

**GENERAL AGREEMENT  
ON TARIFFS AND TRADE**

**RESTRICTED**  
**DPC/PTL/41**  
19 May 1994  
Special Distribution

(94-0891)

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**International Dairy Arrangement**

**COMMITTEE OF THE PROTOCOL REGARDING MILK FAT**

**Special Meeting**

**2-3 May 1994**

1. The Committee of the Protocol Regarding Milk Fat held a special meeting on 2-3 May 1994 to review the level of minimum prices under Article 3:3(b).
2. The following agenda was adopted for the special meeting:
  - A. Adoption of report of the special meeting of 29 March 1994
  - B. Review of the level of minimum prices under Article 3:3(b)
  - C. Other business.
3. The report of the Special Meeting of 29 March 1994 was adopted and distributed as document DPC/PTL/39/Rev.1.
4. The Committee noted the continuing structural imbalance facing the world market for butterfats. The Committee recalled its recent Decisions to grant a derogation from the minimum price obligations for sales to the former Soviet Union in light of the lack of opportunities for sales at prices above the minimum price levels to that important market. It also recognized the need to find long-term solutions.
5. The Committee noted the differing analyses of the market situation by participants and the difficulties of reaching agreement on an appropriate level of minimum prices in the current market situation.
6. In light of these considerations, the Committee **decided** to suspend the minimum prices for butter and anhydrous milk fat contained in Article 3:2(b) of the Protocol for a period of 12 months. The Decision (DPC/PTL/40) took effect at noon on 4 May 1994.
7. The Committee noted that it could decide to terminate the suspension at any time, should the market situation giving rise to the suspension significantly change.
8. The Committee agreed to keep the level of world market prices under regular review based on analyses of prices by the Secretariat. For these purposes participants agreed to provide to the Secretariat the necessary information available to them on their export sales of butter and anhydrous

milk fat. The first note by the Secretariat would be considered by the Committee at its September meeting.

9. Participants stressed the importance of the Decision and praised the co-operative spirit in which it was taken. A number of delegates expressed their hopes that the Decision would permit all signatories to continue to participate actively in the Arrangement.

10. Japan noted that the implementation of the reduction commitments with respect to export subsidies negotiated in the Uruguay Round was likely to lead to an increase in world market prices. It expressed the view that the effects of the Agreement on Agriculture, notably the reduction of export subsidies, should be taken into account when the minimum prices were re-instated.

11. Under agenda item C, the Committee decided to schedule the next regular meetings of the Protocol Committees of the International Dairy Arrangement for 13-14 June 1994, subject to confirmation by the Secretariat.