

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

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

Spec(83)24
25 April 1983

International Dairy Arrangement

COMMITTEE OF THE PROTOCOL REGARDING CERTAIN CHEESES

THIRTEENTH SESSION

Draft Report

Introduction

1. The Committee of the Protocol Regarding Certain Cheeses held its thirteenth session on 22 and 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 3
 - (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/C/18.

Information required by the Committee

(a) Replies to Questionnaire 3

5. The Committee reviewed the replies to Questionnaire 3 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 3 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/C/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 3 regarding cheeses. The Committee took note of document DPC/C/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 Argentina said that cheese exports had totalled 7,115 tons in 1982, the principal destinations having been the United States, Italy and Latin American countries.

9. The representative of Hungary pointed out that there were no significant changes in the main trends of production, consumption and trade of cheese. Production of cheese had amounted to 50,000 tons in 1982, an increase of some 4 per cent over 1981. Exports had decreased in 1982, partly due to higher domestic consumption and also to unfavourable market conditions. Total domestic consumption had increased by 5 per cent to reach approximately 40,000 tons.

10. The representative of Japan said that imports of cheese in 1982 had amounted to 74,000 tons, an increase of 3,000 tons over 1981. Consumption of processed cheese had increased slightly in 1982 as compared to 1981.

11. The representative of New Zealand said that price competition had increased in recent months, particularly in Japan and the Caribbean region. EEC export prices had continued to ease, reflecting currency-related gains and a surge in cheese production in certain Community countries. That easing of price was considered to be temporary, however, as the over-supply was corrected.

12. The representative of the United States estimated that commercial use of dairy products might be up around 2 per cent in 1983 as retail prices were showing only limited upward movement. Net removal of dairy products by the Commodity Credit Corporation (CCC) for fiscal year 1983 are expected to total near 6.3 million metric tons milk equivalent. With respect to cheese, world production was forecast to continue to rise in 1983, but at a slower rate. He informed the Committee that uncommitted CCC inventories of cheese which had been at the level of 374,000 tons at 30 September 1982 were projected to be around 341,000 tons at 30 September 1983. Increased domestic disposal programme activity had reduced the estimates of stocks at 30 September 1983 made at the December 1982 session of the Committee. Uncommitted CCC stocks of cheese at 11 March 1983 had been at 334,700 tons, the average age of those stocks being 365 days.

13. In reply to questions, the representative of the United States indicated that total purchases of cheese by the CCC in fiscal year 1982 had amounted to 277,000 tons and for fiscal year 1983 purchases might increase

by about 2 per cent. Domestic donations of cheese had amounted to 149,000 tons in fiscal year 1982 and were expected to reach some 293,000 tons in fiscal year 1983. He informed the Committee that no foreign sales of cheese were expected. Foreign donations of cheese had reached some 5,000 tons in fiscal year 1982 and were expected to amount to about 20,000 tons in fiscal year 1983.

14. The representative of the United States forwarded to the secretariat for circulation a text containing a list of overseas dairy donations made under Section 416. This text will be circulated a document DPC/W/28.

15. The representative of the EEC underlined the keen concern being felt over the considerable cheese stocks held by the United States. In the view of his delegation, exports would not bring any meaningful reduction in the United States cheese surplus. If that country were to depart from the responsible attitude it had shown so far, a disastrous situation would result in the world market which was very limited and highly sensitive. It was to be hoped that in future the United States would continue to adopt a responsible attitude in order to avoid any disruption of the international market.

16. The representative of Switzerland stated that a slight recovery in milk production had been reflected in cheese output which as a result was currently tending to increase by about 1 per cent. The slight rise in consumption recorded in 1982 could be expected to continue in 1983. However, meat prices could influence the trend in cheese consumption. Cheese exports had declined appreciably in the first quarter of 1983 but it was hoped that in the second quarter of the year the decline would not exceed 1 per cent.

17. The representative of Sweden indicated that cheese output and consumption, which had increased in 1982, could continue to develop in 1983. The expected increase in consumption would be attributable to intensified marketing, improved quality and some assistance from the additional consumer subsidies. She added that a price rebate for cheese consumption at public institutions had also been introduced lately as a special measure.

18. The representative of Norway said that cheese output had increased by 3 per cent in 1982 over the preceding year's level and that stocks at the end of 1982 had been 20 per cent above their level at the beginning of the year. Cheese consumption had dropped back by 3 per cent in 1982. Measures were to be taken in 1983 to boost that consumption. Cheese exports had dropped back 6 per cent in 1982 to around 20,000 tons. In 1983, exports could be expected to continue at the preceding year's level or to increase slightly.

19. The representative of Finland indicated that cheese consumption, which had continued to expand in 1982, could increase further in 1983. Stocks at the end of 1982 had been above their level at the beginning of the year. After having declined in 1982, cheese exports were expected in 1983 to return to their 1981 level.

20. The representative of South Africa said that cheese consumption had declined by about 5 per cent in 1982 in relation to 1981 but some recovery was expected in 1983. At the end of 1982, stocks had reached the relatively high level of some 13,600 tons. With the expected reduction in output and increase in consumption, however, stocks at the end of the first quarter of 1983 could well show a decline to around 9,000 tons.

21. The representative of the EEC said that production, consumption and exports of cheese had increased slightly in 1982 in relation to 1981. At 17 March 1983, cheese stocks had been around 58,000 tons. For the moment, the cheese sector of the Community was the one causing the least concern.

22. The representative of Australia said that production of cheese in the six-month period July to December 1982 had amounted to 104,671 tons of which 27,734 tons had been exported. It was estimated that in 1982/83 production would reach the level of 148,000 tons of which some 49,500 tons would be available for export. He pointed out that a particular weakening in the cheese market had been noted towards the end of 1982. This weakening appeared to be due to increased competition as well as to some

shortage of foreign exchange on the part of the OPEC countries. He added that recently there had been increasing price pressures on some major markets. Prices of Cheddar cheese in international trade were between US\$1,550 and US\$1,650 per ton f.o.b.

23. Referring to replies to the questionnaires for the fourth quarter of 1982, the observer for Canada noted that for the moment the data on consumption in 1982 covered only the eleven first months of the year. In the three first quarters of 1982, Cheddar cheese consumption had been at the same level as in the corresponding period of 1980 but below that for the nine first months of 1981. A comparison of Cheddar cheese consumption for 1982 as a whole in relation to 1981 would not be feasible until the data for December 1982 were available.

Other business

Report to the Council

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

Date of next session

25. 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:
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Presidente:

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PARTICIPANTES

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(no se ha recibido la lista)

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