

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

International Dairy Arrangement

Original: English

Committee of the Protocol Regarding
Certain Milk Powders

Committee of the Protocol Regarding
Milk Fat

Committee of the Protocol Regarding
Certain Cheeses

COMMUNICATION FROM THE AUSTRALIAN
PERMANENT MISSION

The following communication, dated 26 March 1984, has been received from the Australian Permanent Mission.

INTERPRETATION OF ARTICLE 2 OF PROTOCOLS

Explanatory note by Australia

Australia requests the approval of the Protocol Committees Regarding Certain Milk Powders, Milk Fat and Certain Cheeses to use Melbourne as the reference point for establishing equivalent f.o.b. prices for the dairy products covered by the Protocols where such products are shipped from Tasmania to Melbourne, unloaded and then reloaded on other vessels for export from Australia.

The reason for this request is that a substantial proportion of exports of Tasmanian dairy products are as a standard procedure shipped to Melbourne, off-loaded and then reloaded for export on other vessels. This procedure arises from the operations of the conference shipping lines servicing Australia, whereby for some markets there are only feeder services to a major container export port such as Melbourne instead of direct shipping services to export markets. In particular, all Tasmanian dairy products exported to Japan are shipped in the above manner through Melbourne.

As a consequence of the above arrangements, freight rates from Tasmania can often be significantly above those available from other Australian States. This could mean that when world prices approach the GATT minima, dairy products may not be able to be exported from Tasmania while they could be from other States unless there was agreement on the proposed method of computing f.o.b. equivalent prices for exports from Tasmania.

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The Australian Government considers the minimum price provisions in the Protocols were never intended to create an inequitable situation between regions of the one member country. Australia considers that the natural interpretation of the terms of sale specified in the Protocols, i.e., "FOB from the exporting country" allows Australia to designate Melbourne as a reference point for exports from Tasmania when such exports are off-loaded and then reloaded onto other vessels for export from Australia. Accordingly, Australia seeks the agreement of the Protocol Committees that this interpretation is consistent with the Protocols.

In this regard, Australia draws the attention of members of the Committees to the steps taken by the Government to ensure the strict observance of the International Dairy Arrangement. It is largely as a result of those measures that the situation outlined above has been brought under notice and accordingly, Australia would appreciate a favourable decision by the Committee.