

# GENERAL AGREEMENT ON

RESTRICTED

# TARIFFS AND TRADE

L/6215

24 September 1987

Limited Distribution

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## INTERNATIONAL DAIRY PRODUCTS COUNCIL

### SEVENTEENTH SESSION

#### Note by the Chairman

1. The International Dairy Products Council held its seventeenth session on 23 September 1987.
2. Under Rules 11 and 14 of the Rules of Procedure, the Council invited representatives of Panama and the Economic Commission for Europe, FAO, IMF, OECD and UNCTAD to attend the session as observers.
3. The Council reviewed the functioning of the Arrangement. It took note of reports on the implementation of the Protocol Regarding Certain Milk Powders, the Protocol Regarding Milk Fat and the Protocol Regarding Certain Cheeses and also noted the opinions expressed with regard to the situation in the market for the products covered by the Protocols.
4. The market for most dairy products had shown appreciable improvement throughout 1986 and the first half of 1987. The Council noted that a decline in world milk production had come about in 1987. Although the decline was very modest, it at least indicated that the upward trend which had persisted for years was halted or even reversed. The efforts made in many countries to contain milk production were beginning to show results. World milk production seemed to have been stabilized in 1987 and could hopefully be kept within reasonable limits in the future. However, ample availability of feed at low prices and the application of new technology, notably the use of somatotropin, might make any forecasts for the near future far from being reliable.
5. The international market for butter and anhydrous milk fat remained fragile in 1987, and significant quantities had been disposed of through sales under derogation from the price provisions of the Arrangement at extremely low prices. However, such sales together with substantially reduced production resulted in an appreciable reduction of stocks providing some hope for improvement in the butter market in 1987/88. Renewed efforts by some countries to dispose of dairy surpluses made early in 1987 had created uncertainties in the world dairy market throughout the year, but the simultaneous reduction in production and in surplus stocks gave rise to a hope for a better balance between commercial import demand and export availabilities in the near future.

6. Import demand for cheese and milk powders which had been relatively low in 1986, recovered appreciably in 1987. At the same time, quantities available for export, notably of powder, were reduced and prices firmed up.

7. In 1987, prices for cheese and milk powders remained well above the respective minimum prices. During the annual review of the minimum export prices, it was decided to raise the minimum prices for cheese and powders effective 23 September 1987. The new minimum export prices were, for certain cheeses US\$1,120 per ton f.o.b., for whole milk powder US\$950 per ton f.o.b. and for skimmed milk powder and butter milk powder US\$825 per ton f.o.b.

8. The Council took note of the information submitted recently in reply to questionnaires 4 and 5, concerning products not subject to the provisions of the Protocols and concerning domestic policies and trade measures, and it urged participants who had not yet done so to take the necessary steps as a matter of urgency to ensure that the relevant information would be submitted to the secretariat. The Council also noted that the Committees would at their next meetings devote some time to the discussion of their working methods, and consider suggestions for improving the exchange of information and preparation of documentation. It was in this context suggested that in the related informal discussions, the working methods of the Council would also be considered.

9. For its traditional 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/73 and Addendum 1) and a note on food-aid operations (DPC/W/74) with relevant statistical information. The Council took note of the documents and the comments made, and agreed that the status report as completed, up-dated and amended should be released for general distribution as the eighth annual report of the International Dairy Arrangement.

10. Hope and confidence were expressed in the Council that progress made in the Uruguay Round would halt and reverse protectionism in the dairy sector, favour developments of positive attitudes for the liberalization of dairy trade and provide scope for improving the International Dairy Arrangement and for a wider participation in it.

11. The Council authorized the Chairman to submit to the CONTRACTING PARTIES a report on the work done since November 1986 in pursuance of the objectives of the International Dairy Arrangement. It was understood that the Chairman would do so on his own responsibility.

12. The Council adopted a tentative time schedule for regular meetings up to the end of 1988. In doing so, it was understood that any special session would be in addition to that schedule and that all dates would remain subject to confirmation by the secretariat. Attention of delegations was drawn to the very heavy schedule of GATT meetings throughout the remainder of 1987 and 1988 and to the fact that it might be necessary to make changes on short notice.