

# GENERAL AGREEMENT ON

RESTRICTED

DPC/PTL/11  
25 June 1990

# TARIFFS AND TRADE

Special Distribution

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## International Dairy Arrangement

### COMMITTEE OF THE PROTOCOL REGARDING MILK FAT COMMITTEE OF THE PROTOCOL REGARDING CERTAIN CHEESES COMMITTEE OF THE PROTOCOL REGARDING CERTAIN MILK POWDERS

#### Report to the International Dairy Products Council

1. In pursuance of Article VII:2(a) of the Arrangement and Rule 22 of the Rules of Procedure, the Committees adopted the present report on their forty-second sessions, held on 18 and 19 June 1990.
2. The Committees adopted the agenda proposed in airgram GATT/AIR/2995 as well as the report on their forty-first sessions as amended (DPC/PTL/10).
3. The Committees reviewed the replies to the questionnaires and requested members which had not yet communicated information for the first quarter of 1990 to do so without delay. The Committees took note of the summary tables prepared by the secretariat.
4. Participants exchanged information on transactions other than normal commercial transactions. Delegations had been reminded about relevant information to be submitted concerning food aid and transactions other than normal commercial transactions in conformity with the provisions of Article V of the Arrangement and Rules 23 and 30 of the Rules of Procedure.
5. The Committee of the Protocol Regarding Certain Cheeses took note of the information furnished by New Zealand regarding operations under Article 7:2 of the Protocol. The Committee also noted concerns expressed with regard to the use of this derogation by New Zealand. Participants were urged to observe closely the provisions of Article 7:2 of the Protocol.
6. The Committees reviewed the market situation for products covered by the Protocols. International prices continued to weaken in the second quarter of 1990, notably those for milk fats and certain powders, following a continued decline in butter consumption in many countries. More recently, increased retail prices in Eastern European countries also affected adversely the consumption of dairy products. Certain sales had reportedly been made at prices below the minimum prices. The Committees

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expressed their concern as to the present unsatisfactory situation dominated by a fragile butter market. The Committees urged participants to take the necessary steps to ensure full observance of the provisions related to minimum export prices. An appeal was made to non-participating exporting countries not to undercut prices and not to sell below the agreed minimum export prices, stressing that this would favour a market stability to the advantage of all countries. Hope and confidence was expressed that if appropriate measures were taken by all concerned and the necessary constraints undertaken, a sound market situation might again be achieved.

7. For the second quarter of 1990, the following ranges of prices were reported (per ton f.o.b.):

- between US\$1,500 and US\$1,700 for skimmed milk powder;
- between US\$1,400 and US\$1,600 for whole milk powder;
- between US\$1,350 and US\$1,460 for butter;
- between US\$1,625 and US\$1,930 for anhydrous milk fat;
- between US\$1,700 and US\$2,000 for Cheddar cheese.

8. On 19 June 1990, the Committees enjoyed the hospitality of the Swiss authorities and visited the Agricultural Institute of the State of Fribourg at Grangeneuve, an agricultural farm in Treyvaux and a village cheese factory at Vaulruz. The Committees were also briefed about matters relating to Swiss agriculture in general.

9. The next sessions of the Committees will be held consecutively on 17-18 September 1990, subject to confirmation by the secretariat.