

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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International Dairy Arrangement

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PROTOCOL REGARDING CERTAIN MILK POWDERS

Communication from the New Zealand Permanent Mission

The following communication, dated 10 January 1985, has been received from the New Zealand Permanent Mission.

In terms of Article 3:5 of the International Dairy Arrangement Regarding Certain Milk Powders, New Zealand gives notice of its intention to export a limited quantity of buttermilk powder (BMP) for the purposes of animal feed at prices below the minimum price set out in Article 3:2(b) of the same Protocol.

New Zealand earlier notified its intention and completed sales of a total of 3,000 tonnes of BMP in Spain in February/March last year. The earlier sale permitted New Zealand to sell part of its oldest stock of BMP and relieve some of the stock problem it then faced. However, continued static demand internationally for BMP, and increased BMP production as a direct result of increased butter production last season, has resulted again in a stock build-up in New Zealand.

As instanced again recently by the Australian notification of similar sales of BMP, there is no adequate alternative market for BMP other than Spain. It is the intention of New Zealand to seek sales of up to 3,000 tonnes of BMP for animal feeding purposes in Spain over the next three months. It is considered that this volume could be sold in Spain without seriously affecting prices available for milk powder for animal feed - currently ranging down to US\$600 c.i.f. It is estimated that, taking account of the freight penalty faced by New Zealand in selling into Spain, sales at prices currently available in Spain would return approximately US\$450 per tonne f.o.b.

It has been established by the Protocol Committee that Spanish control procedures conform to the requirements of the Protocol. The New Zealand authorities would report at the next meeting of the Protocol Committee, the quantities and prices of BMP sold in Spain in the preceding quarter.