

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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19 March 1993

Limited Distribution

INTERNATIONAL DAIRY PRODUCTS COUNCIL

TWENTY-EIGHTH SESSION

Note by the Chairman

1. The International Dairy Products Council held its twenty-eighth session on 17 March 1993.
2. Observers from Brazil, Canada, Korea and Mexico, as well as from the FAO, UNCTAD and the Economic Commission for Europe, attended the session.
3. Mr. Jorge Ruiz (Argentina) was elected Chairman of the Council for 1993/94 and Mr. Kim Luotonen (Finland) was elected Vice-Chairman. Mr. Kim Luotonen was re-elected Chairman of the Protocol Committees for 1993/94.
4. The Council reviewed the functioning of the Arrangement. It took note of reports on the implementation of the Protocol Regarding Certain Cheeses, the Protocol Regarding Certain Milk Powders and the Protocol Regarding Milk Fat. The Council took note of the information submitted recently in reply to Questionnaires 4 and 5, concerning production, consumption, trade and prices for products not covered by the Protocols and concerning dairy policies and measures affecting trade.
5. Basing itself on the reports from the Committees of the Protocols, documentation prepared by the Secretariat and on information provided by participants during the meeting, the Council undertook an evaluation of the situation in, and outlook for, the world market for dairy products.
6. World cheese production had continued to grow by 1 per cent in 1992, and that rate of growth is expected to continue in 1993. Cheese consumption and exports both continued to expand by about 2 per cent in 1992. World import demand for cheese is likely to remain strong in 1993. International prices for Cheddar cheese rose in 1992, and prices for most cheeses covered by the Protocol are expected to remain relatively high throughout 1993.
7. Skimmed milk powder production declined by 8 per cent in 1992, whereas that of whole milk powder remained near 1991 levels. Total world consumption of skimmed milk powder declined in 1992, but there were notable increases in consumption in some developing countries. In contrast with

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the declining trend of recent years, world exports of skimmed milk powder increased by 7½ per cent. Exports of whole milk powder also rose in 1992. World stocks of skimmed milk powder declined substantially during 1992, and by year's end were relatively low in all major producing countries. World market prices for milk powders increased throughout the first three quarters of 1992, and eased only slightly in the fourth quarter.

8. World butter and butter oil production declined by 2½ per cent in 1992 and a further decrease of 2 per cent is likely in 1993. World butter consumption continued to decline in 1992, especially in Central and Eastern Europe. This decline is expected to continue in the short and medium term. Although total world butter exports declined by 3½ per cent in 1992, exports from the United States rose sharply. Special credit guarantee sales and the United States Dairy Export Incentive Program were the primary reasons for this increase. Butter prices remained low throughout 1992, around the minimum export price level. Prices are expected to remain low in 1993. Stocks of butter in the major dairy producing areas declined further by 8 per cent during 1992.

9. In conformity with Article 3:3(b) of each of the Protocols, the Committees reviewed the minimum export prices for products covered by the Protocols. A proposal by New Zealand to increase the minimum prices specified under the Protocol Regarding Certain Milk Powders was again considered (DPC/PTL/W/78). Concerns were also raised about the low level of world butter prices, and the need to ensure observance of minimum prices in all transactions. However, the present minimum export prices for the pilot products covered by the three Protocols were maintained unchanged. The Committees agreed to revert to this item at a subsequent meeting.

10. The Council took note of the documents and comments made. The next meeting of the Council is scheduled for 23 September 1993, subject to confirmation.