

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

DPC/INV/4/Add.13
21 August 1990

International Dairy Arrangement

Original: Spanish

INTERNATIONAL DAIRY PRODUCTS COUNCIL

Reply to Questionnaire 5 regarding Information on Domestic Policies and Trade Measures

URUGUAY

(A) Price policies

The present system of setting prices at the producer level, which has been in effect for several years past, establishes two different circuits: pasteurized milk for direct consumption ("quota" milk), and milk intended for industrial processing for the manufacture of dairy products (industrial milk).

The producer price for "quota" milk is set by the State, under a system of four-monthly adjustments since January 1987 (before then adjustments had been made quarterly since 1979). The price of industrial milk is unrestricted, and is determined according to supply and demand.

The only changes in the price system in 1989 concern the upper limit for determining the price of "quota" milk. In January 1983 (Decree No. 6/983), an upper limit was established for determining the price of "quota" milk, resulting from the ratio to be maintained between that price and the price of industrial milk - which is determined according to the market situation. This ratio could not exceed 1.7. In June 1988, the ratio was adjusted to the level of 1.68 (Decree No. 407/988), and in June 1987 it was set at 1.5 (Decree No. 272/989).

(B) Tax refunds

In recent years, indirect taxes have been refunded on exports of dairy products.

By decision of the new administration and in the context of an adjustment policy, on 19 April 1990 the indirect tax refund system was revoked, in respect of dairy products among other export items.

(C) Tariff protection

Dairy products are subject to a surcharge that varies between 20 and 30 per cent (see Table 1).

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Table 1
Tariffs on Dairy Products

Product	Percentage
Fresh milk	30
Cream	20
Whey	20
Milk powder (whole or skimmed)	20
Butter	20
Cheese	20

These tariffs were in force until 19 April 1990, when for the same reasons that the refund of indirect taxes on exports was revoked, tariffs were increased by 5 per cent for a one-year period.

The reference price for butter is at the level of US\$1,500 per tonne c.i.f.