

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

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International Dairy Arrangement

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COMMITTEE OF THE PROTOCOL REGARDING MILK FAT

Communication from the Australian Permanent Mission

The following communication dated 9 June 1987, has been received by the secretariat from the Australian Permanent Mission, with the request that it be circulated as a document of the Committee.

BUTTER SALES TO THE USSR

Statement by Australia on the Decision (DPC/F/48) of 2 June 1987
of the Committee of the Protocol regarding Milk Fat

1. Australia is prepared to go along with the consensus of the Committee in adopting the Decision set out in Spec(87)28/Rev.1 on butter sales to the USSR with alternative I of paragraph 6. However, in doing so we should clarify our position in respect of this Decision and the derogation of 31 May 1985 (DPC/F/35).
2. Australia considers that paragraph 4 of the May 1985 derogation conferred certain rights on Australia and obligations on other participants that have not been met to this stage. Paragraph 4 and associated assurances entitled Australia to sales at the IDA minimum without specific time-limits on delivery.
3. Australia is prepared to accept the Committee Decision as an enabling mechanism for paragraph 4. However, we consider that it is completely inappropriate that this Decision should not only reduce the value of Australia's rights under paragraph 4 through lower prices but also through restraint on commercial flexibility in shipping.
4. The imposition of the cut-off date of end-1987 is unfortunate in that it increases the likelihood that the Committee will have to revert to this issue of rights under paragraph 4 of the May 1985 derogation yet again, rather than providing a sounder basis for ending this particular episode in the history of the International Dairy Arrangement.
5. Particularly, given the restraint that is being imposed by the Committee under the proposed Decision, Australia emphasizes that the rights and obligations under paragraph 4 of the May 1985 derogation and assurances

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that we have received over a long period in respect of those rights and obligations, are still extant. There still remains a responsibility on individual members of the Committee and the Committee as a whole to ensure that the rights and obligations of members are maintained.

6. Australia reserves its rights to come back to the Committee should it prove difficult or impossible to comply with this arbitrary cut-off date of 31 December 1987 that is being imposed by the Committee Decision. Australia interprets the Chairman's statement to mean that if Australia requires relief from the artificial and arbitrary constraint of 31 December 1987, then we shall obtain that relief and we shall obtain it speedily.

7. Despite the flexibility that Australia has shown in respect of other elements of this Decision, we are faced with a paragraph 6 which is discriminatory in that it does not afford Australia the flexibility that is required by virtue of our position, i.e. different seasons and shipping requirements.

8. Australia's expectations are that having been denied a reasonable degree of flexibility in making commercial arrangements under the Committee's Decision, should we be faced with any problem in respect of achieving our rights under paragraph 4 of the May 1985 derogation, then members of the Committee would not delay a decision to alleviate such a problem. It would be unacceptable if towards the end of the year Australia were to be faced with delays in achieving traditional sales caused by the inability of the Committee to reach a decision, especially when any such delay could result in preventing a sale from going forward.