

This draft report will be submitted for adoption to the Committee of the Protocol Regarding Certain Cheeses at its thirteenth session. The list of participants and observers is annexed.

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Spec(83)6  
3 February 1983

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International Dairy Arrangement

COMMITTEE OF THE PROTOCOL REGARDING CERTAIN CHEESES

TWELFTH SESSION

Draft Report

Introduction

1. The Committee of the Protocol Regarding Certain Cheeses held its twelfth session on 16 December 1982.

Adoption of the agenda

2. The Committee adopted the following agenda:
  1. Adoption of report on the eleventh session
  2. Information required by the Committee:
    - (a) Replies to Questionnaire 3
    - (b) Summary tables
    - (c) Other information

3. Review of the market situation for products covered by the Protocol
4. Adoption of report to the Council
5. Other business

Adoption of report on the eleventh session

3. The Committee adopted the report on its eleventh session with amendments communicated by the representatives of Sweden and Switzerland. The report will be distributed as DPC/C/16.

Information required by the Committee

(a) Replies to Questionnaire 3

4. The Committee reviewed the replies to Questionnaire 3 and requested members who had not yet communicated information in respect of the third quarter of 1982 to do so without delay. In addition, it was pointed out that the replies to Questionnaire 3 relating to the fourth quarter of 1982 should reach the secretariat not later than 15 March 1983.

(b) Summary tables

5. The Committee had before it a document containing revised summary tables (DPC/C/W/1/Rev.11) prepared under Rule 28 of the Rules of Procedure and covering the information furnished in Tables A and B of Questionnaire 1 regarding cheeses. The Committee took note of document DPC/C/W/1/Rev.11.

(c) Other information

6. No other information was requested.

Review of the market situation for products covered by the Protocol

7. The representative of the United States said that with respect to cheese, the situation had not essentially changed since the previous session. It was expected that cheese output would show an increase in 1982 and would continue to rise in 1983, though at a slightly slower rate. Government stocks of cheese which had been at the level of 374,000 tons at 30 September 1982 could continue to rise and be around 494,000 tons at 30 September 1983. With regard to disposal of surplus stocks, he recalled the statements made by his delegation at earlier sessions, namely that with respect to commercial exports his country intended to adopt a responsible attitude. If any sales were made they would be at world prices. Several possibilities for disposing of surplus stocks were currently under study, but no decision had yet been taken.

8. The representative of the EEC underlined that keen concern was being felt over the considerable quantity of cheese stocks held by the United States. It was to be hoped that in the future the United States would continue to endeavour to avoid any disruption of the international market.

9. The representative of Hungary stated that in the three first quarters of 1982 production and consumption of cheese had increased in relation to the corresponding period of 1981, while exports had remained virtually stable. At 30 September 1982 stocks had been above their level one year earlier. It was expected that production, consumption, imports and exports of cheese would not show any substantial change in 1983.

10. The representative of Switzerland stated that cheese production was likely to be stable or slightly up in 1982 in relation to 1981; that stability could continue in the first quarter of 1983. Imports could show an increase by 1 to 2 per cent in 1982 and that trend could continue in the first quarter of 1983. On the other hand, exports would show a decline by 4 to 5 per cent in 1982. In that year domestic consumption would be up by 1 to 2 per cent and were likely to continue developing at the same rate in the first quarter of 1983. Prices had remained unchanged and fairly high in the fourth quarter of 1982 and could continue at that high level in the coming months.

11. The representative of Sweden estimated that cheese production would increase in 1982 to between 115,000 and 120,000 tons as against 108,400 tons in 1981. Domestic consumption could be up 3 per cent in 1982 from the preceding year's level.

12. The representative of Norway said that domestic consumption of cheese in 1982 was likely to be down by 1 to 2 per cent from the preceding year's level, the decline being attributable to an increase in the maximum wholesale prices established under the agricultural agreement which had entered into force on 1 July 1982. It was expected that exports of cheese would decrease somewhat in 1982 in relation to 1981. Export prices had remained stable in terms of United States dollars but had increased in national currency.

13. The representative of South Africa estimated that stocks of Gouda and Cheddar cheeses would reach 3,400 tons and 11,000 tons respectively at the end of 1982. A sales promotion campaign had been launched with respect of Cheddar cheese, the objective being to reduce stocks by reducing prices to end-users.

14. The representative of Poland said that production and imports of cheese in the third quarter of 1982 had shown an increase in relation to the corresponding quarter of 1981.

15. The representative of New Zealand said that export prices of Cheddar cheese had been in the vicinity of US\$1,750 per ton f.o.b. at the end of the second quarter and had remained around this level well into the third quarter of 1982. In the fourth quarter, export prices had eased somewhat and were currently around US\$1,700 per ton f.o.b. That development was due

partly to currency movements and partly to a tendency toward some over-supply in domestic markets in certain EEC countries. The recent easing of Cheddar cheese export prices was considered temporary as the longer-term outlook for world cheese consumption was sound. The United States was holding large stocks of Cheddar cheese and the market for that product was extremely limited. In the view of his delegation, there was no possibility of a significant reduction in United States' Cheddar cheese surpluses through exports. For that reason, his delegation did not foresee those surplus stocks being exported.

16. The representative of Egypt said that cheese production had been increasing in recent years, from 18,955 tons in 1978 to 20,639 tons in 1979 and 29,018 tons in 1980/81. In 1981/82 output had remained stable. Cheese imports had increased considerably, from 1,354 tons in 1978 to 3,130 tons in 1980/81.

17. The representative of Australia said that production of cheese for the third quarter of 1982 had been 6.1 per cent above that for the same period in 1981. Production in 1982/83 was expected to be 4.4 per cent above the level of 1981/82. In the third quarter of 1982, export prices of Cheddar cheese had been between US\$1,650 and US\$1,750 per ton f.o.b. Recently there had been pressures on prices due to currency fluctuations.

18. The representative of the EEC said that production and consumption could increase slightly in 1982 in relation to 1981. Exports and imports

in 1982 would remain at their 1981 levels. Current prices were satisfactory except for Cheddar cheese, stocks of which were tending to rise. It was to be hoped that increased consumption would reduce those stocks, which were not at a disquieting level. Consequently, for the moment the Community had no problems in the cheese sector.

19. The observer for Canada estimated that Cheddar cheese production would increase by 6.6 per cent in the 1982/83 dairy year to nearly 96,000 tons. It was expected that consumption of Cheddar cheese would decline somewhat in 1982/83 in view of the overall downturn in the economy. Cheddar cheese stocks at the end of the current dairy year (31 July 1983) were expected to be around 39,050 tons. With regard to speciality cheeses, it was estimated that production would increase by 1.3 per cent in 1982/83 to approximately 80,100 tons; consumption might increase by about 1.5 per cent to roughly 98,000 tons and stocks at the end of the current dairy year might reach some 13,100 tons.

#### Adoption of report to the Council

20. Pursuant to Article VII:2(a) of the Arrangement and in accordance with Rule 22 of the Rules of Procedure, the Committee adopted its report to the Council. That report, on the Committee's twelfth session, will be distributed as DPC/C/17.

Other business

Special meeting

21. The Committee was informed that at the special meeting that the Committees had held on 15 December 1982, it had been agreed that additional information would be useful for the survey of government measures to expand domestic consumption of dairy products. A document on this subject will be circulated as DPC/P/W/11, DPC/F/W/10, DPC/C/W/10. Delegations interested in that work have been invited to communicate information to the secretariat before 1 May 1983. The information will be examined at a meeting to be held on the occasion of either the June 1983 or the September 1983 sessions of the Committees.

Dates of next meetings

22. At the seventh session of the Council it was proposed that, as for the 1982 sessions, a preliminary calendar should be established for 1983 and provisional dates adopted at the December 1982 session of the Committee. The following dates have been agreed for 1983:

21 to 23 March 1983,

- the Council to meet on 24 and 25 March 1983 -

27 to 29 June 1983,

26 to 28 September 1983,

- the Council to meet on 29 and 30 September 1983 -  
15 to 16 December 1983.

It was agreed that, to the extent their work permitted, the Committees could hold their sessions in two days instead of three. At the March sessions for which the dates 21 to 23 March 1983 have been scheduled, the session of the Committee of the Protocol Regarding Certain Cheeses will be followed by the session of the Committee of the Protocol Regarding Milk Fat and then the session of the Committee of the Protocol Regarding Certain Milk Powders. The opening date of the session of the Committee of the Protocol Regarding Certain Cheeses (21 or 22 March 1983) will be confirmed by the secretariat after consultation with delegations.

ANNEX/ANNEXE/ANEXO

LIST OF REPRESENTATIVES - LISTE DES REPRESENTANTS -  
LISTA DE REPRESENTANTES

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