

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
DPC/C/6
6 April 1981

International Dairy Arrangement

COMMITTEE OF THE PROTOCOL REGARDING CERTAIN CHEESES

FOURTH SESSION

Report

Introduction

1. The Committee of the Protocol Regarding Certain Cheeses held its fourth session on 17 December 1980.

Adoption of the agenda

2. The Committee adopted the following agenda:
1. Adoption of the agenda.
 2. Adoption of report on the third 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. Adoption of report to the Council.
 6. Other business.

Adoption of report on the third session

3. The Committee adopted the report on its third session. The report will be circulated as document DPC/C/5.

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 third quarter of 1980 to do so without delay. In addition, it was pointed out that the replies to Questionnaire 3 relating to the fourth quarter of 1980 should reach the secretariat not later than 15 March 1981.

(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.3). The Committee took note of that document.

(c) Other information

6. No other information was requested.

Review of the market situation for products covered by the Protocol

7. The representative of the European Economic Community said that, according to estimates, cheese production in 1980 might show an increase of 4.5 per cent to reach 3,529,000 tons. Total internal consumption in 1980 was expected to be about 3,342,000 tons, i.e. about 1.9 per cent over the 1979 level. Cheese exports in 1980 were expected to be between 295,000 and 300,000 tons while imports might reach some 80,000 tons. International prices for cheeses had remained stable. International trade in cheeses had developed fairly satisfactorily and the Committee had found substantial outlets for its cheeses in the OPEC countries. Community cheese stocks eligible for aid to private storage at present totalled some 54,000 tons.

8. The representative of New Zealand said that cheese stock levels were high in many countries and the international market was dull. Export prices were only marginally higher than the previous year. Sales to Japan (the major open import market) had declined with little immediate prospects for recovery. New Zealand Cheddar cheese prices have continued around the US\$1,500 per metric ton f.o.b. level.

9. The observer of Canada said that Cheddar cheese output in 1980 would likely reach 106,000 tons, an increase of 9.2 per cent from 1979 levels. Domestic Cheddar consumption was estimated at about 97,000 tons, up 5.3 per cent from the 1979 figure. Cheddar stocks were estimated at about 39,600 tons for 1 January 1981 as compared to 32,900 tons on 1 January 1980. Exports of Cheddar would probably be about 2,500 tons in 1980, up substantially from 1979 exports. Regarding the outlook for 1981, domestic Cheddar consumption was forecast to increase about 4 per cent from 1980 levels. The export potential for Cheddar exports to the EEC and the United States was about 3,600 tons. Because of the stock situation for Cheddar at the beginning of 1981 production requirements should be less than in 1980, possibly by 3 to 4 per cent.

10. The representative of South Africa said that production of Cheddar and Gouda cheese might show a decline in 1980 to around 30,000 tons. The figures regarding stocks communicated in replies to the questionnaires referred to stocks held by the private sector.
11. The representative of the United States said that as a consequence of the increase in the support price for milk in October 1980, support price for Cheddar cheese had reached US\$1.39 per lb. The commercial disappearance of American cheese in the second quarter of 1980 had been 9 per cent lower than in the second quarter of 1979. Stocks of American cheese held by the Commodity Credit Corporation had amounted to 89,000 tons on 30 September 1980.
12. The representative of Romania said that cheese production in 1981 was estimated at 126,000 tons, as against 114,900 tons expected for 1980.
13. The representative of Australia said that cheese exports in 1980/81 might be in the region of 45,000 tons. Export prices for Cheddar cheese were currently around US\$1,600 per metric ton.
14. The representative of Finland said that the world market situation for cheeses and likewise international prices had remained fairly stable. Nevertheless, the increase rate in international prices for cheese was much slower than for other dairy products. Cheese production in 1980 might be unchanged as against the 1979 situation. Nevertheless, in 1981 a slight increase could be expected in production, to 74,000 tons as against 72,000 tons estimated for 1980. Cheese exports had increased in 1978 and 1979. Possibilities for further export growth in 1980 and 1981 were limited. Accordingly, one could expect that in 1980 and 1981 exports would continue at a stable level of 40,000 tons, as against 41,000 tons exported in 1979 and 36,000 tons in 1978.
15. The representative of Norway said that cheese production could be expected to reach 70,000 tons in 1980, as against 67,600 tons in 1979. Consumption had risen by about 6 per cent and per capita consumption which had increased considerably in 1979, was expected to continue upward in 1980, reaching 12.5 kgs. A decline in exports to 18,000 tons, was expected for 1980 but in 1981 sales were expected to reach approximately 20,000 tons, as in 1979.
16. The representative of Sweden said that per capita cheese consumption had been rising steadily in his country and had reached 12.7 kgs. in 1979. A further increase, by about 6 per cent, had been estimated for 1980, continuing in 1981.
17. The representative of Switzerland said that the market situation for cheese had improved in the sense that stocks which had been abundant in the summer of 1980 had begun to decline towards the end of the year. Domestic consumption had remained firm, and per capita consumption was in the region of 12.5 kgs.

18. The representative of Hungary said that cheese production in the three first quarters of 1980 had increased slightly to 32,200 tons, as against 31,600 tons in the corresponding period of 1979. Domestic consumption of cheese had decreased considerably due to the substantial rise in consumer prices. Per capita consumption was expected to show a decline to around 3 kgs. in 1980, as against approximately 4 kgs. in 1979. Cheese exports in the three first quarters of 1980 had increased slightly to 5,800 tons, as against 5,200 tons in the corresponding period of 1979. Total exports in 1980 were expected to reach 7,000 to 8,000 tons.

Adoption of report to the Council

19. In pursuance of Article VII:2(a) of the Arrangement and Rule 22 of the Rules of Procedure, the Committee adopted its report to the Council. That report, on the work of the Committee's fourth session, will be distributed as document DPC/C/4.

Other business

20. The representative of New Zealand suggested that at its next session the Council might examine the possibility of some slight changes that might improve the structure of discussions. In addition, the question of food aid which was covered by the Arrangement might be included in the agenda as a separate item. In that way, the work could be better organized and a programme could be fixed for the rest of the year.

21. The representative of New Zealand expressed appreciation to the Chairman of the committees responsible for administering the protocols, Mr. J.-M. Lucq, whose term of office would expire at the end of 1980.

Dates of coming sessions

22. The Committee decided to hold its next regular session on 1 April 1981 subject to confirmation by the secretariat. According to the preliminary programme of meetings, its second, third and fourth regular sessions in 1981 will take place on 19 June 1981, 23 September 1981 and 18 December 1981 respectively, subject to confirmation by the secretariat.