

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

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### INTERNATIONAL DAIRY PRODUCTS COUNCIL

#### TWENTY-NINTH SESSION

##### Note by the Chairman

1. The International Dairy Products Council held its twenty-ninth session on 28 September 1993.
2. The Council considered the request for observer status by the representative of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (hereinafter referred to as "Chinese Taipei"). The Council decided that Chinese Taipei should be invited to participate in an observer capacity in the work of the International Dairy Arrangement, in light of the participation of Chinese Taipei as an observer in the Council of Representatives of the GATT CONTRACTING PARTIES. The Council confirmed that the invitation to Chinese Taipei for this purpose was without prejudice to the position of any participant to the Arrangement with respect to the legal status of Chinese Taipei. Observers from Canada, the FAO, UNCTAD and the Economic Commission for Europe also attended the session.
3. 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. The Council also took note of certain information submitted 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.
4. The Council examined the situation and outlook in the world market for dairy products, basing itself on reports from the Committees of the Protocols, on documentation prepared by the Secretariat and on information provided by participants during the meeting.
5. World production of skimmed milk powder had declined by 8 per cent in 1992 and is expected to drop by a further 5 per cent in 1993. Consumption of skimmed milk powder had also declined, due to the drop in production and relatively high world market prices. Nonetheless, exports of skimmed milk

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powder increased by 12½ per cent in 1992, resulting in a substantial reduction in stocks in all major producing countries. World production of whole milk powder remained stable, although exports again increased and world market prices remained relatively high.

6. World butter and butter oil production continued to decline by 2½ per cent in 1992, and a further 2 per cent decrease is expected in 1993. Consumption also continued to drop by 2 per cent, whereas export volume fell by about 12 per cent. However, due to special programmes, exports from the United States increased sharply in 1992. Although world butter stocks declined by 8 per cent in 1992, they remained high in the main producing countries. Prices for butter continued to remain relatively low.

7. In June 1993, the Committee of the Protocol Regarding Milk Fat granted a derogation from the minimum price requirements for butter and butter oil exports to countries of the former Soviet Union. A maximum of 50,000 tons per participant will be permitted, for contracts concluded before 31 December 1993 with deliveries before 31 March 1994.

8. World production of cheese grew by 5½ per cent in 1992, and further expansion is expected in 1993. Consumption continued to grow steadily at about 2 per cent per year. Although world cheese exports remained steady in 1992, an increase in exports is expected for 1993. Stocks of cheese declined during 1992 and the decline is expected to continue in 1993. International prices for Cheddar cheese remained relatively high in 1992 and are not expected to decrease in 1993.

9. Members of the Council undertook informal discussions with respect to a number of issues relevant to the functioning of the Arrangement. The Chairman agreed to organize further informal consultations at an appropriate time.

10. The Council requested the Chairman to communicate to the FAO Consultative Sub-Committee on Surplus Disposal their concern about the need to ensure that food aid and concessional sales do not adversely affect commercial sales opportunities. The Secretariat was asked to undertake a review of procedures for monitoring compliance with the minimum price provisions of the Arrangement.

11. The Council took note of the documents and comments made. It agreed that the status report, updated and amended as appropriate, should be released as the fourteenth annual report of the International Dairy Arrangement.

12. The Council authorized the Chairman to submit to the CONTRACTING PARTIES, on his own responsibility, a report on the work done since December 1992 in pursuance of the objectives of the International Dairy Arrangement.

13. The Council adopted a tentative schedule for regular meetings until the end of 1994. The next meeting of the Council is scheduled for 23 March 1994.