

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Multilateral Trade Negotiations

Group "Agriculture"

Sub-Group on Dairy Products

## SUMMARY OF EXPORT AND IMPORT MEASURES OF DAIRY PRODUCTS

Note by the Secretariat

Corrigendum

1. At its October 1975 meeting, the Sub-Group carried out a multilateral examination and analysis, on the basis of document MTN/DP/W/9 and of the information provided by delegations during the debate, of all the measures maintained in the dairy products sector by Argentina, Australia, Canada, the European Communities, Finland, Japan, New Zealand, Norway, South Africa, Sweden, Switzerland and the United States.
2. It was agreed that document MTN/DP/W/9 would be revised in order to take account of the points raised during the analysis of the measures maintained, and of the information which delegations have been invited to communicate to the secretariat, so as to complete and up-date the document (MTN/DP/2, paragraph 7).
3. The present document includes the revised data concerning Argentina, Australia, Canada, European Communities, Finland, Japan, Norway, South Africa, Sweden, Switzerland and the United States.
4. The Sub-Group agreed to carry on and complete at its next meeting the analysis of export and import measures maintained by other countries participating in the Sub-Group (MTN/DP/2 paragraph 6). A complete revision of document MTN/DP/W/9 will be issued subsequently.

Country	Product	Central trading institutions, marketing boards and agencies	Export measures					Import measures					
			Subsidies, refunds, equalization and price pooling	Credit, concessional and non-commercial sales	Levies and charges	Restrictions	Other	Tariffs	Variable levies, other special charges	Quantitative restrictions	Technical obstacles	Other	
Argentina	Fresh milk (04.01)	- 1/	-	-	-	-	1/	MFN 70%	LAFIA 0	-	-	Labelling rules <sup>3/</sup>	4/
	Preserved milk (04.02)	- 1/	-	-	-	-	1/	70-100% (B 1/3)	35% Concentrated milk: 0	-	Import suspension <sup>2/</sup> (milk and cream whether liquid or paste)	"	4/
	Butter (04.03)	- 1/	-	-	-	-	1/	100%	75%	-	Import suspension <sup>2/</sup>	"	4/
	Cheese (04.04)	- 1/	-	-	-	-	1/	120%	40% Medium-hard cheese, "Colonia" type: 0	-	Import suspension <sup>2/</sup> (cheese other than hard, medium-hard, soft or processed cheese)	"	4/
	Casein (ex 35.01)	- 1/	-	-	-	-	1/	70%	0	-	-	"	4/

<sup>1/</sup>The only state intervention in exports of dairy products, is quality control of the product exported, exercised through the Ministry of Agriculture by sampling of shipments at time of embarkation for subsequent laboratory analysis. Thereafter, the Ministry of Agriculture issues a certificate to the exporter who has sole responsibility for foreign deliveries.

<sup>2/</sup>Imports prohibited until 31 December 1977; this suspension does not affect products negotiated within LAFTA.

<sup>3/</sup>The importer's name must be indicated on all imported products.

<sup>4/</sup>For all products: penalties in the event of errors in documents. Import surcharge from November 1971 to February 1972.

**Note:** The only element of Argentina's dairy policy is the periodic fixing of maximum and minimum prices at the level of the producer, for a specified quantity of milk having a certain fat content. Argentina has not signed any special trade agreement on dairy products (see document MTN/DP/W/8).

Country	Product	Central trading institutions, marketing boards and agencies	Export measures					Import measures					
			Subsidies, refunds, equalization and price pooling	Credit, concessional and non-commercial sales	Levies and charges	Restrictions	Other	Tariffs	Variable levies, other special charges	Quantitative restrictions	Technical obstacles	Other	
Australia	Fresh milk (04.01)	-	-	-	-	-	-	MFN 5/ \$0.035/kg. + 7% P	Pref. 5/ \$0.02/kg. + 3% P	-	-	Quarantine regulations 6/	
	Preserved milk (04.02)	Australian Dairy Corporation (skim milk powder and buttermilk powder) 1/	2/	Food aid, (skim milk powder, whole milk powder, condensed milk) 4/	-	State enterprise, export licences, 1/ and permits 1/	-	\$0.055/kg. + 7% P	\$0.032/kg. + 3% P	-	-	Quarantine regulations 6/	
	Butter (04.03)	Australian Dairy Corporation 1/	Voluntary pooling of returns (skim milk powder) 2/	Food aid 4/	1/	"	-	\$0.096/kg. + 7% P	\$0.08/kg. + 3% P	-	-	Quarantine regulations 6/	
	Cheese (04.04)	"	"	"	1/	"	-	\$0.09/kg.	\$0.09/kg.	-	-	Quarantine regulations 6/	
	Casein (ex 35.01)	"	"	"	-	"	-	32%	13%	-	-	-	

See next page

1/ The Australian Dairy Corporation is a statutory authority, which derives its powers and functions under provisions set out in the Dairy Produce Act 1924-75 and the Dairy Produce Sales Promotion Act 1958-75.

- Legislation was passed by the Parliament in June 1975 to reconstitute the Australian Dairy Produce Board (ADPB) as the Australian Dairy Corporation which commenced operations on 1 July 1975.

The Corporation is responsible for controlling the export of dairy products as prescribed. These currently are butter, butteroil, dry butterfat, ghee, cheese, skim milk powder, casein and caseinates.

- The products controlled by the Corporation are the same as those controlled by the former ADPB.

- The Corporation's authority does not extend to processed milk dairy products such as sweetened condensed milk, evaporated milk, full cream powder etc.

The existing powers of the ADPB were assumed by the Corporation with additions in three main areas, namely:

1) The Corporation's regulatory functions were strengthened by providing it with specific power after consultation with appropriate industry bodies to determine the quantity of dairy produce which will be exported to a particular country or countries in the course of a season. Previously the ADPB was in an unreasonable position in that, although having predominantly an export charter, it was expected to make sure that there was sufficient product for the domestic market. As well it had no power to obtain supplies to ensure that overseas priorities were met.

The purpose of the new provision is to help ensure that adequate supplies are maintained for domestic consumption and enable the Corporation to meet specific overseas obligations particularly by way of long term supply arrangements which could become an increasingly important element in the industry's export marketing arrangements.

2) The new legislation provides for the Corporation to have monopoly trading powers for specific export markets by regulation after consultation with the industry. Previously the ADPB had monopoly trading power by statute for the United Kingdom market (effectively a dead letter) and by voluntary industry agreement for cheese to Japan. To date there has been no regulation brought in under this provision.

3) A broadening of the borrowing powers so that the Corporation can provide advances not only to cover dairy produce intended for export but to also finance winter stocks by allowing product subject to advances to be withdrawn from the local market. In addition the Corporation has the power to borrow with the approval of the Treasurer from commercial lending institutions against secured assets. This will allow the Corporation to finance sales or stocks beyond the seasonal limit applying to Reserve Bank finance (usually within six months after end of season).

The powers and functions assumed by the Corporation other than its domestic promotion powers relate directly to the export of dairy products.

- The Corporation has the power to purchase dairy produce and sell to other markets but this is not an exclusive right.

- The Corporation's power to purchase does not permit it to acquire produce compulsorily, but it can arrange sales on such terms and conditions as it thinks fit for produce placed under its control, e.g. sales to Government agencies etc.

- Export sales made on a trader-to-trader basis are subject to conditions and restrictions made by the corporation under the Dairy Produce Export Control Regulations.

- As part of its regulatory functions the Corporation regulates the handling and storage of all dairy products as prescribed for export, the timing, terms and conditions (including minimum prices) of export shipments as well as conditions of sale. Control is achieved through export permits issued by the Corporation to licensed exporters. Only persons licensed by the Australian Minister for Primary Industry on the recommendation of the Corporation can export prescribed products.

- Other functions of the Corporation relate to:

- quality improvement measures.

- Expansion and development of new and existing export markets, including product development.

- Arrangement of freight contracts.

- Domestic market promotion.

The main source of finance for the Corporation's operations are the same as the Australian Dairy Produce Board, namely:

- A levy of 24 cents per cwt. on butterfat used in the manufacture of butter, butteroil, butter powder, cheese and ghee to meet the administrative costs of the Corporation and expenditure on overseas promotion.

- A levy of 24 cents per cwt. butter fat used in the manufacture of the above products for domestic promotion purposes.

2/ Subsidies on exports of processed milk products containing butterfat (instituted by Act of 1962-1972) were terminated on 30 June 1975 along with the production bounties on butter and cheese, (which had been in force since 1942).

3/ Voluntary industry arrangements operate for the pooling of returns from domestic and export sales of butter, cheese, skimmed milk powder and casein. Four distinct and separate pools are maintained for these products and no overall pooling occurs. The scheme is designed to provide an equalized average return to participating factories, and does not, in any way, constitute an export subsidy. The administration of the scheme is operated by the industry's own organization, the Commonwealth Dairy Product Equalization Committee Limited.

4/ (a) The ADC is only able to offer normal commercial credit facilities, precise details of which vary from sale to sale and are subject to negotiation when the contract is arranged.

(b) Australia does not effect any non-commercial transactions other than for food aid. The supply of dairy products on behalf of the Australian Government for food aid programmes is arranged by the Australian Dairy Corporation in accordance with Government policy. Prior to 1973/74, Australia's food aid was conducted wholly on a multilateral basis through the World Food Programme. Bilateral transactions now constitute the bulk of its food aid and multilateral transactions account for only a minor portion of donations.

Since 1970/71, Australia has carried out a programme in respect of the following quantities:

	Skim milk powder	Whole milk powder	Canned cheese	Condensed milk	Clarified butter
1970/71	52	-	1	46	-
1971/72	-	-	151	-	-
1972/73	-	-	11	-	-
1973/74	212	50	-	-	530
1974/75	2,741	183	-	50	-

5/ The duties indicated are those that applied after a general tariff reduction of 25 per cent introduced in July 1973. Duties applied at 1 January 1973 were:

04.01	: \$0.046/kg. + 10% P;	04.02	: \$0.073/kg. + 10% P;
04.03	: \$0.128/kg. + 10% P;	04.04	: \$0.11/kg;
35.01.100	: 42½%		

6/ (a) Cheese shall not be imported (i) if it contains meat or (ii) if it is packed in animal tissue.

(b) Milk including dried or powdered milk, condensed or concentrated milk and milk albumen, cream, butter and ice cream shall not be imported unless (i) the Director of Quarantine is satisfied that the goods are intended for use for therapeutic purposes and he certifies in writing accordingly or (ii) the goods were produced in and consigned from Canada, New Zealand, Northern Ireland, Ireland or the United States.

(c) Prepared infants' food consisting of, or containing milk in any form may not be imported unless it is brought in with an infant under the age of 2 years and in a quantity not exceeding 2 pounds in weight on a vessel or aircraft from any country.

Country	Product	Central trading institutions, marketing boards and agencies	Export measures					Import measures						
			Subsidies, refunds, equalization and price pooling	Credit, concessional, and non-commercial sales	Levies and charges	Restrictions	Other	Tariffs	Variable levies, other charges	Quantitative restrictions	Technical obstacles	Other		
Canada	Fresh milk (04.01)	Canadian Dairy Commission <sup>1/</sup>	-	-	-	-	-	-	-	-	-	-	Labelling and marking rules <sup>11/</sup>	
	Preserved milk (04.02)		Equalization <sup>2/ 3/</sup>	Bilateral or multilateral food aid programmes (skimmed milk powder) <sup>4/</sup>	-	-	-	-	Powdered milk Condensed and evaporated milk	MFN 17 1/2% (B)	Pref. 15%	-		Discretionary licensing dried buttermilk and dried whey, skimmed milk powder, whole milk powder, evaporated and condensed milk
	Butter (04.03)		3/	-	-	-	-	-	12 1/2% (B)	8 1/2% <sup>6/</sup>	-	Discretionary licensing		
	Cheese (04.04)		3/	-	-	-	-	-	Cheddar Other cheeses	3 1/2% (B)	3 1/2% <sup>7/</sup>	-		Discretionary licensing; in 1975, global quota <sup>10/</sup>
	Casein (ex 35.01)		-	-	-	-	-	-	-	25% <sup>8/</sup>	17 1/2% <sup>8/</sup>	-		Discretionary licensing

<sup>1/</sup> The Commission was established by an Act of 1966 and has responsibility, *inter alia*, to administer dairy support programmes. In April 1975, a new long-term dairy programme was announced for a five-year period. Effective 1 April 1975, the target support level for industrial milk is tied to a formula under which the target level will be adjusted in relation to changing production costs, the Consumer Price Index and other factors. Federal dairy stabilization policy consists of supporting the market price of the major dairy products (butter, skimmed milk powder and Cheddar cheese) through an "offer-to-purchase" programme and making direct subsidy payments under a quota system to farmers for milk and cream used for manufacture into dairy products. In order to finance the Commission's losses on skimmed milk powder exports, a levy is applied against an eligible producer's entire deliveries of milk. Under the policy, producer returns for milk and cream used in manufacturing dairy products are supported by price supports for butter, cheese, skimmed milk powder and, at times, other dairy products, and by direct subsidies to producers. The direct subsidy is paid up to the limit of marketing quotas (Market Sharing Quotas). Production in excess of quota is penalized. The Commission pays a direct production subsidy to dairy plants which manufacture dried casein and caseinates from the skimmed milk portion of milk delivered by producers. The Commission is not the sole exporter of dairy products but acquires products through its "offer-to-purchase" programme at support price. The Commission is not empowered to handle credit and has not entered into special arrangements other than agreements with Cuba and Mexico, whereby Canada undertakes to offer certain quantities, with a negotiable price. The control of exports and imports is under the aegis of the Export and Import Permit Act.

<sup>2/</sup> For skimmed milk powder, there are the following operations:

- (a) commercial sales made by private traders when possible; in the past the Commission has subsidized sales by private traders from an export equalization account funded by a producer levy or a subsidy hold-back;
- (b) direct sales by the Commission, i.e., government to government (between official bodies). When world prices are below the Canadian export price, these sales incur the loss between the support price and the realized price. Such losses are financed by a producer levy on shipments of industrial milk within a market-sharing quota.

**Note:** As part of the Article XXIV:6 negotiations, an agreement was reached on special access arrangements for Canadian aged Cheddar cheese into the EEC, whereby it would be subject to a reduced fixed levy provided sales are not below a minimum import price.

As regards Canada's participation in international or regional co-operation devices, see document MTN/DP/W/8. All sales are certified by the Canadian Dairy Commission to ensure compliance.

<sup>3/</sup> In the early 1970's, some other dairy products (cheese, butter, condensed and evaporated milk) were exported at prices below the support price, the difference being covered by a producer levy or a hold-back on subsidies paid to producers.

<sup>4/</sup> Skimmed milk powder purchased at support prices by the Canadian International Development Agency from the Canadian Dairy Commission and used in multilateral and bilateral aid programmes.

<sup>5/</sup> New Zealand and Australia - 1 1/2%.

<sup>6/</sup> New Zealand and Australia - 5 1/2%.

<sup>7/</sup> New Zealand and Australia - 1 1/2%.

<sup>8/</sup> New Zealand and Australia - 12 1/2%.

<sup>9/</sup> No import permits have been issued since the measure was instituted in 1957 (MTN/3E/DOC/7/Add.3)

<sup>10/</sup> Subject to individual import permits allocated to importers on the basis of their past two-year performances. Five per cent of the quota is reserved for new importers and 5% for new varieties.

<sup>11/</sup> As regards agricultural imports and customs clearance procedures: requirement to furnish manufacturing details; regulations concerning labelling and marking of boxes.

Country	Product	Central trading institutions, marketing boards and agencies	Export measures					Import measures				
			Subsidies, refunds, equalization and price pooling	Credit, concessional and non-commercial sales	Levies and charges	Restrictions	Other	Tariffs	Variable levies, other special charges	Quantitative restrictions	Technical obstacles	Other
European Communities	Fresh milk (04.01)	-	refunds <sup>1/</sup>	-	3/	-	-	-	Variable levies	-	6/	7/
	Preserved milk (04.02)	-	"	Food aid, concessional sales: skimmed milk powder <sup>2/</sup>	3/	-	-	-	"	-	6/	7/
	Butter (04.03)	-	"	-	3/	-	-	-	"	-	6/	7/
	Cheese (04.04)	-	"	Food aid: butteroil <sup>2/</sup>	3/	-	-	-	B 1/25, (partial 5/25)	-	6/	7/
	Casein (ex 35.01)	-	"	-	3/	-	-	-	2-14 <sup>5/</sup> (B 2/3)	-	6/	7/

**Note:** Within the framework of the common organization of the market in the dairy products sector, a target price for milk is fixed in order to ensure a certain income to producers. The target price applies to milk containing 3.7% fat, delivered to dairy; it represents the price which the agricultural policy aims to obtain for the aggregate of producers' milk sales during the milk year. For the prices and amounts fixed for dairy products, see document MTN/DP/W/17. Intervention measures: (a) fixing of an intervention price for butter, skimmed milk powder, and Grana padano and Parmigiano Reggiano cheeses; (b) for butter-fats, skimmed milk powder, cheese, intervention measures (purchase, storage and resale by intervention agencies of the quantities offered to them), together with certain aids (aid to private storage, food aid activities, aids granted in respect of skimmed milk and skimmed milk powder for animal feed, aid for milk processed into casein, aid to consumption (butter)).

See next page

1/ (a) Within the framework of its common organization of the market in the dairy products sector and on the basis of the regulations currently in force (Article 17 of Regulation (EEC) No. 804/68 and Regulation (EEC) No. 876/68), the European Economic Community has instituted an export system adapted to the world market situation. When prices in the world market are lower than Community prices preceding export, an export refund may be granted.

(b) The refund is the same whatever the point of exit from the Community. It is calculated on the basis of competition in the world market, the level of prices in the Community, the existing situation and future trend in the Community market with regard to availabilities as well as needs of the world market.

(c) The regulations provide that the refund may be varied according to destination. In fact, the Community has only rarely fixed refunds varying according to destination in respect of skimmed milk powder and butter. For cheese, the refunds are varied according to the use or destination of the product and are generally lower, in respect of certain destinations, in order to take account of commitments entered into by the Community with its traditional clients and of the particular situation of certain import markets. Thus, the Community has concluded a price observance agreement with Switzerland for certain cheeses and with Spain for all cheeses, and for others has eliminated the export refunds in respect of the largest external market for Community cheese.

(d) The regulations provide that the refunds may be fixed in advance. It should be noted, however, that for exports of products to countries with which price observance agreements have been concluded (Switzerland, Spain), advance fixing is not possible. In certain cases, the possibility of advance fixing of refunds may be suspended temporarily by a regulation of the Commission.

(e) In order to obtain advance fixing of the refund, the exporter must apply for a certificate valid for a period corresponding to that of the advance fixing.

During the period of validity of his certificate, the exporter must export on the conditions prevailing on the date of his application if he wishes to charge his exports against the certificate issued to him.

(f) The period of validity of the advance fixing certificate is fixed by Commission regulation.

At present it is: - 90 days, which may be extended to 13 months for skimmed milk powder,  
- 3 to 6 months, according to destination, for cheese,  
- 12 months for fresh milk,  
- 6 months for butter and other products.

(g) Issue of the advance fixing certificate is subject to payment of a guarantee by the exporter, the amount of which is fixed by Commission regulation and is at present UA 2.5 to 30 per ton according to the product.

(h) In order to give Community exporters the possibility of participating in tenders opened by official agencies in third countries, the regulations provide that the period of validity of advance fixing certificates may correspond to the delivery period fixed in the tender, subject to a maximum of 12 months (18 months in the case of armed forces stationed on the territory of a member State and not under its national authority).

In the event that the contract is not awarded to the operator, the guarantee paid to obtain the advance fixing certificate is refunded.

(i) It is provided that the amount of the refund fixed in advance may be adjusted during the period of validity of certificates in order to take account of any change in intervention prices for butter or for skimmed milk powder.

For other products the advance fixing certificate is likewise adjusted proportionately.

(j) It may be decided to place at the disposal of operators, for export, products held by intervention agencies and which were placed in storage before a certain date, at prices fixed by Commission regulation.

In addition, exporters receive the refund in force, unless otherwise stipulated when the price is fixed.

On imports of Emmenthal, Gruyère, Sbrinz, Bergkäse and Appenzell cheese, binding of a reduced levy according to minimum price observed free-at-frontier. This minimum price is indexed to the target price for milk. For larus cheese, 12 per cent bound duty (under an autonomous concession, this duty was reduced to 6 per cent as from 1 January 1973). Other concessions have been granted, providing for application of a reduced levy, subject to observance of a minimum free-at-frontier price, for processed cheese based on Emmenthal, Gruyère or Appenzell cheese and Cheddar cheese. For Butterkäse, Tilsit, Washkaval, cheese of sheeps' milk or buffalo milk, reduced levy if a certain price is ascertained at the frontier. A reduced levy is provided for special milk for infants meeting certain quality specifications. The supplying countries are Austria, Switzerland, Finland, Romania, Bulgaria, Hungary, Turkey and Canada. The provisions of Protocol No. 18 are applicable to imports of butter and cheese from New Zealand.

2/ (a) The Community as such does not grant export credits.

However, certain member States have export credit insurance schemes which sometimes allow them to sell on credit terms. The conditions they practise are such, however, that transactions of this kind effected by them are commercial transactions under the FAO provisions.

(b) The Community does not effect any non-commercial transactions other than food aid.

Since 1970 the Community has carried out a programme in respect of the following quantities (tons):

	Skimmed milk powder	Butter (butteroil)
1970	25,000	14,000
1971	47,000	14,000
1972	56,000	16,000
1973	46,000	18,000
1974	50,000	32,000
1975 (programme)	55,000	45,000

In addition, the Community has recently made a regulation to authorize the sale of skimmed milk powder to certain developing countries affected by a natural disaster or in a particular difficult economic situation.

This measure is limited to 100,000 tons and the sale price has been fixed at UA 22.175/kg. (25 per cent of the intervention price) ex warehouse.

3/ The regulations provide the possibility and relevant criteria for the institution of export charges in cases where world market prices are higher than the threshold price or where there is a threat of difficulties in the internal market. The implementing modalities are determined by Commission regulation when the need for such action becomes apparent. In principle, the provisions in respect of refunds could be applied to the export charge. (A charge was applied on exports of skimmed milk powder from November 1971 to June 1972).

4/ On the basis of the target price, the Council fixes a threshold price taking into account (a) the relationship which it is desired to establish between the value of milkfat and that of skimmed milk; (b) the protection necessary for the Community processing industry. The threshold price is designed to protect the target price. It represents the lowest price at which the product imported from third countries can enter the EEC market. It is fixed at the "delivered free wholesale" stage, i.e. the trading stage at which imported products first come into competition, for a certain number of pilot products. The threshold price is used for calculating the levy, which is determined as being equal to the difference between the threshold price and the free-at-frontier price (determined every two weeks for each product, on the basis of the most favourable purchasing possibilities in international trade). If need arises, the Commission can adjust the levy between two fixings. For charging the levy, it is provided under Article 14 of Regulation (EEC) 804/68, as amended by Regulation (EEC) 1410/71, that the products may be divided into groups. A pilot product is determined for each group. In respect of products on which the customs duty has been bound in GATT, the levy is limited to the amount resulting from that binding. System of import licences. (See document MTN/3E/DOC/6/Add.1/Rev.1)

5/ For EFTA countries, reduced rate.

6/ Belgium: labelling of foodstuffs; United Kingdom: prohibition on use of sorbate as a preservative agent; EEC (cheese): sanitary regulation (certificates).

7/ Belgium: (cheese): customs and administrative formalities (samples); Denmark: import surcharges, October 1971-April 1973; Italy: customs clearance procedures for certain foodstuffs; customs and administrative formalities (samples) (cheese), sanitary charges (butter and cheese); import deposit May 1974-March 1975; United Kingdom: import deposit 1968-1970.

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			Subsidies, refunds, equalization and price pooling	Credit, concessional and non-commercial sales	Levies and charges	Restrictions	Other	Tariffs	Variable levies, other special charges	Quantitative restrictions	Technical obstacles	Other
Finland	Fresh milk (04.01)	1/	Refunds <sup>1/</sup>	-	-	-	-	0	Variable levies	Discretionary licensing		Import deposit, 30% <sup>3/</sup>
	Preserved milk (04.02)	1/	"	-	-	-	-	0	"	Global quotas and discretionary licensing (dried milk and dehydrated cream); discretionary licensing (milk and cream, liquid, preserved, concentrated or sweetened)		"
	Butter (04.03)	1/	"	-	-	-	-	0	"	Discretionary licensing		"
	Cheese (04.04)	1/	"	Non-commercial <sup>2/</sup> transactions	-	-	-	0	"	"		"
	Casein (ex 35.01)	-	-	-	-	-	-	0 (B)	-	-		-

Note: The target price of milk as well as production supports and regional supports are fixed after negotiations between the Government and the agricultural producers in the framework of the Agricultural Income Law. There is also a special scheme to equalize the cost of milk transportation from remote areas. In 1974 a temporary deficiency payment scheme was introduced in order to facilitate the agricultural income agreement and to ease the inflationary pressure of rising retail prices. This payment is also intended to promote domestic consumption. The retail prices of fluid milk and manufactured dairy products are controlled by the Government.

Domestic consumption of butter is at the present time encouraged by means of two different subsidies: one for butter used directly for human consumption and the other for butter which goes to bakeries.

<sup>1/</sup> Private exporting firms, the most important of which is the Central Cooperative of Dairies (Valio) make their own export contracts without government intervention with the exception of sales to the USSR. These sales are agreed upon in annual protocols between the two governments. If the export price, however, is so low that a refund is needed, the transaction must be accepted by the Ministry for Trade and Industry, which also fixes the refund on a case-by-case basis. In this manner it is also possible for the Government to control export prices in order to fulfil possible minimum price requirements and to prohibit sales at unreasonably low prices.

<sup>2/</sup> Food aid since 1969.

<sup>3/</sup> To be eliminated in March 1976.

The maximum amount that can be refunded is the difference between the domestic target price and the export price accepted by the Ministry for Trade and Industry.

Subject to the observance of a minimum free-at-frontier price a reduced levy is applied to some cheeses exported from Finland to the European Communities.

Country	Product	Central trading institutions, marketing boards and agencies	Export measures					Import measures				
			Subsidies, refunds, equalization and price pooling	Credit, concessional and non-commercial sales	Levies and charges	Restrictions	Other	Tariffs	Variable levies, other special charges	Quantitative restrictions	Technical obstacles	Other
Japan	Fresh milk (04.01)	-	-	-	-	-	-	0	-	Discretionary licensing (sterilized or frozen milk and cream and other cream with a fat content of 13% or more)	Sanitary regulations <sup>2/</sup>	
	Preserved milk (04.02)	Livestock Industry Promotion Corporation <sup>1/</sup>	-	-	-	-	-	25-45% (B 7/11) Unsweetened skimmed milk powder (for schools): 0 (B)	-	Discretionary licensing, State trading <sup>1/</sup> (sweetened condensed milk, milk powder, butter milk powder and whey powder)	"	
	Butter (04.03)	"	-	-	-	-	-	45%	-	State trading <sup>1/</sup>	"	
	Cheese (04.04)	-	-	-	-	-	-	35-45% <sup>2/</sup>	-	Discretionary licensing (except natural cheeses <sup>2/1</sup> )	Packaging regulations <sup>3/</sup>	"
	Casein (ex 35.01)	-	-	-	-	-	-	0	-	-	"	

<sup>1/</sup> The Government has adopted a price stabilization scheme under which the Government fixes a farm support price for manufacturing milk (determined on the basis of production cost) and a stabilization reference price for a number of key dairy products (related to the general trend of wholesale prices). The Government makes a deficiency payment to farmers, the amount of this payment is fixed at the level which equals the difference between the farm support price and the calculated price which dairy plants are deemed to be able to pay to farmers under the given stabilization reference prices for the end products. The Livestock Industry Promotion Corporation undertakes, when necessary, purchase and resale operation of certain storable products to stabilize the actual market price at the level of reference price. The following products are designated for these purchase and sale operations: butter, sugared condensed whole milk, sugared condensed skimmed milk and powdered skimmed milk, wholemilk powder, buttermilk powder and whey powder. As regards external trade the function of the Livestock Industry Promotion Corporation is limited to importation only. Importation of the seven designated milk products is exclusively entrusted to the Corporation as a rule in order to ensure the effective operation of the domestic price stabilization scheme mentioned above. In practice, import transaction is to be carried out by the Corporation itself and/or by those so entrusted by the Corporation. However, any enterprise other than the Corporation and/or those so entrusted is to be permitted to import these products only in cases where they are used for such particular utilization as provided for in the Cabinet Order (use for school lunch programme, animal feed, etc.).

<sup>2/</sup> For natural cheeses, to be used as material for processed cheeses, a tariff quota system provides for a reduced levy (temporarily 0) to be applied up to the double amount of domestic origin consumed.

<sup>3/</sup> Provisions of the Food Sanitary Law (standards for various elements such as additives, container packaging, labelling and advertising of all the food and drink to be sold).

<sup>4/</sup> Processed cheeses for hotel and airline use: minimum weight of package 861 gr.

Note: For information regarding participation by Japan in international or regional co-operation devices, see document MTN/DP/8. Japan is not a signatory to any other international agreement concerning dairy products.

Country	Product	Central trading institutions, marketing boards and agencies	Export measures					Import measures				
			Subsidies, refunds, equalization and price pooling	Credit, concessional and non-commercial sales	Levies and charges	Restrictions	Other	Tariffs	Variable levies, other special charges	Quantitative restrictions	Technical obstacles	Other
Norway	Fresh milk (04.01)	Norwegian Milk Producers Association <sup>1/</sup>	-	-	-	-	-	0-0.48 kr/kg	-	Discretionary licensing		
	Preserved milk (04.02)	Norwegian Dairy Products Sales Association <sup>1/</sup>	Equalization <sup>2/</sup>	-	-	-	-	0.48-1.20 kr/kg	-	"		
	Butter (04.03)		"	-	-	-	-	2.80 kr/kg EFTA: 0	-	"		
	Cheese (04.04)		"	-	-	-	-	1.20 kr/kg (B 4/5 B partial: 1)	-	Discretionary licensing and global quotas <sup>3/</sup>		
	Casein (ex 35.01)		"	-	-	-	-	1.50 kr/kg EFTA and EEC: 0.30 kr/kg	-	-		

<sup>1/</sup> In Norway co-operatives are in charge of marketing of milk and other dairy products. The Agricultural Agreements, negotiated between the State and the farmers' unions, every two years, settle a price for milk, including the dairy operation costs, which the producers may obtain as an average price in the actual period. The real farm-gate price, however, depends on the operation costs and on the adaptation of production and demand. If demand, however, should be higher than production, prices are not allowed to increase above the prices calculated on the basis of the price agreed upon in the Agricultural Agreement. The Norwegian Milk Producers' Association administers the equalization of milk prices on a country-wide basis. The Norwegian Dairies' Sales Association is responsible for the marketing of butter and cheese on both the domestic and the export markets; it also takes care of market regulation, including production regulations and storage. To achieve the best possible market regulation of cheese, production is controlled by output quotas allotted to the individual dairies. If these quotas are exceeded, the dairy concerned is penalized. The Milk Producers' Association and the Dairies Sales Association have a joint board.

Subsidies consist of a basic subsidy paid for milk delivered to the dairy (except for milk used in the production of cheese for export), an additional subsidy for the first 20,000 litres delivered, freight subsidies, regional subsidies and consumer subsidies for all dairy products.

<sup>2/</sup> Export aid for butter and cheese equal to the difference between a minimum export f.o.b. price and the f.o.b. export price. The minimum price for cheese is kr. 4.50 per kg. and for butter kr. 7.50 per kg. Export aid for milk powder and concentrated milk is calculated on the basis of the above mentioned minimum prices. Because the minimum export prices today are below the current price levels on world markets, no export aid is given. Eventually, export aid is covered by the Animal Feed Concentrates Fund (financed by taxes on animal feedstuffs, levied at the consumption stage).

<sup>3/</sup> Special varieties of cheese may be imported under a liberal licensing system, up to a total of 300 tons.

Country	Product	Central trading institutions, marketing boards and agencies	Export Measures					Import Measures					
			Subsidies, refunds equalization and price pooling	Credit concessional and non-commercial sales	Levies and charges	Restrictions	Other	Tariffs	Variable levies other special charges	Quantitative restrictions	Technical obstacles	Other	
South Africa	Fresh milk (04.01)	South African Milk Board <sup>1/</sup> South African Dairy Board <sup>2/</sup>	3/	-	-	- 4/	-	<u>MFN</u> 230- 1,100 c/100 kg.	<u>Pref.</u>	-	Licensing quotas		
	Preserved Milk (04.02)		3/	-	-	- 4/	-	230- 1,100 c/100 kg. Skimmed milk powder: 0	-	-	State trading <sup>5/</sup> (Milk powder, condensed milk)		
	Butter (04.03)		3/	-	-	State trading <sup>4/</sup> (Butter)	-	360- 730 c/100 kg. (B 1/2)	-	-	State trading <sup>5/</sup> (Butter)		
	Cheese (04.04)		3/	--	-	State trading (Cheddar and Gouda) <sup>4/</sup>	-	20-25% + 1,100 c/100 kg. 22-25% or 725- 1,100 c/100 kg. (B partial)	22-25% or 635- 1,010 c/100 kg.	-	State trading <sup>5/</sup>		
	Casein (ex 35.01)		3/	-	-	-	-	0 (B partial)	-	-	-		

<sup>1/</sup> The Milk Board regulates the sale and distribution of fresh milk in urban areas. The price at which distributors may buy fresh milk from producers is fixed by the Board with ministerial approval. Surplus milk is diverted to industrial outlets by the Board, which distributes the joint net proceeds of milk sold for fresh consumption and for other purposes on a pool basis to producers.

<sup>2/</sup> The Dairy Board fixes, with approval of the Minister of Agricultural Economics and Marketing, the producer prices of butterfat and industrial milk. Prices are also fixed for some cheeses, condensed milk and skimmed milk powder.

The Board is the sole first-hand buyer and importer of butter, Cheddar and Gouda cheeses and also controls the manufacturing and trade prices of these products.

A consumer subsidy on butter was introduced in 1943. It has never been paid on butter exported.

Note: South Africa is not a signatory to any contract or agreement relating to dairy products apart from the Arrangement concerning certain dairy products. (See document MTN/DP/W/8).

<sup>3/</sup> The Dairy Board funds are financed by levies on producers. They may be used to offset the effects of fluctuations in export earnings. There is no government subsidy on exports.

<sup>4/</sup> The Board undertakes the export of butter and cheese (Cheddar and Gouda). The export of other dairy products could be controlled in terms of Section 87 of the Marketing Act, but these products are seldom exported, as international prices are generally lower than local prices.

<sup>5/</sup> The importation of butter, cheese, condensed milk, whole milk powder and skimmed milk powder is regulated by permit issued by the Dairy Board. In practice, the Board may itself import butter, Cheddar and Gouda cheeses and skimmed milk powder. The importation of butteroil, casein and buttermilk powder is not controlled.

Country	Product	Central trading institutions, marketing boards and agencies	Export measures					Import measures				
			Subsidies, refunds, equalization and price pooling	Credit, concessional and non-commercial sales	Levies and charges	Restrictions	Other	Tariffs	Variable levies, other special charges	Quantitative restrictions	Technical obstacles	Other
Sweden	Fresh milk (04.01)	Association for Trade in Milk and Dairy Products <sup>1/</sup>	Equalization <sup>2/</sup>	-	-	-	-	0	Levy and compensatory fee <sup>4/5/</sup>	-		
	Preserved milk (04.02)		"	Food aid: dehydrated milk <sup>3/</sup>	-	-	-	0	" 6/	-		
	Butter (04.03)		"	-	-	-	-	0	"	-		
	Cheese (04.04)		"	-	-	-	-	0	" 7/	-		
	Casein (ex 35.01)		-	-	-	-	-	0 (B)	-	-		

<sup>1/</sup>The agricultural policy applied in Sweden is based on general guidelines fixed by Parliament in 1967. A review of this policy programme is at present under way and it is expected that Parliament in 1976 or 1977 will take a decision as to the agricultural policy after 1 July 1977. The National Agricultural Market Board is responsible for implementing the price and market policies, under the directives of the Ministry of Agriculture. The practical implementation of regulations concerning milk and dairy products are in the hands of a semi-governmental regulation association: the Association for Trade in Milk and Dairy Products. The levels at which domestic prices are to be stabilized are fixed in negotiations between the government (represented by the National Agricultural Market Board) and a farmers' delegation and with the participation of a consumers' delegation. The present price agreement covers the period 1974-1977. Product prices are revised bi-annually on the basis of the development in production cost and with regard taken to the development of world market prices. The following subsidies are granted: general subsidies (by annual decisions in Parliament, import levies are transferred to the agricultural sector to finance price regulating activities in general); national production subsidies (to enable a reduction in the retail price of milk); budgetary means are put at the disposal of the dairy sector each year); general price support (to compensate farmers in connexion with the temporary price freeze on milk, cream, cheese and milk powder, effective from 1 January 1973, production subsidies are granted for the dairy sector); and regional production subsidies (to make the profitability of agricultural production in the northern part of Sweden comparable to that in other areas, regional price support is given from the State Budget).

<sup>2/</sup>The price support system provides for payment to the exporter of the difference between the domestic and the world market price. In the case of dairy products, export aid is financed by an equalization fund administered by the Association and itself financed mainly by levies on the production of various dairy products.

<sup>3/</sup>Shipments of dehydrated milk for disaster relief purposes.

<sup>4/</sup>The import levies stay fixed as long as domestic wholesale prices remain between an upper and a lower price limit. In principle there are no quantitative import or export restrictions; in exceptional cases, however, such restrictions may be applied in order to protect the price limits.

<sup>5/</sup>Compensatory fee not applicable to milk with less than 1 per cent fat content.

<sup>6/</sup>Compensatory fee on products other than skimmed milk powder, buttermilk powder, milk and cream in solid form and concentrated milk.

<sup>7/</sup>Compensatory fee not applicable to vegetable oil cheeses and whey cheese.

Country	Product	Central trading institutions, marketing boards and agencies	Export measures					Import measures				
			Subsidies, refunds, equalization and price pooling	Credit, concessional and non-commercial sales	Levies and charges	Restrictions	Other	Tariffs	Variable levies, other special charges	Quantitative restrictions	Technical obstacles	Other
Switzerland	Fresh milk and (04.01) fresh cream	-	-	-	-	-	-	10 Sw F/100 kgs. (fresh milk) 140 Sw F/100 kgs. (fresh cream)	Price supplement (fresh cream)	Licensing <sup>8/</sup>		
	Preserved milk (04.02)	-	Subsidies <sup>3/</sup> (milk preserves)	Non-commercial transactions <sup>4/</sup>	-	-	-	25-140 Sw F/100 kgs. (B1/3)	Price supplement (preserved cream, skimmed milk powder, condensed milk, whey powder, buttermilk powder, milk substitutes)	Licensing and conditional imports <sup>7/</sup>		
	Butter (04.03)	Swiss Butter Supply Board (BUTYRA) <sup>1/</sup>	-	-	-	-	-	20-30 Sw F/100 kgs. <sup>5/</sup>	Variable charge	State trading		
	Cheese (04.04)	Swiss Cheese Trade Union SA (USP) <sup>2/</sup>	Subsidies <sup>3/</sup>	<sup>4/</sup>	-	-	-	25-80 Sw F/100 kgs. <sup>6/</sup>	Price supplement (certain cheeses) <sup>7/</sup>	Licensing <sup>10/</sup>		
	Cascin (ex 35.01)	-	-	-	-	-	-	20 Sw F/100 kgs.	-	Conditional imports <sup>11/</sup>		

**Note:** A base price for milk is fixed from time to time; it is guaranteed for a certain basic quantity (at present 27 million quintals) and a certain quality (milk in its original state, i.e., for example, with fat content of 3.6-4.0 per cent depending on the region and season, free of antibiotic residues, etc.). Producers must share collectively in the cost of valorizing milk through an amount withheld from the base price. This amount, which in principle is applied on all deliveries, increases with the volume of surplus. It is paid into the "Dairy Account" of the Confederation. The expenses of this Account are mainly covered by a budgetary contribution from the Confederation and by the proceeds of charges and price supplements. In order to limit the amount of losses resulting from the valorization of milk, priority is given to covering requirements of fresh milk and fresh milk products, then to the manufacture of cheese and milk preserves. In this context, milk producers meet a larger share of the expenditure not covered by the Confederation's initial contributions and the proceeds of charges and price supplements in respect of the valorization of butter than in respect of the valorization of cheese and milk preserves. Certain premiums can be added to the base price (e.g. premiums for milk processed into cheese). On the other hand, the base price is reduced for milk that does not meet the strict quality standards.



1/ The Swiss Butter Supply Board (BUTYRA) which ensures regular butter supplies and facilitates sales of the product, comprises bodies and firms normally engaged in wholesale trade in butter. It pays compensatory amounts to the wholesale trade so that the latter can sell domestic butter at a price lower than that corresponding to the guaranteed price of milk. In addition, it takes over surplus domestic butter that has remained unsold. It has an import monopoly and collects a charge on imported butter, the proceeds of which are paid into the "Dairy Account". Net expenditure in respect of the activities of BUTYRA is financed out of the "Dairy Account".

2/ Private law organization, charged with certain public duties, responsible for the marketing of Emmenthal, Gruyère and Sbrinz cheeses: one of its duties is to take measures for the maintenance and development of sales at prices as closely related as possible to the base price for milk; it fixes wholesale prices for the domestic market and for export, at a level agreed with the authorities.

3/ The export of preserved milk is in the hands of private enterprise and is not controlled by a special organization. A subsidy of 32 centimes per kg. is paid from the "Dairy Account" on milk used for the processing of milk preserves for export - 35 centimes in the case of dried milk packed in airtight containers. Losses arising from the sale of cheese at controlled prices and which affect the account of the USF are carried to the Confederation's Dairy Account: they are therefore covered for the most part by the Confederation and for the rest by the milk producers themselves.

4/ Under a special credit (50 million francs for 1973-1975) the government makes gifts of dairy products (mainly milk provided for feeding children but also smaller quantities of cheese).

5/ Non-salted fresh butter from EFTA: 0.

6/ Supplementary duty on certain cheeses falling within sub-headings Nos. 0404, ex 14, ex 22, ex 24, ex 26, ex 28, more specifically: Butterkäse, Danbo, Edam, Elbo, Esrom, Fontal, Fontina, Fynbo, Galantine, Gouda, Havarti, Maribo, Molbo, Mimolette, Samsøe, Saint-Paulin, Tilsit, Tybo, Kartano, Kesti, Korsholm, Kreivi, Luostari, Saaristojunsto-Skärgårdost, Turunmaa. Likewise, other cheeses having a water content in non-fatty substances of more than 57 per cent but not more than 57 per cent. This supplementary duty is not charged on imports of the above-mentioned cheeses from countries with which a minimum reference price for imports thereof has been fixed by agreement. Such agreements have been concluded with Austria, the European Communities and Finland.

7/ Price supplement on certain cheeses (sub-headings Nos. 0404.14, 28, 30). Supplementary duty on imports falling within sub-heading No. 0404.24 in excess of a certain quantity.

8/ Fresh milk: imports limited to quotas from the free zones for supplying Geneva; cream: licences granted automatically.

9/ Fresh milk, neither concentrated or sweetened, in airtight metal containers: see note 8; whole milk powder: conditional imports (system of taking over in the proportion of 4 (domestic products) to 1 (imported product). Other products: licences granted automatically.

10/ Licences granted automatically.

11/ Takeover system in the proportion 1/1.

Country	Product	Central trading institutions, marketing boards and agencies	Export measures					Import measures				
			Subsidies, refunds, equalization and price pooling	Credit, concessional and non-commercial sales	Levies and charges	Restrictions	Other	Tariffs	Variable levies, other special charges	Quantitative Restrictions	Technical obstacles	Other
United States	Fresh milk (04.01)	Commodity Credit Corporation (CCC)	-	-	-	-	-	1.5-56.6 c/gal. 7-14 c/lb. <sup>4/</sup> (B 13/14) <sup>1/</sup>	-	Country quotas <u>7/8/</u>	Sanitary regulations <u>11/</u> Regulations imposed by States and other local authorities (fresh milk)	<u>12/</u>
	Preserved milk (04.02)		-	Credit sales <u>2/</u>	-	-	-	1-5-56.6 c/gal. 1-14 c/lb. <sup>2/</sup> (B)	-	Global and country quotas <u>7/2/</u>	Sanitary <u>11/</u> regulations	<u>12/</u>
	Butter (04.03)		<u>1/</u>	<u>3/</u>	-	-	-	7-14 c/lb. <u>10%</u> (B)	-	Global and country quotas <u>7/10/</u>		<u>12/</u>
	Cheese (04.04)		-	-	-	-	-	6%-25%; 5 c/lb. <u>6/</u> (B)	-	Global and country quotas (certain cheeses) <u>6/7/</u>		<u>12/</u>
	Casein (ex 35.01)		-	-	-	-	-	0(B)	-		Sanitary <u>11/</u> regulations	<u>12/</u>

**Note:** The United States Department of Agriculture has two major dairy programmes, i.e., the dairy price support programme and the Federal milk market order programme. About sixty Federal milk marketing orders cover about 60 per cent of all milk marketed and about 85 per cent of all grade A milk. A class pricing programme prices milk used for fluid separately from that used to manufacture dairy products. In the case of grade A milk, farmers receive a blend price based on the relative quantities used in fluid or manufacturing. Farmers marketing grade B milk (about 20 per cent of the total) receive only the manufacturing price. The law requires the support of manufacturing milk to producers at 75-90 per cent of parity (the concept of parity is an index of the cost of input). The United States Government price support programme provides a floor under prices. For the calculation of Commodity Credit Corporation purchase prices for dairy products (butter, non-fat dry milk and cheese) see document MTN/DP/W/15. The United States is not a signatory to any agreement relating to dairy products (see document MTN/DP/W/8).

See next page

1/ CCC Butter Export Programme (1971-1973)

2/ There are two programmes currently in operation both concerned solely with skimmed milk powder. One is the CCC export credit sales programme under which skimmed milk powder is eligible for export credit up to three years with interest rates currently at 8 per cent for US bank guarantees and 9 per cent for foreign bank guarantees.

The second programme concerns donations made, under the authority of Title III of Public Law 480, through private voluntary US agencies, international organizations including the World Food Programme, and bilateral government-to-government programmes. The US Government pays both the commodity cost of the product and the ocean transport cost.

In the 1975 financial year, approximately 105 million pounds of skimmed milk powder were shipped under this programme to developing countries, primarily through the World Food Programme and to a lesser extent through the voluntary agencies.

3/ Non-commercial sales from 1967/68 to 1971/72, (MTN/3E/DOC/5/Add.11, page 9).

4/ Fluid milk and cream, fresh or sour, other than buttermilk, containing over 1 per cent but not over 5.5 per cent of butterfat

Within quota	2 ¢ per gal.
Above quota	6.5 ¢ per gal.

containing over 5.5 per cent but not over 45 per cent of butterfat

Within quota	15 ¢ per gal.
Above quota	56.6 ¢ per gal.

5/ Butter, and fresh or sour cream containing over 45 per cent of butterfat

Within quota	7 ¢ per lb.
Above quota	14 ¢ per lb.

6/ Imports of some cheeses (US Tariff Schedule No. 117.00, 117.05, 117.15, 117.20, 117.25, 117.40.20, 117.55, ex 117.60.20, ex 117.60.40, 117.75, 117.81, 117.85.20, ex 117.85.401) are subject to global and country quotas. Cheeses, the f.o.b. price of which is above price-break (level of price related to support price) are not subject to quotas. However, if the price of these cheeses falls below price-break, there is an increase of the rate of duty.

7/ Section 22 of the Agricultural Adjustment Act provides for the establishment of dairy import quotas whenever imports threaten or appear certain to threaten the operation of the domestic price support for dairy products. The quotas are based on a historical period and allocated on the basis of past performances (see document MTN/DP/W/19).

8/ Liquid milk and cream, fresh or sour, containing 5.5 to 45% butterfat.

9/ Milk and cream, condensed, evaporated or dried, and dried buttermilk.

10/ Butter, fresh or sour cream (more than 45% butterfat), other edible animal fats and oils, milk derivatives (liquid butter).

11/ See document MTN/DP/W/16.

12/ Government purchases of farm products ("Buy American Executive Order No. 10581). Import surcharge, August 1971-December 1971.