	3,000	4,200	5.3	6.0
Austria	16,300	15,736	407	718	2.5	4.6
Canada	81,860	70,000	14,000 <sup>a/</sup>	28,000 <sup>a/</sup>	17.1	40.0
EC	192,000	312,000	73,000	167,000	38.0	57.8
Switzerland	400	700	400	700	100.0	100.0
United States	234,167	264,517	113,211	180,533	48.3	68.3
<b>TOTAL</b>	<b>581,027</b>	<b>733,153</b>	<b>204,018</b>	<b>381,151</b>	<b>35.1</b>	<b>52.0</b>
	<u>Whole milk powder</u>					
Australia	33,500	27,300	800	600	2.4	2.2
Austria	14,281	26,441	556	-	3.9	-
Switzerland	3,100	3,100	2,700	2,700	87.1	87.1
<b>TOTAL</b>	<b>50,881</b>	<b>56,841</b>	<b>4,056</b>	<b>3,300</b>	<b>8.0</b>	<b>5.8</b>
	<u>Anhydrous milk fat</u>					
EC	111,000	130,000	17,000	49,000	15.3	37.7

<sup>a/</sup> Food aid for Canada is fiscal year, while total export figures relate to calendar year.

**Note:** Foreign donations of butteroil and butter by the United States between January and September 1984 under Section 416 totalled some 44,000 tons (butter equivalent). In addition, butter shipments under PL 486, Title II, over the same nine-month period were about 1,800 tons.

into casein. In addition to these permanent measures, special measures could be taken in the "pig-and-poultry" compound feed sector if the stock situation so required. Thus, as indicated in the preceding paragraph, some 600,000 tons were sold at greatly reduced prices in 1984 for pig and poultry feed. In July 1984 the Council decided to extend the aid régime in respect of skimmed milk powder for calves to include partly skimmed milk powder (9 to 11 per cent fat), which would provide an additional outlet. Other countries too, in particular Austria, Finland and Switzerland launched promotion drives for skimmed milk powder or liquid skimmed milk for use as animal feed. The United States Department of Agriculture was planning to increase sales of skimmed milk powder for animal feed. As regards consumption of dairy products in general, a number of programmes had been set up to increase their use in the United States. National donations of skimmed milk powder reached a level of 70,000 tons in 1984, an increase of 30,000 tons compared with 1983. In Canada, where denatured skimmed milk powder for animal feed was sold at reduced prices on the domestic market, a further price reduction on this product was announced in autumn 1984.

#### Stocks (Annex Table 6)

42. Total stocks of skimmed milk powder at the end of 1984, although still large, were nevertheless smaller than at the beginning of the year (Annex Table 6). The reduction of stocks recorded at the end of 1984 was primarily accounted for by public stocks in the EC and the United States.

43. On 1 July 1985, total stocks of skimmed milk powder had decreased as compared with 1 July 1984 (Annex Table 6). Public stocks in the EC totalled 381,000 tons on 1 July 1985, as compared with 956,000 tons on 1 July 1984 and 888,000 tons on 1 July 1983. Subsequently, they increased somewhat and on 12 September 1985 were at the level of 479,200 tons. On 1 August 1985 stocks held by the United States had reached 493,000 tons, a decrease of 23 per cent compared with 1 August 1984. Stocks were expected to decline further in 1985. On 1 July 1985, stocks of skimmed milk powder in Australia, had fallen from their level on 1 July 1984. In New Zealand and Canada, stocks on 1 July 1985 had been slightly higher as compared with 1 July 1984.

#### International prices (Table 2 and Graph 1)

44. Since 1 October 1981, the minimum price of skimmed milk powder has been US\$600 per metric ton f.o.b. At the beginning of 1984, prices of skimmed milk powder for human consumption varied according to the supplier and were in a bracket of US\$700 to US\$760 per ton at the end of March. These prices remained fairly stable in the second quarter of 1984, fluctuating between US\$690 and US\$760 per ton f.o.b. Sales of skimmed milk powder for animal feed were, however, made at lower prices. In the third quarter of the year, prices of skimmed milk powder declined slightly to reach a bracket between US\$640 and US\$720 per ton f.o.b., and continued at that level in the last quarter of 1984. During the first quarter of 1985, they were within a range of US\$600 to US\$650 per ton f.o.b. During the second quarter of 1985, they had stabilized at

around US\$630 to US\$700 per ton f.o.b. In the second half of 1984 and in the first half of 1985, the prices at the lower end of the bracket were those of skimmed milk powder for animal feed. During the third quarter of 1985, prices of skimmed milk powder for human consumption were within the range of US\$685 to US\$800 per ton f.o.b. The depreciation of the United States dollar vis-à-vis other currencies and the lower level of production had contributed to the strengthening of prices.

### Whole milk powder

#### Production (Annex Table 7)

45. Aggregate output of whole milk powder, which is closely related to demand, recovered in 1984 after having declined in 1983. In 1984, total production of whole milk powder in the countries or the group of countries listed in Annex Table 7 amounted to 1,202,000 tons, i.e. about 104,000 tons or 9.5 per cent more than in 1983. In the EC, the world's leading producer, output in 1984 was estimated at 721,000 tons, or 9.2 per cent more than in 1983. According to provisional data, production in the first half of 1985 showed a rise of 5.2 per cent. In New Zealand, production rose by 32.8 per cent in 1984; however, it remained unchanged in the first half of 1985. For the 1984/85 season production for export showed only a slight increase (by about 3.5 per cent). In Australia, output decreased by 2.3 per cent in 1984 and for the 1984/85 season was estimated to be marginally above the 1983/84 production. In Finland, production increased by 24 per cent in 1984; however, in the first half of 1985 it decreased by 15.8 per cent. In Austria, production increased substantially (by about 41 per cent) in 1984. Output increased in 1984 in the United States, but declined in Switzerland.

46. As regards the outlook, production of whole milk powder in the EC was expected to rise by 1.4 to 1.5 per cent in 1985 as compared with 1984. The expected rise was, however, subject to export possibilities, since output of this product depended on orders from third countries. Production of whole milk powder in Australia was forecast to increase in 1985/86 by around 12 per cent to 50,000 tons. In New Zealand, it was estimated that there could be some marginal increase in the production of 1985/86 as compared with 1984/85.

#### Trade (Annex Tables 8 and 9)

47. According to the figures in Annex Table 8, total exports of whole milk powder increased by about 112,000 tons in 1984 to a level around 697,000 tons. In the first half of 1985, total exports were lower than in the corresponding period of 1984. Thus, in parallel with production, exports have also rallied in 1984 and, according to certain reports, demand from developing countries has revived.

48. On the export side, the EC, the leading exporter of whole milk powder, exported 492,000 tons in 1984, i.e. 25 per cent more than in 1983. Exports in the first half of 1985 were estimated at 224,000 tons, or 31,000 tons less than in the corresponding period of 1984. Exports from New Zealand, the world's second largest exporter, increased by 13.2 per cent in 1984; in the first half of 1985 they continued to increase. As in 1983, the main destinations in 1984 were South and East Asian countries and the USSR. Exports from Australia, which had declined by 19.3 per cent in 1983, continued to decline in 1984 to 27,900 tons, or a drop by 16.7 per cent in relation to 1983. In the first half of 1985, however, they showed an increase as compared to the corresponding period of 1984. In 1984 the principal destinations were South and East Asian countries. Exports in 1984/85 were around 36,000 tons. Exports from Finland, exclusively to the USSR, amounted to 30,000 ton in 1984, or 20 per cent more than in 1983; however, they declined by 6.7 per cent in the first half of 1985 to 14,000 tons. Due to increased export opportunities to the USSR market, it was expected that exports would increase to 33,500 tons in 1985. Exports from Austria, which had fallen by some 41 per cent in 1983, recovered in 1984 and showed a substantial increase (by about 85 per cent) in that year, reaching 26,400 tons. As regards imports, demand from the developing countries had revived in 1984.

#### Stocks (Annex Table 10)

49. Throughout the early part of 1985, total whole milk powder stocks were significantly reduced, and were in July 1985 down to their level two years earlier. This was mainly due to a strong reduction in New Zealand stocks.

#### International prices (Table 2 and Graph 2)

50. At a special meeting held on 31 May 1985, the Committee of the Protocol Regarding Certain Milk Powders decided to reduce the minimum price of whole milk powder from US\$950 to US\$830 per metric ton f.o.b. This decision took effect on 5 June 1985. International prices of whole milk powder weakened in 1983, a trend that continued into early 1984, prices having been in a bracket between US\$980 and US\$1,100 per ton f.o.b. toward the end of the first quarter. Prices seemed to have remained relatively stable during the second quarter of 1984, fluctuating between US\$970 and US\$1,100 per ton f.o.b. In the third quarter of the year, prices weakened slightly, inter alia because of the appreciation of the United States dollar, and were fluctuating between US\$950 and US\$1,050 per ton f.o.b. toward the end of September. They remained relatively stationary in the fourth quarter of 1984 and toward the end of the year were fluctuating between US\$950 and US\$1,000 per ton f.o.b.

51. As a result of the appreciation of the United States dollar, prices continued to fall during the first quarter of 1985, to a range between US\$860 and US\$950 per ton f.o.b. During the second quarter of 1985 prices had tended to decline and were fluctuating between US\$850 and US\$960 per ton f.o.b. toward the end of June. It should be noted that prices at the lower end of the bracket were very close to the new minimum price of US\$830 per ton f.o.b. and thus was giving rise to concern. During the third quarter of 1985, international prices fluctuated between US\$890 and US\$1,010 per ton f.o.b.

#### Buttermilk Powder

52. In New Zealand output of buttermilk powder increased in 1984, while exports were declining. In Australia, production and exports of buttermilk powder declined in 1984. In February 1984 and January 1985, New Zealand notified its intention of selling to Spain certain quantities of buttermilk powder for animal feed at less than the minimum price. In October 1984, Australia notified its intention of selling to Spain certain quantities of buttermilk powder for animal feed at less than the minimum price. In Austria, Sweden and the United States the small quantities of buttermilk powder produced were used for domestic consumption and these countries neither exported nor imported buttermilk powder in 1984. EC production of buttermilk powder was estimated at 48,000 tons in 1983, but had reportedly declined in 1984.

53. Since 1 October 1981 the minimum price of buttermilk powder has been US\$600 per metric ton f.o.b., i.e. the same as the minimum price for skimmed milk powder.

#### Butter

##### Production (Annex Table 11)

54. Butter production in the countries listed in Annex Table 11 dropped by about 5 per cent to a level around 3.74 million tons in 1984. Estimates of world butter output, including ghee, for 1984 showed an overall decline of about 1 per cent to a level of 7.65 million tons, as against an estimated increase of 7.5 per cent recorded in the previous year. The largest declines were in production of the EC and the United States. In the EC, butter output fell by nearly 8 per cent, from 2,190,000 tons to 2,017,000 tons in 1984. In the United States, where production had risen by 4 per cent in 1983, a decline of about 16 per cent was recorded with an estimated output of 500,000 tons in 1984. In New Zealand, production increased by almost 11 per cent, from a level of 238,400 tons to 264,400 tons in 1984. In Australia, butter production was 6 per cent lower than the level in the previous year. In Finland, production declined by about 5 per cent, as it did in Hungary.

Production was also lower in Austria, Norway and South Africa. Canada showed a 4 per cent increase from 103,100 tons to 107,700 tons in 1984. In the USSR, production is believed to have risen by 3 per cent to reach a level of 1.6 million tons in 1984. Poland's butter output increased by nearly 11 per cent to a level of 289,100 tons, while output in Romania showed a 39 per cent increase in 1984 to a level of 48,700 tons. The Democratic Republic of Germany also recorded an increase from 291,000 tons to 295,000 tons in 1984.

55. The forecasts for 1985 suggested a decline of about 3 per cent in world production of butter. The EC output was expected to decline by about 9 per cent, mainly with a fall in output in France, F. R. Germany and the Netherlands. Production continued to fall in Finland and Sweden, while a static output was expected in Norway and some decrease in Switzerland during the first half of 1985. Canadian manufacture which had been rising at the rate of 3 to 4 per cent per annum up until March 1985 declined in the second quarter, mainly due to increased milk allocation for evaporated milk and cheeses. In the United States an increase of 1.6 per cent was recorded for the first half of 1985 as milk supplies rose from March on. Butter produced by Australia was expected to increase due to the continued diversion of additional milk output into the butter/skimmed milk powder production as a result of international market pressures. In New Zealand, on the other hand, output in 1985/86 was expected to be lower due to expected decline in total milk production and the anticipated increase in the production of other fat products. Production was also expected to increase marginally in the USSR, but it might decline somewhat in other East European countries.

#### Trade (Annex Tables 12, 13 and 14)

56. Exports of butter showed a marginal increase in 1984 compared to their level in 1983. The market situation in 1984 was characterized by a high level of stocks, weak demand and strong competition resulting in depressed prices.

57. EC exports of butter to third countries during 1983 amounted to 220,000 tons, and remained static at that level in 1984. The main destination of exports were certain Mediterranean countries, the USSR and the OPEC countries. In July 1984 the Commission of the European Communities announced a series of measures to facilitate the disposal of certain dairy products, particularly butter. Regulations were adopted concerning the special sale of intervention butter for export to certain destinations, and the sale at a fixed price of butter intended for export in the form of ghee. Those Regulations had allowed the sale of butter at reduced prices. Under Regulation N° 2268/84 the EC had sold 151,000 tons of butter, including 130,500 tons to the USSR. Sales under Regulation 2278/84 had totalled some 3,100 tons. Under Chapter II of Regulation 2956/84, 120,000 tons of butter had been sold

to the USSR, with completion of delivery scheduled for 30 June 1985. A total of 274,000 tons sold under those Regulations had comprised 250,000 tons purchased by the USSR and 24,000 tons by other countries. Regulation N° 2668/84 was concerned with the sale of intervention butter not less than six months old for export, particularly to the Middle East, Iran and the USSR; this Regulation was later suspended. Regulation N° 2278/84 under which sales of butter in the form of ghee were permissible only if it was seventeen months old, was also revoked. Chapter II of Regulation N° 2956/84 had already been revoked in December 1984.

58. Exports by New Zealand in 1984 at 153,200 tons were about 4 per cent higher than in 1983, but still lower than their level in 1982. The main outlet was the United Kingdom. It should be noted that under the preferential regime for butter imports from New Zealand, the United Kingdom had been authorized to import, under certain conditions, 83,000 tons in 1984, 81,000 tons in 1985 and 79,000 tons in 1986. Australian butter exports showed a substantial increase, from 8,300 tons in 1983 to 22,300 tons in 1984. The United States became an important exporter of butter in 1984 following a substantial increase in its butter stocks. Exports in 1983 amounted to 34,000 tons, but in 1984 the level had already reached 44,200 tons, marking an increase of 30 per cent, the main outlets being Poland, Egypt, Mexico and Jamaica under Section 416 of the United States Aid Programme. Towards the end of the year, the United States signed an agreement with Egypt for the sale of 21,000 tons of butter, 15,000 tons of butter oil and 5,000 tons of processed cheese. Among other butter exporters, Finland exported 22,000 tons in 1984, i.e., 15 per cent less than in 1983; Sweden exported 14,900 tons, i.e., about 6 per cent more than in 1983; Austria exported 7 per cent less and Norway 34 per cent less than in 1983. Exports from Hungary dipped by more than 50 per cent, while those from Poland declined by 16 per cent. Exports from Argentina and Uruguay also suffered a serious setback in 1984.

59. On the import side, shipments of butter to the EC by third countries, which had declined in 1983, receded further in 1984 reaching 88,600 tons, almost 9 per cent below 1983. New Zealand remained the main source of Community butter, and the reduction in its supplies accounted for about half of the reduction of Community imports in 1984. Imports into Switzerland were reduced by one third to a level of 8,000 tons in 1984, while imports into Poland doubled. Because of larger production, imports decreased in the USSR to a level of 198,000 tons or by 2 per cent in 1984.

60. A distinguishing feature of the International Dairy Arrangement is that it sets out, in three Protocols, minimum prices for sales of dairy products on the world markets. The question of sales below the minima faced the International Dairy Council in its most serious form in the latter part of 1984 and in the beginning of 1985. In October 1984, the

European Communities informed the Committee of the Protocol Regarding Milk Fat that it intended to export certain quantities of butter from Community public stocks at a price which, because of the age of the butter, would have to be lower than the current minimum price. The Committee found that some of the sales envisaged by the Community were not consistent with the provisions relating to the observance of the minimum prices of the Protocol. Thus at a meeting in November 1984, the Council adopted a resolution which indicated that EC measures constituted a threat to the trade interests of all the other participants in certain markets, in particular the interests of developing countries. It envisaged that other participants might take action, in the short term, to safeguard their position, for example by making their own sales below the minima. In effect, the resolution suspended on certain conditions the minimum price for butter although all participants were asked to exercise utmost restraint in making sales under these new circumstances.

61. At a further meeting in December, the Council noted that the European Communities had contracted to sell approximately 220,000 tons of butter and butter oil to the USSR at prices above and below the minima, with deliveries to take place not later than 30 June 1985. It also noted with regret that the United States had decided to withdraw from the Arrangement because it felt that the November decision of the Council had effectively invalidated key provisions of the Arrangement. The withdrawal of the United States was later followed by that of Austria.

62. In early 1985, the Protocol Committees considered proposals for the modification of the minimum export prices and the possibility of future adjustments to alleviate any adverse effects of currency fluctuations. There was also discussion on a proposal that a derogation from some of the provisions of the Protocol Regarding Milk Fat might be agreed to permit sales of "old" butter (butter in stock for more than eighteen months) at prices below the minimum.

63. On 31 May 1985, the Committee of the Protocol Regarding Milk Fat decided to reduce with effect as of 5 June 1985 the minimum export prices for butter from US\$1,200 to US\$1,000 per ton, and for anhydrous milk fat from US\$1,440 to US\$1,200 per ton. Simultaneously, an agreement was reached with regard to sales of old butter by derogation from the provisions of paragraphs 1 to 4 of Article 3, and pursuant to Article 7:1 of the Protocol Regarding Milk Fat. It was also agreed that discussion should be continued on possible technical modalities for any future adjustment of minimum prices following fluctuations in the value of the United States dollar. The Council subsequently decided to rescind the Resolution of 16 November 1984 on the understanding that deliveries of butter and anhydrous milk fat under sales notified prior to 1 June 1985, according to the Resolution, should be completed by 30 June 1986, at the latest; and that no further sales other than those notified prior to 1 June 1985 could take place under said Resolution.



64. When reviewing the market situation for dairy products in September 1985, the Council found that the situation with respect to the butter market remained one of concern, as heavy surplus stocks continued to have a depressive effect on the market. It was stressed that close co-operation was absolutely necessary for solution of the current problems relating to production, trade, stocks and prices for butter and milk fat. The Committee of the Protocol Regarding Milk Fat was invited to consider at its next session possible steps to be taken to resolve problems facing butter trade.

Consumption (Annex Table 15)

65. Total consumption of butter in the countries shown in Annex Table 15 decreased in 1984 by nearly 9 per cent. Indications were that it would slowly increase in a number of countries as a result of certain measures adopted to promote butter consumption.

66. In 1984, the EC continued its policy to encourage butter consumption with a view to reducing stocks. Since butter output was still in excess of direct consumption requirements, measures were being taken to promote consumption. Special sales of cut-price butter within the Community, such as sales to ice-cream and cake manufacturers and to non-profit-making institutions and bodies, were continued and amounted to some 188,000 tons in 1984. Moreover, a campaign financed by funds from the co-responsibility levy was designed to expand consumption of dairy products. Community assistance to the milk distribution programme in schools was expanded and now covered all the member States. It was prolonged in principle for a five-year period beginning in 1983/84. Efforts were being made in the EC, in particular through sales at reduced prices, to make butter fat competitive with vegetable fats. The preference given to the latter apparently was due to either great differences of price in relation to butter or to certain eating habits. As regards measures to promote consumption, the Commission took the necessary action to extend the existing aid scheme for cake and ice-cream to confectionery products, table spreads and certain fish preserves, which would allow the disposal of an additional amount of some 20,000 tons of butter. In the context of a general programme a "butter for Christmas" scheme was designed, to allow the disposal of some 200,000 tons of butter at prices 50 per cent below the intervention price. In 1984, consumption of butter had increased by almost 19 per cent compared to 1983. However, compared to the average for 1980-82 the increase was less than 4 per cent, and for the first half of 1985 there was a decline in consumption of the same size.

67. In Switzerland, where a number of measures fairly similar to those of the EC had been taken to promote butter consumption in the domestic market, the product was being sold at prices considerably below cost, mainly with the help of subsidies. Advertising campaigns were launched to promote butter consumption. In addition, charges were applied on

imports of edible oils and fats in order to narrow the gap between the price of butter and other fats. Domestic consumption of butter slightly declined in 1984, and a further decline was expected in 1985.

68. In Finland, where consumption of dairy products, particularly butter, was high the consumer price of butter was subsidized. This subsidy was granted on all butter produced in dairies or on a farm. The price of margarine was increased by a consumption tax in order to maintain a constant ratio between butter and margarine prices, but the ratio was being modified in favour of butter. Consumption of butter declined in 1984, but picked up again in 1985.

69. In Poland butter consumption continued to recover in 1984 and 1985. With the discontinuation of butter rationing, consumption was expected to go up provided the prices remained unchanged.

70. In Austria, sales drives involving reduced butter prices were undertaken for social and economic reasons. Likewise, the army and hospitals could obtain butter at reduced prices throughout the year. Advertising campaigns to promote consumption, whether of butter or margarine, had led to some increase in consumption during 1985.

71. In South Africa, consumption of butter continued to decline in the face of increased competition from margarine. Steps had been taken to foster butter consumption with the help of advertising programmes, and a special campaign was conducted during which the retail price of butter was subsidized from the Dairy Board's Stabilization Fund.

72. In the United States, total consumption of butter increased in 1982 and 1983 after several years of decline. The reasons for that earlier decline included competition between butter and margarine and competition between the various types of margarine depending on fat content. In order to bring down surplus stocks, a number of butter distribution programmes had been launched. In fiscal year 1983 domestic donations accounted for 127,000 tons, equivalent to 24 per cent of total domestic consumption, as against 59,000 tons, or 13 per cent of domestic consumption, in fiscal year 1982. Total domestic consumption in calendar year 1984 had levelled off. It was however expected to recover in 1985.

73. In Canada, consumption of butter, which increased in 1983 by 7 per cent, plummeted again in 1984 by nearly 8 per cent to below the 1982 level. An advertising campaign for butter was launched in 1984. However, margarine producers also launched a publicity campaign in favour of their product.

74. Until recently, butter prices in New Zealand were much lower than those of margarine. Following an increase in the retail price of butter, however, the two products were being sold at the same price. In calendar year 1984, consumption of butter decreased by 3.4 per cent in

relation to 1983. Consumption had been assisted by a promotional campaign undertaken by the New Zealand Dairy Board and by the introduction of two new butter products. There was evidence that consumption of butter had slightly picked up in 1985.

75. In Australia, per capita consumption of butter declined steadily in the 1970s, while that of table margarine increased. Thus butter had gradually been replaced by table margarine in the Australian market due in part to prices and in part the consumer preference for margarine. Numerous advertising campaigns were undertaken in the 1970s to promote butter consumption, but against these were the advertising programmes run by margarine manufacturers. Total consumption of butter and butter oil in 1980/81 amounted to only 63,700 tons, as compared with 117,000 tons in 1970/71. The decline in butter consumption had, however, levelled off, and retail sales had stabilized at around 30 per cent of the total table-spreads market, notwithstanding significant price increases that took place between 1979/80 and 1981/82. This share of around 30 per cent was more or less maintained until recently because of the level of promotional support. Aggregate consumption of butter and anhydrous milk fat reached 70,000 tons in 1984/85, as compared with 60,400 tons in 1983/84. The Australian Dairy Corporation was endeavouring to promote consumption of these products within the context of a decrease in overall fat consumption in Australia. However, figures for the first half of 1985 indicated a decline for butter.

#### Stocks (Annex Table 16)

76. Aggregate stocks of butter in the EC, public and private stocks of butter receded to a level of 1,200,000 tons on 12 September 1985 (public stocks 990,951 tons; private stocks 208,879 tons), as against an aggregate level of 1,254,000 tons on 1 October 1984, showing a decline of about 4 per cent over the year. Despite special Christmas sales and large export contracts with the USSR, stocks remained high. Other measures have also been taken to reduce production and to increase exports, in particular as food aid. However, the absolute stock levels still remain a serious source of concern to the EC. In the United States, growth in the output of dairy products coupled with a slower increase in their commercial use led the Government to step up its purchases in 1983. Measures were taken to curb production and to increase exports in the form of food aid. This led to a sharp reduction in stocks, which in August 1985 stood at 125,900 tons and were expected to fall further in the coming months. Canadian holdings were also above the levels of a year earlier despite promotional sales at reduced prices. Australian butter stocks at 27,400 tons on 1 July 1985 were 10 per cent less than a year earlier. New Zealand stocks have increased substantially, from 28,000 tons on 1 January 1983 to 54,000 tons on 1 January 1984 and to 91,000 tons by the end of 1984. On 1 April 1985, at 119,000 tons, they were at least four times higher than their original level in early 1983, but came down to 77,900 tons on 1 July 1985.

International prices (Table 2 and Graph 4)

77. Since 1 October 1981 the minimum price of butter had been US\$1,200 per metric ton f.o.b. On 31 May 1985, the Committee of the Protocol Regarding Milk Fat decided to reduce the minimum price of butter from US\$1,200 to US\$1,000 per metric ton f.o.b. with effect from 5 June 1985. Stability in international prices of butter and anhydrous milk fat had steadily been eroded due to a weakening of demand for these two products and an appreciation in the value of the United States dollar. International market prices of butter, which fluctuated between US\$2,100 - 2,400 per metric ton f.o.b. in early 1982, were between US\$2,000 - 2,200 in the first quarter of 1983, and US\$1,620 - \$1,700 by the end of 1983. Prices continued to deteriorate so that in the third quarter of 1984 they hovered around US\$1,200 - \$1,450. Between 16 November 1984 and 31 May 1985 some sales were made at prices below the minimum of US\$1,200 per ton f.o.b. In the second quarter of 1985, international market prices were in the range of US\$850 - \$1,450 per metric ton f.o.b. It should be noted that prices at the lower end of the bracket were already below the minimum price set under the Protocol and were thus a source of serious concern to the participants. It was, however, indicated that the price below the new minimum of US\$1,000 per ton f.o.b. was an offer made by a non-participant to the Arrangement. The decision of the Committee concerning the downward revision of the minimum prices was expected to contribute to some stability in the international butter market. However, butter stocks remained high and continued to cause pressure on the market. In the third quarter of 1985, prices ranged between US\$1,000 and US\$1,150 per ton f.o.b. The price situation and the level of stocks continued to cause serious concern.

Anhydrous Milk Fat

78. In a number of cases, statistics on anhydrous milk fat are not separately available but are shown under the broad category of butter. Only a few participants provide such figures separately.

Production (Annex Table 17)

79. Output of anhydrous milk fat in 1984 was higher in all the countries providing data on this product, except for Uruguay. There was evidence of a further acceleration in production in the first half of 1985 compared to the level in the corresponding period of 1984 in Sweden, New Zealand and the EC. It, however, slowed down relatively in Australia in the first half of 1985.

### Trade (Annex Table 18)

80. Traditionally, the major exporters of anhydrous milk fat had been the EC and New Zealand, which together accounted for about 96 per cent of total exports in 1984. EC exports were estimated to be 130,500 tons in 1984, i.e. 17.6 per cent higher than in 1983. At 73,000 tons in the first half of 1985 compared to 57,000 tons in the corresponding period of the previous year, exports showed a 28 per cent acceleration. Exports from New Zealand in 1984 were nearly 21 per cent higher than in 1983; and indications were that they had gained further momentum in the course of 1985. There was also a further expansion in Australian exports of anhydrous milk fat both in 1984 and 1985.

### Food Aid

81. Under the 1984 food aid programme, the EC provided 49,000 tons of butter or butter oil to certain developing countries and multilateral agencies as food aid in 1984, as against 17,000 tons in 1983 (see Table 5). The aid component thus increased from 15 per cent of the total exports of this product in 1983 to 38 per cent in 1984. Under the EC Regulation N° 457/85 the aid programme for 1985 provided a maximum of 28,700 tons of butter oil. Foreign donations of butter oil and butter by the United States between January and September 1984 under Section 416, mainly to Poland, Egypt, Mexico and Jamaica, totalled some 44,000 tons (butter equivalent). In addition, butter shipments under P.L 480, title II, over the same nine-month period were about 1,800 tons.

### Stocks

82. In general, stocks of anhydrous milk fat declined in 1985. In New Zealand, stocks of anhydrous milk fat, after reaching the high level of 11,000 tons in the beginning of the year, came down to 4,700 tons in July 1985. The Australian stocks during this period also decreased from 2,500 tons to 1,100 tons.

### International prices (Table 2 and Graph 3)

83. On 31 May 1985, the Committee of the Protocol Regarding Milk Fat decided to reduce the minimum price of anhydrous milk fat from US\$1,440 to US\$1,200 per metric ton f.o.b. as from 5 June 1985. International prices of anhydrous milk fat had been weakening since 1983, when they were in the range of US\$2,350 - 2,400 in the first quarter of 1983. They had stabilized in the first six months of 1984 at a level between US\$1,700 - 1,800 per ton f.o.b., although some offers continued to be made at lower prices. For special sales of ghee by the EC, prices had been in the range of US\$1,480 and US\$1,490 per ton f.o.b. Prices in the first six months of 1985 were between US\$1,290 - US\$1,650. During the third quarter of 1985, prices ranged between US\$1,200 and US\$1,360 per ton f.o.b.

## Cheese

### Production (Annex Table 19)

84. In 1984, world cheese output was 12.34 million tons, i.e., 0.4 per cent higher than in 1983. Output of cheese in the EC at 4.14 million tons in 1984 was more than 4 per cent higher than in 1983. The United States production at 2.12 million tons was 2 per cent below the 1983 level. Cheese production in Canada totalled 192,800 tons in 1984, an increase of 5.3 per cent in relation to 1983 level. In Australia, output increased by nearly 2 per cent to a level of 158,700 tons. In New Zealand, the increase was more striking, i.e., 26.7 per cent, from 95,500 tons in 1983 to 121,000 tons in 1984. Increases were also recorded by Finland (+2.7 per cent); Norway (+6.8 per cent); Sweden (+0.6 per cent); Hungary (+4.6 per cent); Poland (+8.9 per cent) and South Africa (+5.2 per cent). Production slightly decreased in Switzerland (- 0.2) and in Japan by 5 per cent. In Uruguay it increased by 11 per cent. Production in the USSR increased in 1984 for the third consecutive year to reach the level of 1.6 million tons.

85. World cheese output was expected to increase further by 2 per cent in 1985. Production in the EC, which accounted for 40 per cent of world cheese output, was likely to increase by 2 per cent after registering a 4 per cent gain in 1984. The United States output, which declined in 1984 due to lower milk production, was projected to rise by 4 per cent in 1985. Cheese output was expected to be up in New Zealand as the export market for cheese appeared to be more active than for other dairy products. The world market for cheese appeared to be more stable than for butter fats although competition among exporters was quite strong. There would be an all round expansion in demand for different types of cheeses which would probably lead to a general reduction in stocks in 1985.

### Trade (Annex Tables 20, 21 and 22)

86. Total exports of cheese from the countries listed in Annex Table 20 rose by about 13 per cent in 1984. Exports from the EC, the largest cheese exporter in the world rose by 15 per cent from 406,000 tons in 1983 to 467,200 tons in 1984. Deliveries by New Zealand at 87,300 tons increased by almost 6 per cent in 1984, the main outlets being Japan, the EC and the United States. New Zealand invoked Article 7:2 of the Protocol which stipulates that the provisions regarding observance of the minimum prices shall not apply to exports, in exceptional circumstances, of small quantities of natural unprocessed cheese, which would be below normal export quality as a result of deterioration or production faults. Between 1 January and 11 September 1985 New Zealand sold some 1,050 tons of such cheese to Portugal and Sweden, at prices below the GATT minimum. New Zealand would probably continue to invoke Article 7:2 in the future. South Africa also

indicated its desire to invoke Article 7:2 to export a maximum of 2,000 tons of its Cheddar cheese at a price below the GATT minimum price. So far 900 tons had been sold under this derogation. Australian exports during 1984 increased by 8.4 per cent to reach a level of nearly 57,000 tons, the main destinations being Japan and some Asian countries. Australia also invoked Article 7:2 of the Protocol and sold about 1,200 tons of cheese below the GATT minimum. Exports from Switzerland were almost 3 per cent higher than in 1983; and exports from Austria at 46,400 tons were about 13 per cent higher than in 1983. Increases were also recorded by Canada (+15 per cent); Finland (+19 per cent) and Sweden (+7 per cent). Exports, however, declined from Argentina (-29 per cent); Hungary (-13 per cent); Norway (-14 per cent); Poland (-42 per cent); South Africa (-50 per cent) and the United States (-2 per cent). Exports by Bulgaria showed a tremendous growth, from 11,700 tons in 1983 to 33,800 tons in 1984, i.e., a rise of 189 per cent in one year.

87. Between January and September 1984, cheese donations by the United States under Section 416 totalled 12,200 tons as against 2,900 tons delivered in the corresponding period of the previous year. In addition, shipments made under P.L. 480, title II, reached some 2,200 tons during the same period, as against 4,400 tons in the nine-month period of 1983. It should be noted that Austria, Finland and Switzerland also provided certain quantities of cheese as food aid.

88. On the import side, the United States purchased 138,800 tons of cheese in 1984, nearly 7 per cent more than in 1983. The bulk of these imports originated from the EC, New Zealand, Australia, Finland and Switzerland. EC cheese imports in 1984 at about 105,000 tons were about 5 per cent higher than in the previous year, and mainly came from Switzerland, Australia, New Zealand and Finland. Cheese imports by Japan at 79,000 tons in 1984 were 11 per cent greater than in 1983, the main suppliers being Australia, New Zealand and the EC. In Switzerland, cheese imports remained relatively stable during 1984 at a level of 21,000 tons. Imports by developing countries showed some recovery in 1984 from the low levels of 1983, and the uptrend seemed to be continuing in 1985.

#### Consumption (Annex Table 23)

89. Consumption of cheese progressed further in 1984 and was estimated to be about 2 per cent higher than in 1983. With the exception of a few countries, consumption increased everywhere for different types of cheeses.

90. Cheese consumption in the EC increased steadily in recent years, reaching 3.8 million tons in 1984, an increase of nearly 5 per cent over 1983. This was, inter alia, due to the great variety of cheeses now widely available and more sophisticated tastes. Consumption increased

in Canada (+5 per cent); South Africa (+3 per cent); Australia (+14 per cent); Hungary (+13 per cent); Japan (+8 per cent) and Uruguay (+1 per cent). On the other hand, some declines were recorded by New Zealand (-5 per cent); Norway (-2 per cent); Poland (-5 per cent) and Sweden (-1 per cent). In the United States, domestic consumption increased from 2,208,000 tons in 1983 to 2,338,000 tons in 1984, i.e., a rise of 6 per cent. In order to dispose of surplus stocks, a number of cheese distribution programmes were adopted. Active sales promotion drives were also instrumental in stimulating cheese consumption in several countries.

#### Stocks (Annex Table 24)

91. On 1 July 1985, cheese stocks in most of the principal producing countries were lower than one year earlier. Cheese stocks in the United States on 1 August 1985 at 472,900 tons were about 17 per cent less than in August 1984. In Australasia, the expansion in cheese manufacture was again reflected in increased stock levels, which in the case of Australia were relatively lower than a year earlier but still remained at high levels. New Zealand stocks on 1 July were 21 per cent higher than a year earlier. Cheese stocks in the EC were not subject to wide variations partly due to a strong cheese market. On 1 July 1985 cheese stocks amounted to 85,000 tons, 5 per cent more than a year earlier. Cheese stocks were marginally higher in Norway, Sweden and Uruguay, but were lower in Austria, Bulgaria, Finland, Hungary and Switzerland.

#### International prices (Table 2 and Graph 5)

92. Since 1 October 1981, the minimum price for cheeses covered by the Protocol had been US\$1,000 per metric ton f.o.b. This was not modified in May 1985 when the minimum prices for the whole milk powder, anhydrous milk fat and butter were adjusted downwards by the Protocol Committees. Market prices, however, varied according to types of cheeses and the final destinations. International prices for Cheddar cheese declined perceptibly in 1983. Prices which had been in the range of US\$1,200 and US\$1,500 per ton f.o.b. at the end of 1983, fluctuated between US\$1,200 and US\$1,350 per ton f.o.b. towards the end of the first quarter of 1984. They were more or less stabilized in the second quarter around a level of US\$1,150-\$1,300 per ton f.o.b. There was however a slight decline in the first quarter of 1985, mainly due to an appreciation in the value of the United States dollar, and prices ranged between US\$1,150 and US\$1,200 per ton f.o.b. In the second quarter, international prices slightly picked up to levels between US\$1,100 and US\$1,430 per ton f.o.b., as a result of some buoyancy in the world cheese market. During the third quarter, prices had fluctuated between US\$1,050 and US\$1,270 per ton f.o.b., with the market remaining relatively firm.



### Other Dairy Products

#### Whey in powder or block, or concentrated

93. In the absence of data concerning the United States at the time of drafting this report, it was not possible to establish any precise global trends in production or trade of these products. In a number of other European countries for which data were available, the downtrend in production noticed in the preceding two years had continued in 1984, of which trade had, however, somewhat increased.

94. In 1984, exports of whey by the European Community remained unchanged as compared with 1983 at 54,000 tons. Finland's output of whey powder in 1984 recovered from the drop registered a year earlier, and at 23,000 tons, returned to its 1982 level. About 74 per cent of the Finnish production was used for animal feed, and exports of whey increased to 4,000 tons, of which 3,000 went to Ireland. In Sweden production of whey powder declined for the third consecutive year to 6,100 tons (7,000 in 1983) while the output of concentrated whey increased by 8.8 per cent. Exports of whey powder rose sharply from only 300 tons in 1983, to 3,100 tons in 1984, 2,000 tons of which went to Spain. The Norwegian production of whey powder declined further in 1984, to 1,300 tons, or 18.8 per cent less than a year earlier. The Swiss output followed the same trend and declined by 19.5 per cent, to 3,300 tons, while in Austria the decline was much sharper with production falling by 46.8 per cent to 2,500 tons. In Hungary, the production of whey powder, which in 1982 had dropped to only 100 tons, began to recover in 1983 (200 tons) and in 1984 reached 800 tons.

95. In the United States, production of dry whey from January to August 1984 (latest available data) totalled 281,000 tons, while that for condensed whey, for the year as a whole, declined to 59,000 tons, from 62,000 tons a year earlier. For Australia no details of production of whey were available. Exports of whey preserved, concentrated or sweetened totalled 3,800 tons in the 1984/85 season. Imports amounted to approximately 500 tons during the same season.

96. Japanese imports of whey powder in 1984 declined by 2 per cent, to 14,600 tons. Canada, with an export share of 39 per cent, was by far Japan's main supplier, followed by the European Community with a 14 per cent of the market.

#### Concentrated milk

97. World production of condensed and evaporated milk, which in 1983 was estimated to have reached 4,676,000 tons, a decline of 2.3 per cent compared to a year earlier, seemed to have recovered in 1984.

98. Production of concentrated milk in the European Community in 1984 increased by 0.6 per cent, to some 1,405,000 tons. As a result of the increasing use of skimmed milk powder and butter oil for the manufacture

of recombined milk, production was expected to remain stable in 1985. Exports amounted to 521,000 tons in 1984, a marginal decrease as compared with 1983.

99. In Austria, production of concentrated milk declined by 4.7 per cent in 1984, to 14,100 tons as a result of the slackening demand on the domestic market. Imports of concentrated milk in Switzerland increased by 6.7 per cent to 1,600 tons. The Swedish output fell by 8.5 per cent in 1984 to 11,800 tons. This was the second consecutive year of production decline after a sustained rise in earlier years, and, as in Austria, seemed to correspond to a decline in consumer demand. In Hungary the production of condensed milk dropped by some 4 per cent, for the first time in the last four to five years, but remained at its 1982 level of 2,200 tons.

100. In the United States the production of condensed milk bulk products in 1984 increased by about 18 per cent, to 525,900 tons. In Canada, the production of evaporated whole milk increased by 0.4 per cent in 1984. Exports rose sharply to 124,200 tons, an increase of 40.3 per cent. Algeria and Libya remained the major markets of destination. For the 1984/85 dairy year a record production of some 164,000 tons was expected, while for the 1985/86 season, both production and exports were expected to decline.

101. In Australia, production of unsweetened condensed, concentrated and evaporated milk in the period July-December 1984 amounted to 17,394 tons, an increase of 1.0 per cent on the same period of the previous year. Production of condensed, concentrated and evaporated skimmed milk in the period July-December 1984 amounted to 11,774 tons, an increase of 7.9 per cent on the corresponding period in 1983. Production of sweetened condensed, concentrated and evaporated milk in the period July-December 1984 amounted to 6,785 tons, an increase of 17.2 per cent on the corresponding period in 1983. Exports of sweetened and unsweetened condensed milk totalled 4,000 tons in the 1984/85 season. In Japan production of concentrated milk in 1984 continued its declining trend, less 1.4 per cent, to 68,000 tons. Argentinian production, which reached some 7,700 tons in 1983, declined in 1984, while the Urugayan output of "dulce de leche" increased by some 2.5 per cent, but remained at the relatively modest level of 1,670 tons. In South Africa, output of concentrated milk continued its falling trend of the last few years, to total 25,400 tons, or 18.6 per cent less compared to a year earlier.

#### Casein

102. Casein production in major producing countries remained relatively stable in 1984, at a level of about 242,000 tons, compared to some 244,000 in 1983. Exports continued to grow as a result of the existence of substantial stocks of casein. In 1985, no major changes were expected to occur either at the production or export levels, compared to 1984. In 1984, casein production in the European Community amounted to 123,000 tons, remaining unchanged as compared with 1983. It was

estimated that exports increased by 5.6 per cent to 75,000 tons. For the current year production was expected to decline by some 1.8 per cent, but exports could expand somewhat.

103. In New Zealand, production of casein declined in 1984. Although data vary according to the sources, the level of casein output in this country averaged some 62,000-65,000 tons. In the current year production was expected to recover somewhat. Exports, which for 1984, were estimated at some 58,000 tons, were expected to increase in 1985.

104. In Australia, production of casein in the year 1984/85 amounted to 8,100 tons, a decrease of 39.1 per cent on 1983/84. Expected total production for 1985/86 was 9,000 tons. Exports of casein totalled 7,354 tons in 1984/85. In Argentina casein production, which in 1983 reached 2,500 tons, declined sharply in 1984, the same trend being followed by the Uruguayan output, which fell by some 40 per cent, to 2,600 tons. While the decline in production resulted in a lower export level in Argentina, exports in Uruguay increased by some 20 per cent, to a level of 2,100 tons.

105. The United States, leading world consumer of casein, imported 87,200 tons in 1984, up by 20.6 per cent over a year earlier. In 1985 imports were expected to decline somewhat. Japanese imports remained stable in 1984 at 23,000 tons. New Zealand was by far the largest supplier of this market with a 49 per cent share, followed by the European Community with a 32 per cent share.

106. In Bulgaria, casein production was up by 13.3 per cent, to 1,700 tons in 1984, while in Poland it was in the vicinity of 50,000 tons, up by 14 per cent. Polish exports were also reported to have increased.

ANNEX

Explanatory Notes

Symbols

The following symbols have been used with the following meanings in the statistical tables:

- ... not available
- nil or negligible
- ( ) provisional figures, subject to revision

Sources

The figures included in the statistical tables are primarily provided to the secretariat in replies to questionnaires regarding products covered by the Protocols. National and UN statistics were used when figures were otherwise unavailable.

Per capita consumption figures were calculated with population figures from UN, OECD, FAO and IMF sources.

Notes relating to data of individual countries

In some countries' statistics, figures relating to anhydrous milk fat are not kept separate from those relating to butter. They may therefore be included in the data relating to butter. The data shown with respect to consumption, relate to apparent consumption, as calculated by the secretariat. All totals include only the figures shown.

Figures for Australia for skimmed milk powder also include partly skimmed milk powder, cream powder, skimmed milk powder and buttermilk powder mixtures, and skimmed milk powder modified. Whole milk powder export classification changed on 1 July 1984. Stocks are those held by manufacturers. Cheese stock figures only include Cheddar, Gouda and stirred curd/granular cheeses.

For Austria stocks include only products of domestic origin.

For Bulgaria partly skimmed milk powder is included in whole milk powder statistics. Cheese figures include Kashkaval.

For Canada butter figures refer to creamery butter only; whey butter is not included. Cheese figures include Cheddar and other whole milk cheeses.

EC stocks of skimmed milk powder and butter include public intervention stocks and private stocks. Cheese stocks include intervention stocks (public stocks for Grano-Padano and Parmigiano Reggiano) and stocks qualifying for aid for private storage. EC exports by region do not include intra-Community trade.

For Finland stock figures are referring to wholesale stocks for dairies.

For Japan figures refer to stocks of whole milk powder held by manufacturers, whereas for skimmed milk powder and butter, the data refer to stocks held by manufacturers as well as the Livestock Industry Promotion Corporation. Exports of skimmed milk powder in 1984, were food aid. Cheese production figures are estimates.

All stock figures for New Zealand include export and local market stocks. Government stocks are nil. Skimmed milk powder statistics include partly skimmed and cream powder. Exports of skimmed milk powder first half of 1985, do not include 28,614 tons for stock feed and other non-human consumption. Whole milk powder statistics include infants' food.

For Norway cheese figures include whey cheese and processed cheese.

Cheese figures for Poland include ripening and processed cheeses only.

Butter production figures for Sweden do not include "Bregott" (1982: 20,500 tons, 1983: 22,600 tons, 1984: 24,300 tons).

Butter figures for Switzerland include resolidified butter. Quarterly figures for cheese production are estimates. Processed cheeses are not included in the statistics. Cheese stock figures include Emmental, Gruyère, Sbrinz, Tilsit and Appenzell.

United States data on stocks of milk powders refer to CCC stocks. Stocks of skimmed milk powder and cheese are for 9.8.1985 (instead of 1.7.1985).

#### Regions of destination

Regions of destination are as previously defined. (See Fifth Annual Report, pages 82 and 83.)

ANNEX TABLE 1

Production of Skimmed Milk Powder

Country	Average 1980, 81, 82	1983	1984	% Variation 1984/1983	Jan.-Mar.		Apr.-June		1st six months		% Variation of 1st six months 1985/84
					1984	1985	1984	1985	1984	1985	
					('000 metric tons)						
Argentina	15,8	17,3	17,3	-	4,3	3,4	2,3	12,6	6,6	6,6	+10,9
Australia	75,1	111,3	136,8	+22,9	28,3	31,3	11,3	12,6	39,6	43,9	+30,5
Austria	32,6	31,8	27,3	-14,1	4,8	6,9	7,0	8,5	11,8	15,4	-100,0
Belgium	...	1,5	1,7	+13,3	0,3	-	0,5	-	0,8	-	-19,5
Canada	139,6	121,7	129,9	+6,7	24,5	22,0	44,9	33,9	69	55,9	(-12,2)
EC	2 036,3	2 495,0	2 074,0	-16,9	537,0	(396,0)	700,0	(690,0)	1 237,0	(1 086,0)	-12,0
Finland	55,7	69,0	57,0	-17,4	8,0	8,0	17,0	14,0	25,0	22,0	-33,9
Hungary	35,2	35,9	32,0	-10,9	6,9	4,1	9,6	6,8	16,5	10,9	+13,6
Japan	128,3	155,0	155,0	-	38,0	43,0	43,0	49,0	81,0	92,0	-15,4
New Zealand	183,5	177,4	226,1	+27,5	62,3	62,2	27,8	14,0	90,1	76,2	-4,9
Norway	10,2	10,7	7,3	-31,9	2,3	2,1	1,8	1,8	4,1	3,9	+0,1
Poland	91,6	131,9	152,0	+15,3	31,6	28,9	40,6	43,4	72,2	72,3	+5,7
South Africa	19,5	24,5	22,1	-9,9	6,9	7,2	3,6	3,9	10,5	11,1	-0,8
Sweden	44,1	52,6	61,2	+15,9	15,0	14,8	21,5	21,4	36,5	36,2	-5,3
Switzerland	30,2	30,9	33,8	+9,4	7,7	7,4	11,3	10,6	19,0	18,0	+0,8
United States	588,8	691,0	526,0	-23,9	149,0	128,8	164,0	186,6	313,0	315,4	+18,8
Uruguay	2,7	4,1	3,1	-24,4	0,7	1,1	0,9	0,9	1,6	1,9	
Total		4 161,6	3 662,6	-12,0							

ANNEX TABLE 2

## Exports of Skimmed Milk Powder

Country	Average 1980,81,82	1983	1984	% Variation 1984/1983	Jan.-Mar.		Apr.-June		1st six months		% Variation of 1st six months 1985/84		
					1984		1985		1984			1985	
					1984	1985	1984	1985	1984	1985		1984	1985
Argentina	2,9	5,9	-	-100,0	-	-	-	-	-	-	-		
Australia	17,0	55,5	70,0	+26,1	15,9	28,5	12,1	22,0	28,0	50,5	+80,4		
Austria	13,3	16,3	15,7	-3,5	2,2	-	3,5	-	5,7	-	-		
Bulgaria	...	-	-	-	-	-	-	-	-	-	-		
Canada	80,4	81,9	70,0	-14,5	12,4	16,4	12,0	15,8	24,4	32,2	+32,0		
EC	484,0	191,9	311,9	+62,4	60,0	(91,0)	97,0	(101,0)	157,0	(192,0)	(+22,3)		
Finland	-	12,3	9,0	-25,0	4,0	2,0	1,0	1,0	5,0	3,0	-40,0		
Hungary	4,9	2,6	3,3	+26,9	-	-	0,3	-	0,3	-	-100,0		
Japan	0,7	-	0,7	...	-	-	-	-	-	-	-		
New Zealand	151,2	155,2	167,1	+7,7	41,1	50,6	41,5	33,1	82,6	83,7	+1,3		
Norway	-	4,7	0,7	-84,8	0,3	-	0,4	-	0,7	-	-100,0		
Poland	15,5	37,9	40,8	+7,7	6,8	9,7	13,1	9,8	19,9	19,5	-2,0		
South Africa	0,2	7,6	7,8	+2,8	2,7	1,2	3,0	0,3	5,7	1,5	-73,7		
Sweden	15,0	31,3	28,9	-7,7	4,2	6,1	6,1	12,5	10,3	18,6	+80,6		
Switzerland	3,5	0,4	0,7	+75,0	-	1,6	-	0,9	-	2,5	...		
United States	122,4	234,3	264,5	+13,0	57,4	76,1	53,8	69,0	111,2	145,1	+30,5		
Uruguay	1,2	2,0	2,1	+5,0	0,6	0,3	0,6	-	1,2	0,3	-75,0		
Total		839,9	993,2	+18,3									

ANNEX TABLE 3  
Exports of Selected Oil Products by Region

DESTINATIONS	EC		NEW ZEALAND		UNITED STATES		CANADA		AUSTRALIA		SWEDEN		AUSTRIA		FINLAND		POLAND		TOTAL	
	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984		
	('000 metric tons)																			
<u>WESTERN EUROPE</u>	15.1	16.9	1.9	-	0.5	2.0	-	-	-	-	3.2	1.6	2.0	0.5	0.8	0.9	9.3	-	32.8	24.0
<u>EC</u>	-	-	-	-	-	1.7	-	-	-	-	-	-	...	...	-	-	1.0	-	...	1.0
Other countries of Western Europe	15.1	16.9	1.9	-	0.5	0.3	-	-	-	-	3.2	1.6	...	...	-	0.8	6.3	-	...	21.6
<u>EASTERN EUROPE</u>	0.5	0.1	-	-	21.7	4.9	-	-	-	-	-	-	0.2	-	-	-	-	-	22.4	1.0
<u>USSR</u>	-	0.1	-	-	-	-	-	-	-	-	-	-	...	-	-	-	-	-	...	0.1
<u>SOUTH AMERICA</u>	0.1	0.4	0.1	-	0.2	0.1	-	-	0.4	-	-	0.2	-	-	-	-	-	-	0.4	1.1
United States	0.1	0.3	0.1	-	-	0.1	-	-	0.4	-	-	0.1	-	-	-	-	-	-	0.2	0.8
Canada	-	0.1	-	-	0.2	0.1	-	-	-	-	-	0.1	-	-	-	-	-	-	0.2	0.3
<u>SOUTH AMERICA</u>	17.0	17.6	10.2	7.0	19.3	42.5	14.9	13.9	-	-	1.5	0.2	2.6	0.1	3.5	-	-	-	59.0	81.6
<u>CENTRAL AMERICA</u>	4.6	20.2	13.4	22.3	94.0	35.3	5.9	7.9	-	-	-	0.6	...	...	0.1	-	-	-	118.8	114.3
<u>CARIBBEAN</u>	7.7	15.4	5.5	11.1	5.5	11.0	5.9	-	-	-	-	0.7	...	...	1.2	-	-	-	26.8	38.8
<u>AFRICA</u>	93.5	125.5	14.4	10.0	59.8	92.6	10.7	5.1	1.3	2.6	5.0	6.7	0.3	1.7	0.6	1.5	13.2	15.3	199.8	281.0
South Africa	1.0	0.8	-	-	0.8	1.7	-	-	-	-	-	-	...	...	-	-	-	-	...	2.5
Other countries of Africa	92.5	124.7	14.4	10.0	59.0	90.9	10.7	5.1	1.3	2.6	5.0	6.7	...	...	0.6	1.5	13.2	15.3	...	278.8
<u>SOUTH AND EAST ASIA</u>	31.3	70.0	90.7	66.1	32.0	48.7	2.7	4.2	49.2	66.7	19.4	16.2	4.9	4.8	5.8	2.7	15.4	24.8	250.4	304.2
Japan	7.3	3.2	10.6	4.1	-	-	2.7	-	9.0	70.5	1.7	0.6	...	...	0.5	0.7	8.5	6.7	...	24.6
Other countries of South and East Asia	24.0	66.8	80.1	62.0	32.0	48.7	-	-	40.2	56.2	16.7	15.6	...	...	5.3	2.6	6.9	18.7	...	200.6
<u>WESTERN ASIA</u>	21.0	33.3	16.2	21.4	0.5	0.8	13.9	1.7	-	0.1	1.5	0.5	5.5	2.4	0.2	2.1	-	0.8	...	68.1
<u>OCEANIA</u>	-	0.1	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	...	0.1
<u>OTHER DESTINATIONS</u>	0.1	0.1	-	29.2	-	30.6	27.8	19.2	5.0	0.2	1.7	2.1	0.8	1.1	0.1	1.2	-	-	...	35.6
<b>TOTAL</b>	197.9	311.9	155.2	167.1	234.3	284.5	81.9	70.0	55.5	70.0	37.3	29.9	16.3	15.7	12.3	9.0	37.9	40.9	616.5	978.7
<b>OIL-EXPORTING COUNTRIES (members of OPEC)</b>	42.7	66.8	43.9	48.7	8.7	5.6	24.6	1.5	3.5	6.4	6.4	0.0	...	...	0.8	2.7	13.0	14.0	...	162.4



**ANNEX TABLE 4**  
**Imports of Skimmed Milk Powder**

Country	Average 1980,81,82	1983	1984	Variation 1984/1983	(1000 metric tons)						% variation of 1st six months 1985/84
					Jan.-Mar.		Apr.-June		1st six months		
					1984	1985	1984	1985	1984	1985	
Argentina	1,1	-	-	-	-	0,1	-	-	0,1	0,1	...
Australia	0,6	0,8	0,8	-	0,3	0,1	0,3	0,1	0,6	0,2	=66,7
Bulgaria	...	-	-	-	-	-	-	-	-	-	-
Canada	-	...	-	...	-	-	-	-	-	-	-
EEC	0,6	-	9,3	...	-	-	-	-	-	-	-
Finland	-	-	-	-	-	-	-	-	-	-	-
Hungary	1,0	-	-	-	-	0,3	-	1,2	-	1,5	...
Japan	92,7	93,0	90,0	-3,2	23,0	33,0	24,0	22,0	47,0	55,0	17,0
New Zealand	-	-	-	-	-	-	-	-	-	-	-
Norway	0,3	-	-	-	-	-	-	-	-	-	-
Poland	12,3	3,5	-	-100,0	-	-	-	-	-	-	-
South Africa	1,3	-	-	-	-	-	-	-	-	-	-
Sweden	...	0,9	0,8	-11,1	0,3	0,3	0,3	0,3	0,6	0,6	-
Switzerland	-	-	-	-	-	-	-	-	-	-	-
United States	0,6	1,0	1,0	-	...	...	...	...	0,4	0,7	+75,0
Uruguay	0,1	-	-	-	-	-	-	-	-	-	...
<b>Total</b>		<b>99,2</b>	<b>92,9</b>	<b>-6,4</b>							



ANNEX TABLE 6

## Stocks of Skimmed Milk Powder

('000 metric tons)

Country	1.1.1983	1.4.1983	1.7.1983	1.10.1983	1.1.1984	1.4.1984	1.7.1984	1.10.1984	1.1.1985	1.4.1985	1.7.1985
Argentina	9,2	7,9	1,8	1,2	4,7	4,1	1,3	0,8	5,1	3,8	...
Australia	19,5	21,2	14,5	20,1	43,2	46,0	20,3	20,9	39,1	38,4	12,5
Austria	6,6	6,1	7,1	10,8	7,8	8,7	8,7	10,5	7,9	...	...
Bulgaria	0,1	...	...	...	0,1	...	...	...	0,1	-	-
Canada	28,1	27,3	45,1	36,5	26,6	22,2	28,5	35,9	20,5	24,2	30,2
EC	576,0	648,0	888,0	1 037,0	985,0	987,0	956,0	(873,0)	(617,0)	(405,0)	(381,0)
Finland	24,0	26,0	28,0	27,0	14,0	11,0	20,0	23,0	16,0	11,0	14,0
Hungary	0,7	0,7	0,9	1,0	0,9	0,8	1,4	1,0	0,4	0,3	2,5
Japan	53,0	53,0	45,0	41,0	38,0	40,0	42,0	25,0	25,0	37,0	43,0
New Zealand	149,0	171,0	77,0	76,0	83,0	107,0	75,0	66,0	71,0	85,0	76,5
Norway	4,6	5,9	4,2	2,7	2,4	2,1	1,6	0,7	1,0	1,5	1,4
Poland	23,2	19,7	18,7	25,0	13,9	8,1	6,7	8,0	11,8	6,2	7,6
South Africa	15,8	20,1	19,6	17,2	16,2	16,4	12,0	10,7	13,4	15,5	14,7
Sweden	12,4	11,7	11,8	8,8	4,5	10,8	18,6	18,7	8,0	10,7	13,0
Switzerland	1,8	2,2	1,6	3,2	4,6	5,5	7,8	11,5	12,7	11,6	14,2
United States	581,0	592,0	636,0	644,0	633,0	645,0	645,0	606,0	559,0	...	493,2
Uruguay	2,8	3,5	3,8	3,5	1,4	1,3	1,4	1,2	1,5	2,0	2,6
Total	1 507,8	1 616,3	1 803,1	1 948,0	1 877,3	1 904,0	1 846,2	1 712,9	1 408,5	...	...

ANNEX TABLE 7

## Production of Whole Milk Powder

Country	Average 1980, 81, 82	1983	1984	% variation 1984/1983	Jan.-Mar.		Apr.-June		1st six months		% variation of 1st six months 1985/84
					1984	1985	1984	1985	1984	1985	
					('000 metric tons)						
Argentina	55,2	66,9	58,8	-12,1	16,2	21,7	11,1	...	27,3	...	...
Australia	63,2	43,4	42,4	-2,3	9,3	11,1	3,4	3,9	12,7	15,0	+18,1
Austria	23,1	19,4	27,4	+41,1	7,3	3,2	8,5	5,2	15,8	9,0	-43,0
Bulgaria	3,4	4,3	4,3	-	1,2	1,0	1,7	1,2	2,9	2,2	-24,1
EC	698,0	660,0	721,0	+9,2	167,0	(170,0)	199,0	(215,0)	366,0	(385,0)	(+5,2)
Finland	29,3	25,0	31,0	+24,0	7,0	5,0	12,0	11,0	19,0	16,0	-25,8
Hungary	3,7	3,4	3,5	+2,9	0,8	0,7	1,3	1,5	2,1	2,2	+4,8
Japan	33,0	36,0	35,0	-2,8	10,0	9,0	8,0	9,0	18,0	18,0	-
New Zealand	104,2	103,8	137,8	+32,8	54,4	48,9	8,9	14,1	63,3	63,0	-
Norway	0,7	1,0	1,1	+11,1	0,4	0,3	0,2	0,2	0,6	0,5	-16,7
Poland	39,0	48,3	48,6	+0,5	11,6	10,7	12,6	13,4	24,2	24,1	-0,4
South Africa	12,3	11,7	12,4	+5,6	3,6	2,8	3,2	2,0	6,7	4,9	-26,9
Sweden	4,9	8,5	6,0	-29,4	1,4	1,4	1,6	1,6	3,0	3,0	-
Switzerland	15,7	16,7	16,3	-2,4	4,4	3,7	5,8	4,0	10,2	7,7	-24,5
United States	42,2	49,0	54,8	+11,8	14,0	16,8	15,0	15,8	29,0	32,6	+12,4
Uruguay	0,8	0,8	1,2	+50,0	0,3	0,3	0,1	0,6	0,4	0,9	+125,0
Total		1 098,2	1 201,6	+9,4							

ANNEX TABLE 8

Exports of Whole Milk Powder

('000 metric tons)

Country	Average 1980,81,82	1983	1984	% variation 1984/1983	Jan.-Mar.		Apr.-June		1st six months		% variation of 1st six months 1985/84
					1984	1985	1984	1985	1984	1985	
					Argentina	6,3	10,0	2,0	-80,0	1,5	
Australia	45,5	33,5	39,7	+18,5	6,1	7,5	6,6	8,9	12,7	16,4	+29,1
Austria	19,9	14,3	26,4	+85,1	9,0	-	6,6	-	15,6	-	-
Bulgaria	-	-	-	-	-	-	-	-	-	-	-
EC	527,7	393,4	492,2	+25,1	105,0	(119,0)	150,0	(105,0)	255,0	(224,0)	(-12,2)
Finland	27,3	26,4	30,2	+14,4	9,0	7,0	8,0	7,0	15,0	14,0	-6,7
Hungary	-	-	-	-	-	-	-	-	-	-	-
Japan	-	-	-	-	-	-	-	-	-	-	-
New Zealand	88,3	94,8	106,9	+12,8	34,8	32,9	24,7	28,9	59,5	61,8	+3,9
Norway	-	-	-	-	-	-	-	-	-	-	-
Poland	-	-	-	-	-	-	-	-	-	-	-
South Africa	-	-	0,1	...	0,1	0,1	-	-	0,1	0,1	-
Sweden	0,2	3,0	-	-100,0	-	-	-	-	-	-	-
Switzerland	1,5	0,4	0,4	-	0,1	0,1	0,1	0,1	0,2	0,2	-
United States	5,0	10,0	6,1	-39,0	...	...	...	...	2,4	0,5	-79,2
Uruguay	0,4	0,1	0,3	+200,0	0,1	0,1	-	-	0,1	0,1	-
Total		584,5	704,1	+20,5							

Exports of Whole Milk Powder by Region

('000 metric tons)

EXPORTERS	EC		NEW ZEALAND		AUSTRALIA		AUSTRIA		FINLAND		ARGENTINA		UNITED STATES		TOTAL		
	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	
<b>DESIGNATIONS</b>																	
<b>WESTERN EUROPE</b>																	
EC	11.2	21.0	0.2	-	-	-	2.6	4.9	1.3	0.2	-	-	0.2	0.1	15.5	26.2	
Other countries of Western Europe	11.2	21.0	0.2	-	-	...	...	...	1.3	-	-	-	0.2	0.1	0.8	0.7	
<b>EASTERN EUROPE</b>																	
USSR	0.8	0.6	-	-	-	2.2	9.5	-	-	-	-	-	-	-	3.0	10.1	
<b>NORTH AMERICA</b>																	
United States	0.2	0.3	-	-	-	-	-	-	-	-	-	-	0.2	0.2	0.4	0.6	
Canada	0.1	0.2	-	-	-	0.1	-	-	-	-	-	-	-	-	0.1	0.3	
	0.1	0.1	-	-	-	-	-	-	-	-	-	-	0.2	0.2	0.3	0.3	
<b>SOUTH AMERICA</b>																	
	54.1	87.7	26.3	30.4	-	-	-	0.5	-	-	10.0	2.0	4.3	0.1	94.7	120.7	
<b>CENTRAL AMERICA</b>																	
	11.1	9.2	5.9	7.5	-	-	-	...	-	-	-	-	0.1	0.3	17.1	17.0	
<b>CARIBBEAN</b>																	
	15.7	14.5	3.6	-	-	-	-	...	-	-	-	-	3.0	5.0	22.3	19.5	
<b>AFRICA</b>																	
South Africa	0.5	0.4	0.2	-	-	-	...	...	-	-	-	-	-	-	0.7	0.4	
Other countries of Africa	97.7	108.7	3.2	6.9	-	0.5	...	...	0.1	-	-	-	0.1	-	101.2	116.1	
<b>SOUTH AND EAST ASIA</b>																	
Japan	65.6	69.7	47.4	37.5	-	33.8	0.2	0.8	-	-	-	-	0.7	0.3	142.0	142.1	
Other countries of South and East Asia	1.0	2.0	-	-	-	2.5	...	...	-	-	-	-	0.3	-	1.4	4.5	
<b>WESTERN ASIA</b>																	
	131.6	175.2	1.8	2.4	-	2.4	8.1	9.7	-	-	-	-	-	0.4	140.6	136.5	
<b>OCEANIA</b>																	
	-	-	1.0	-	-	-	-	-	-	-	-	-	-	-	141.5	189.8	
<b>OTHER DESIGNATIONS</b>																	
	0.2	-	-	18.0	-	2.8	1.0	0.9	-	-	-	-	1.4	-	12.1	21.7	
<b>TOTAL</b>	393.4	492.2	94.8	106.9	33.6	39.6	14.3	25.4	28.5	30.2	10.0	2.0	10.1	6.1	582.7	703.4	
<b>OUT-EXPORTING COUNTRIES (members of OECD)</b>																	
	160.1	244.3	27.8	20.9	2.0	0.5	...	...	-	-	0.5	-	...	0.1	180.4	273.8	

**ANNEX TABLE 10**

**Stocks of Whole Milk Powder**

('000 metric tons)

Country	1.1.1983	1.4.1983	1.7.1983	1.10.1983	1.1.1984	1.4.1984	1.7.1984	1.10.1984	1.1.1985	1.4.1985	1.7.1985
Argentina	9.1	10.3	5.2	4.3	10.1	12.3	5.9	3.1	7.7	5.0	...
Australia	18.1	16.8	7.1	10.3	16.6	15.5	8.5	9.4	13.8	13.5	5.8
Austria	2.5	4.3	4.4	4.0	4.5	1.6	2.7	2.6	2.1	...	...
Bulgaria	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
EC	-	-	-	-	-	-	-	-	-	-	-
Finland	8.0	4.0	6.0	6.0	6.0	4.0	6.0	8.0	4.0	3.0	5.0
Hungary	0.1	-	0.1	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.3
Japan	4.0	4.0	4.0	3.0	3.0	5.0	6.0	4.0	4.0	5.0	6.0
New Zealand	41.0	28.0	21.0	19.0	32.0	49.0	44.0	43.0	35.0	50.0	25.0
Norway	-	0.1	-	-	-	0.1	-	0.1	0.1	0.1	0.1
Poland	1.8	1.6	2.0	2.8	1.8	1.9	1.8	1.9	2.4	1.8	1.7
South Africa	3.0	2.8	2.4	1.8	2.1	2.3	2.1	1.9	2.4	2.4	1.9
Sweden	0.1	1.2	0.6	0.4	0.1	0.2	0.2	0.5	0.2	0.4	0.6
Switzerland	0.6	1.7	1.9	2.5	1.7	1.9	1.9	1.9	1.4	2.0	2.0
United States	3.0	2.0	3.0	2.0	3.0	3.0	4.0	3.0	...	...	...
Uruguay	0.3	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.4	0.3	0.6
<b>Total</b>	<b>91.7</b>	<b>77.4</b>	<b>59.2</b>	<b>56.8</b>	<b>81.4</b>	<b>97.3</b>	<b>83.7</b>	<b>79.9</b>	<b>...</b>	<b>...</b>	<b>...</b>

ANNEX TABLE 11

## Production of Butter

Country	Average 1980, 1981, 1982	1983	1984	% variation 1984/1983	Jan.-Mar.		Apr.-June		1st six months		% variation of 1st six months 1985/84		
					1984		1985		1984			1985	
					1984	1985	1984	1985	1984	1985		1984	1985
Argentina	32,9	33,7	28,2	-16,3	8,3	7,4	6,6	5,8	14,9	25,5	-18,3		
Australia	69,6	93,3	87,3	-6,4	20,7	19,7	10,5	5,8	31,2	20,1	-4,3		
Austria	40,4	44,8	43,2	-3,6	10,1	9,5	10,9	10,6	21,0	13,0	+10,2		
Bulgaria	21,0	23,9	24,0	+0,4	5,6	5,7	6,2	7,3	11,8	51,5	-10,4		
Canada	112,8	103,1	107,7	+4,5	24,4	23,9	33,1	27,7	57,5	(1 053,0)	(-12,4)		
EC	1 913,0	2 190,0	2 024,0	-7,6	533,0	(451,0)	669,0	(602,0)	1 202,0	37,0	-5,1		
Finland	71,7	84,0	80,0	-4,8	17,0	16,0	22,0	21,0	39,0	14,7	-11,5		
Hungary	31,7	31,9	31,6	-0,9	7,6	6,5	9,0	8,2	16,6	46,0	+9,5		
Japan	64,0	74,0	78,0	+5,4	20,0	22,0	22,0	24,0	42,0	101,9	-15,0		
New Zealand	217,9	238,4	264,4	+10,9	79,5	77,7	40,4	24,2	119,9	14,8	+2,1		
Norway	25,0	26,8	25,3	-5,5	7,5	7,6	7,0	7,2	14,5	120,5	-6,2		
Poland	233,0	260,7	289,1	+10,9	50,0	47,0	78,5	73,4	128,5	8,3	-		
Romania	34,2	35,0	48,7	+39,1	4,9	4,9	3,4	3,4	8,3	24,5	-13,1		
South Africa	16,6	18,5	16,6	-10,1	12,9	11,4	15,3	13,1	28,2	18,0	-5,3		
Sweden	41,9	45,1	48,1	+6,7	8,3	7,6	10,7	10,4	19,0	296,6	+1,6		
Switzerland	33,3	33,3	36,9	+10,8	159,0	151,0	133,0	145,6	292,0	4,4	-20,0		
United States	548,4	593,0	500,0	-15,7	3,7	2,1	1,8	2,3	5,5				
Uruguay	8,2	12,4	9,9	-20,2									
Total		3 941,9	3 743,0	-5,1									



## ANNEX TABLE 12

## Exports of Butter

('000 metric tons)

Country	Average 1980, 1981, 1982	1983	1984	% variation 1984/1983	Jan.-Mar.		Apr.-June		1st six months		% variation of 1st six months 1985/84
					1984	1985	1984	1985	1984	1985	
Argentina	1,9	7,5	0,8	- 89,3	0,2	-	0,6	-	0,8	-	-100,0
Australia	9,6	8,3	22,9	+175,9	13,2	2,2	5,4	15,9	18,6	18,1	- 2,7
Austria	2,1	5,3	4,9	- 7,1	2,6	0,3	0,4	0,7	3,0	1,0	- 66,7
Bulgaria	-	-	-	-	-	-	-	-	-	-	-
Canada	0,1	4,1	0,3	- 93,0	0,1	0,2	-	0,2	0,1	0,4	-300,0
EC	286,3	219,5	220,7	+ 0,6	56,0	(95,0)	45,0	(38,0)	101,0	(133,0)	(+ 31,7)
Finland	11,3	26,2	22,5	- 14,1	11,0	2,0	2,0	5,0	13,0	7,0	- 46,2
Hungary	8,0	11,4	5,6	- 50,9	0,2	0,3	1,3	0,2	1,5	0,5	- 66,7
Japan	-	-	-	-	-	-	-	-	-	-	-
New Zealand	172,1	147,6	153,2	+ 3,8	36,1	55,2	41,3	43,6	77,4	98,8	+ 27,6
Norway	2,3	7,3	4,8	- 34,4	2,2	0,4	1,6	0,9	3,8	1,3	- 65,8
Poland	0,1	5,0	4,2	- 16,0	-	-	1,7	-	1,7	-	-100,0
Romania	15,3	1,5	2,1	+ 40,0	-	-	-	-	-	-	-
South Africa	1,2	0,6	0,5	- 26,6	0,1	0,1	0,1	0,2	0,2	0,2	-
Sweden	11,3	14,4	15,1	+ 4,9	3,7	4,9	6,6	3,0	10,3	7,9	- 23,3
Switzerland	-	-	-	-	-	-	-	-	-	-	-
United States	40,7	34,0	44,2	+ 30,0	6,8	3,5	14,5	20,2	21,3	23,7	+ 11,3
Uruguay	4,2	9,2	5,5	- 40,2	-	2,3	-	0,2	-	2,5	...
Total		501,9	507,3	+ 1,1							

**ANNEX TABLE 73**  
**Exports of Bitumen by Region**

EXPORTERS DESTINATIONS	EC		NEW ZEALAND		UNITED STATES		SWEDEN		FINLAND		AUSTRALIA		HUNGARY		ARGENTINA		URUGUAY		TOTAL	
	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984
	<b>WESTERN EUROPE</b>	17,4	11,6	89,6	86,8	9,4	-	4,4	4,6	3,3	1,3	0,3	4,4	0,2	0,1	1,5	-	-	-	126,1
EC	-	-	89,3	86,6	9,4	-	0,8	1,0	1,3	0,6	0,3	-	0,2	-	0,2	-	-	-	88,3	88,3
Other countries of Western Europe	17,4	11,6	0,3	0,2	-	-	3,6	3,6	2,0	0,7	4,4	-	-	-	1,3	-	-	-	24,5	20,5
<b>EASTERN EUROPE</b>	6,8	0,2	-	-	13,4	19,6	-	-	1,5	-	-	-	-	-	-	-	-	-	21,7	19,8
USSR	39,7	86,0	22,8	-	-	-	10,0	4,8	12,7	10,0	8,0	-	3,6	2,4	2,0	-	0,1	3,7	94,5	111,3
<b>NORTH AMERICA</b>	0,2	0,2	0,7	-	0,1	-	-	-	-	-	-	-	-	-	0,1	-	-	-	1,1	0,2
United States	0,1	0,1	0,4	-	0,1	-	-	-	-	-	-	-	-	-	0,1	-	-	-	0,5	0,1
Canada	0,1	0,1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0,2	0,1
Other	0,1	-	0,3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0,4	-
<b>SOUTH AMERICA</b>	0,8	0,8	0,1	0,7	0,1	-	-	-	-	-	-	-	-	-	1,2	0,8	-	0,3	3,2	3,7
<b>CENTRAL AMERICA</b>	0,3	0,6	-	-	0,6	1,2	-	-	-	-	-	-	-	-	-	-	-	-	0,9	2,5
<b>CARIBBEAN</b>	27,5	20,6	1,4	0,6	0,2	2,4	-	-	-	-	-	-	-	-	-	-	-	-	29,1	23,6
<b>AFRICA</b>	53,8	43,4	0,3	11,4	3,0	20,2	-	5,1	1,0	2,1	3,1	-	-	-	2,0	-	-	-	60,1	85,3
South Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other countries of Africa	53,8	43,4	0,3	11,4	3,0	20,2	-	5,1	1,0	2,1	3,1	-	-	2,0	2,0	-	-	-	60,1	85,3
<b>SOUTH AND EAST ASIA</b>	2,8	5,9	5,2	4,0	0,1	0,1	-	0,3	-	-	-	-	-	-	-	-	-	-	10,6	15,1
Japan	0,1	0,1	0,2	-	0,1	-	-	0,2	-	-	-	-	-	-	-	-	-	-	0,3	0,4
Other countries of S. and E. Asia	2,7	5,8	5,0	4,0	0,1	0,1	-	0,1	-	-	-	-	-	-	-	-	-	-	10,3	14,7
<b>WESTERN ASIA</b>	69,3	50,3	23,4	40,6	-	-	-	0,2	7,7	9,1	2,2	2,1	7,6	2,8	-	-	3,2	5,2	115,4	108,3
<b>OCEANIA</b>	0,1	-	2,9	-	1,6	-	-	-	-	-	-	-	-	-	-	-	-	-	4,6	-
<b>OTHER DESTINATIONS</b>	0,8	1,1	1,2	9,1	5,9	0,1	-	-	-	-	3,3	0,5	-	0,3	-	-	0,8	-	10,8	11,9
<b>TOTAL</b>	219,5	220,7	147,6	153,2	34,9	44,2	14,4	15,1	26,2	22,5	8,3	22,9	11,4	5,6	7,5	0,8	9,2	5,5	478,1	490,5
<b>OIL-EXPORTING COUNTRIES (members of OPEC)</b>	91,9	68,6	23,0	48,5	-	-	-	4,2	6,3	11,2	2,0	4,0	2,4	2,4	-	-	-	-	3,2	125,6

ANNEX TABLE 14

Imports of Butter

Country	Average 1980, 1981, 1982	1983	1984	% variation 1984/1983	Jan.-Mar.		Apr.-June		1st. six months		% variation of 1st six months 1985/84
					1984	1985	1984	1985	1984	1985	
Argentina	1,5	0,2	0,4	+100,0	-	-	-	0,1	-	0,1	...
Australia	1,4	-	-	-	-	-	-	-	-	-	-
Austria	1,7	0,6	1,9	+210,5	0,4	-	0,6	2,0	1,0	2,1	+110,0
Bulgaria	0,3	-	-	-	-	-	-	-	-	-	-
Canada	-	-	0,1	...	-	-	-	0,1	-	0,1	...
EC	109,7	97,0	88,6	-8,7	22,0	(21,0)	21,0	(12,0)	43,0	(33,0)	(-23,3)
Finland	-	-	-	-	-	-	-	-	-	-	-
Hungary	4,0	7,6	1,7	-77,6	-	-	-	0,9	-	0,9	...
Japan	3,0	2,0	2,0	-	-	-	-	-	-	-	-
New Zealand	6,2	6,9	-	-100,0	-	-	-	-	-	-	-
Norway	0,6	-	-	-	-	-	-	-	-	-	-
Poland	37,8	2,5	5,0	+99,6	2,5	-	2,5	-	5,0	-	-100,0
Romania	11,9	1,5	-	-100,0	-	-	-	-	-	-	-
South Africa	1,3	-	-	-	-	-	-	-	-	-	-
Sweden	0,1	0,1	0,1	-	-	-	-	-	-	-	-
Switzerland	13,6	11,9	8,0	-32,8	1,8	2,0	2,4	1,0	4,2	3,0	-28,6
United States	0,7	1,0	1,0	-	0,2	0,2	0,2	0,2	0,4	0,4	-
Uruguay	-	-	-	-	-	-	-	-	-	-	-
Total	-	131,3	108,8	-17,1	-	-	-	-	-	-	-

ANNEX TABLE 15

## Butter Consumption

(Total consumption: '000 metric tons)  
(Per capita consumption: kg.)

Country	Average 1980, 1981 1982	1983	1984	% variation 1984/1983	Jan.-Mar.		Apr.-June		1st six months		% variation of 1st six months 1984/85
					1984	1985	1984	1985	1984	1985	
					Argentina per capita	32,0 1,14	29,8 1,01	31,9 1,06	+7,0 +5,0	6,7 5,8	
Australia per capita	59,9 4,01	60,7 3,96	68,6 4,41	+13,0 +11,4	12,1 4,41	24,5 4,41	24,1 4,41	36,2 4,41	30,5 30,5	+0,6	
Austria per capita	37,3 4,96	37,3 4,94	35,3 4,68	-5,5 -5,3	7,6 4,9	7,4 6,0	9,9 6,7	17,5 11,6	17,6 12,0	+3,4	
Bulgaria per capita	20,5 2,36	22,6 2,53	24,1 2,69	+6,6 +6,3	4,9 2,6	6,0 2,7	6,7 2,7	11,6 50,3	12,0 48,8	-3,0	
Canada per capita	107,3 4,42	111,9 4,49	103,2 4,11	-7,8 -8,5	26,6 4,5	27,1 4,5	23,7 4,5	50,3 851,0	48,8 (817,0)	+8,7	
EC per capita	1 744,0 6,59	1 520,0 5,60	1 807,0 6,63	+18,9 +18,4	10,0 6,0	12,0 6,3	13,0 7,8	23,0 14,3	25,0 14,1	+6,1	
Finland per capita	58,3 12,15	59,0 12,13	54,0 11,07	-8,5 -8,7	6,0 2,7	6,3 2,7	9,3 2,7	14,3 33,0	14,1 35,0	+4,0	
Hungary per capita	27,1 2,53	27,8 2,60	29,5 2,77	+6,1 +6,5	6,0 2,7	6,3 2,7	9,3 2,7	14,3 33,0	14,1 35,0	-1,4	
Japan per capita	72,3 0,61	74,0 0,62	78,0 0,65	+5,4 +4,8	16,0 0,6	16,0 0,6	17,0 0,6	33,0 10,4	35,0 10,4	+1,4	
New Zealand per capita	41,4 13,21	40,9 12,76	39,5 12,17	-3,4 -4,6	10,0 4,4	9,7 5,2	9,9 5,2	19,9 10,4	20,7 10,4	-	
Norway per capita	20,6 5,03	19,3 4,65	19,1 4,61	-0,8 -0,9	4,4 5,9	5,2 6,9	6,0 7,9	10,4 125,8	10,4 127,5	+1,4	
Poland per capita	264,6 7,12	266,4 7,28	269,0 8,30	+1,0 14,0	53,9 8,3	60,9 8,3	71,9 8,3	125,8 127,5	127,5 127,5	-	
Romania per capita	...	...	...	...	...	...	...	...	...	...	
South Africa per capita	17,0 0,57	17,4 0,56	16,3 0,52	-6,3 -7,1	3,9 7,1	3,5 5,7	5,3 6,6	9,2 13,6	9,1 12,3	-1,1	
Sweden per capita	30,1 3,62	30,8 3,70	31,8 3,81	+3,2 +3,0	7,1 10,7	5,7 9,9	6,7 9,8	13,6 22,4	12,3 19,7	-10,9	
Switzerland per capita	46,8 7,32	45,0 6,92	44,5 6,91	-1,1 -0,2	10,7 139,0	9,9 124,0	11,7 124,0	22,4 263,0	19,7 1,7	-12,1	
United States per capita	466,3 2,03	545,0 2,33	551,0 2,36	+1,1 +1,3	0,8 1,28	0,9 1,28	1,0 1,28	1,8 1,8	1,7 1,7	-5,6	
Uruguay per capita	3,0 1,02	7,0 2,36	3,8 1,28	-45,7 -45,8	0,8 1,28	0,9 1,28	1,0 1,28	1,8 1,8	1,7 1,7	-5,6	
Total		2 914,9	3 206,6	+10,0							

**ANNEX TABLE 16**  
**Stocks of Butter**

Country	('000 metric tons)										
	1.1.1983	1.4.1983	1.7.1983	1.10.1983	1.1.1984	1.4.1984	1.7.1984	1.10.1984	1.1.1985	1.4.1985	1.7.1985
Argentina	9,4	8,0	5,5	2,7	6,1	7,8	4,5	1,1	2,2	3,9	
Australia	29,9	33,3	22,5	29,0	54,0	49,4	30,4	32,2	50,5	43,5	27,4
Austria	2,9	3,0	4,4	4,2	3,2	2,9	3,1	4,6	4,5		3,5
Bulgaria	1,8	2,0	2,3	2,4	1,5	1,4	2,8	3,0	2,8	1,2	2,5
Canada	37,0	35,2	37,2	32,8	24,0	21,8	31,1	34,3	28,3	24,9	30,7
EC	306,0	340,0	648,0	867,0	853,0	907,0	1 146,0	1 254,0	(948,0)	(890,0)	(1 024,0)
Finland	10,0	11,0	22,0	24,0	9,0	5,0	12,0	17,0	12,0	14,0	17,0
Hungary	2,3	2,4	2,4	2,7	2,6	4,0	3,4	1,8	0,9	0,8	1,9
Japan	12,0	15,0	17,0	20,0	14,0	18,0	22,0	20,0	14,0	20,0	26,0
New Zealand	28,0	31,0	21,0	29,0	54,0	86,0	75,0	62,0	91,0	119,0	77,9
Norway	3,1	3,6	3,5	3,6	3,1	4,8	3,9	3,1	4,3	6,2	7,1
Poland	41,7	30,5	25,9	31,0	26,7	25,1	29,7	48,8	38,6	22,3	25,6
South Africa	4,2	5,8	3,0	3,4	4,6	5,4	3,4	3,8	4,5	5,8	3,5
Sweden	3,2	4,0	6,2	4,1	3,5	5,6	7,6	7,5	5,0	5,7	9,2
Switzerland	4,3	3,5	3,4	5,0	4,5	3,9	5,3	5,6	4,9	4,3	5,9
United States	212,0	242,0	267,0	252,0	227,0	340,0	234,0	193,0	134,5	132,3	125,9
Uruguay	4,8	2,3	3,2	4,8	1,1	4,0	4,8	3,5	1,7	0,7	1,9
<b>Total</b>	<b>712,6</b>	<b>772,6</b>	<b>1 094,5</b>	<b>1 317,7</b>	<b>1 291,9</b>	<b>1 492,1</b>	<b>1 619,0</b>	<b>1 695,3</b>	<b>1 347,7</b>	<b>1 294,6</b>	<b>1 450,0</b>

ANNEX TABLE 17

## Production of Anhydrous Milk Fat

('000 metric tons)

Country	Average 1980- 81, 82	1983	1984	% variation 1984/1983	Jan.-Mar.		Apr.-June		1st six months		% variation of 1st six months 1985/84
					1984	1985	1984	1985	1984	1985	
Australia	8,5	11,1	27,0	+143,2	4,0	5,8	7,7	5,2	11,7	11,0	- 6,0
EC	236,0	200,0	227,0	+ 13,5	57,0	(71,0)	52,0	(47,0)	109,0	(118,0)	(+ 8,3)
New Zealand	26,4	22,5	30,7	36,4.	4,6	9,9	2,5	2,1	7,1	12,0	+69,0
Sweden	4,3	4,2	4,4	+ 4,8	0,9	1,6	1,2	2,5	2,1	4,1	+95,2
Switzerland	3,0	3,2	3,3	+ 6,5	0,8	0,7	0,8	0,9	1,6	1,6	-
Uruguay	0,1	0,2	-	-100,0	-	-	-	-	-	-	-
Total		241,2	292,4	+ 21,2							

ANNEX TABLE 18

A. Total Exports of Anhydrous Milk Fat

(\*000 metric tons)

Country	Average 1980,81,82	1983	1984	% Variation 1984/1983	Jan.-Mar.		Apr.-June		1st six months		% Variation of 1st six months 1985/84
					1984	1985	1984	1985	1984	1985	
Australia	3,2	5,8	10,8	+83,1	2,6	8,1	2,0	6,5	4,6	14,6	+217,4
EC	168,3	111,0	130,5	+17,6	28,0	(33,0)	29,0	(40,0)	57,0	(73,0)	(+28,1)
New Zealand	43,6	33,6	40,6	+20,8	9,6	15,3	10,2	6,5	19,8	21,8	+10,1
Sweden	0,1	0,4	0,2	-50,0	-	0,1	-	0,4	-	0,5	...
Uruguay	0,1	-	-	-	-	0,1	-	-	-	0,1	...
<b>Total</b>		150,8	182,1	+12,6							

B. European Communities' Exports of Anhydrous Milk Fat by Destination

Western Europe	<u>0,4</u>	<u>0,7</u>	South and East Asia	<u>25,1</u>	<u>36,4</u>
Eastern Europe	-	<u>0,1</u>	of which:		
USSR	-	<u>0,4</u>	Indonesia	3,1	1,7
North America	<u>0,1</u>	<u>0,2</u>	India	0,2	13,5
South America	<u>3,1</u>	<u>2,7</u>	Bangladesh	-	3,5
Central America	<u>8,4</u>	<u>15,0</u>	Philippines	4,1	3,6
of which:			Pakistan	5,5	1,2
Mexico	5,8	13,0	Western Asia	<u>20,1</u>	<u>27,0</u>
Caribbean	<u>1,5</u>	<u>1,4</u>	of which:		
Africa	<u>50,1</u>	<u>46,6</u>	Syria	8,7	15,1
of which:			Saudi Arabia	5,0	5,3
Algeria	17,8	3,4	Oceania	-	-
Libya	6,5	4,0	Other	-	-
Egypt	15,6	20,8	<b>Total</b>	<b>111,0</b>	<b>130,5</b>
			<b>OPEC</b>	<b>39,7</b>	<b>17,5</b>

ANNEX TABLE 19

## Production of Cheeses

('000 metric tons)

Country	Average 1980, 1981, 1982	1983	1984	% Variation 1984/1983	Jan.-Mar.		Apr.-June		First six months		% Variation of first six months 1985/1984
					1984	1985	1984	1985	1984	1985	
Argentina	244,2	248,3	211,9	-14,7	50,4	52,3	52,0	23,1	102,4	59,7	+ 1,2
Australia	148,8	155,7	158,7	+1,9	36,6	36,6	22,4	23,1	59,0	59,7	- 0,5
Austria	77,9	80,6	83,5	+3,5	20,6	20,4	22,0	22,0	42,6	42,4	+ 0,6
Belgium	99,7	133,0	130,4	-2,0	27,4	25,0	41,0	43,8	68,4	68,8	+ 1,5
Canada	173,8	183,0	192,8	+5,3	47,1	44,6	48,0	51,8	95,1	96,5	+ 1,5
EC	3 701,0	3 970,0	4 135,0	+4,2	1 042,0	(1 061,0)	1 149,0	(1 157,0)	2 191,0	(2 212,0)	(+ 1,0)
Finland	73,0	73,0	75,0	+2,7	17,0	18,0	20,0	21,0	37,0	39,0	+ 5,4
Hungary	45,3	51,7	54,1	+4,6	12,5	12,6	13,8	14,1	26,3	26,7	+ 1,5
Japan	11,0	20,0	19,0	-5,0	5,0	5,0	4,0	4,0	9,0	9,0	-
New Zealand	106,9	95,5	121,0	+26,7	40,0	40,0	12,0	9,3	52,0	49,3	- 5,2
Norway	70,4	63,9	68,2	+6,8	16,9	17,3	18,6	19,5	35,5	36,8	+ 3,7
Poland	94,9	114,3	124,5	+8,9	28,8	29,8	27,6	29,1	56,4	58,9	+ 4,4
Romania	129,2	131,5	137,3	+4,4	...	...	...	...	...	...	...
South Africa	34,4	34,7	36,5	+5,2	9,3	9,4	6,7	7,4	16,0	16,8	+ 5,0
Sweden	107,6	114,9	115,6	+0,6	28,8	28,8	28,8	28,2	57,6	57,0	- 1,0
Switzerland	121,4	127,9	(127,7)	(-0,2)	28,6	28,8	35,0	32,9	63,6	60,9	- 4,2
United States	1 930,1	2 165,0	2 120,0	-2,1	530,0	577,0	577,0	1 107,0	1 107,0	1 107,0	-
Uruguay	13,1	10,0	11,1	+11,0	2,7	2,6	2,2	3,0	4,9	5,6	+14,3
Total		7,773,0	7,922,3	+ 1,9							



## ANNEX TABLE 20

## Exports of Cheeses

('000 metric tons)

Country	Average 1980, 1981, 1982	1983	1984	% Variation 1984/83	Jan.-Mar.		Apr.-June		First six months		% Variation of first six months 1985/1984
					1984	1985	1984	1985	1984	1985	
					Argentina	4,6	6,9	4,9	-29,0	1,3	
Australia	58,2	52,5	55,9	+8,4	11,4	17,8	14,2	18,5	25,6	35,3	+ 41,8
Austria	42,3	40,9	46,4	+13,5	9,6	9,5	11,0	9,9	20,6	19,5	- 5,3
Bulgaria	14,1	11,7	33,8	+188,9	1,6	5,5	4,8	8,2	6,4	13,8	+115,6
Canada	4,1	4,6	5,3	+15,2	0,5	0,7	1,5	3,4	2,4	4,1	+ 70,8
EC	355,3	405,1	467,7	+15,5	111,0	(100,0)	105,0	(88,0)	216,0	(138,0)	(- 13,0)
Finland	39,3	33,5	37,9	+13,1	9,0	8,0	10,0	10,0	19,0	18,0	- 5,3
Hungary	8,2	10,0	8,7	-13,0	1,5	1,8	2,2	2,4	3,7	4,2	+ 13,5
Japan	-	-	-	-	-	-	-	-	-	-	-
New Zealand	82,0	82,7	87,3	+ 5,6	23,9	20,8	22,4	23,7	46,3	44,5	- 3,9
Norway	19,9	20,6	17,6	-14,5	3,7	3,5	4,9	4,4	8,6	7,9	- 8,1
Poland	2,5	1,9	1,1	-42,1	0,2	0,3	0,3	0,2	0,5	0,5	-
Romania	7,4	5,2	4,0	-23,1	-	-	-	-	-	-	-
South Africa	0,2	0,2	0,1	-50,0	-	-	-	0,3	-	0,3	...
Sweden	4,8	5,4	5,8	+7,4	1,3	1,1	1,5	1,5	2,8	2,6	- 7,1
Switzerland	63,0	61,0	62,9	+3,1	14,2	15,2	14,7	15,5	29,9	30,7	+ 6,2
United States	10,0	17,5	16,7	-4,6	4,8	3,0	3,2	3,2	8,0	6,2	- 22,5
Uruguay	3,0	2,7	3,6	+33,3	0,4	0,3	0,9	0,4	1,3	0,6	- 53,9
Total		762,4	860,7	+12,9							

ANNEX TABLE 21

Exports of Cheeses by Region

EXPORTERS DESTINATIONS	EC		NEW ZEALAND		AUSTRALIA		SWITZERLAND		FINLAND		UNITED STATES		BULGARIA		HUNGARY		ARGENTINA		TOTAL	
	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984
	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)	(1000 metric tons)
<b>WESTERN EUROPE</b>	61.6	70.0	19.0	24.4	-	3.1	49.9	49.1	22.8	15.1	0.1	0.1	3.0	2.2	0.0	0.3	0.5	0.3	146.6	154.7
EC	-	-	71.1	10.8	-	2.8	48.9	49.1	20.4	14.9	0.1	0.1	3.0	2.3	0.1	0.3	0.5	0.3	79.9	77.6
Other countries of Western Europe	61.6	70.0	1.9	3.7	-	0.3	-	-	2.4	3.2	-	-	-	-	0.8	-	-	-	66.7	77.2
<b>EASTERN EUROPE</b>	2.2	1.5	-	-	-	-	-	-	0.1	1.0	1.7	-	-	-	-	-	-	-	8.9	4.2
USSR	0.1	-	-	-	-	-	-	-	2.9	3.4	-	-	-	-	-	-	-	-	3.0	3.4
<b>NORTH AMERICA</b>	66.7	75.7	15.8	21.9	-	3.8	5.8	5.9	11.9	11.1	1.1	1.1	0.8	1.2	0.3	0.2	5.2	4.4	113.8	125.4
United States	59.3	64.0	15.3	20.5	-	3.6	5.8	5.9	11.6	10.7	-	-	0.8	1.2	0.3	0.2	6.0	4.1	99.0	110.0
Canada	11.3	11.6	1.5	1.4	-	0.2	-	-	0.3	0.4	1.1	1.1	-	-	-	0.3	0.3	0.3	14.7	15.3
<b>SOUTH AMERICA</b>	5.8	5.0	0.2	-	-	-	-	-	0.2	0.1	1.5	1.5	-	-	-	-	0.2	-	1.2	5.6
<b>CENTRAL AMERICA</b>	2.2	2.1	1.0	0.4	-	0.1	-	-	0.1	-	1.9	1.9	-	-	-	-	-	-	2.7	5.1
<b>CARIBBEAN</b>	12.6	11.8	2.3	2.2	-	0.1	-	-	0.1	0.1	3.6	3.6	-	-	-	-	-	-	15.6	17.9
<b>AFRICA</b>	73.5	70.1	3.6	2.5	-	0.4	-	-	1.5	2.6	5.2	5.2	-	-	-	-	0.1	-	80.6	80.9
South Africa	1.1	1.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.2	1.3
Other countries of Africa	72.4	68.8	3.6	2.5	-	0.4	-	-	1.5	2.6	5.2	5.2	-	-	-	-	0.1	-	79.4	79.6
<b>SOUTH AND EAST ASIA</b>	28.8	30.4	29.0	28.9	17.8	22.0	-	-	0.2	0.2	1.2	1.2	-	-	-	-	-	-	27.0	32.8
Japan	26.6	28.1	26.1	27.8	14.7	17.2	-	-	0.2	0.2	0.9	1.0	-	-	-	-	-	-	27.0	32.8
Other countries of South and East Asia	2.1	1.7	2.9	1.1	3.1	4.8	-	-	-	-	0.4	0.3	-	-	-	-	-	-	68.5	74.9
<b>WESTERN ASIA</b>	139.8	187.7	4.2	1.7	19.2	26.3	-	-	3.5	3.8	0.1	0.1	4.1	13.6	5.3	5.9	-	-	177.6	239.1
<b>OCEANIA</b>	10.4	12.4	6.6	6.5	-	0.7	-	-	0.2	0.3	-	-	0.5	0.3	-	-	-	-	17.7	20.2
<b>OTHER DESTINATIONS</b>	1.4	0.4	-	8.7	11.7	0.4	6.2	7.9	-	0.2	0.1	0.1	2.3	16.4	2.5	2.2	-	0.2	25.2	36.5
<b>TOTAL</b>	465.1	467.7	82.7	87.3	52.5	56.9	62.0	62.9	33.5	37.9	16.7	16.7	11.7	33.8	10.0	8.7	6.9	680.9	776.8	
<b>OIL-EXPORTING COUNTRIES (members of OPEC)</b>	147.0	156.8	7.5	4.2	19.2	24.8	-	-	8.6	2.2	0.1	0.1	4.1	13.1	5.1	4.8	-	-	184.0	246.0

ANNEX TABLE 22

Imports of Cheeses

Country	Average 1980, 1981, 1982	1983	1984	% variation 1984/1983	('000 metric tons)						% variation of 1st six months 1985/1984
					Jan.-Mar.		Apr.-June		1st six months		
					1984	1985	1984	1985	1984	1985	
Argentina	4.0	0.9	2.2	+144.4	-	0.1	0.6	0.2	0.6	0.3	-50.0
Australia	15.1	20.2	22.1	+9.4	5.3	6.0	6.0	5.5	11.3	11.5	+1.8
Austria	8.8	7.4	8.0	+8.1	1.7	2.5	1.9	2.7	3.6	5.2	+44.4
Bulgaria	-	-	-	-	-	-	-	-	-	-	-
Canada	19.6	20.6	22.8	+10.7	5.1	4.5	5.4	4.4	10.5	8.9	-15.2
EC	97.3	100.0	103.9	+3.9	22.0	(24.0)	22.0	(27.0)	44.0	(51.0)	(+15.9)
Finland	-	1.0	1.0	-	-	-	-	-	-	-	-
Hungary	-	-	-	-	-	-	-	-	-	-	-
Japan	73.3	71.0	79.0	+11.3	18.0	20.0	19.0	20.0	37.0	40.0	+8.1
New Zealand	0.3	-	-	-	-	0.1	-	0.1	-	0.2	...
Norway	1.3	1.9	2.1	+10.3	0.6	0.6	0.4	0.4	1.0	1.0	-
Poland	4.3	5.1	2.3	-55.6	0.4	0.1	0.2	0.1	0.6	0.2	-66.7
Romania	1.4	2.0	2.0	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-	-	-	-	-
Sweden	15.6	13.0	13.9	+6.9	2.4	2.9	3.3	3.6	5.7	6.5	+14.0
Switzerland	20.3	20.9	21.3	+1.9	5.0	5.1	5.1	5.2	10.1	10.3	+2.0
United States	122.7	130.0	138.8	+6.8	26.0	27.3	31.0	29.8	57.0	57.1	+0.2
Uruguay	0.1	-	-	-	-	-	-	-	-	-	-
Total		394.0	419.4	+6.5							

ANNEX TABLE 23

Annex Table 23  
 Cheese Consumption  
 (Total consumption: '000 metric tons)  
 (Per capita consumption: kg.)

Country	Average 1980, 1981, 1982	1983	1984	% Variation 1984/1983	Jan. - Mar.		Apr. - June		1st six months		% Variation of 1st six months 1985/84
					1984	1985	1984	1985	1984	1985	
Argentina per capita	245.7 8.69	241.7 8.16	214.1 7.11	-11.4 -12.9	52.1 17.1	49.8 14.1	55.8 15.8	24.5 7.1	107.9 30.9	52.9 15.1	- 16.6
Australia per capita	97.2 6.51	108.0 7.17	126.5 8.14	+17.1 +13.5	31.5 8.3	28.0 7.5	31.9 8.9	24.5 7.1	63.4 17.2	52.9 15.1	- 16.6
Austria per capita	34.4 4.56	34.3 4.54	34.2 4.53	-0.3 -0.2	8.3 2.3	8.3 2.3	8.9 2.5	8.9 2.5	17.2 4.8	17.2 4.8	+ 7.3
Bulgaria per capita	79.9 9.63	90.0 10.07	101.0 11.27	+12.2 +11.9	21.0 5.6	22.3 6.2	24.0 6.7	26.0 7.2	45.0 12.5	48.3 13.4	+ 7.3
Canada per capita	187.4 7.71	196.3 7.88	207.0 8.24	+5.5 +4.6	52.4 14.6	48.5 13.8	49.6 14.1	57.2 16.2	102.0 28.1	105.6 29.6	+ 3.5
EC per capita	3440.0 12.99	3 631.0 (13.13)	3 813.0 14.00	+5.0 +6.6	975.0 (1 002.0)	1 002.0 (1 076.0)	1 054.0 (1 076.0)	1 076.0 (1 150.0)	2 029.0 (2 078.0)	2 078.0 (2 152.0)	(+ 2.4)
Finland per capita	36.3 7.57	41.0 8.43	41.0 8.40	-0.4	6.0 1.7	9.0 2.5	12.0 3.3	12.0 3.3	18.0 5.0	21.0 5.8	+ 16.7
Hungary per capita	37.8 3.53	40.9 3.84	46.1 4.32	+12.7 +12.5	10.5 2.9	10.5 2.9	11.5 3.2	10.9 3.0	22.0 6.1	21.4 5.9	- 2.7
Japan per capita	84.3 0.72	91.0 0.76	98.0 0.82	+7.7 +7.9	23.0 6.4	25.0 7.0	23.0 6.4	23.0 6.5	46.0 13.0	48.0 13.6	+ 4.3
New Zealand per capita	27.2 8.70	28.2 8.80	27.0 8.32	-4.3 -5.5	6.5 1.8	7.0 1.9	6.7 1.8	6.5 1.8	13.2 3.7	13.5 3.7	+ 2.3
Norway per capita	47.9 12.12	48.2 11.85	47.3 11.63	-2.0 -2.0	11.4 3.2	12.4 3.4	14.2 4.0	13.1 3.6	25.6 7.1	25.6 7.1	-
Poland per capita	95.8 2.67	114.3 3.13	110.0 2.98	-3.7 -4.8	25.7 7.2	26.3 7.6	25.5 7.1	24.0 6.7	51.2 14.5	50.2 14.2	- 2.0
Romania per capita	...	...	...	...	...	...	...	...	...	...	...
South Africa per capita	32.7 1.10	34.8 1.13	35.7 1.13	+2.6	8.5 2.4	8.4 2.3	14.0 4.0	14.6 4.1	22.5 6.3	23.0 6.4	+ 2.2
Sweden per capita	115.7 13.91	122.6 14.72	121.8 14.60	-0.7 -0.8	26.6 7.4	28.3 8.1	30.0 8.3	30.4 8.4	56.6 15.7	58.7 16.3	+ 3.7
Switzerland per capita	84.8 13.48	87.6 13.46	89.4 13.88	+2.1 +3.1	...	...	...	...	...	...	...
United States per capita	1938.3 8.43	2 286.0 9.35	2 338.0 10.00	+7.0 +7.0	536.0 15.2	536.0 15.2	610.0 17.1	610.0 17.1	1 146.0 31.3	1 146.0 31.3	- 16.7
Uruguay per capita	9.8 3.34	8.1 2.73	8.2 2.75	+1.2 +0.7	2.1 0.6	1.8 0.5	2.1 0.6	1.7 0.5	4.2 1.2	3.5 1.0	- 16.7
TOTAL	7 104.0	7 458.3	7 458.3	+5.0							

ANNEX TABLE 24

## Stocks of Cheeses

('000 metric tons)

Country	1.1.1983	1.4.1983	1.7.1983	1.10.1983	1.1.1984	1.4.1984	1.7.1984	1.10.1984	1.1.1985	1.4.1985	1.7.1985
Argentina	22,8	22,9	18,8	18,7	23,4	20,5	15,5	12,7	18,5	20,3	
Australia	84,9	83,1	71,1	76,8	100,3	99,3	81,6	82,5	98,0	94,8	80,0
Austria	7,3	8,4	8,3	8,8	7,8	9,1	9,9	9,4	8,1		8,1
Bulgaria	17,3	23,5	42,7	37,1	21,0	22,0	38,0	34,0	16,8	18,0	28,0
Canada	48,5	49,3	50,2	51,0	49,4	49,8	51,5	49,5	52,6	52,5	48,2
EC	58,0	59,0	69,0	94,0	91,0	69,0	81,0	115,0	(88,0)	(71,0)	(85,0)
Finland	13,0	14,0	14,0	16,0	14,0	16,0	14,0	16,0	12,0	13,0	12,0
Hungary	5,4	5,8	7,5	7,5	5,8	6,3	6,4	6,8	5,1	5,4	6,2
New Zealand	48,0	61,0	42,0	35,0	47,0	60,0	42,0	42,0	61,0	71,8	50,7
Norway	21,4	20,9	21,9	19,8	16,4	18,1	17,3	18,3	19,7	20,6	22,7
Poland	3,6	3,7	3,1	3,4	3,4	3,4	3,3	3,2	4,8	4,4	6,2
South Africa	13,6	13,3	7,6	11,8	13,3	14,0	6,6	11,7	13,9	14,9	7,4
Sweden	40,0	42,0	40,9	42,5	39,9	43,2	43,9	43,6	41,7	44,0	44,0
Switzerland	17,1	16,1	14,5	18,9	21,3	21,5	21,1	22,5	24,3	22,6	21,0
United States	483,0	520,0	542,0	600,0	574,0	589,0	584,0	549,0	481,0		472,9
Uruguay	3,8	4,0	3,3	3,0	3,1	3,3	2,5	1,8	2,4	3,0	4,0
Total	887,7	947,0	956,9	1 044,3	1 031,1	1 044,5	1 018,6	1 018,0	947,9	...	...