

This draft report will be submitted for adoption to the Committee of the Protocol Regarding Certain Milk Powders at its fourteenth session. The list of participants and observers is annexed.

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED  
Spec(83)22  
25 April 1983

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## International Dairy Arrangement

### COMMITTEE OF THE PROTOCOL REGARDING CERTAIN MILK POWDERS

#### THIRTEENTH SESSION

##### Draft Report

#### Introduction

1. The Committee of the Protocol Regarding Certain Milk Powders held its thirteenth session on 23 March 1983.

#### Adoption of the agenda

2. The Committee adopted the following agenda:

1. Election of the Chairman and Vice-Chairman
2. Adoption of report on the twelfth session
3. Information required by the Committee:
  - (a) Replies to Questionnaire 1
  - (b) Summary tables
  - (c) Other information
4. Review of the market situation for products covered by the Protocol
5. Other business

Election of the Chairman and Vice-Chairman

3. The Committee entrusted the chairmanship to the secretariat (Mrs. Francine Hubert); it did not elect a Vice-Chairman.

Adoption of report on the twelfth session

4. The Committee adopted the report on its twelfth session. The report will be distributed as DPC/P/18.

Information required by the Committee

(a) Replies to Questionnaire 1

5. The Committee reviewed the replies to Questionnaire 1 and requested members who had not yet communicated information in respect of the fourth quarter of 1982 to do so without delay. In addition, it was pointed out that the replies to Questionnaire 1 relating to the first quarter of 1983 should reach the secretariat not later than 15 June 1983.

(b) Summary tables

6. The Committee had before it a document containing revised summary tables (DPC/P/W/1/Rev.12) prepared under Rule 28 of the Rules of Procedure and covering the information furnished in Tables A and B of Questionnaire 1 regarding skimmed milk powder and whole milk powder. The Committee took note of document DPC/P/W/1/Rev.12.

(c) Other information

7. No other information was requested.

Review of the market situation for products covered by the Protocol

8. The representative of the United States estimated that production of skimmed milk powder would continue in 1983 at approximately the same level as in 1982. He informed the Committee that uncommitted Commodity Credit Corporation (CCC) inventories of skimmed milk powder which had been at the level of 534,000 tons at 30 September 1982 were projected to be around 613,000 tons at 30 September 1983. Increased domestic disposal programme activity had reduced the estimates of stocks at 30 September 1983 made in the December 1982 session of the Committee. Uncommitted CCC stocks of skimmed milk powder at 11 March 1983 had been at 540,400 tons.

9. The representative of the United States said that in late December 1982 the CCC had contracted to sell Mexico 60,000 tons of skimmed milk powder for delivery in 1983; no other CCC export sale had been made to date in 1983. Current international prices of skimmed milk powder seemed to be in the range of US\$800 to US\$850 per ton. He informed the Committee that as indicated in the list of overseas dairy donations forwarded to the secretariat, a donation of 20,000 tons of skimmed milk powder under section 416 had been made to Mexico in late February 1983.

10. The representative of New Zealand said that the continued growth in the stocks of skimmed milk powder held by the United States and the EEC had contributed to an easing in export prices which were currently in the range of US\$850 to US\$900 per ton f.o.b. As a counter measure the EEC had further expanded internal disposals via the pig and poultry scheme. New Zealand's uncommitted stocks of skimmed milk powder had declined and the Dairy Board was now aiming to achieve some firming in prices. Those efforts could, however, be frustrated by further aggressive price-cutting from Canada or other producers seeking export disposal outlets. With regard to whole milk powder, the market was currently quiet and export prices were between US\$1,200 and US\$1,350 per ton f.o.b.

11. The representative of the EEC said that according to provisional data, output of skimmed milk powder in 1982 had been above the preceding year's level. Skimmed milk powder exports (including food aid) had declined in 1982 for the second consecutive year. Internal consumption for animal feed had increased slightly in 1982. Despite the very costly policy to promote internal consumption for animal feed, public stocks had increased in 1982 to reach 576,000 tons at the end of the year. Thereafter they had continued to rise, to reach 649,019 tons at 17 March 1983. With respect to export prices of skimmed milk powder, taking into account the refund and the current conversion rate between the US dollar and the ECU, Community operators could offer prices in the region of US\$950 to US\$970 per ton f.o.b. Competition in the market was keen, and Community prices were too high as compared with those of other exporters. Consequently, the Community was selling practically no skimmed milk powder. It was regrettable that certain exporters were offering skimmed milk powder at very low export prices. According to certain reports, a sale of skimmed milk powder had been made to Algeria at prices not corresponding to those which had been mentioned as being representative on the international market. With respect to whole milk powder, the market situation was not as disquieting as for skimmed milk powder although it was less favourable than in recent years. Exports of whole milk powder had declined in 1982 in relation to 1981. Export prices had remained basically stable and were currently estimated at between US\$1,300 and US\$1,330 per ton f.o.b.

12. Referring to reports regarding a sale of anhydrous milk fat and skimmed milk powder to Algeria, the representative of New Zealand said that it was true that on occasions a sale had been made at prices below those mentioned by his delegation. His country attached very great importance to the Arrangement and there was no question of breaching the minimum prices applicable under the Protocols. The export prices indicated by his delegation were indeed representative of the majority of New Zealand sales, i.e. the general level of prices. Sales to Mexico and Algeria had been made at offer levels which had matched prices from the United States and the EEC respectively. His authorities appreciated very much the EEC's restraint in not raising refunds. Even with that restraint, however, some

sales of EEC products were made at prices below those theoretically possible on the basis of intervention and refund levels. He hoped that the representative of the EEC would agree that these last prices were not indicative of general price trends nor that they invalidated the EEC statements about general export price levels.

13. The representative of the United States noted that the sale of skimmed milk powder to Mexico had been effected in late December 1982. He recalled that the prices mentioned in the December 1982 session of the Committee had been in the range of US\$808 to US\$900 per ton. The price at which the sale was effected to Mexico had been in response to prices prevailing in the world market in late December 1982.

14. The representative of the EEC recalled that Community prices were too high in relation to those offered by other exporters, and competition in the market was keen. Because of the current level of the refund, sales were not possible inter alia to Algeria at prices competitive with those offered by other exporters. The Community was pursuing a responsible policy regarding dairy exports, in order to avoid any disruption of the international market. It was to be hoped that to that end other participants would likewise adopt a responsible attitude in regard to exports and in addition would make a special effort for domestic disposal of surplus stocks which had reached very disquieting levels.

15. The representative of Japan said that output of skimmed milk powder had increased slightly in 1982 to around 130,000 tons. Imports had recovered and had totalled 93,000 tons in 1982 as against 83,000 tons in 1981.

16. The representative of Hungary said that skimmed milk powder production had declined slightly in 1982 from the preceding year's level. Exports had increased while total domestic consumption had declined in 1982. Export

prices in the fourth quarter of 1982 had averaged US\$847 per ton, franco Hungarian border.

17. The representative of Argentina said that in the fourth quarter of 1982 milk powder exports had totalled some 4,000 tons, of which 3,156 tons in the form of whole milk powder and 845 tons in the form of skimmed milk powder. Export prices were currently in the region of US\$1,350 to US\$1,400 per ton for whole milk powder and of US\$950 to US\$980 per ton for skimmed milk powder.

18. The representative of Sweden said that skimmed milk powder output had increased by about 25 per cent in 1982, reaching 50,000 tons. Exports had likewise risen in 1982, to the level of 19,000 tons. At the end of 1982, stocks had been well above the level recorded at the beginning of the year. A further increase in production was expected for 1983 but not as significant as in 1982. Export prices expressed in national currency had been stable for several months past. Expressed in US dollars, those prices were currently between US\$810 and US\$820 per ton f.o.b. These prices were net prices received by the exporters and no credits were offered.

19. The representative of Norway said that following an increase in milk deliveries to dairies and a decline in liquid milk consumption, output of skimmed milk powder had increased in 1982 reaching 11,450 tons as against 9,211 tons in 1981. At the end of 1982 stocks were at the level of 4,600 tons as against 1,900 tons at the beginning of the year. At the beginning of 1983, measures had been taken to increase the use of liquid skimmed milk as animal feed. Despite those domestic disposal measures, it would probably be necessary to export skimmed milk powder in the first half of 1983. Norway's output of skimmed milk powder was normally used for domestic consumption, any surpluses being disposed of on the domestic market. It was expected that in the future, Norway would not export skimmed milk powder.

20. The representative of Finland said that output of skimmed milk powder had remained stable in 1982 while consumption for animal feed had declined steeply. That consumption had recovered in early 1983, however. It was hoped that Finland would be able to dispose of the major part of the stocks through this way although some exports in 1983 were considered. With regard to whole milk powder, production had remained stable in 1982 while exports had declined. Whole milk powder was an export product, with sales going almost exclusively to the USSR. Following an increase in milk deliveries to dairies, production and exports of whole milk powder could be expected to rise in 1983. Export prices in the fourth quarter of 1982 had averaged US\$1,416 per ton f.o.b.

21. The representative of South Africa said that production of skimmed milk powder had increased in 1982 while domestic consumption had declined substantially. As a result, stocks had increased appreciably to reach 15,800 tons at the end of 1982, as against 4,150 at the beginning of the year. Stocks had continued to rise in early 1983 and could be around 18,000 tons at the end of the first quarter. Exports of skimmed milk powder were not foreseen at this stage.

22. The representative of Romania said that output of milk powder was used exclusively for domestic consumption. In 1982, exports had been nil while only negligible quantities had been imported.

23. The representative of Australia estimated that production of skimmed milk powder and butter milk powder in 1982/83 would reach 96,000 tons with some 47,000 tons available for export. International prices of skimmed milk powder had weakened in the second half of 1982 and had been in the range of US\$850 to US\$920 per ton f.o.b. in the fourth quarter of 1982. Due to the strong price competition, skimmed milk powder prices had weakened further in the beginning of 1983. With regard to whole milk powder, he estimated that production in 1982/83 would reach 55,000 tons with some 40,000 tons available for export. The market for whole milk powder appeared to be unsettled with severe price competition being experienced. As a result, current export prices were down to US\$1,250 per ton f.o.b.

24. The observer for Canada said that skimmed milk powder exports had increased substantially in 1982 in relation to 1980 and 1981. In 1982 they had been about 25 per cent above the 1979 level, the major part of those exports having taken place in the last quarter of the year. In recent years, the main outlets had been Mexico and the Canadian International Development Agency (CIDA) which purchased skimmed milk powder for food aid. It was estimated that purchases of skimmed milk powder by the CIDA in the fiscal year ending 31 March 1983 would amount to some 14,000 tons. In calendar year 1982, the largest single commercial customer had been Mexico. On 1 February 1983 stocks of skimmed milk powder had totalled 23,000 tons, as against 31,000 tons on 1 February 1982. Prices in the international market were in the range of US\$800 to US\$900 per ton f.o.b. Prices of Canadian exports during the fourth quarter of 1982 had averaged US\$886 per ton f.o.b.

#### Other business

#### Report to the Council

25. The Committee agreed that an oral report would be made to the Council on the discussions at the current session.

#### Date of next session

26. In accordance with the preliminary calendar, the Committees are to hold their next sessions from 27 to 29 June 1983. It has been decided that the Committees will hold their fourteenth sessions consecutively on 27 and 28 June and, if necessary, 29 June 1983, subject to confirmation by the secretariat. The session of the Committee of the Protocol Regarding Certain Milk Powders will take place on 27 June 1983, followed by the session of the Committee of the Protocol Regarding Certain Cheeses and then the session of the Committee of the Protocol Regarding Milk Fat.

ANNEX/ANNEXE/ANEXO

LIST OF REPRESENTATIVES - LISTE DES REPRESENTANTS -  
LISTA DE REPRESENTANTES

Chairman:  
Président: Mrs. F. Hubert (Secretariat)  
Presidente:

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PARTICIPANTES

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Spec(83)22  
Page 14

UNITED STATES

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(no se ha recibido la lista)

OBSERVER/OBSERVATEUR/OBSERVADORE

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