

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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15 March 1985

Limited Distribution

INTERNATIONAL DAIRY PRODUCTS COUNCIL

Special Meeting of 11 and 22 February and of 8 March 1985

Note by the Chairman

The International Dairy Products Council held a special meeting under Article IV:6 of the International Dairy Arrangement on 11 and 22 February and on 8 March 1985, and reviewed the situation in the context of the Resolution adopted on 16 November 1984 as well as the situation with regard to United States withdrawal from the Arrangement.

On 11 February, the Council noted with regret that the United States still maintained its decision to withdraw from the Arrangement, and that this withdrawal would take effect as from 12 February 1985. The Council felt this to be particularly unfortunate as participants in the Arrangement had expressed their continued support for it, and their determination to maintain its future viability. Participants had also expressed the opinion that effective co-operation in the field of trade in dairy products was important in the wider context of solving problems related to agricultural trade generally. In stating its intention to withdraw from the Arrangement, the United States made reference to decisions which it had indicated were inimical to its interests. It hoped, however, that the Council would take action shortly which would allay some of those concerns. The Council also noted that while the United States had given Notice of Withdrawal, it had also promised not to disrupt the international trade or the prices for dairy products when pursuing its commercial interests. On behalf of the Council, the Chairman appealed to the United States to reconsider its decision to withdraw, and if this were not possible, to seriously consider as a matter of priority the resumption of its participation in the Arrangement at an early date. The Council strongly urged that the United States should participate as an observer in the Arrangement and its Protocols.

At the session on 8 March 1985, the Council received an oral report from the Chairman of the Committees of the Protocols. The Committees had held a series of joint special meetings in order to consider requests from Austria and South Africa to redefine the levels of minimum prices in the Arrangement. However, no agreements had been reached with respect to a modification of the levels of the minimum prices. Neither was any agreement reached on a subsequent proposal by Austria to suspend the price provisions of the Arrangement until the end of 1985. Subsequently, the Austrian delegation requested a general derogation under Article 7 of each of the Protocols. Delegates had not been in a position to pronounce on this request at the meeting of the Committees and the Chairman of the Committees had suggested that the Austrian request for a derogation be considered further.

Subsequent discussion in the Council revealed that it was unlikely that the Austrian request for a derogation under Article 7 of each of the Protocols would succeed and that there would be no purpose in continuing the discussion in the Committees.

The Council took note of the report by the Chairman of the Committees and of the comments made by delegations.

The Council urged the Committees of the Protocols to pursue further their considerations of prices and other current problems facing the Arrangement at their regular meetings in March 1985.

In these circumstances the Council noted that it was unable to reach a decision on the proposal by New Zealand to rescind the Resolution of 16 November 1984, and agreed to revert to the matter at its regular session on 27 March 1985, with a view to reaching a decision at that time.

The Council took note of a suggestion by Australia for data required for an objective review of minimum prices (DPC/P/W/27, DPC/F/W/18 and DPC/C/W/24).

Finally, the Council took note of a statement by the Austrian delegate whereby he informed the Council of the intention of his Government to withdraw from the Arrangement.