GENERAL AGREEMENT ON
TARIFFS AND TRADE

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Multilateral Trade Negotiations

Group "Agriculture"
Sub-Group on Dairy Products

COMPREHENSIVE ARRANGEMENT REGARDING THE DAIRY PRODUCTS SECTOR

WORKING HYPOTHESIS

1. The Sub-Group agreed that the secretariat would endeavour, in the light of the discussions at the meeting of January-February 1978, to present a revised text of document MTN/DP/W/27/Rev.1 (MTN/DP/7, paragraph 6). The present document, prepared in response to that request, does not include Annexes I and II to document MTN/DP/W/27/Rev.1, which were not discussed at the above-mentioned meeting.

2. The amendments made or proposed at the meeting of January-February 1978 and included in the present revision, imply amendments to the provisions of the Protocol Regarding Certain Milk Powders and the Protocol Regarding Milk Fat in respect of the provision of information, transactions other than normal commercial transactions and food aid, co-operation of importing countries and administration.

3. The possibility of additional proposals was noted (MTN/DP/7, paragraph 5).

*Partial revision not including Annexes I and II to document MTN/DP/W/27/Rev.1.

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[1]Annexes I and II are not included in the present document./

/COMPREHENSIVE ARRANGEMENT REGARDING THE DAIRY PRODUCTS SECTOR

/PREAMBLE

Recognizing the importance of milk and dairy products to the economy of many countries in terms of production, trade and consumption;

Recognizing the need, in the mutual interests of producers and consumers, and of exporters and importers, to avoid surpluses and shortages, and to maintain prices at an equitable level;

Noting the diversity and interdependence of dairy products and their substitutability, at both the production and the utilization level;

Noting the situation in the dairy products market, which is characterized by very wide fluctuations and the proliferation of export and import measures;

Considering that improved co-operation in the dairy products sector contributes to the attainment of the objectives of expansion and liberalization of world trade which have been set, and to the implementation of the principles and objectives concerning developing countries;

Determined to respect the principles and objectives of the General Agreement on Tariffs and Trade and, in carrying out the aims of this Arrangement, effectively to implement the principles and objectives agreed upon in the Tokyo Declaration of Ministers dated 14 September 1973 concerning the Multilateral Trade Negotiations;/

The participants to the present Arrangement have, through their representatives, agreed as follows:

PART ONE

GENERAL PROVISIONS

Article I - /Objectives/

/The objective shall be to achieve the regular expansion of world trade in dairy products under market conditions as stable as possible, on the basis of mutual benefit to exporting and importing countries, through the improvement of the existing international framework and the creation of a structure conducive to the progressive liberalization of trade in these products, in particular by making the conditions of competition and market access more predictable and more certain. Such orderly and equitable development of trade in dairy products shall be pursued while avoiding disruptive effects on the markets and types of products of both importing and exporting countries./

/To this end, it is desirable to ensure, in the dairy products sector, such international co-operation as will, through a better understanding of the situation of the sector, make possible reasonable co-ordination at the international level of national policies governing production and trade and an improved basis for engaging in interventions and adjustments./

/A principal aim in the implementation of this Arrangement shall be to further the economic and social development of developing countries, in accordance with the principles and objectives agreed upon in the Tokyo Declaration of Ministers dated 14 September 1973 concerning the multilateral trade negotiations./

Article II - Product Coverage

1. This Arrangement applies to the dairy products sector and to any products containing dairy products which the Dairy Products Council, established in terms of Article VIII of this Arrangement, may deem it necessary to include for the implementation of the objectives and provisions of this Arrangement. For the purpose of this Arrangement, the term "dairy products" is deemed to include the following products, as defined in the Customs Co-operation Council Nomenclature:

		CCCN
(a)	Milk and cream, fresh, not concentrated or sweetened	04.01
(b)	Milk and cream, preserved, concentrated or sweetened	04.02
(c)	Butter	04.03
(d)	Cheese and curd	04.04
(e)	Casein	ex 35.01

Article III - Information

1. All participants agree to communicate regularly and promptly to the Dairy Products Council all information to allow the Council to assess the overall situation of the world market for dairy products and the world market situation for each individual dairy product.

2. The information to be furnished by participants under paragraph 1 of this Article, at intervals and according to modalities to be agreed on by the Council, shall include (numerical) data on trends and (to the extent possible, numerical) data on [prospects] [general trends] for production, consumption, imports and exports, including transactions other than normal commercial transactions, prices and stocks of the products covered by Article II of this Arrangement, and any other information deemed necessary by the Council. Participants shall likewise communicate changes in their dairy policy at the level of production, consumption, imports, exports, stocks [and the carrying out of bilateral or plurilateral commitments] and shall use all reasonable means whenever possible to communicate their intentions on the matter where these are likely to affect international trade in dairy products.

[3. In establishing the modalities of the information procedure the Council shall endeavour to avoid any duplication. It shall take account, in particular, of information communicated by participants in the context of the Protocols covered by Part Two of this Arrangement.]

Article IV /Consultation/ - /Co-operation/

1. The Dairy Products Council shall meet in order to:

(a) make an evaluation of the world market situation for dairy products, on the basis of a status report prepared by the secretariat of the Arrangement with the documentation furnished by participants /and information communicated by the Management Committees of the Protocols covered by Part Two of this Arrangement/, in accordance with Article III of this Arrangement, and any other information available to it;

(b) review the functioning of this Arrangement.

2. If the evaluation referred to in paragraph 1(a) of this Article leads the Council to consider that difficulties or the threat thereof are emerging in the dairy market in general or in the market for one or more products in this sector, the Council shall identify the measures that could be taken by the participants in order to remedy the situation.

/3. The measures referred to in paragraph 2 of this Article could include the following:

(a) where, in pursuance of the provisions of paragraph 1 of this Article, the Council considers that the situation defined in paragraph 2 of this Article is temporary: temporary measures bearing on the volume of supply in the international market, on demand or on prices, without prejudice to the provisions of Article III of each of the Protocols covered by Part Two of this Arrangement;

(b) where, in pursuance of the provisions of paragraph 1 of this Article, the Council considers that the situation defined in paragraph 2 of this Article is more durable: medium- or long-term measures to contribute to improve the overall situation of the world market./

/3. Depending on whether the Council considers that the situation defined in paragraph 2 of this Article is temporary or more durable, the measures referred to in paragraph 2 of this Article could include short-, medium- or long-term measures to contribute to improve the overall situation of the world market./

4. When considering measures that could be taken pursuant to paragraph 2 of this Article, due account shall be taken of the special and more favourable treatment to be provided for developing countries, where this is feasible and appropriate.

5. Nothing in this Arrangement shall affect the rights and obligations of participants under the General Agreement on Tariffs and Trade.

/Article V - Other General Provisions[1]

/Pro memoria/ /(a) Safeguards

Note: It was noted by some delegations that negotiations were currently being held in the Group "Safeguards" and it would be appropriate to await the outcome of those negotiations./

/Pro memoria/ /(b) Export subsidies

Note: It was noted by some delegations that negotiations were currently being held in the Sub-Group "Subsidies and Countervailing Duties" and it would be appropriate to await the outcome of those negotiations./

/Pro memoria/ /(c) Health and veterinary measures

Note: The following proposal was made:

/Without prejudice to whatever might be decided elsewhere concerning the applicability to these measures of all or part of the rules deriving from the Code of Conduct, and without bringing into question the legitimate necessity for each government to protect human and animal health and life, it should be accepted that all such measures would be notified if possible before their implementation, that consultations would be initiated among interested countries (upon request) and that the negative effects of any of the measures on trade could be the subject of appropriate possible solutions./ /

/Pro memoria/ /(b) Standards, rules on packaging and labelling, designation of origin/

/Note: It was noted in connexion with paragraphs (c) and (d) that negotiations were currently being held in the Sub-Group "Technical Barriers to Trade". Group "Agriculture" has agreed to examine the applicability to agricultural products of the draft standards code drawn up in that Sub-Group. It would be appropriate to await the outcome of that examination./

/(e) Supply of dairy products on special conditions

Note: It was suggested that the relevant provisions of the Protocol Regarding Certain Milk Powders and the Protocol Regarding Milk Fat be inserted in this paragraph./

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[1] It was recalled that, in all the measures enumerated in this Article, provision should be made for special and differential treatment for developing countries./

PART TWO

SPECIFIC PROVISIONS

Article VI - Protocols

1. Without prejudice to the provisions of Articles I to V of this Arrangement, the products listed below shall be subject to the provisions of the Protocols annexed to this Arrangement:

Annex I - Protocol Regarding Certain Milk Powders /1/

Skimmed milk powder
Whole milk powder (including partly skimmed milk powder)
/Buttermilk powder/

Annex II - Protocol Regarding Milk Fat /1/

Anhydrous milk fat, anhydrous butteroil or anhydrous butterfat
Ghee
Butteroil and butterfat
Butter

/Annex III[2)] - Protocol Regarding Cheese[1)]

Cheese/

/1) Including /minimum access commitments/ /concessions//

2) First approach

/PART THREE

ADDITIONAL PROVISIONS

Article VII - /Minimum Access Commitments/ - /Concessions/

1. The provisions of paragraph 2 of this Article shall be applicable to the products listed in Article II of this Arrangement.

2. The obligations entered into by the participants under this Article are set forth in Annex III[1] to this Arrangement./

[1] Second approach

PART FOUR

Article VIII - Administration of the Arrangement

1. Dairy Products Council

A Dairy Products Council shall be established within the framework of the General Agreement on Tariffs and Trade. The Council shall comprise representatives of all participants to the Arrangement and shall carry out all the functions which are necessary to implement the provisions of the Arrangement. The Council shall be serviced by the secretariat of the Arrangement.

2. Regular and special meetings

The Council shall normally meet at least twice each year. However, the Chairman may call a special meeting of the Council either on his own initiative, [at the request of the Management Committee of one of the Protocols covered by Part Two of the Arrangement,] or at the request of a participant to the Arrangement in the light of the information communicated under Article III of this Arrangement.

PART FIVE

Article IX - Final Provisions

Note: This Article should include the following headings:

1. Entry into force

2. Duration

/This Arrangement shall remain in force for [ ] years. However, the /minimum access commitments/ /concessions/ set forth /in Article[ ]/ of the Protocol Regarding Certain Milk Powders, in Article [ ] of the Protocol Regarding Milk Fat, in Article [ ] of the Protocol Regarding Cheese/ /in Annex III (second approach)/ shall be subject, with respect to their duration, to the provisions of Article XXVIII of the General Agreement on Tariffs and Trade./

3. /Amendment/ - /Revision/

4. Relationship between the Arrangement and its annexes

The annexes shall be deemed to be an integral part of this Arrangement.

5. Acceptance

6. Withdrawal

/ANNEX III (first approach)

Protocol Regarding Cheese

/Concerted disciplines shall be established in respect of cheese. They shall comprise rules of conduct, applicable by all participants to the present Arrangement, which may be clarified and supplemented, in respect of their implementing conditions, by bilateral or plurilateral commitments./

1. Multilateral rules of conduct

/In view of the fact that adjustments of import and/or export policy are closely involved, these commitments must be entered into by both importing and exporting countries. Consequently, each participant shall undertake to take all necessary action to adjust

- its import policy in all necessary elements so as to ensure that its imports take place in the most orderly and regular conditions possible;
- its export policy in such a way that its exports take place in the most orderly and regular manner possible./

2. Commitments

/The bilateral or plurilateral commitments of concerted disciplines/ /The minimum access commitments/ /The concessions/ are set forth hereinafter.// /

/ANNEX III (second approach)

Results of bilateral or plurilateral negotiations
as taken from the schedules annexed to the /Geneva/ Protocol (...)
and annexed to the present Arrangement/ /