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GATT COMMITTEE SUSPENDS MINIMUM EXPORT PRICES FOR BUTTER

The GATT Committee of the Protocol Regarding Milk Fat has suspended minimum export prices for butter and butter oil for the next twelve months, effective from noon today, 4 May. The 16 signatories to the Protocol (the European Community counting as one) are now free to sell butter below the current floor price of US\$1,350 per metric ton.

In reaching the decision at a special meeting on 2-3 May, the Committee noted the continuing structural imbalance facing the world market for butterfats, and the difficulties of adjusting the minimum prices to a realistic level in the current market situation. It recalled its recent decisions granting a derogation from the minimum prices to sales of butter to the former Soviet Union area in the light of lack of opportunities for sales at prices above the minimum price levels to that important market.

The Committee noted it could decide to terminate the suspension of the minimum prices at any time, should the market situation giving rise to the suspension change significantly. It agreed to keep under review the level of world market prices, and that at least one month before the expiry of the decision, it will review the level of minimum prices. For these purposes, the participants agreed, for the duration of the suspension, to provide the GATT Secretariat every two months with information on their exports of butter and butter oil.

The Committee on Milk Fat administers the Protocol Regarding Milk Fat annexed to the International Dairy Arrangement, which came into operation on 1 January 1980 as one result of the Tokyo Round. Under the provisions of this Protocol, minimum export prices have been established for butter and butter oil (anhydrous milk fat). The Committee makes quarterly reviews of the application of the provisions by the participants, including their observance of the minimum export prices.

The following are participants to the Arrangement: Argentina, Australia, Bulgaria, Egypt, the European Community, Finland, Hungary, Japan, New Zealand, Norway, Poland, Romania, South Africa, Sweden, Switzerland and Uruguay.