

4 March 1985

Special Distribution

GENERAL AGREEMENT ON TARIFFS AND TRADE

International Dairy Arrangement
Committee of the Protocol Regarding
Certain Milk Powders
Committee of the Protocol Regarding
Milk Fat
Committee of the Protocol Regarding
Certain Cheeses

Original: English

COMMUNICATION FROM THE PERMANENT MISSION OF AUSTRIA

Addendum

Statement made 22 February 1985

I would like, first of all, to thank you and the members for convening the joint meeting of the Committees of the Protocols to the International Dairy Arrangement.

My Government has a good deal of interest in an operationally effective International Dairy Arrangement. The development of the international market for certain dairy products raises great concern for the Austrian exporters. Existing minimum prices no longer reflect the current market situation, and therefore we need with urgency a re-definition of such prices for whole milk powder, skimmed milk powder and butter.

The Austrian exporters are confronted with demands for prices corresponding to the prices we have proposed in our communication contained in document DPC/P/W/25, DPC/F/W/17, DPC/C/W/22 of 19 February 1985.

As to the different products, I may make the following observations: the world market price for whole milk powder has fallen since October 1981 from US\$1,500/ton to US\$905/ton f.o.b. Western European ports. That means that the world market price is considerably below the minimum price of US\$950/ton.

Although the world market price for skimmed milk powder at US\$675/ton in December 1984 is higher than the minimum price, there were quotations on the international market on 16 January 1985 at US\$570/ton and US\$557/ton on 12 February 1985. The Austrian exporters, however, are confronted with price demands around US\$500/ton.

The world market prices for butter are determined by Australia and New Zealand's exports under paragraph (2) of the resolution DPC/13. These prices are about US\$1,035/ton c.i.f. Algiers, implying a price of US\$850/ton on the basis f.o.b. ship taking to the sea in Oceania, under the assumption of freight costs of US\$220/ton.

As to the influence of the exchange rates for the US dollar on the minimum prices, I would like to mention that the exchange rate between the US dollar and 8S in October 1981 was 1 : 15.70 and in December 1984

it was 1 : 21.70. That means that the exchange rate for the US dollar was raised by 38.22 per cent in the period from October 1981 to December 1984. The evolution of the exchange rate between the US dollar and other currencies is given below:

- in the period October 1981 to December 1984

Switzerland:	+ 35.6 per cent
Sweden:	+ 60.1 per cent
FRG:	+ 37.8 per cent
Netherlands:	+ 40.8 per cent
United Kingdom:	+ 55.3 per cent
France:	+ 69.5 per cent
Belgium:	+ 66.0 per cent

- in the period November 1981 to November 1984

Australia:	+ 31.6 per cent
New Zealand:	+ 69.4 per cent

This means that the purchasers of these countries have to pay more for the minimum prices by the aforementioned percentages.

With good reasons, we must expect that the withdrawal of the United States from the International Dairy Arrangement will be followed by the entry of the United States into the international market of dairy products more actively, which would lead to additional pressures on the prices.

Mr. Chairman, as I have said earlier, my Government attaches great importance to a well-functioning Dairy Arrangement. We ask the Committee therefore to take immediately the necessary decisions on re-defining the minimum prices concerned. If this is not done, not only the Austrian dairy sector, but the dairy sector in general would be adversely affected. If negotiations on re-defining new minimum prices do not produce an early and satisfactory result, Austria would reserve her right to take appropriate measures for safeguarding her interests, including the possibility of withdrawal from the International Dairy Arrangement.