

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Group "Agriculture"

Sub-Group on Dairy Products

PROVISIONAL DRAFT COMPREHENSIVE ARRANGEMENT REGARDING THE DAIRY PRODUCTS SECTOR

1. The present document contains the revised version of document MTN/DP/W/27/Rev.4 prepared by the secretariat in the light of the discussions at the meeting of May-June 1978.
2. Where any additional proposals have been announced, a note to that effect appears in the text.

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/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;
- 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, and the implementation of the principles and objectives concerning developing countries agreed upon in the Tokyo Declaration of Ministers dated 14 September 1973 concerning the Multilateral Trade Negotiations;
- 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 said Tokyo Declaration;

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

PART ONE

GENERAL PROVISIONS

Article I - Objectives

The objectives of this Arrangement shall be in accordance with the principles and objectives agreed upon in the Tokyo Declaration of Ministers dated 14 September 1973 concerning the multilateral trade negotiations,

- 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;
- to further the economic and social development of developing countries.

Article II - Product Coverage

1. This Arrangement applies to the dairy products sector. 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:

	<u>CCCN</u>
(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

2. The International Dairy Products Council established in terms of Article VII:1(a) of this Arrangement (hereinafter referred to as the Council) may decide that the Arrangement is to apply to other products in which dairy products referred to in paragraph 1 of this Article have been incorporated if it deems their inclusion necessary for the implementation of the objectives and provisions of this Arrangement.

Article III - Information

1. The participants agree to provide regularly and promptly to the Council the information required to permit it to monitor and assess the overall situation of the world market for dairy products and the world market situation for each individual dairy product.
2. The information that the participants undertake to provide pursuant to paragraph 1 of this Article, according to the modalities that the Council shall establish, shall include data on past performance, current situation and outlook regarding production, consumption, prices, stocks and trade, including transactions other than normal commercial transactions, in respect of the products referred to in Article II of this Arrangement, and any other information deemed necessary by the Council. Participants shall also provide information on their domestic policies and trade measures in the dairy sector], and on the application of bilateral, plurilateral or multilateral commitments,] and shall notify, as early as possible, any changes in such policies and measures that are likely to affect international trade in dairy products.

Article IV - Functions of the International Dairy
Products Council and Co-operation between the
Participants to this Arrangement

1. The Council shall meet in order to:
 - (a) make an evaluation of the situation in and outlook for the world market for dairy products, on the basis of a status report prepared by the secretariat with the documentation furnished by participants in accordance with Article III of this Arrangement, information arising from the operation of the Protocols covered by Article VI of this Arrangement, and any other information available to it;
 - (b) review the functioning of this Arrangement.

2. If after an evaluation of the world market situation and outlook, referred to in paragraph 1(a) of this Article, the Council finds that a serious market disequilibrium, or threat of such a disequilibrium, which affects [or may affect] international trade, is developing for dairy products in general or for one or more products, the Council will proceed to identify, taking particular account of the situation of developing countries, possible solutions for consideration by governments.
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 paragraphs 2 and 3 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.

Article V - Other General Provisions¹

[Pro memoria] [(a) Safeguards]

Note: A proposal will be made at a later date along the following main lines:

[Without prejudice to the outcome of the negotiations in the Group "Safeguards", or in the light of bilateral, plurilateral or multilateral commitments deriving from the present Arrangement, consideration will have to be given to more stringent provisions for this sector designed basically to ensure compliance with those commitments. To that end, prior consultation and injury seem to be two of the aspects which will have to be considered in connexion with differential and more favourable treatment for developing countries that might be affected by the application of safeguard measures.]

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

/Pro memoria/ / (b) /Export subsidies

Note: A proposal will be made at a later date along the following main lines:

/In this sector too, due account will have to be taken of the outcome of the work in the Sub-Group on Subsidies and Countervailing Duties. Nevertheless, for this particular sector consideration should also be given to subsidies of any kind that contribute to distort markets for the products covered by the present Arrangement, including those applied at stages other than that of export but having effects similar to those of export subsidies./

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.

It was noted that the commitments entered into in terms of Article VI of this Arrangement were a contribution to the practical solution of this problem./

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

Note: A proposal, which appears in sub-paragraph (i) was made. It was proposed that it should be supplemented by sub-paragraph (ii):

/ (i) 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./

/(ii) If the consultations do not result in the measure under reference ceasing to constitute an obstacle to the development of trade toward or from a particular country, on the proposal of the parties concerned the Council may identify measures that would tend to terminate the trade situation created or to promote additional arrangements consistent with the objectives set forth in Article I of the present Arrangement.¹/

/Pro memoria/ /(d) 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) Food aid and transactions other than normal commercial transactions

1. The participants agree:

(a) In co-operation with FAO and other interested organizations, to foster recognition of the value of dairy products in improving nutritional levels and of ways and means through which they may be made available for the benefit of developing countries.

/First alternative:

(b) Where possible and appropriate, to incorporate the donation or sale on concessional terms of dairy products or related equipment in their respective aid programmes. Participants should notify the Council in advance each

¹As regards general guidelines in regard to health matters, account should be taken of the suggestions set forth in paragraph 29 of document MTN/3B/23./

year of the scale of their proposed contributions of such food aid. It would be understood that contributions could be made bilaterally or through joint projects or through the World Food Programme.

(c) Recognizing the desirability of harmonizing their efforts in this field, as well as the need to avoid harmful interference with normal patterns of production and international trade, to exchange views in the Council on their arrangements for the supply of dairy products as food aid or on concessional terms.]

[Second alternative:

(b) In accordance with the objectives of this Arrangement, to furnish, within the limits of their possibilities, dairy products to developing countries by way of food aid.

(c) In order to allow the harmonization and development of their efforts in this field, to indicate [each year] to the Council the contributions that they intend to make in this respect in the course of the [] coming years. It is understood that contributions can be made bilaterally or through joint projects or through the World Food Programme.]

2. Donated exports to developing countries, exports destined for relief purposes or welfare purposes in developing countries, and other transactions which are not normal commercial transactions shall be effected in accordance with the FAO Principles of Surplus Disposal and Consultative Obligations. Consequently, the Council shall co-operate closely with the Consultative Sub-Committee on Surplus Disposal and shall exercise over transactions other than normal commercial transactions, and in accordance with conditions and modalities established by it, continuing surveillance in order to ensure that such transactions are effected in accordance with the said principles.

/f) Settlement of disputes/

/i) Each participant shall promptly afford adequate opportunity for consultation regarding such representations as may be made by any other participant with respect to any matter affecting this Arrangement.

(ii) Any participant may raise before the Council any matter affecting this Arrangement.

(iii) If the matter affects the application of the specific provisions of the Protocol Regarding Certain Milk Powders /and Casein/ or the application of the specific provisions of the Protocol Regarding Milk Fat /or the application of the specific provisions of the Protocol Regarding Cheese/, any participant which considers that its trade interests are being seriously threatened and which is unable to reach a mutually satisfactory solution with the other participant or participants concerned, may request the Chairman of the Committee for the relevant Protocol established under Article VII:2(a) of this Arrangement, to convene a special meeting of the Committee on an urgent basis so as to determine as rapidly as possible, and within four working days if requested, any measures which may be required to meet the situation. If a satisfactory solution cannot be reached, the Council shall, at the request of the Chairman of the Committee for the relevant Protocol, meet within a period of not more than / / days to consider the matter with a view to facilitating a satisfactory solution./

(iv) /First alternative:

The commitments entered into between participants to this Arrangement including the Protocols annexed thereto, shall be deemed to be obligations of a contracting party under the GATT./

/Second alternative:

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 /and Casein/

Milk powder and cream powder, excluding whey powder
/Casein/

Annex II - Protocol Regarding Milk Fat

Milk Fat

/Annex III - Protocol Regarding Cheese

Cheese/

PART THREE

Article VII - Administration of the Arrangement

1. International Dairy Products Council

- (a) An International 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 GATT secretariat. The Council shall establish its own rules of procedure.

(b) 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 Committees established under paragraph 2(a) of this Article, or at the request of a participant to this Arrangement.

(c) Decisions

The Council shall reach its conclusions by consensus. The Council shall be deemed to have agreed on a matter submitted for its consideration if no member of the Council formally objects to the acceptance of a proposal.

(d) Co-operation with other organizations

The Council shall make whatever arrangements are appropriate for consultation or co-operation with intergovernmental and non-governmental organizations.

(e) Admission of observers

(i) The Council may invite any non-participating country to be represented at any of its meetings as an observer.

(ii) The Council may also invite any of the organizations referred to in paragraph 1(d) of this Article to attend any of its meetings as an observer.

2. Committees

- (a) The Council shall establish a Committee to carry out all the functions which are necessary to implement the provisions of the Protocol Regarding Certain Milk Powders /and Casein/ /and/ a Committee to carry out all the functions which are necessary to implement the provisions of the Protocol Regarding Milk Fat /and a Committee to carry out all the functions which are necessary to implement the provisions of the Protocol Regarding Cheese/. Each of these Committees shall comprise representatives of all participants to the relevant Protocol. The Committees shall be serviced by the GATT secretariat. They shall report to the Council on the exercise of their functions.

(b) Examination of the market situation

The Council shall make the necessary arrangements, determining the modalities for the information to be furnished under Article III of this Arrangement, so that

- the Committee of the Protocol Regarding Certain Milk Powders /and Casein/ may keep under constant review the situation in and the evolution of the international market for the products covered by this Protocol, and the conditions under which the provisions of this Protocol are applied by participants, taking into account the evolution of prices in international trade in each of the other dairy products having implications for the trade in products covered by this Protocol;

- the Committee of the Protocol Regarding Milk Fat may keep under constant review the situation in and the evolution of the international market for the products covered by this Protocol, and the conditions under which the provisions of this Protocol are applied by participants, taking into account the evolution of prices in international trade in each of the other dairy products having implications for the trade in products covered by this Protocol;

7 the Committee of the Protocol Regarding Cheese may keep under constant review the situation in and the evolution of the international market for the products covered by this Protocol, and the conditions under which the provisions of this Protocol are applied by participants, taking into account the evolution of prices in international trade in each of the other dairy products having implications for the trade in products covered by this Protocol.⁷

(c) Regular and special meetings

Each Committee shall normally meet at least once each quarter. However, the Chairman of each Committee may call a special meeting of the Committee on his own initiative or at the request of any participant.

(d) Decisions

Each Committee shall reach its conclusions by consensus. The Committee shall be deemed to have agreed on a matter submitted for its consideration if no member of the Committee formally objects to the acceptance of a proposal.

PART FOUR

Article VIII - Final Provisions

1. Acceptance

(a) This Arrangement is open for acceptance, by signature or otherwise,

/(i) by the Governments of and the European Economic Community; and

(ii) by other governments members of the United Nations, or of one of its specialized agencies.]

/(b) Any government accepting this Arrangement, with the exception of the governments listed in sub-paragraph (a) under (i) above, may at the time of acceptance make a reservation with regard to its acceptance of any of the Protocols annexed to the Arrangement.]

(c) This Arrangement shall be deposited with the Director-General to the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade who shall promptly furnish a certified copy thereof and a notification of each acceptance thereof to each participant. The texts of this Arrangement in the English, French and Spanish languages shall all be equally authentic.

(d) Acceptance of this Arrangement shall carry denunciation of the Arrangement Concerning Certain Dairy Products, done at Geneva on 12 January 1970 which entered into force on 14 May 1970, for participants having accepted that Arrangement and denunciation of the Protocol Relating to Milk Fat, done at Geneva on 2 April 1973 which entered into force on 14 May 1973, for participants having accepted that Protocol.

2. Entry into force

- (a) This Arrangement shall enter into force, for those participants having accepted it, on /1 January 1980/ /provided that all governments listed under paragraph 1(a)(i) of this Article have accepted it before 1 December 1979/. For participants accepting this Arrangement after that date, it shall be effective from the date of their acceptance.
- (b) /The participants having accepted the Arrangement shall meet in December 1979 and if the conditions under sub-paragraph (a) have not been fulfilled adopt any decision they deem appropriate with regard to its entry into force and application, including a decision to apply provisionally the Arrangement or any of its parts./
- (c) The validity of contracts entered into before the date of entry into force of this Arrangement is not affected by this Arrangement.

/3. Validity/

4. Amendment

The provisions of this Arrangement may be amended by the Council established in terms of Article VII:1(a).

5. Relationship between the Arrangement and the Annexes

- (a) The Protocols mentioned in Article VI of this Arrangement and contained in its Annexes I, II /and III/ shall be deemed to be an integral part of this Arrangement, and likewise the register of processes and control measures referred to in Article 3:5 of the Protocol Regarding Certain Milk Powders /and Casein/.
- (b) Annex IV shall be deemed to be an integral part of this Arrangement /for the purposes of the obligations in respect of information, consultation and observance of prices/.

6. Relationship between the Arrangement and the General Agreement on Tariffs and Trade

- (a) Nothing in this Arrangement shall affect the rights and obligations of participants under the General Agreement on Tariffs and Trade.
- (b) This Arrangement and its Annexes shall be annexed to the Final Act [...].
- /(c) The trade relations between participants which are contracting parties to the General Agreement on Tariffs and Trade and participants which are not contracting parties, and between participants which are not contracting parties, as regards products covered by Article II of this Arrangement, shall be based on the General Agreement on Tariffs and Trade. Any schedule of concessions annexed to this Arrangement relating to a participant which is not a contracting party shall for the purposes of this Arrangement be considered to be a schedule annexed to the General Agreement on Tariffs and Trade.]

7. Withdrawal

- (a) Any participant may withdraw from this Arrangement. Such withdrawal shall take effect upon the expiration of sixty days from the day on which written notice of withdrawal is received by the Director-General to the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade.
- /(b) Any participant which, upon withdrawal of any contracting party from this Arrangement, considers that the overall balance of rights and obligations has been affected, shall be free not later than thirty days from the day on which such withdrawal has taken effect, to withdraw substantially equivalent concessions initially negotiated with the contracting party withdrawing from this Arrangement.]

ANNEX I

Protocol Regarding Certain Milk Powders
/and Casein/

PROTOCOL REGARDING CERTAIN MILK POWDERS
/AND CASEIN/

Article 1 - Product Coverage

1. This Protocol applies to:

(a) milk powder and cream powder falling under CCCN heading No. 04.02, excluding whey powder;

[(b) casein having a milk fat content of less than or equal to 2 per cent by weight.]

PART TWO

Article 2 - Pilot Products

1. For the purpose of this Protocol, minimum and maximum export prices shall be established for the pilot products of the following descriptions:

(a) Designation: Skimmed milk powder

Milk fat content: Less than or equal to 1.5 per cent by weight

Water content: Less than or equal to 5 per cent by weight

(b) Designation: Whole milk powder

Milk fat content: 26 per cent by weight

Water content: Less than or equal to 5 per cent by weight

(c) Designation: Buttermilk powder¹

Milk fat content: Less than or equal to 11 per cent by weight

Water content: Less than or equal to 5 per cent by weight

[(d) Designation: Casein]

[Milk fat content: Less than or equal to 2 per cent by weight]

[Water content: Less than or equal to 12 per cent by weight]

Packaging: In packages normally used in the trade of a net content by weight of not less than 25 kgs.

Terms of sale: F.o.b. ocean-going vessels from the exporting country or, for a land-locked country, f.o.b. from [one] [the] maritime port/s] of its choice to be designated at the time it signifies its acceptance; [or for the countries to be listed in a note, f.o.b. from reference points to be designated at the time they signify their acceptance;] or free-at-frontier exporting country.

Prompt payment against documents.

¹Derived from the manufacture of butter and anhydrous milk fat.]

PART TWO (cont'd)

Article 3 - Minimum /and Maximum/ Prices

Level and observance of minimum /and maximum/ prices

1. Participants undertake to take the steps necessary to ensure that the export prices of the products defined in Article 2 of this Protocol shall not be less than the minimum prices /nor more than the maximum prices/ applicable under the present Protocol. If the products are exported in the form of goods in which they have been incorporated, the participants shall take the steps necessary to avoid the circumvention of the price provisions of this Protocol.

2. /[(a) The minimum prices provided for in paragraph 1 of the present Article have been established with a view to ensuring a greater degree of stability in trade in the products concerned by narrowing the range of fluctuations in international price levels. Accordingly, the price levels set out in the present Article have been established at levels which take account of the current market situation, the need to establish and maintain a broad relationship with dairy price support levels in the major producing participants, the need to ensure an appropriate relationship between the minimum prices established in the Protocols to the present Arrangement; and the need to establish and maintain a minimum return to the most efficient producers in order to ensure stability of supply over the longer term.]

(b) The minimum prices provided for in paragraph 1 of the present Article applicable at the date of entry into force of this Protocol are fixed at:

- (i) US\$/.../ per metric ton for the skimmed milk powder defined in Article 2 of this Protocol.
- (ii) US\$/.../ per metric ton for the whole milk powder defined in Article 2 of this Protocol.
- (iii) US\$/.../ per metric ton for the buttermilk powder defined in Article 2 of this Protocol.
- /[(iv) US\$/.../ per metric ton for the casein defined in Article 2 of this Protocol.]

PART TWO (cont'd)

Article 3 (cont'd)

The maximum prices provided for in paragraph 1 of the present Article applicable at the date of entry into force of this Protocol are fixed at:

- (i) US\$... per metric ton for the skimmed milk powder defined in Article 2 of this Protocol.
- (ii) US\$... per metric ton for the whole milk powder defined in Article 2 of this Protocol.
- (iii) US\$... per metric ton for the buttermilk powder defined in Article 2 of this Protocol.
- (iv) US\$... per metric ton for the casein defined in Article 2 of this Protocol.]

First alternative:

3. The levels of the minimum and maximum prices specified in the present Article can be modified by the Committee established in terms of Article VII:2(a) of the Arrangement, hereinafter referred to as "the Committee", taking into account, on the one hand, the results of the operation of the Protocol and, on the other hand, the evolution of the situation of the international market.]

Second alternative:

3. The levels of the minimum prices specified in the present Article shall be subject to annual review by the Committee established in terms of Article VII:2(a) of the Arrangement, hereinafter referred to as "the Committee". The Committee shall meet in of each year for this purpose. In undertaking this review the Committee shall take account, to the extent relevant and necessary, of costs faced by producers, currency factors, the need to maintain a long-term minimum return to the most economic producers, the need to maintain stability of supply, and the current market situation and shall have regard to the desirability of maintaining and improving the relationship between the levels of the minimum prices set out in paragraph 2(b) of the present Article, and the dairy support levels in the major producing participants.]

PART TWO (cont'd)

Article 3 (cont'd)

Adjustment of minimum /and maximum/ prices

4. If the products actually exported differ from the pilot products in respect of the fat content, packaging or terms of sale, the minimum /and maximum/ prices shall be adjusted so as to protect the minimum /and maximum/ prices established in this Protocol for the products specified in Article 2 of this Protocol according to the following provisions:

Milk fat content: If the fat content of the milk powders described in sub-paragraph (a) of Article 1:1 of the present Protocol /excluding buttermilk powder/ differs from the milk fat content of the pilot products as defined in Article 2 of the present Protocol, then for each 1 per cent by which the milk fat content exceeds 2 per cent, there shall be an upwards adjustment of the minimum price in proportion to the difference between the minimum prices established for the pilot products defined in Article 2 of the present Protocol.

Packaging: If the products are offered otherwise than in packages normally used in the trade of a net content by weight of not less than 25 kgs., the application of the minimum /and maximum/ prices shall be adjusted so as to reflect the difference in the cost of packaging from the type of package specified above.

PART TWO (cont'd)

Article 3 (cont'd)

Terms of sale: If sold on terms other than f.o.b. from the exporting country or, for a land-locked country, f.o.b. from the maritime port/s/ of its choice, /or, for the countries to be listed in a note, f.o.b. from the designated reference point; or free-at-frontier exporting country, the minimum /and maximum/and prices shall be calculated on the basis of the minimum /and maximum/and f.o.b. prices specified in paragraph 2 of this Article, plus the real and justified costs of the services provided; if the terms of the sale include credit, this shall be charged for at the prevailing commercial rate.

Exports /and imports/ of skimmed milk powder /, whole milk powder/ and buttermilk powder for purposes of animal feed

5. (a) By derogation from the provisions of paragraphs 1 to 4 of this Article participants may, under the conditions defined below, export or import, as the case may be, skimmed milk powder /, whole milk powder/and buttermilk powder for purposes of animal feed at prices below the minimum prices provided for in this Protocol for these products. The participants may make use of this possibility only to the extent that the processes and control measures which they intend to apply or which will be applied in the country of destination, so as to ensure that the skimmed milk powder /, whole milk powder/and buttermilk powder thus exported or imported are used exclusively for animal feed, are approved by the Committee and recorded in a register established by it.

PART TWO (cont'd)

Article 3 (cont'd)

First alternative: Participants wishing to make use of the provisions of this paragraph shall give the Committee advance notification of their intention to do so. The participants shall furnish the necessary information concerning their transactions in respect of skimmed milk powder whole milk powder and buttermilk powder for purposes of animal feed, so that the Committee may follow developments in this sector and periodically make forecasts concerning the evolution of this trade.

Second alternative: So long as participants have recourse to the provisions of sub-paragraph (a) of this paragraph, they shall furnish to the secretariat each month the information referred to in sub-paragraph (c) of this paragraph.

- (b) If, on the basis of the information furnished, in accordance with sub-paragraph (a) above, the Committee finds that the market situation has become normal again in three consecutive months, the possibility for participants to have recourse to the provisions of sub-paragraph (a) shall be suspended automatically.

Participants may again have recourse to the provisions of sub-paragraph (a) only where the Committee has found in three consecutive months that the market situation has become abnormal again.

- (c) For the purpose of the provisions of this paragraph, the market situation mentioned in sub-paragraph (b) above shall be deemed to be normal when:

- the volume of stocks held by exporting participants is equal to or less than, and
- the price of soybean meal, 44 per cent protein, United States, c.i.f. Rotterdam is equal to or higher than

the level that they had respectively reached in the most recent year in which no participant had recourse to the provisions of sub-paragraph (a).

PART TWO (cont'd)

Article 3 (cont'd)

Special conditions of sales

6. Participants undertake within the limit of their institutional possibilities to ensure that practices such as those referred to in Article 4:1 of this Protocol do not have the effect of directly or indirectly bringing the export prices of the products subject to the minimum price provisions below the agreed minimum prices /nor of raising the export prices of the products subject to the maximum price provisions above the agreed maximum prices/.

Field of application

7. For each participant, this Protocol is applicable to exports of the products specified in Article 1 of this Protocol manufactured or repacked inside its own customs territory.

Transactions other than normal commercial transactions

8. The provisions of paragraphs 1 to 7 of this Article shall not be regarded as applying to donated exports to developing countries or to exports destined for relief purposes or welfare purposes in developing countries.

/9. Exports for welfare purposes in developed countries, such as school lunch programmes, of the products covered by this Protocol shall be subject to the pricing provisions of this Article, it being understood however that a derogation under Article 7 of this Protocol shall be granted, when justified, after taking into account the specific character of welfare shipments, including school lunch programmes, their terms of sale, trade effects and other factors./

Article 4 - Provision of Information

/1. In cases where prices in international trade of the products covered by Article 1 of this Protocol are approaching the minimum prices mentioned in paragraph 2 of Article 3 of this Protocol, without prejudice to the

PART TWO (cont'd)

Article 4 (cont'd)

provisions of Article III of the Arrangement, participants shall notify to the Committee all the relevant elements for evaluating their own market situation and, in particular, credit or loan practices, twinning with other products, barter or three-sided transactions, refunds or rebates and exclusivity contracts, packaging costs and details of the packaging, so that the Committee can make a verification.

/Article 5 - Obligations of Exporting Participants
/at the Level of Maximum Prices//

/1. Exporting participants undertake to supply importing participants on a priority basis /and to deliver to them, at prices consistent with the prices determined in paragraph 2 of Article 3 of this Protocol, /certain quantities of/ products covered by Article 1 of this Protocol/

Note: It was noted that provision should be made for the possibility of special and differential treatment for developing countries./

Article 6 - Co-operation of Importing Countries

1. Participants which import products covered by Article I of this Protocol undertake in particular:

/first alternative:

- (a) to co-operate in implementing the minimum prices objective of this Protocol and to ensure, as far as possible, that the products covered by Article I of this Protocol are not imported at less than the appropriate customs valuation equivalent to the prescribed minimum prices;/

/second alternative:

- (a) to buy supplies, subject to contracts already concluded, solely from participants exporting products covered by Article I of this Protocol, in cases where prices in international trade of those products are at the level of the agreed minimum prices /and not to resell the quantities delivered by participants exporting those products in cases where prices in international trade of those products are at the level of the agreed maximum prices/;

PART TWO (cont'd)

Article 6 (cont'd)

- (b) without prejudice to the provisions of Article III of the Arrangement and Article 4 of this Protocol, to supply information concerning imports of products covered by Article I of this Protocol from non-participants; and
 - (c) to consider sympathetically proposals for appropriate remedial action if imports at prices inconsistent with the minimum prices threaten the operation of this Protocol.
2. Paragraph 1 of this Article shall not apply to imports of skimmed milk powder [, whole milk powder] and buttermilk powder for purposes of animal feed, provided that such imports are subject to the measures and procedures provided for in paragraph 5 of Article 3 of this Protocol.

PART THREE

Article 7 - Derogations

1. Upon request by a participant, the Committee shall have the authority to grant derogations from the provisions of paragraphs 1 to 5 and 9 of Article 3 of this Protocol in order to remedy difficulties which observance of minimum prices could cause certain participants. The Committee shall pronounce on such a request within three months from the date of the request.

Article 8 - Emergency Action

1. Any participant, which considers that its interests are seriously endangered by a country not bound by this Protocol, can request the Chairman of the Committee to convene an emergency meeting of the Committee within two working days to determine and decide whether measures would be required to meet the situation. If such a meeting cannot be arranged within the two working days and the commercial interests of the participant concerned are likely to be materially prejudiced, that participant may take unilateral action to safeguard its position, on the condition that any other participants likely to be affected are immediately notified. The Chairman of the Committee shall also be formally advised immediately of the full circumstances of the case and shall be requested to call a special meeting of the Committee at the earliest possible moment.

ANNEX II

Protocol Regarding Milk Fat

PROTOCOL REGARDING MILK FAT

PART ONE

Article I - Product Coverage

1. This Protocol applies to milk fat falling under CCCN heading No. 04.03, having a milk fat content equal to or greater than 50 per cent by weight.

PART TWO

Article 2 - Pilot Products

1. For the purpose of this Protocol, minimum /and maximum/ export prices shall be established for the pilot products of the following descriptions:

(a) Designation: Anhydrous milk fat

Milk fat content: 99.5 per cent by weight

(b) Designation: Butter

Milk fat content: 80 per cent by weight

Packaging: In packages normally used in the trade of a net content by weight of not less than 25 kgs. or 50 lb., as appropriate.

Terms of sale: F.o.b. from the exporting country or, for a land-locked country, f.o.b. from /one/ /the/ maritime port/s/ of its choice to be designated at the time it signifies its acceptance; /or for the countries to be listed in a note, f.o.b. from reference points to be designated at the time they signify their acceptance;/ or free-at-frontier exporting country.

Prompt payment against documents.

PART TWO (cont'd)

Article 3 - Minimum /and Maximum/ Prices

Level and observance of minimum /and maximum/ prices

1. Participants undertake to take the steps necessary to ensure that the export prices of the products defined in Article 2 of this Protocol shall not be less than the minimum prices /nor more than the maximum prices/ applicable under the present Protocol. If the products are exported in the form of goods in which they have been incorporated, participants shall take the steps necessary to avoid the circumvention of the price provisions of this Protocol.

2. (a) The minimum prices provided for in paragraph 1 of the present Article have been established with a view to ensuring a greater degree of stability in trade in the products concerned by narrowing the range of fluctuations in international price levels. Accordingly, the price levels set out in the present Article have been established at levels which take account of the current market situation, the need to establish and maintain a broad relationship with dairy price support levels in the major producing participants, the need to ensure an appropriate relationship between the minimum prices established in the Protocols to the present Arrangement; and the need to establish and maintain a minimum return to the most efficient producers in order to ensure stability of supply over the longer term./

PART TWO (cont'd)

Article 3 (cont'd)

- (b) The minimum prices provided for in paragraph 1 of the present Article applicable at the date of entry into force of this Protocol are fixed at:
- (i) US\$ per metric ton for the anhydrous milk fats defined in Article 2 of this Protocol.
 - (ii) US\$ per metric ton for the butter defined in Article 2 of this Protocol.

The maximum prices provided for in paragraph 1 of the present Article applicable at the date of entry into force of this Protocol are fixed at:

- (i) US\$ per metric ton for the anhydrous milk fat defined in Article 2 of this Protocol.
- (ii) US\$ per metric ton for the butter defined in Article 2 of this Protocol.

First alternative:

3. The levels of the minimum and maximum prices specified in the present Article can be modified by the Committee established in terms of Article VII:2(a) of the Arrangement, hereinafter referred to as "the Committee", taking into account, on the one hand, the results of the operation of the Protocol and, on the other hand, the evolution of the situation of the international market.

Second alternative:

3. The levels of the minimum prices specified in the present Article shall be subject to annual review by the Committee established in terms of Article VII:2(a) of the Arrangement, hereinafter referred to as "the Committee". The Committee shall meet in of each year for this purpose. In undertaking this review the Committee shall take account, to the extent relevant and necessary, of costs faced by producers, currency factors, the need to maintain a long-term minimum return to the most economic producers, the need to maintain stability of supply, and the current market situation and shall have regard to the desirability of maintaining and improving the relationship between the levels of the minimum prices set out in paragraph 2(b) of the present Article, and the dairy support levels in the major producing participants.

PART TWO (cont'd)

Article 3 (cont'd)

Adjustment of minimum /and maximum/ prices

4. If the products actually exported differ from the pilot products in respect of the fat content, packaging or terms of sale, the minimum /and maximum/ prices shall be adjusted so as to protect the minimum /and maximum/ prices established in this Protocol for the products specified in Article 2 of this Protocol according to the following provisions:

Milk fat content: If the fat content of the butter defined in Article 2, paragraph 1(b) of this Protocol is equal to or greater than 82 per cent or less than 80 per cent, the minimum price /and maximum price/ of this product shall be increased or reduced by [...] dollars per tranche of 1 per cent of milk fat.

Packaging: If the products are offered otherwise than in packages normally used in the trade of a net content by weight of not less than 25 kgs. or 50 lb., as appropriate the application of the minimum /and maximum/ prices shall be adjusted so as to reflect the difference in the cost of packaging from the type of package specified above.

Terms of sale: If sold on terms other than f.o.b. from the exporting country or, for a land-locked country, f.o.b. from the maritime port/s/ of its choice /or, for the countries to be listed in a note, f.o.b. from the designated reference points/ or free-at-frontier exporting country, the minimum /and maximum/ prices shall be calculated on the basis of the minimum /and maximum/ f.o.b. prices specified in paragraph 2 of this Article plus the real and justified costs of the services provided; if the terms of the sale include credit, this shall be charged for at the prevailing commercial rate.

PART TWO (cont'd)

Article 3 (cont'd)

Special conditions of sales

5. Participants undertake within the limit of their institutional possibilities to ensure that practices such as those referred to in Article 4:1 of this Protocol do not have the effect of directly or indirectly bringing the export prices of the products subject to the minimum price provisions below the agreed minimum prices /nor of raising the export prices of the products subject to the maximum price provisions above the agreed maximum prices/.

Field of application

6. For each participant, this Protocol is applicable to exports of the products specified in Article I of this Protocol manufactured or repacked inside its own customs territory.

Transactions other than normal commercial transactions

7. The provisions of paragraphs 1 to 6 of this Article shall not be regarded as applying to donated exports to developing countries or to exports destined for relief purposes or welfare purposes in developing countries.

PART TWO (contd')

Article 4 - Provision of Information

1. In cases where prices in international trade of the products covered by Article I of this Protocol are approaching the minimum prices mentioned in paragraph 2 of Article 3 of this Protocol, without prejudice to the provisions of Article III of the Arrangement, participants shall notify to the Committee all the relevant elements for evaluating their own market situation and, in particular, credit or loan practices, twinning with other products, barter or three-sided transactions, refunds or rebates and exclusivity contracts, packaging costs and details of the packaging, so that the Committee can make a verification.

/Article 5 - Obligations of Exporting Participants
/at the Level of Maximum Prices/

/1. Exporting participants undertake to supply importing participants on a priority basis /and to deliver to them, at prices consistent with the prices determined in paragraph 2 of Article 3 of this Protocol, /certain quantities of/ products covered by Article I of this Protocol./

Note: It was noted that provision should be made for the possibility of special and differential treatment for developing countries./

Article 6 - Co-operation of Importing Countries

1. Participants which import products covered by Article I of this Protocol undertake in particular:

/first alternative:

- (a) to co-operate in implementing the minimum prices objective of this Protocol and to ensure, as far as possible, that the products covered by Article I of this Protocol are not imported at less than the appropriate customs valuation equivalent to the prescribed minimum prices;/

PART TWO (cont'd)

Article 6 (cont'd)

second alternative:

- (a) to buy supplies, subject to contracts already concluded, solely from participants exporting products covered by Article 1 of this Protocol, in cases where prices in international trade of those products are at the level of the agreed minimum prices and not to resell the quantities delivered by participants exporting those products in cases where prices in international trade of those products are at the level of the agreed maximum prices ; and
- (b) without prejudice to the provisions of Article III of the Arrangement and Article 4 of this Protocol, to supply information concerning imports of products covered by Article 1 of this Protocol from non-participants; and
- (c) to consider sympathetically proposals for appropriate remedial action if imports at prices inconsistent with the minimum prices threaten the operation of this Protocol.

PART THREE

/Article 7 - Derogations/

/1. Upon request by a participant, the Committee shall have the authority to grant derogations from the provisions of paragraphs 1 to 4 of Article 3 of this Protocol in order to remedy difficulties which observance of minimum prices could cause certain participants. The Committee shall pronounce on such a request within three months from the date of the request./

Article 8 - Emergency Action

1. Any participant, which considers that its interests are seriously endangered by a country not bound by this Protocol, can request the Chairman of the Committee to convene an emergency meeting of the Committee within two working days to determine and decide whether measures would be required to meet the situation. If such a meeting cannot be arranged within the two working days and the commercial interests of the participant concerned are likely to be materially prejudiced, that participant may take unilateral action to safeguard its position, on the condition that any other participants likely to be affected are immediately notified. The Chairman of the Committee shall also be formally advised immediately of the full circumstances of the case and shall be requested to call a special meeting of the Committee at the earliest possible moment.

/ANNEX III

Protocol Regarding Cheese⁷

/PROTOCOL REGARDING CHEESE

PART I

Article 1 - Product Coverage

1. This Protocol applies to cheese falling under CCCN heading No. 04.04.

PART TWO

Article 2

1. For the purposes of this Protocol, a minimum export price shall be established for the products mentioned in Article 1 in respect of which the packaging and the terms of sale are the following:

Packaging: In packages normally used in the trade of a net content by weight of not less than 5 kgs./.

Terms of sale: F.o.b. from the exporting country or for a land-locked country, f.o.b. from the maritime port/s/ of its choice to be designated at the time it signifies its acceptance;
/or for the countries to be listed in a note, f.o.b. from reference points to be designated at the time they signify their acceptance;/ or free-at-frontier exporting country.

Prompt payment against documents.

PART TWO (cont'd)

Article 3 - Minimum Price

Level and observance of minimum price

1. Participants undertake to take the steps necessary to ensure that the export prices of the products defined in Article 2 of this Protocol shall not be less than the minimum price applicable under the Protocol. If cheese is exported in the form of goods in which it has been incorporated, the participants shall take the steps necessary to avoid the circumvention of the price provisions of this Protocol.
2. The minimum price provided for in paragraph 1 of this Article, applicable at the date of entry into force of this Protocol, is fixed at US\$ 800 per metric ton.
3. The level of the minimum price specified in this Article can be modified by the Committee established in terms of Article VII:2(a) of the Arrangement, hereinafter referred to as the Committee, taking into account, on the one hand, the result of the operation of the Protocol, and, on the other hand, the evolution of the situation of the international market.

PART TWO (cont'd)

Article 3 (cont'd)

Adjustment of minimum price

4. If the products actually exported differ from the products specified in Article 2 of this Protocol in respect of the packaging or terms of sale, the minimum price shall be adjusted so as to protect the minimum price established in this Protocol for the products specified in Article 2 of this Protocol according to the following provisions:

Packaging: If the products are offered otherwise than in packages normally used in the trade of a net content by weight of not less than 5 kgs. the application of the minimum price shall be adjusted so as to reflect the difference in the cost of packaging from the type of package specified above.

Terms of sale: If sold on terms other than f.o.b. from the exporting country or, for a land-locked country, f.o.b. from the maritime port/s of its choice, or for the countries to be listed in note, f.o.b. from the designated reference points or free-at-frontier exporting country, the minimum price shall be calculated on the basis of the minimum f.o.b. price specified in paragraph 2 of this Article plus the real and justified costs of the services provided; if the terms of the sale include credit, this shall be charged for at the prevailing commercial rate.

PART TWO (cont'd)

Article 3 (cont'd)

Special conditions of sales

5. Participants undertake within the limit of their institutional possibilities to ensure that practices such as those referred to in Article 4:1 of this Protocol do not have the effect of directly or indirectly bringing the export prices of the products subject to the minimum price provisions below the agreed minimum price.

Field of application

6. For each participant, this Protocol is applicable to exports of the products specified in Article 1 of this Protocol manufactured or repacked inside its own customs territory.

Transactions other than normal commercial transactions

7. The provisions of paragraphs 1 to 6 of this Article shall not be regarded as applying to donated exports to developing countries or to exports destined for relief purposes or welfare purposes in developing countries.

Article 4 - Provision of Information

1. In cases where prices in international trade of the products covered by Article 1 of this Protocol are approaching the minimum price mentioned in paragraph 2 of Article 3 of this Protocol, without prejudice to the provisions of Article III of the Arrangement, participants exporting these products shall notify to the Committee all the relevant elements for evaluating their own market situation and, in particular, credit or loan practices, twinning with other products, barter or three-sided transactions, refunds or rebates and exclusivity contracts, so that the Committee can make a verification.

PART TWO (cont'd)

Article 4 - Provision of Information (cont'd)

2. Exporter participants undertake to provide information at quarterly intervals, concerning costs of packaging of products covered by this Protocol to the Protocol Committee. Importer participants undertake to provide information at quarterly intervals to the Protocol Committee concerning the volume of the various packaging sizes of imports of products covered by this Protocol.

Article 5 - Obligations of Exporting Participants

1. Exporting participants undertake to supply importing participants on a priority basis.

/Article 6 - Other Multilateral Rules of Conduct on Exports

1. Participants shall undertake to take all necessary action to conduct their export policy in such a way that their exports take place in the most orderly and regular manner possible.7

Article 7 - Co-operation of Importing Countries

1. Participants which import products covered by Article 1 of this Protocol undertake in particular:

/first alternative:

- (a) to co-operate in implementing the minimum price objective of this Protocol and to ensure, as far as possible, that the products covered by Article 1 of this Protocol are not imported at less than the appropriate customs valuation equivalent to the prescribed minimum price;7

/second alternative:

- (a) to buy supplies, subject to contracts already concluded, solely from participants exporting products covered by Article 1 of this Protocol, in cases where prices in international trade of those products are at the level of the agreed minimum price;7

PART TWO (cont'd)

Article 7 (cont'd)

- (b) without prejudice to the provisions of Article III of the Arrangement and Article 4 of this Protocol, to supply information concerning imports of products covered by Article I of this Protocol from non-participants; and
- (c) to consider sympathetically proposals for appropriate remedial action if imports at prices inconsistent with the minimum price threaten the operation of this Protocol.

Article 8 - Other Multilateral Rules of Conduct on Imports

1. Participants shall undertake to take all necessary action to conduct their import policy in all necessary elements so as to ensure that their imports take place in the most orderly and regular conditions possible.7

PART THREE

Article 9 - Derogations

1. Upon request by a participant, the Committee shall have the authority to grant derogations from the provisions of paragraphs 1 to 4 of Article 3 of this Protocol in order to remedy difficulties which observance of minimum price could cause certain participants. The Committee shall pronounce on such a request within three months from the date of the request.

Article 10 - Emergency Action

1. Any participant, which considers that its interests are seriously endangered by a country not bound by this Protocol, can request the Chairman of the Committee to convene an emergency meeting of the Committee within two working days to determine and decide whether measures would be required to meet the situation. If such a meeting cannot be arranged within the two working days and the commercial interests of the participant concerned are likely to be materially prejudiced, that participant may take unilateral action to safeguard its position, on the condition that any other participants likely to be affected are immediately notified. The Chairman of the Committee shall also be formally advised immediately of the full circumstances of the case and shall be requested to call a special meeting of the Committee at the earliest possible moment.7

ANNEX IV

Results of Bilateral or Plurilateral Negotiations as
Extracted from the Schedules Annexed to the /Geneva/ Protocol (...)/