

GENERAL AGREEMENT ON

RESTRICTED

DPC/PTL/15

12 December 1990

TARIFFS AND TRADE

Special Distribution

International Dairy Arrangement

COMMITTEE OF THE PROTOCOL REGARDING CERTAIN CHEESES
COMMITTEE OF THE PROTOCOL REGARDING CERTAIN MILK POWDERS
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 Committees adopted the present report on their forty-fourth sessions, held on 10, 11 and 12 December 1990.
2. The Committees adopted the agenda proposed in airgram GATT/AIR/3141 as well as the report on their forty-third sessions as amended (DPC/PTL/14).
3. The Committees reviewed the replies to the questionnaires and requested members which had not yet communicated information for the third quarter of 1990 to do so without delay. The Committees took note of the summary tables prepared by the secretariat.
4. Participants exchanged information on transactions other than normal commercial transactions. The representative of the EC informed the Committees about such transactions involving butter, anhydrous milk fat and skimmed milk powder provided by Germany as emergency food assistance to the USSR. He assured the Committees that these transactions were in conformity with the provisions of Article V of the Arrangement and the FAO "Principles of Surplus Disposal and Consultative Obligations". An appropriate notification would shortly be made to the secretariat.
5. The Committee of the Protocol Regarding Certain Cheeses took note of additional information furnished by Australia regarding operations under Article 7:2 of the Protocol (DPC/PTL/W/25). It also noted that details of disposals would soon be notified.
5. The Committee of the Protocol Regarding Certain Milk Powders took note of the information furnished by Poland regarding intended sales totalling 4,177 tons of skimmed milk powder for purposes of animal feed at below the minimum export price under Article 3:5 of the Protocol. In this connection, it was noted that the importing countries would take necessary steps to ensure that these imports would not be used for human consumption.

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7. The Committee of the Protocol Regarding Certain Milk Powders noted with some concern the difficulties encountered by South Africa in observing the minimum export price for skimmed milk powder. In this connection, it was, however, noted that South Africa had instituted measures to ensure full observance of its obligations under the Arrangement.

8. Some participants felt that in a situation with prices frequently quoted close to the agreed minimum export prices it would be desirable to have information on how participants were ensuring observance of the agreed prices. The Chairman suggested that at the next meeting delegates might be prepared to explain the measures in force in their respective countries, and notably any changes made in relevant regulations.

9. The Committees reviewed the market situation for products covered by the Protocols. The market situation for milk powders was improving and prices were firming. International prices of skimmed milk powder increased in the fourth quarter of 1990 and ranged between US\$1,300 and US\$1,540 per metric ton f.o.b., those of whole milk powder were in the range of US\$1,350 to US\$1,475 per metric ton f.o.b. The international cheese market was characterized by balanced supplies and slightly firming prices except for Cheddar types. International prices of Cheddar cheese were between US\$1,550 and US\$2,000 per metric ton f.o.b. in the fourth quarter of 1990. The present situation for powders and cheese could be seen as satisfactory although the depreciation of the US dollar might have overstated the price increases as international prices were expressed in this currency.

10. The market situation for butter and anhydrous milk fat worsened and prices continued to weaken in the fourth quarter of 1990, following a continued decline in butter consumption in many countries and generally increasing production. International prices of butter and anhydrous milk fat were at or slightly above the respective minimum export prices but only little trade was effected. Prices of butter ranged between US\$1,350 and US\$1,500 per metric ton f.o.b. in the fourth quarter and those of anhydrous milk fat were in the range of US\$1,625 and US\$1,880 per metric ton f.o.b. Concerns were reiterated as to the extremely difficult market situation for milk fat, notably butter. In light of the situation and the facts presented, the Committee of the Protocol Regarding Milk Fat adopted a Decision pursuant to Article 7:1 of the Protocol. The full text of that Decision is contained in document DPC/PTL/16, dated 12 December 1990.

11. The next sessions of the Committees will be held consecutively on 18-19 March 1991, subject to confirmation by the secretariat.

12. The Committees noted the invitation extended by Uruguay to hold the next regular sessions of the International Dairy Products Council and the Committees of the Protocols in Uruguay.