

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED
DPC/C/21
5 October 1983

International Dairy Arrangement

COMMITTEE OF THE PROTOCOL REGARDING CERTAIN CHEESES

FOURTEENTH SESSION

Report

Introduction

1. The Committee of the Protocol Regarding Certain Cheeses held its fourteenth session on 27 and 28 June 1983.

Adoption of the agenda

2. The Committee adopted the following agenda:
 1. Adoption of report on the thirteenth session
 2. Information required by the Committee:
 - (a) Replies to Questionnaire 3
 - (b) Summary tables
 - (c) Other information
 3. Review of the market situation for products covered by the Protocol
 4. Other business.

Adoption of report on the thirteenth session

3. The Committee adopted the report on its thirteenth session. The report will be distributed as DPC/C/19.

Information required by the Committee

(a) Replies to Questionnaire 3

4. The Committee reviewed the replies to Questionnaire 3 and requested members who had not yet communicated information in respect of the first quarter of 1983 to do so without delay. In addition, it was pointed out that the replies to Questionnaire 3 relating to the second quarter of 1983 should reach the secretariat not later than 15 September 1983.

(b) Summary tables

5. The Committee had before it a document containing revised summary tables (DPC/C/W/1/Rev.13) prepared under Rule 28 of the Rules of Procedure and covering the information furnished in Tables A and B of Questionnaire 3 regarding cheeses. The Committee took note of document DPC/C/W/1/Rev.13.

(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 EEC estimated that cheese output could show an increase by around 1.5 per cent in 1983 in relation to 1982, in which year a 2 per cent rise had been recorded. It was hoped that consumption, which had progressed by only 0.8 per cent in 1982, would increase by about 1.3 per cent in 1983. The market situation for cheese was fairly satisfactory and both exports and imports of the product were rising. At 16 June 1983, stocks of Grana Padano had been at the level of 28,941 tons and those of Parmigiano at 17,497 tons.

8. The representative of Argentina said that cheese production had remained stable in 1982 while consumption had dropped back somewhat. At the end of that year, stocks had been at a reasonable level. In the first quarter of 1983 exports had risen to around 2,000 tons, the principal destination being the United States.

9. The representative of Australia estimated that production of leviable cheese and non-leviable cheese might amount respectively to 115,000 tons and 40,000 tons in 1983. The total export availability in the 1982/83 year was likely to be around 44,000 tons. He pointed out that a continuing weakening in the cheese market was being noted. This weakening appeared to be due to increased competition. He added that recently there had been increasing price pressures on some major markets such as Japan. Australia had been forced to match competitive offers. Prices of Cheddar cheese in international trade had continued to decline and were ranging between US\$1,250 and US\$1,450 per ton f.o.b. depending on the country of origin.

10. The representative of New Zealand said that significant price reductions had continued since the beginning of the year on the international market for cheese. Increased cheese production in Europe and in the United States had led to an increase in surplus stocks. As a consequence, there had been some urgent selling with prices declining from US\$1,600 per metric ton f.o.b. at the start of the year to a range of US\$1,300-US\$1,400 per metric ton f.o.b. currently. It was considered that the surge in surplus production in Europe, especially in Cheddar cheese types, could prove to be a short-term phenomenon. The major increase had come in the Cheddar production of the United Kingdom. Due principally to

the increased competition in the Japanese market, Australian and New Zealand's Cheddar cheese stocks had built up to very serious levels. It was estimated that this situation might require a major change in New Zealand mix of products manufactured for export in 1983/84.

11. The representative of Poland said that output of cheese had risen by about 25 per cent in the first quarter of 1983 to reach 23,200 tons. If that trend was confirmed, output for the year 1983 could be close to 110,000 tons. That output was exclusively used for domestic consumption. Imports and exports of cheese were very low.

12. The representative of Romania estimated that cheese production, mainly intended for domestic consumption, could be in the vicinity of 104,000 tons in 1983. Exports and imports of cheese were very low.

13. The representative of South Africa estimated that consumption of Gouda and Cheddar cheese should increase in the second quarter of 1983.

14. The representative of Finland said that production and exports of cheese were expected to remain stable in 1983 in relation to 1982. Cheese consumption was increasing.

15. The representative of Norway said that in 1982 cheese output had risen while exports had declined.

16. The representative of Sweden estimated that consumption of cheese might increase further by about 1 to 2 per cent in 1983.

17. The representative of Switzerland said that following the increase in the base price for milk, wholesale prices of cheese would increase by Sw F 40 per 100 kg. with effect from July 1983; retail prices would rise by Sw F 50 per 100 kg. In order to avoid any decline in cheese consumption, the import charges or price supplements had been adjusted by 10 and 30 centimes per kg. according to variety. For certain specialities, the price supplements remained unchanged. It was estimated that cheese output would increase by 4.4 per cent in the second quarter of 1983. In that same period, imports were estimated to have increased by 7 per cent while exports had dropped back by 2 to 3 per cent in relation to the corresponding period of 1982. Cheese consumption in the second quarter of 1983 was estimated at 2 per cent down in relation to the corresponding period of 1982. For the year 1983 as a whole, production was forecast to show an increase by 2 per cent, imports a decline by 1 to 2 per cent, and exports a decrease by 2 per cent. Some decline in consumption was expected in 1983.

18. The representative of the United States informed the Committee that uncommitted inventories of cheese held by the Commodity Credit Corporation had been at the level of 380,000 tons at 17 June 1983 as compared to 339,000 tons at 18 June 1982. They were projected to be around 400,000 tons at 30 September 1983. The representative of the United States communicated the following information on the domestic distribution programmes of cheese (in metric tons).

	<u>1 October 1981 -</u> <u>30 September 1982</u>	<u>1 October 1982 -</u> <u>30 September 1983</u> (forecast)
School lunch	82,555	62,143
Military	1,134	1,588
Prisons	318	111
Special distribution for needy	64,411	124,739

19. The representative of Uruguay said that cheese consumption was expected to show a slight decline in 1983.

20. The observer of Canada pointed out that the situation in the market for cheese was obviously better than that in the market for skimmed milk powder.

Other business

Adoption of report to the Council

21. In accordance with 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 at the Committee's fourteenth session, will be circulated as document DPC/C/20.

Special meeting

22. As agreed at the December 1982 sessions, a special meeting will be held on the occasion of the September 1983 sessions of the committees, to examine government measures to expand domestic consumption of dairy products (DPC/P/W/11, DPC/F/W/10, DPC/C/W/10 and addenda thereto).

Date of next session

23. In accordance with the preliminary calendar, it has been decided that the committees will hold their fifteenth sessions consecutively on 26, 27 and 28 September 1983, subject to confirmation by the secretariat. The session of the Committee of the Protocol Regarding Milk Fat will be followed by the session of the Committee of the Protocol Regarding Certain Milk Powders and then the session of the Committee of the Protocol Regarding Certain Cheeses.