

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

DPC/C/5

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Special Distribution

International Dairy Arrangement

COMMITTEE OF THE PROTOCOL REGARDING CERTAIN CHEESES

THIRD SESSION

Report

Introduction

1. The Committee of the Protocol Regarding Certain Cheeses held its third session on 25 and 26 September 1980.

Adoption of the agenda

2. The Committee adopted the following draft agenda:

1. Adoption of the agenda.
2. Adoption of report on the second session.
3. Information required by the Committee:
 - (a) Replies to Questionnaire 3.
 - (b) Summary tables.
 - (c) Other information.
4. Review of the market situation for products covered by the Protocol.
5. Review of the level of the minimum price for products covered by the Protocol.
6. Other business.

Adoption of report on the second session

3. The Committee adopted the report on its second session. The report will be circulated as document DPC/C/3.

Information required by the Committee

(a) Replies to Questionnaire 3

4. The Committee reviewed the replies to Questionnaire 3 and requested members which had not yet communicated information for the second quarter of 1980 to do so without delay. In addition, it was pointed out that the replies to Questionnaire 3 relating to the third quarter of 1980 should reach the secretariat not later than 15 December 1980.

(b) Summary tables

5. The Committee was informed that in accordance with Rule 28 of the Rules of Procedure, the secretariat had prepared summary tables incorporating the data provided in Table A of Questionnaire 3 in respect of cheeses. The Committee had before it a document containing revised summary tables (DPC/C/W/1/Rev.2). The Committee took note of that document.

(c) Other information

6. The Committee took note of the remarks made concerning the need to improve information regarding food aid in respect of products covered by the Protocol.

Review of the market situation for products covered by the Protocol

7. The representative of New Zealand said that production had recovered substantially in 1979/80 but it was expected that the 1980/81 cheese production would be somewhat below because of lower expected milk fat production, resulting from a return to more normal climatic conditions. Export market demand was generally satisfactory. He added that most dairying countries continued to give high priority to cheese production.

8. The representative of the United States said demand for cheese and other dairy products had strongly weakened. This had been due to increased unemployment and to high inflation rates. In addition, given the relative price advantages of meat and eggs this year, consumers might have substituted relatively low priced pork and poultry for some cheese in their purchase mix. Stocks of cheese at 1 July 1980 had been about 20 per cent above the level at the beginning of the year. Cheese imports had declined substantially in the first six months of 1980 in comparison with the corresponding period of 1979, partly as a consequence of large-scale purchases in December 1979 in anticipation of the new quota system. In addition, arrivals of foreign cheeses in the United States had probably been limited by delays in the issue to importers of licences for the new 1980 quotas. The decline in cheese imports was also due probably to weaker economic conditions in the United States.

9. The representative of Australia said that cheese production in the 1979/80 season had increased by about 8.5 per cent, to 151,000 tons. In the current 1980/81 season, production could be expected to drop back to 145,000 tons, i.e. about 4 per cent below the 1979/80 level. Exports in the 1980/81 season seemed likely to decrease slightly to some 60,000 to 65,000 tons.

10. The representative of the EEC said that according to estimates, total cheese production in 1980 was likely to be 2.9 to 3 per cent above the 1979 level. Cheese exports had increased in the first six months of 1980 and were likely to develop further for the year as a whole. In view of increased stocks of Emmental and Gruyère cheese the Commission had decided, within the framework of actions under Community regulations, to grant aid to private storage for such cheese taken into stock in the period 27 May to 30 September 1980. Similar aid had been granted to Pecorino Romano cheeses for a period of storage ending not later than 15 October 1980.

11. The representative of Switzerland said that measures had been taken in the spring to limit cheese production. The latter had increased by 3.5 per cent in the first quarter of the year but had declined in the second quarter by 2 per cent and was expected to decrease by 6 per cent in the third quarter of 1980. Cheese exports in the first six months of 1980 had reached 28,000 tons, as against 26,000 tons in the corresponding period 1979. Exports and imports of cheese in 1980 might remain practically unchanged in relation to 1979. The steady increase in domestic consumption of cheese seemed likely to continue in 1980.

12. The representative of Hungary said that cheese production in the first six months of 1980 had been at the same level as in the corresponding period of 1979. However, consumption had decreased considerably. Cheese stocks at 1 July 1980 had been 10 per cent above the preceding year's level. Exports in the first six months of 1980 had been slightly above the level recorded in the first half of 1979. Total cheese exports in 1980 were expected to reach 7,000 to 8,000 tons.

13. The representative of Norway said that cheese exports in 1980 could be expected to remain at the preceding year's level. Per capita consumption of cheese had risen considerably in 1979, a trend that seemed to be continuing in 1980.

14. The representative of Sweden said that demand for cheese in the domestic market was strong. Total domestic consumption of cheese had risen in 1979 and could increase still further in 1980.

15. The representative of Bulgaria said that total cheese production was expected to increase in 1980 to some 68,300 tons, as against 62,000 tons in 1978. Total cheese exports in the first half of 1980 had reached 6,600 tons; for the year as a whole, they were expected to continue to rise, to some 13,900 tons as against 12,000 tons exported in 1979.

16. The observer for Canada said that in the first half of 1980 Cheddar cheese production had increased by 6 per cent over the level for the corresponding period of 1979. In the same period, domestic disappearance of

Cheddar cheese had increased by 2 per cent as compared to the first six months of 1979. Stocks of Cheddar cheese at 1 August 1980 had stood at 39,300 tons, an increase by 19.5 per cent in relation to the preceding year.

17. The representative of Finland said that production and exports of cheese in 1980 might be unchanged as against the situation in 1979. International prices of cheese were increasing at a much slower rate than those of other dairy products. One should be cautious, therefore, in analyzing the situation of the market for cheese. In the view of his delegation, that situation was less satisfactory than in respect of other dairy products, and in the more distant future, there was no certainty of a continuing increase in cheese consumption. Consequently, although the current situation in the cheese market was relatively stable, problems might arise in the future.

18. The representative of New Zealand pointed out that the market situation was continuing to be firm but with some uncertainty in the longer term.

Review of the level of the minimum price for products covered by the Protocol

19. In terms of Article 3:3 of the Protocol, the Committee reviewed the level of the minimum price for products covered by the Protocol.

20. The Committee decided, under Article 3:3 of the Protocol Regarding Certain Cheeses, that the level of the minimum price specified in that Article would be modified to US\$900 per metric ton. It was agreed that the decision would take effect at noon on 1 October 1980.

21. The Committee agreed that the decision would be recorded in the report and would be the subject of a procès-verbal signed by the Director-General of the CONTRACTING PARTIES to the General Agreement, certifying the entry into force of the new minimum price.

22. The representative of Argentina said that his delegation had hoped for new minimum prices higher than those on which a consensus had been reached. While his delegation had not opposed the consensus, it was not entirely satisfied. The matter would need to be examined afresh in the near future if circumstances so required.

23. The representative of the United States said that his delegation, in accepting the new minimum prices, wished at the same time to express its opinion on the justification for minimum prices, which it considered to be safeguard prices. They should not be considered as being international support prices, nor should they be subject to any automatic indexation or increase. Lastly, his delegation considered that agreed minimum prices reflected the concept of a safeguard.

24. The spokesman for the Nordic Countries said that following the decision to increase the minimum prices, the delegations of the Nordic Countries wished to underline that the situation in the international market for cheese was less satisfactory than that in respect of other dairy products.

Other business

Report to the Council

25. The Committee requested its Chairman to make an oral report to the Council at the latter's next meeting.

Date of the next session

26. The Committee decided to hold its next session on 19 December 1980, subject to confirmation by the secretariat.