

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

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International Dairy Arrangement

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PROTOCOL REGARDING CERTAIN MILK POWDERS

Communication from the Australian Permanent Mission

The following communication, dated 12 January 1984, has been received from the Australian Permanent Mission.

Further to my letter of 3 January advising of the intention of the Australian Dairy Corporation to dispose of 250 tonnes of skimmed milk powder under derogation, my authorities have asked me to pass to you further information regarding this sale.

Although imports into Japan of skimmed milk powder for stockfeed are from skimmed milk powder for human consumption, strict domestic controls and reporting procedures ensure that substitution does not occur. Imports of skimmed milk powder are subject to the control of the Food Agency of the Japanese Ministry of Agriculture, Forestry and Fisheries, and can only be imported under a number of separate quotas, e.g. the school lunch programme. There are also varying tariff rates according to the proposed use. In addition, stockfeed importers are only allowed to sell to authorized formula feed manufacturers. These companies must regularly report to the customs authorities on their use of the product. Moreover, the share of the stockfeed quota is fixed for each organization. Thus by purchasing the damaged product, albeit at a lower price, the company concerned will have to forego the equivalent amount of its stockfeed quota share. The amount would not be additional to the quota.

The Japanese domestic controls, as outlined above, appear to fall within the terms of the second sentence of paragraph 5 of Article 3 of Part 2 of the Protocol Regarding Certain Milk Powders. In our opinion the Japanese controls, and the assurances we have been given that these control procedures will be followed, satisfy our obligation under the International Dairy Arrangement.