

# GENERAL AGREEMENT ON

RESTRICTED

L/6990  
20 March 1992

## TARIFFS AND TRADE

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Limited Distribution

### INTERNATIONAL DAIRY PRODUCTS COUNCIL

#### TWENTY-SIXTH SESSION

##### Note by the Chairman

1. The International Dairy Products Council held its twenty-sixth session on 17 March 1992.
2. Under Rule 14 of the Rules of Procedure, an observer of the Economic Commission for Europe attended the session.
3. Mr. Miles Jordana (Australia) was elected Chairman of the Council for 1992/93 and Mr. Kim Luotonen (Finland) was elected Vice-Chairman. Mr. Kim Luotonen was elected Chairman of the Protocol Committees for 1992/93.
4. 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. The Council took note of the information submitted recently in reply to Questionnaires 4 and 5, concerning production, consumption, trade and prices for products not covered by the Protocols and concerning dairy policies and measures affecting trade. The Council concluded that the International Dairy Arrangement was functioning to the satisfaction of its participants and had proved to be a valuable instrument in maintaining the order in international dairy trade.
5. Basing itself on the reports from the Committees of the Protocols, documentation prepared by the Secretariat and on information provided by participants during the meeting, the Council undertook an evaluation of the situation in, and outlook for, the world market for dairy products.
6. World milk production declined by 2 per cent in 1991, and a further 1 to 2 percent decrease is expected in 1992. In contrast to skimmed milk powder, whole milk powder production and consumption increased in 1991 and exports of whole milk powder by major suppliers reached new record levels. The market price situation for milk powders, especially skimmed milk powder, remained relatively firm in early 1992. As of 1 January 1992, stocks of skimmed milk powder and butter in the major dairy producing areas remained high, but not excessive, and some reduction in stocks is expected in 1992.

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7. World butter production decreased by 2 per cent in 1991, and a further 2.5 per cent decrease is forecast for 1992. World butter consumption also decreased by 2 per cent in 1991, and this trend is expected to continue in the short and medium term. Butter prices weakened in early 1991 and considerable uncertainty surrounds the market situation in the coming months, as the quantities to be made available to the former USSR republics as food aid or through commercial sales are still unknown.

8. World cheese production grew by another 1 per cent in 1991, and a further growth of the same order is anticipated for 1992. Cheese consumption and exports both continued to expand by about 2 per cent in 1991. For most cheeses covered by the Protocol, the market situation is steady and prices are expected to remain at current levels or increase throughout 1992.

9. Concern remains about the demand for substantial food aid by the former USSR republics and the provision of dairy products as aid. The need to minimize the effects of such aid on commercial sales to that region, and to prevent deviation of food-aid products to third markets, was stressed by certain participants.

10. Participants also stressed the uncertainties facing the world dairy market. The effects of the Uruguay Round proposals on future production and trade in dairy products, and of possible modifications in national policies, were discussed. It was also noted that the ex-USSR republics and other Eastern European countries would in future increasingly be seeking markets for their dairy products.

11. The Committees reviewed the level of minimum export prices for products covered by the respective Protocols. An earlier proposal to increase the minimum prices for milk powders was maintained. However, several participants wished to reflect further on the matter. The present price levels were consequently unchanged.

12. The Council took note of the documents and comments made. The next meeting of the Council is scheduled for 16 September 1992.