

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

DPC/INV/2/Add.5/Suppl.1  
25 June 1984

International Dairy Arrangement

Original: English

## INTERNATIONAL DAIRY PRODUCTS COUNCIL

### Reply to Questionnaire 5 Regarding Information on Domestic Policies and Trade Measures

#### UNITED STATES

#### Supplement

##### A. Production

###### Support and/or stabilization measures

The legislation entitled "The Dairy and Tobacco Adjustment Act of 1983" supersedes all of the dairy provisions of the Omnibus Budget Reconciliation Act of 1982.

The new law mandated lowering the support price from \$13.10 to \$12.60 per cwt. on 1 December, which will be the level of support until 31 March 1985. However, if on 1 April 1985, the Secretary of Agriculture estimates that projected Commodity Credit Corporation (CCC) net purchases for the next twelve months will exceed 6 billion lbs., milk equivalent, the support price could be reduced by 50 cents per cwt. An additional 50-cent-per-cwt. cut in the support level may be made on 1 July 1985, if CCC purchases from 1 July 1985, to 30 June 1986, are projected to exceed 5 billion lbs., milk equivalent. If CCC purchases for the next year on 1 July 1985, are projected to be less than 5 billion lbs., the support price may be increased, but not less than 50 cents per cwt.

A 50-cent-per-cwt. deduction on all milk marketed began on 1 December 1983, as mandated by the law. The deductions are to encourage the adjustment of milk production to levels that are consistent with national demand. The funds collected will be used to help fund a paid-diversion programme. The law also includes a mandatory deduction of 15 cents per cwt. for dairy product promotion, research, and nutrition education, but allows up to 10-cents-per-cwt. credit for qualifying State or regional promotion programmes. An order implementing the promotion programme will be issued in late March.

The paid-diversion programme started 1 January 1984. The payment rate is \$10 per cwt. for reductions in marketings from a certain base. Under the programme, a producer will specify in a contract a 5 to 30 per cent reduction either below the average of calendar 1981 and 1982 marketings, or below calendar 1982 marketings, whichever the producer selects as the base. The Secretary of Agriculture has authority to adjust individual contracts downward if the sum of contract reductions exceed the total needed. In addition, the Secretary may adjust contracts, if needed, to minimize the impact of cull dairy animals on the beef, pork, and poultry markets. Producers who elect to contract had to sign up by 31 January 1984, for the fifteen-month programme. Both the paid-diversion and deduction authority apply only to the forty-eight contiguous States, and both will end on 31 March 1985.