

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

INTERNATIONAL DAIRY PRODUCTS COUNCIL

FOURTEENTH SESSION

Note by the Chairman

1. The International Dairy Products Council held its fourteenth session on 20 March 1986.
2. Mr. J. Viganó (Argentina) was re-elected Chairman for 1986/87 and Mr. G.A. Stünzi (Switzerland) was re-elected Vice-Chairman of the Council.
3. Under Rules 11 and 14 of the Rules of Procedure, the Council invited representatives of Mexico and Panama and representatives of the Economic Commission for Europe, FAO, IMF, OECD and UNCTAD to attend the session as observers.
4. The Council reviewed the functioning of the Arrangement. It took note of reports on the implementation of the Protocol Regarding Certain Milk Powders, the Protocol Regarding Milk Fat and the Protocol Regarding Certain Cheeses and also noted the concerns expressed with regard to the situation in the market for the products covered by the Protocols.
5. While the market for some dairy products had shown appreciable improvement throughout the second half of 1985 and early in 1986, the market for butter and anhydrous milk fat continued to be adversely influenced by the presence of abundant supplies and burdensome stocks. For the first quarter of 1986, butter prices had been at, or just slightly above, the agreed minimum export price of US\$1,000 per ton f.o.b. and the situation continued to be one of serious concern. Since the beginning of March 1986, there had been a fall in international prices for skimmed milk powder.
6. It was noted that the European Communities had recently changed their procedures for fixing export refunds for dairy products, and that this could represent an element of uncertainty for the market. This point of view was however not shared by the Community representative, who stressed that the European Communities would continue to observe the provisions of the Arrangement. It was also feared that any dairy exports by the United States under the Food Security Act of 1985 could further aggravate the situation in the world market, notably for butter.
7. The Council took note of the information submitted recently in reply to questionnaires 4 and 5, concerning products not subject to the provisions of the Protocols and concerning domestic policies and trade measures. It was recalled that the inventory based on replies to questionnaire 5 was due for a complete updating and revision, and participants who had not yet done so were urged to take the necessary steps as a matter of urgency to ensure that the relevant information would be submitted to the secretariat.

8. The Council took note of a proposal by Australia suggesting that participants should report more fully on their measures applied to implement obligations incurred under the Arrangement, notably those related to the minimum price provisions. It also took note of comments made relating to that proposal. It appeared not to be possible to reach full agreement on the matter at this meeting, due to a lack of consensus and as some delegations wanted to refer the text of the proposal back to their capitals and seek further instructions. The Council agreed to retain the Australian proposal on the agenda for the next meeting of the Council, it being understood that all participants were invited to provide as complete information as possible for inclusion in the inventory of measures affecting trade in dairy products.

9. For its traditional evaluation of the situation in, and outlook for, the world market for dairy products, the Council had before it two documents prepared by the secretariat, namely a status report on the world market for dairy products (DPC/W/54), a note on food-aid operations (DPC/W/56) and relevant statistical information. The Council took note of the documents and the comments made.

10. The Council expressed its concern at the serious situation in the butter market and stressed that close co-operation was absolutely necessary for solution of the current problems relating to production, trade, stocks and prices of butter and milk fat. It noted that the Committee of the Protocol Regarding Milk Fat had commenced its consideration of possible steps to be taken to resolve the problems facing butter trade, in accordance with the request of the Council.