

**GENERAL AGREEMENT  
ON TARIFFS AND TRADE**

RESTRICTED  
DPC/PTL/35  
20 December 1993  
Special Distribution

(93-2227)

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**International Dairy Arrangement**

COMMITTEE OF THE PROTOCOL REGARDING CERTAIN MILK POWDERS  
COMMITTEE OF THE PROTOCOL REGARDING MILK FAT  
COMMITTEE OF THE PROTOCOL REGARDING CERTAIN CHEESES

Report to the International Dairy Products Council

1. The Committees adopted the present report on their fifty-sixth session, in accordance with Article VII:2 of the Arrangement and Rule 22 of the Rules of Procedure.
2. The agenda proposed in airgram GATT/AIR/3522, as well as the report of their fifty-fifth session (DPC/PTL/34), were adopted.
3. The Committees reviewed the replies to the questionnaires and took note of the summary tables contained in the Annex to the Annual Report. They also reviewed the market situation for products covered by the Protocols. In the third quarter of 1993, the market for milk powders remained relatively stable as increases in production in some areas were offset by drops in other countries. Concerns were raised regarding the effects of the US DEIP sales of milk powder on the world market situation. The world market situation for cheese continued to remain firm. Production and consumption both continued to expand, and world trade also rose further. World market prices for these products remained above GATT minimum levels.
4. The Committee of the Protocol Regarding Milk Fat reviewed sales to the former Soviet Union notified under the Derogation Pursuant to Article 7:1, which it had granted on 22 June 1993 (DPC/PTL/32). The Committee noted that the situation in the world butterfat market had not substantively improved, as available supplies of butter and anhydrous milk fat continued to exceed commercial demand. Stocks were high in a number of the principal producing countries, and world market prices remained low, near GATT minimum price levels.
5. In light of the continuing seriousness of the situation facing the world butterfat market and the limited quantities of sales that had been made to date under the Derogation of 22 June 1993, the Committee decided, as a short-term measure, to extend the period for concluding sales contracts under the derogation until 31 March 1994, and the period for concluding deliveries under the derogation until 30 June 1994. The total quantity of sales permitted under the derogation remained unchanged at 50,000 tons of butter and butter oil per participant, and all other conditions regarding the sales remained the same. The full text of the Decision to extend the derogation is contained in document DPC/PTL/36 of 20 December 1993.

6. The Committee agreed to give further consideration to longer-term measures with respect to the world butterfat market situation. In this respect, it discussed the Australian proposal for Restoring Equilibrium to the World Butterfat Market (DPC/W/132). This proposal, as well as other possible actions, will be further considered by the Committee at its next meeting.
7. For the third quarter of 1993, the following ranges of prices were reported (per ton f.o.b.):
  - between US\$1,500 and US\$1,750 for skimmed milk powder for human consumption;
  - between US\$1,400 and US\$1,600 for whole milk powder;
  - between US\$1,350 and US\$1,500 for butter;
  - between US\$1,625 and US\$1,750 for anhydrous milk fat;
  - between US\$1,800 and US\$1,950 for Cheddar cheese.
8. The next regular session of the Committees will be held consecutively on 21-22 March 1994, subject to confirmation by the Secretariat.
9. The Committees noted that an informal meeting of the International Dairy Products Council, to discuss the required review and updating of the Arrangement, was tentatively scheduled for 17 and 18 January 1994.