

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/5692
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INTERNATIONAL DAIRY PRODUCTS COUNCIL

ELEVENTH SESSION AND SPECIAL MEETING OF 24 OCTOBER

Note by the Chairman

1. The International Dairy Products Council held its eleventh regular session on 28 September 1984 and a special meeting on 24 October 1984 under the chairmanship of Mr. D. Greenfield (New Zealand).
2. At its regular session and under Rules 11 and 14 of its Rules of Procedure, the Council invited representatives of Mexico and Panama, and representatives of OECD, UNCTAD, FAO and the Economic Commission for Europe, to attend the proceedings as observers. It agreed that representatives of those organizations could in future be invited as observers to sessions of the Committees.
3. At this session, the Council reviewed the functioning of the Arrangement. It took note of the reports on the implementation of the Protocol Regarding Certain Milk Powders, the Protocol Regarding Milk Fat and the Protocol Regarding Certain Cheeses, and of the concern expressed with regard to the market situation and, in particular, prices for butter, anhydrous milk fat and whole milk powder.
4. The Council noted that the Committees had reviewed the minimum prices of products covered by the Protocols; it had been agreed not to change them. The Committees continued their study of government measures to increase domestic consumption of dairy products; they stressed the importance of such measures and agreed that the study of consumption should be continued. The Committees had before them a communication from Australia, on the question of the observance of the minimum price provisions of the Arrangement with respect to tenders requiring quotations other than in US dollars. The Committees recognized that the problem was serious and agreed to keep the matter on the agenda for their next sessions. In the event that, because of unforeseen exchange rate fluctuations, the fixing of an offer price in national currency would result in a selling price lower than the minimum price, the Committee concerned should be informed as soon as possible of all details of the transaction.

5. The Council likewise noted that the Committee of the Protocol Regarding Certain Milk Powders had adopted a decision under which the processes and control measures applicable by countries that are not participants in the Arrangement, and which are included in the register in Annex I(c) to the Arrangement, will be considered acceptable for the purposes of the Protocol if the said countries undertake to inform the Committee of any change made in their processes and control measures or in the modalities for their application. That decision, dated 25 September 1984, has been circulated as document DPC/P/30.

6. The Council also noted that the Committees, with a view to simplifying the presentation of the questionnaires concerning products covered by the Protocols, had agreed that the quarterly replies would henceforth be distributed in the form of photocopies only. The summary tables which are published before the sessions of the Committees will be revised and distributed afresh after the sessions. The Council took note of the replies to questionnaires 4 and 5.

7. On the basis of a proposal by New Zealand (DPC/W/39), the Council agreed that at its session in March 1985 participants would devote some time to the subject of market stability, and engage in an exchange of information and experience on current government policies and measures aimed at maintaining or improving the balance between supply and demand in their domestic dairy markets.

8. For its evaluation of the situation in and outlook for the world market for dairy products, the Council had before it two documents prepared by the secretariat, namely a status report on the world market for dairy products (DPC/W/37) and a note on food-aid operations (DPC/W/38). During that evaluation, the Council gave particular consideration to dairy policies and to transactions other than normal commercial transactions.

9. The Council noted that the situation on the world market for dairy products remained serious, in spite of the measures taken to control production, and needed strict surveillance. The level of stocks and the problems raised by their disposal are causing grave concern. It was emphasized that the cooperation of the participants and their observance of all the provisions of the Arrangement, and in particular, the minimum price provisions, are necessary conditions for furthering the objectives set by that instrument.

10. The Council was requested to hold a special meeting on 24 October. It took note of a report of the Committee of the Protocol Regarding Milk Fat on its special meeting of 23 and 24 October 1984. This meeting was held in order to examine a communication from the Permanent Delegation of the Commission of the European Communities which had been circulated as DPC/F/W/15. By that communication, the Commission notified its intention to make the necessary arrangements to export certain quantities of butter from Community public stocks at a price which, because of the age of the product, would have to be lower than the minimum price currently in force. At the meeting, the EEC furnished detailed information on those sales and the destinations thereof. The Committee took note that two regulations (Regulations (EEC) No. 2955/84 and No. 2956/84, dated 18 October 1984) had been published in the Official Journal of the Communities on 23 October. Those regulations regarding special sales of butter were to enter into force on

5 November. The Committee found that some of the sales envisaged under those regulations were not consistent with the provisions of Article 3 of the Protocol. The Committee considered what action would be necessary to meet the situation. It had before it a request for a derogation made by the EEC under Article 7 of the Protocol. Some members of the Committee having refused the possibility of considering the derogation request so long as the EEC regulations remained in force, the Committee found itself in the situation described in Article IV:6 of the Arrangement where a satisfactory solution could not be reached. The Council took note of the concerns expressed as regards the sales envisaged and their implications. Consultations are to take place before the convening of another special meeting.

11. The report on the world market for dairy products, revised by the secretariat to take account of data and amendments communicated by participants as well as any comments made by them, will be given general distribution.

12. The Council instructed its Chairman to present to the CONTRACTING PARTIES, on his own responsibility, a report on the work done in 1984 in pursuance of the Arrangement (L/5693).

13. The date of the next regular session of the Council, and of the 1985 sessions, will be determined later after consultation with participants.