

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## INTERNATIONAL DAIRY PRODUCTS COUNCIL

### REPORT TO THE CONTRACTING PARTIES

1. The International Dairy Arrangement, which has been in force since 1 January 1980, has at present sixteen participants (Argentina, Australia, Austria, Bulgaria, European Economic Community (and its member States), Finland, Hungary, Japan, New Zealand, Norway, Romania, South Africa, Sweden, Switzerland, United States of America and Uruguay). Several countries and international organizations are represented by observers at Council sessions under its Rules of Procedure.
2. The International Dairy Products Council extended in 1981 the terms of office of H.E. Mr. T.C. O'Brien (New Zealand) as Chairman, and Mr. A. Cruit (United States) as Vice-Chairman. The chairmanship of the three Committees with responsibility for implementing the Protocol Regarding Certain Milk Powders, the Protocol Regarding Milk Fat and the Protocol Regarding Certain Cheeses has been entrusted to the secretariat (Mrs. F. Hubert).
3. The International Dairy Products Council held two sessions in 1981 - on 2 April and 1 October. At those two sessions, under its terms of reference laid down by the Arrangement, the Council reviewed the functioning of the Arrangement and made an evaluation of the situation in and outlook for the world market for dairy products, on the basis inter alia of a status report prepared by the secretariat using documentation furnished by participating governments in answer to questionnaires. It was noted that while the situation in that market was currently satisfactory, certain elements were nevertheless giving rise to concern. Reference was made to the contribution that the Arrangement is making to market stability, and also to the need for surveillance exercised under its provisions. The status report, as reviewed by the secretariat in the light of comments made by participants at the 1 October session, has been made available for unrestricted distribution. The dates of 1982 sessions will be decided later on after consultation with the participants.

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4. Each of the three Committees held three sessions in 1981 (in March, June and September). In accordance with their terms of reference laid down by the Arrangement, at their September session the Committees examined the level of minimum prices of the products covered by the Protocols. These minimum 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. They are not to be considered as market prices. It was decided to increase the minimum prices as from 1 October and they are now the following (f.o.b. per metric ton): skimmed milk powder and buttermilk powder: US\$600; whole milk powder: US\$950; butter: US\$1,200; anhydrous milk fat: US\$1,440; certain cheeses: US\$1,000. The schedules of price differentials according to milk fat content have consequently been modified. The next sessions of the Committees will be held on 16, 17 and if necessary 18 December 1981.

5. A meeting of experts was held in June to examine the adequacy of the questionnaires concerning the various products, as well as the modalities for drawing up graphs proposed for inclusion in the status report. Examination of the latter point will be continued in December at a meeting to be held after the Committees sessions.