

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

DPC/INV/3/Add.11
23 September 1986

International Dairy Arrangement

Original: Spanish

INTERNATIONAL DAIRY PRODUCTS COUNCIL

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

ARGENTINA

Present situation of Argentina's dairy sector

Milk production for 1985 exceeded that of 1984 by 8 per cent, totally 5,653 million litres, which is an all-time record for domestic production.

The factors responsible for this growth were, first, the December 1984 price agreement between producers and industry, which made it possible to keep the real prices of butter fat at what are satisfactory levels, especially when compared with the prices of other agriculture products.

The second factor favourable to production in 1985 was the prolonged period covered by the above-mentioned price agreement. Producers and industry agreed on prices of butter fat and final products for a period of twelve months, and this offered dairy farmers a sufficiently long stretch of time for planning their investments. The preparation of winter forage, reserves, etc. was favoured by this reduction in uncertainties and by good weather during the winter months.

Consumption increased moderately, continuing the long-term trend of 165-180 litres per capita. Export volume, however, did not rise sufficiently so that stocks are rather high. Milk purchases by the Argentine Government, through its National Food Programme (PAN), helped somewhat to absorb part of the stocks.

For 1985, an increase of 25 per cent was granted in the price per kg. of butter fat and a similar percentage for the prices of final products during the months of February and March. These increases had two objectives: (1) to restore the profitability of dairy farming, which had deteriorated starting mainly in November and December 1985, and (2) to give producers a clear signal during the spring months that would induce him to go ahead with the necessary investments for ensuring winter pasture availability, thus maintain production levels.

Towards the end of June, a price agreement is expected to be reached between producers and industry for a period of six months that would basically help to keep the prices per kg. of butter fat constant in real terms throughout the year.

Under discussion at present is a law to create a dairy export promotion fund. This fund, of a strictly private character, will serve to place on the foreign market production surpluses which are not absorbed by the domestic market. In reality, it is the emergence of large national surpluses which constitutes the basic cause of the international crises to which Argentina's dairy sector has been subjected in recent years.

In simplified terms, the fund will consist of two prices, one for the winter basis (production for local consumption) and a second, lower price for the surplus. The industry will deposit the difference between the two prices in a fund, which will be used whenever there are exports, so as to minimize the differences between international prices (greatly depressed) and the prices on the domestic market.

Such a mechanism is essential for maintaining the growth of domestic production and for initiating greater Argentine participation in the international market. The exportable categories will continue to be, at least for next year: cheeses, milk powder and butter.

Customs Tariff¹

NOTES

1. The expression "milk" means full cream or skimmed milk, buttermilk, whey, curdled milk, kephir, yoghurt and other fermented or acidified milk.
2. Milk and cream put up in hermetically sealed cans are regarded as preserved within the meaning of heading No. 04.02. However, milk and cream are not regarded as so preserved merely by reason of being pasteurized, sterilized or peptonized, if they are not put up in hermetically sealed cans.

Headings	Description of goods	Rates of duty in % ad val.
04.01 00	Milk and cream, fresh, not concentrated or sweetened:	
01 00	Whole milk, whether or not pasteurised, sterilized, homogenized and/or peptonized	21
02 00	Milk, having certain natural constituents removed	21
03 00	Milk containing added natural constituents	21
04 00	Milk containing added ferment	21
05 00	Curdled milk	21
06 00	Cream	21
04.02	Milk and cream, preserved, concentrated or sweetened:	
01	Whey:	
01	Partially demineralized whey, containing not less than 76% of lactose, or demineralized, with the lactose partially extracted, containing not less than 30% of protein	10
02	Other:	
01	Other, in liquid or semi-solid state	25
02	Other, in the solid state	21
02 00 00	Milk (other than whey), in powder or granules containing not more than 1.5% by weight of fat	38
03 00 00	Milk (other than whey) and cream, in powder or granules containing more than 1.5% by weight of fat	21
04	Milk (other than whey) and cream, in forms other than powder or granules:	
01 00	Condensed milk	29

¹Source: Bulletin International des Douanes, 1st supplement to No. 58 Year 1985-1986.

Headings	Description of goods	Rates of duty in % ad val.
02 00	Evaporated milk	25
03 00	Cream	25
99 00	Other	25
04.03 00	Butter:	
01 00	Butyric fat	25
99 00	Other	25
04.04 00	Cheese and curd:	
01 00	Curd	25
02 00	Fresh cheese	25
03	Soft cheese:	
01	Colonia type	25
02	Camembert	25
99	Other	25
04	Blue-veined cheese:	
01	Gorgonzola	25
02	Roquefort	25
99	Other	25
05	Semi-hard cheese:	
01	Gouda	25
99	Other	25
06	Hard cheese:	
01	Cheddar	25
02	Parmesan	25
03	Romano	25
04	Gruyère	25
99	Other	25
07 00	Processed cheese:	25
99 00	Other	25
35.01 00 00 00	Casein, caseinates and other casein derivatives: casein glues	27