

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3296
15 December 1969

Limited Distribution

ARRANGEMENT /CONCERNING CERTAIN DAIRY PRODUCTS/

Proposal by Chairman

PART I

Article I - Product Coverage

1. This Arrangement applies to skimmed milk powder /and to such other products as may be added at a later date/.

PART II - SKIMMED MILK POWDER

Article II - Pilot Product

1. For the purpose of this Arrangement a minimum export price shall be established for the pilot product of the following description.

Fat and water content: less than or equal to 1.5 per cent of fat by weight
and less than or equal to 5 per cent of water by weight.

Packaging: in packages normally used in the trade of a net content
by weight of not less than 25 kgs. or 50 lb., as
appropriate.

Terms of sale: f.o.b. from the exporting country or, for a land-
locked country, f.o.b. from one maritime port of its
choice to be designated at the time it signifies
its acceptance; or free at frontier exporting country.
Prompt payment against documents.

Article III - Minimum Price

Level and observance of minimum price

1. Participants undertake to take the steps necessary to ensure that the export price of the product defined in Article II shall not be less than the minimum price applicable under the present Arrangement. If the product is exported in the form of goods in which it has been incorporated, the participants shall take the steps necessary to avoid the circumvention of the price provisions of the Arrangement.

PART II (cont'd)

Article III (cont'd)

2. The minimum price provided for in paragraph 1 of the present Article applicable at the date of entry into force of this Arrangement is fixed at US\$20 per 100 kgs.

3. The level of the minimum price specified in the present Article can be modified by the Management Committee established in terms of Article VII during the period of validity of the present Arrangement taking into account, on the one hand, the results of the application of the Arrangement, and, on the other hand, the evolution of the situation of the international market.

Adjustment of minimum price

4. If the product actually exported differs from the pilot product type with regard to packaging or terms of sale, the minimum price shall be adjusted so as to protect the minimum price established in the Arrangement for the product specified in Article II according to the following provisions:

Packaging: if the product is offered otherwise than in packages normally used in the trade of a net content by weight of not less than 25 kgs., or 50 lb., as appropriate, the application of the minimum price shall be adjusted so as to reflect the difference in the cost of packaging from the type of package specified above.

Terms of sale: if sold on terms other than f.o.b. from the exporting country or, for a land-locked country, f.o.b. from the maritime port of its choice or free at frontier exporting country, the minimum price shall be calculated on the basis of the minimum f.o.b. price specified in paragraph 2 above plus the real and justified costs of the services provided; if the terms of the sale include credit, this shall be charged for at the prevailing commercial rate.

Export. for purposes of animal feed

5. By derogation from the provisions of paragraphs 1 to 4 of this Article participants may, under the conditions defined below, export or import, as the case may be, skimmed milk powder for purposes of animal feed at prices below the minimum price provided for in this Arrangement. The participants may make use of this possibility only to the extent that the processes and control measures, which they intend to apply or which will be applied in the country of destination, so as to ensure that the skimmed milk powder thus exported or imported is used exclusively for animal feed, are approved by the Management Committee and recorded in a register established by it. The participants shall furnish the necessary information concerning their transactions in respect of skimmed milk powder for purposes of animal feed, so that the Management Committee may follow developments in this sector and periodically make forecasts concerning the evolution of this trade.

Special conditions of sales

6. Participants undertake within the limit of their institutional possibilities to ensure that practices such as sales in association with sales of other products, special rebates or discounts, do not have the effect of directly or indirectly bringing the export price of the product subject to the minimum price provisions below the agreed minimum price.

PART II (cont'd)

Article III (cont'd)

Field of application

7. For each participant the Arrangement is applicable to exports of the product specified in Article II and in paragraph 4 of Article III manufactured or repacked inside its own customs territory, whether the destination is temporary or final.

Transactions other than normal commercial transactions

8. The provisions of paragraphs 1 to 7 of this Article shall not be regarded as applying to donated exports to developing countries or to exports destined for relief purposes or welfare purposes in developing countries. Such exports, and other transactions which are not normal commercial transactions, shall be effected in accordance with the FAO Principles of Surplus Disposal and shall be subject to the procedures for notification and consultation agreed upon in FAC.

9. Exports for welfare purposes in developed countries, such as school lunch programmes, of the products covered by this Arrangement shall be subject to the pricing provisions of this Article, it being understood however that a derogation under Article VII shall be granted, when justified, after taking into account the specific character of welfare shipments, including school-lunch programmes, their sales conditions, trade effects and other factors.

Article IV - Provision of Information

1. All participants agree to provide regularly and promptly to the Committee established in terms of Article VII of this Arrangement details of exports and imports of skimmed milk powder, and any other information the Committee requires in order to assess the functioning of this Arrangement and the situation in and the evolution of the international market.

Article V - Co-operation of Importing Countries

1. Participants which import skimmed milk powder undertake in particular:
 - (a) to co-operate in implementing the minimum price objective of this Arrangement and to ensure as far as possible that skimmed milk powder is not imported at less than the appropriate customs valuation equivalent to the prescribed minimum price; and
 - (b) to supply information concerning imports of skimmed milk powder from non-participants; and
 - (c) to consider sympathetically proposals for appropriate remedial action if imports at prices inconsistent with the minimum price threaten the functioning of this Arrangement.

PART II (cont'd)

Article V (cont'd)

2. Paragraph 1 of this Article shall not apply to imports of skimmed milk powder for purposes of animal feed, provided that such imports are subject to the measures and procedures provided for in paragraph 5 of Article III.

PART III

Article VI - Food Aid

In pursuance of the objectives of this Arrangement, participants agree:

1. In co-operation with FAO and other interested organizations, to foster recognition of the value of dairy products in improving nutritional levels and of ways and means through which they may be made available for the benefit of developing countries.

2. Where possible and appropriate, to incorporate the donation or sale on concessional terms of dairy products or related equipment in their respective aid programmes. Participants should notify the committee in advance each year of the scale of their proposed contributions of such food aid. It would be understood that contributions could be made bilaterally or through joint projects or through the World Food Program.

3. Recognizing the desirability of harmonizing their efforts in this field, as well as the need to avoid harmful interference with normal patterns of production and international trade, to exchange views in the Management Committee on their arrangements for the supply of dairy products as food aid or on concessional terms.

PART IV

Article VII - Administration of the Arrangement

Management Committee

1. A Management Committee shall be established within the framework of the General Agreement on Tariffs and Trade. The Committee shall comprise representatives of all participants to the Arrangement, and shall carry out all the functions which are necessary to implement the provisions of the Arrangement. The Committee shall be serviced by the GATT secretariat.

Review of market

2. The Committee shall keep under constant review the situation in and the evolution of the international market for skimmed milk powder /and such other products as are subsequently included in this Arrangement/ and the conditions under which the provisions of this Arrangement are applied by participants.

PART IV (cont'd)

Article VII (cont'd)

Regular and special meetings

3. The Committee shall normally meet at least once each quarter. However, the chairman may call a special meeting of the Committee on his own initiative. Any participant which considers that its commercial interests are being seriously threatened and which is unable to reach a mutually satisfactory solution with the other participant or participants concerned, may request the chairman to convene a special meeting of the Committee on an urgent basis so as to determine as rapidly as possible, and within four working days if requested, any measures which may be required to meet the situation.

Emergency action

4. Any participant, which considers that its interests are seriously endangered by a country not bound by this Arrangement, can request the chairman to convene an emergency meeting of the Committee within two working days to determine and decide whether measures would be required to meet the situation. If such a meeting cannot be arranged within the two working days and the commercial interests of the participant concerned are likely to be materially prejudiced, that participant may take unilateral action to safeguard the position, on the condition that any other participants likely to be affected are immediately notified. The chairman of the Committee shall also be formally advised immediately of the full circumstances of the case and shall be requested to call a special meeting of the Committee at the earliest possible moment.

Derogations

5. Upon request by a participant, the Committee shall have the authority to grant derogations from the provisions of paragraphs 1 to 5 and 9 of Article III in order to remedy difficulties which observance of minimum prices could cause certain participants. The Committee shall pronounce on such a request within three months from the date of the request.

PART V

Article VIII - Final Provisions

1. Entry into force

- (a) This Arrangement shall enter into force on 15 January 1970 subject to the provisions of sub-paragraph (b) below.
- (b) The members of the Working Party on Dairy Products shall meet in the week prior to 15 January 1970 to decide whether the provisions of sub-paragraph (a) above should be modified.
- (c) The validity of contracts entered into before 15 January 1970 is not affected by this Arrangement.

2. Duration

This Arrangement shall remain in force for one year. The duration of this Arrangement shall be extended for further periods of one year at a time, unless the Management Committee, within eighty days prior to each date of expiry, decides otherwise.

PART V (cont'd)

Article VIII (cont'd)

3. Amendment

The provisions of this Arrangement may be amended by the Management Committee.

4. Relationship of register to the Arrangement

The register of processes and control measures to be established by the Management Committee shall be regarded as an integral part of this Arrangement.

5. Acceptance

This Arrangement is open for acceptance, by signature or otherwise, to governments (including the competent authorities of the European Communities) members of the United Nations or of one of its specialized agencies.

This Arrangement shall be deposited with the Director-General to the CONTRACTING PARTIES who shall promptly furnish a certified copy thereof and a notification of each acceptance thereof to each participant to the Arrangement.

6. Withdrawal

Any participating country may withdraw from this Arrangement upon the expiration of sixty days from the day on which written notice of such withdrawal is received by the Director-General of the GATT.