

**GENERAL AGREEMENT  
ON TARIFFS AND TRADE**

RESTRICTED  
DPC/PTL/W/146  
14 September 1994  
Special Distribution

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**International Dairy Arrangement**

**COMMITTEE OF THE PROTOCOL REGARDING MILK FAT**

**Suspension of Minimum Price for Butter and Anhydrous Milk Fat  
Monitoring of International Price Levels**

**Note by the Secretariat**

1. Paragraph 6 of the Decision to Suspend Minimum Prices of 3 May 1994 (DPC/PTL/40) requires participants to submit information on the quantity and value of their exports of butter and anhydrous milk fat every two months. The Secretariat received notifications from 10 participants with respect to exports during May and June 1994, and from four participants on July and August exports. This paper summarizes the information received to date.

**MAY-JUNE 1994**

2. Reported export volumes and values for May-June 1994 totalled nearly 26,500 tons of butter and some 9,900 tons of AMF. In addition, some general price information was given.

***Butter***

3. The replies to the standardized questionnaire circulated in GATT/AIR/UNNUMBERED on 6 July 1994 yield the following picture with respect to regional price ranges for butter in May/June 1994. The summary table below is based on export figures of seven participants and a total export quantity of 15,734 tons. The price ranges indicate the spread of average export prices in May/June 1994 among participants. Export prices ranged from a low of US\$1,120 in the area of the former USSR and certain markets in Africa to a high of US\$2,299 for some small quantities in certain markets in Africa.

Butter	Quantity (tons)	Share of total (per cent)	Price range in May-June 1994 (US\$ per ton f.o.b.)
Western Europe	2,113	13.4	1,322-1,767
Eastern Europe	838	5.3	1,350-1,501
Former USSR	6,566	41.7	1,121-1,246*
North America	0	0.0	-
South America	629	4.0	1,719
Central America	7	0.0	1,597
Caribbean	0	0.0	-
Africa	1,907	12.1	1,150-2,299
South and East Asia	18	0.1	1,300
Western Asia	3,657	23.2	1,190-1,381
Oceania	0	0.0	-
Other	0	0.0	-
Total	15,734	100	1,121- 2,299*

\*Excluding 100 kgs. at a price of US\$2,600 per ton.

4. The weighted monthly average price in May and June 1994 was US\$1,281 per ton, based on the information contained in the seven responses to the questionnaire. Along with lower exports, prices increased in June over May.

Butter	Quantity (tons)	Weighted average export price (US\$ per ton f.o.b.)
May	12,353	1,262
June	3,381	1,352
May-June	15,734	1,281

5. For participants whose information could not be incorporated in the above tables, the following price ranges were reported.

Butter	May (US\$ per ton f.o.b.)	June (US\$ per ton f.o.b.)	May-June (US\$ per ton f.o.b.)	Quantity (tons)
1 Participant	1,350-1,800	1,400-1,800	1,350-1,800	n.a.
1 Participant	1,000-1,250	1,050-1,300	1,000-1,300	9,418
1 Participant	1,432	n.a.	n.a.	1,292*

\*This quantity concerns the period from 4 May to 2 June 1994 only.

### *Anhydrous Milk Fat*

6. The following price ranges were reported for exports of AMF.

AMF	May (US\$ per ton f.o.b.)	June (US\$ per ton f.o.b.)	May-June (US\$ per ton f.o.b.)	Quantity (tons)
1 Participant	1,625-2,150	1,625-2,150	1,625-2,150	n.a.
1 Participant	1,380-1,520	1,450-1,600	1,380-1,600	7,836
1 Participant	1,727	n.a.	n.a.	1,937*
1 Participant	1,670	1,670	1,670	158

\*This quantity concerns the period from 4 May to 2 June 1994 only.

### *General Comments*

7. A number of participants offered some general market comments. The market situation in May/June was reported to be well balanced, with milk production in the Northern Hemisphere at a seasonal peak and deliveries in Oceania at a seasonal low. Export volumes from Oceania during the period were relatively low. Despite the decision to suspend the minimum prices for butter and AMF, prices were firm in the reporting period. It was noted that prices recovered by some US\$70-80 per ton between May and June, in part as a result of a weakening US-dollar against European currencies, in part as a result of positive supply and demand factors. However, it was also pointed out that export prices in September/October may be of greater significance for future market developments.

## JULY AUGUST 1994

8. For July-August 1994, to date notifications by four participants have been received by the Secretariat. The information from these participants is presented in the summary tables below.

Butter	July (US\$ per ton f.o.b.)	August (US\$ per ton f.o.b.)	July-August (US\$ per ton f.o.b.)	Quantity (tons)
1 Participant	1,170	1,180	1,170-1,180	550
1 Participant	1,561	1,590	1,561-1,590	1,988
1 Participant	1,270	-	-	800
1 Participant	1,250-1,425	1,250-1,450	1,250-1,450	20,890
Total				24,228

AMF	July (US\$ per ton f.o.b.)	August (US\$ per ton f.o.b.)	July-August (US\$ per ton f.o.b.)	Quantity (tons)
1 Participant	1,530-1,928	n.a.	n.a.	884*
1 Participant	1,450-1,625	1,450-1,650	1,450-1,650	12,348
Total				13,232

\*610 tons exported to South and East Asia at US\$1,530 per ton f.o.b.; 274 tons exported to Africa at US\$1,928 per ton f.o.b.

*General Comments*

9. It was noted that relatively small quantities had been available for export during the July-August period as domestic consumption in the major producing countries remained steady, and stocks declined. Export prices were also enhanced by the weakness of the US dollar relative to major European currencies. At the same time, exports under the US Dairy Export Incentive Program had been modest.