

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Group "Agriculture"

Sub-Group on Dairy Products

DRAFT INTERNATIONAL DAIRY ARRANGEMENT

PROPOSAL BY EGYPT

With reference to document MTN/DP/W/27/Rev.7 the Egyptian delegation proposes that the reference to maximum prices in Articles 2, 3 and 5 of the protocols annexed to the draft International Dairy Arrangement contained in MTN/DP/W/27/Rev.6 be maintained and inserted at the appropriate place in the former document.

The above suggestion is consistent with the preamble of the draft arrangement which recognizes the importance of milk and dairy products to the economy of many countries in terms of consumption as well as trade and production. The draft arrangement recognizes further the need in the mutual interests of consumers and producers and of importers and exporters to avoid shortages as well as surpluses, and to maintain prices at an equitable level.

This arrangement covering trade in dairy products should reflect the balance between rights and obligations of exporters and importers. In the same way that exporters would be at a disadvantage when excessively low prices prevail, importers particularly from developing countries would suffer hardships when shortages and other factors encourage very high prices.

Many developing countries which experience a scarcity of foreign exchange suffer difficulties when prices for certain very necessary and important commodities which are imported from abroad exceed planned allocation of foreign exchange. It can therefore be seen that unexpected and sharp rises in international prices of dairy products covered by the proposed arrangement would have unfavourable effects on the economies of certain developing countries. Furthermore, the assurance of maximum price levels for these products could have a positive effect in helping to control domestic prices and avoid speculation in times of scarcity.

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