

RESTRICTED

L/5057

5 November 1980

Limited Distribution

GENERAL AGREEMENT ON TARIFFS AND TRADE

International Dairy Arrangement

INTERNATIONAL DAIRY PRODUCTS COUNCIL

REPORT TO THE CONTRACTING PARTIES

1. The International Dairy Arrangement entered into force on 1 January 1980. Its purpose is to improve co-operation in the dairy products sector, thus contributing to the expansion and liberalization of world trade. There are at present sixteen participants (Argentina, Australia, Austria, Bulgaria, European Economic Community (and its member States), Finland, Hungary, Japan, New Zealand, Norway, Romania, South Africa, Sweden, Switzerland, United States of America and Uruguay). Several countries and other international organizations participate as observers under the Council's rules of procedure.

2. In pursuance of the Arrangement an International Dairy Products Council has been established, as have three committees with the task of implementing respectively the provisions of the Protocol Regarding Certain Milk Powders, the Protocol Regarding Milk Fat and the Protocol Regarding Certain Cheeses. The Council having agreed that New Zealand would provide a Chairman, that office has been held successively by H.E. Mr. E. Farnon, and H.E. Mr. T.C. O'Brien. Mr. A. Cruit (United States) was appointed as Vice-Chairman. The chairmanship of the three committees has been entrusted to the secretariat (Mr. J.-M. Lucq).

3. The International Dairy Products Council has met three times to date: on 4 and 5 February, 9 and 10 June and 29 September 1980. The Council devoted its first session to organizing its work, and to that end adopted its rules of procedure (DPC/1 - Annex). At the other two sessions, and in accordance with its terms of reference laid down by the Arrangement, the Council reviewed the functioning of the Arrangement and made an evaluation of the situation in and outlook for the world market for dairy products. This was done on the basis of a status report prepared by the secretariat using mainly the documentation furnished by participating governments in answer to questionnaires. It was noted that while the situation in that market was currently satisfactory, close surveillance through the International Dairy Arrangement machinery was nonetheless necessary. The Council agreed that the secretariat note on which it bases its evaluation of the situation would be revised by the secretariat in the light of comments made by participants and would be made available for unrestricted distribution once a year. The dates of 1981 sessions will be decided later on after consultation with the participants.

./.

4. Each of the three committees has held three sessions (in April, June and September). In accordance with their terms of reference laid down by the Arrangement, at their September session the committees examined the level of minimum prices of the products covered by the Protocols. It was decided to increase these prices as from 1 October 1980 and they are now the following (per metric ton): skimmed milk powder and buttermilk powder: US\$500; whole milk powder: US\$800; butter: US\$1,000; anhydrous milk fat: US\$1,200; certain cheeses: US\$900. The schedules of price differentials according to milk fat content have consequently been modified. The next sessions of the committees will be held on 17, 18 and 19 December 1980.

5. As agreed by the Council, the present report has been prepared and is presented by the Chairman of the Council under his own responsibility.