

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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International Dairy Arrangement

COMMITTEE OF THE PROTOCOL REGARDING MILK FAT

Report to the International Dairy Products Council

1. In pursuance of Article VII:2(a) of the Arrangement and Rule 22 of the Rules of Procedure, the Committee has prepared the present report on its twenty-fourth session.
2. The Committee held its twenty-fourth session on 16 and 17 December 1985.
3. The Committee adopted the agenda proposed in airgram GATT/AIR/2229 and adopted the report on its twenty-third session (DPC/F/39).
4. The Committee reviewed the replies to the questionnaire and requested members which had not yet communicated information for the third quarter of 1985 to do so without delay. The Committee took note of the summary tables prepared by the secretariat.
5. The Committee examined information furnished by Australia, Finland, New Zealand and Sweden regarding butter deliveries under the provisions of the Resolution of 16 November 1984. It took note of the register of sales concluded under that Resolution (DPC/W/50/Rev.2). That register will be revised to take account of information furnished by the participants concerned. The Committee also noted that no sales had been concluded under the decision of 31 May 1985 (DPC/F/35).
6. The Committee held an exchange of information and views regarding the market situation for products covered by the Protocol. It was noted that international prices of butter remained at fairly low levels, between US\$1,000 and 1,200 per ton f.o.b. It was also mentioned that stocks remained at high levels. Concern was expressed regarding certain offers reported to have been made at less than minimum price, thus destabilizing the market; the need was underlined for greater transparency and increased attention in respect of all market operations. In addition, concern was expressed regarding the trend in milk output by certain countries not participants in the Arrangement.
7. It was recalled that in September 1985 the Council had invited the Committee to consider various possible steps to resolve the critical situation facing the butter trade. The Committee took note of information furnished on steps taken or envisaged by participants in order to remedy the situation in the butter sector. It was underlined that the situation

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in the butter market remained difficult and that a spirit of co-operation and discipline among participants was more than ever necessary in order to resist pressures on prices.

8. At a joint meeting, the Committees pursued their examination of the question of adjusting minimum prices in relation with exchange-rate fluctuation. They had before them a communication from New Zealand, of which they took note. They decided to continue discussion of the matter at their next regular sessions and likewise to study in that framework the New Zealand proposal.

9. The next sessions of the Committees will be held consecutively on 17 and 18 March 1986, subject to confirmation by the secretariat.