

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

DPC/W/57
10 March 1986

Special Distribution

International Dairy Arrangement

Original: English

INTERNATIONAL DAIRY PRODUCTS COUNCIL

Provision of Information on the Measures Taken
to Ensure the Observance of the GATT
International Dairy Arrangement's Minimum Prices

Note by Australia

The following communication dated 4 March 1986 has been received from the Australian Permanent Mission with the request that it be distributed to participants of the International Dairy Arrangement.

At the meeting of the International Dairy Products Council on 26 September 1985, Australia proposed that each participant should be requested to provide the secretariat with information on the measures taken by it to ensure observance by its exporters of the International Dairy Arrangement's minimum prices. Such information would form part of each member's reply to Questionnaire 5: Inventory of Domestic Policies and Trade Measures. Details of this proposal were contained in the Note prepared by the Australian delegation (DPC/W/52) and circulated prior to that meeting.

Following discussion in the Council it was decided that this item remain on the agenda for the next Council session in March 1986 and members were asked to submit their views prior to that meeting. The matter was also raised in the Protocol Committee meetings in December 1985.

As outlined at the September and December 1985 meetings the objective of having participants provide information on their measures is to maintain the integrity and credibility of the Arrangement. Knowledge of each participant's mechanisms for ensuring observance of the minimum prices would enable participants to further assure their exporters of the effectiveness of the measures applied by other participants and thus help build confidence in the Arrangement in their commercial sector. The information in question represents a natural extension of that on measures affecting trade in dairy products already provided by members under Questionnaire 5.

As a first step towards this, attached is a description of the measures instituted by Australia in response to the obligation, in Article 3.1 of the Protocols, placed on participants to take the steps necessary to ensure observance of the minimum prices specified in the three Protocols of the GATT International Dairy Arrangement. This has also been included in Australia's response to Questionnaire 5.

./.

The Australian delegation requests that other participants provide similar details of their measures either in the context of their responses to Questionnaire 5 or for tabling at the March 1986 Council meeting.

Australia - measures to ensure observance

The Dairy Produce Act 1924, as amended, of the Australian Parliament, provides the framework for the regulation and control of the export of dairy products. Section 14 of this Act provides that, for the purpose of enabling effective control over the export of dairy products, regulations made under the Act may prohibit export except by a person or organization which holds a licence to export.

The Dairy Produce Export Control (Licences) Regulations, which are based on the Dairy Produce Act, prohibit the exportation of dairy products from Australia except in accordance with such conditions and restrictions as are prescribed by these Regulations. These Regulations make the observance of the International Dairy Arrangement's minimum prices a specific condition for the exporting of dairy products. The Regulations are amended from time to time to reflect changes in the Arrangement's minimum price or other conditions laid down by the Arrangement for the exporting of dairy products.

Should an exporter breach any of these regulations, his licence to export dairy products from Australia may be withdrawn. In addition, he could be subject to a fine not exceeding \$A 2,000 or imprisonment for up to one year, or both.

Procedures are also in place to ensure that the export of dairy products from Australia is only undertaken by licensed exporters who have been issued with a current Certificate of Authority to Export (CAE) for that shipment by the Australian Dairy Corporation. Exporters are required to provide details of this CAE when making application for an export permit. The CAE carries a notification to the exporter of his obligations to observe the Arrangement's minimum prices.

The Australian Dairy Corporation has also been directed by the Minister for Primary Industry to ensure observance of the Arrangement's minimum prices and to notify the Government of any instances where the pricing of dairy products exported from Australia has been in breach of the Arrangement. To date the Corporation has not had occasion to make a report to the Government pursuant to the Ministerial Directives it has received.

Copies of the Regulations referred to above are available from the Australian delegation.