

GENERAL AGREEMENT ON TARIFFS AND TRADE

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International Dairy Arrangement

COMMITTEE OF THE PROTOCOL REGARDING CERTAIN MILK POWDERS

Sixteenth Session

Draft Report

Introduction

1. The Committee of the Protocol Regarding Certain Milk Powders held its sixteenth session on 16 December 1983.

Adoption of the agenda

2. The Committee adopted the following agenda:
 1. Adoption of report on the fifteenth session
 2. Information required by the Committee:
 - (a) Replies to Questionnaire 1;
 - (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 the report on the fifteenth session

3. The Committee adopted the report on its fifteenth session. The report will be distributed as document DPC/P/22.

Information required by the Committee

(a) Replies to Questionnaire 1

4. The Committee reviewed the replies to Questionnaire 1 and requested members which had not yet communicated information for the third quarter of 1983 to do so without delay. In addition, it was pointed out that replies to Questionnaire 1 relating to the fourth quarter of 1983 should reach the secretariat not later than 15 March 1984.

(b) Summary tables

5. The Committee had before it a document containing revised summary tables (DPC/P/W/1/Rev.15) prepared in conformity with Rule 28 of the Rules of Procedure and reproducing the information furnished in Tables A and B of Questionnaire 1 regarding skimmed milk powder and whole milk powder. The Committee took note of document DPC/P/W/1/Rev.15.

(c) Other information

6. No other information was requested.

Review of the market situation for products covered by the Protocol

7. The representative of Australia said that total skimmed milk powder and buttermilk powder production in the three-month period of July to September 1983 had been well up (35.7 per cent) on the corresponding period in the previous season. Given the anticipated increase in butter production in 1983/84, it was estimated that skimmed milk powder and

buttermilk powder production would reach 119,000 tons in 1983/84 which represented an increase of some 18.3 per cent on 1982/83. Domestic consumption was estimated at around 41,000 tons and export availability was expected to be 85,800 tons. The international market had remained highly price competitive due to significantly higher stocks in many countries, and similar to butter, prices had remained variable depending on the supplier and the market into which the product had been offered. Some Eastern European countries were reported to be quoting prices as low as US\$650 to US\$680 per ton f.o.b., while prices by major suppliers such as Australia, New Zealand and the EEC had been noted as being around US\$760 per ton f.o.b. With regard to whole milk powder, production in the July-September period had been 13 per cent below the corresponding months in the 1982/83 season. As a result of a decline in export orders, the 1983/84 production estimate for whole milk powder had been revised downwards to 47,000 tons. Export availability was expected to be around 35,000 tons. International tender market prices had been reported to be in the range of US\$1,040 to US\$1,100 per ton f.o.b.

8. The representative of Hungary said that production of skimmed milk powder had increased slightly in the first three quarters of 1983. In the same period, exports had decreased to 1,500 tons as compared to 3,000 tons exported in the corresponding period of 1982. Total domestic consumption had increased significantly in the first three quarters of 1983 due to the increase in the consumption of skimmed milk powder for animal feed purposes. Export prices in the third quarter of 1983 had been at US\$610 per ton franco Hungarian border, the destination being Switzerland and the quantity sold 1,000 tons. He explained that, in absolute terms, this price seemed to be low but in relative terms, taking into account the packaging and quality of the product it seemed to be the right price.

9. The representative of Switzerland referred to his country's reply to Questionnaire 1 (DPC/P/STAT/8/Add.15) and noted that no imports of skimmed milk powder had been recorded in 1983. The Hungarian shipment mentioned had perhaps merely transited through Switzerland, since imports of the product in 1983 had been nil.

10. The representative of Hungary said that when the purchaser of the product was a Swiss trader, the country of destination was considered to be Switzerland.

11. The representative of the United States said that his delegation wished to furnish some information on recent price quotes for milk powders. According to certain indications, Czechoslovakia had offered whole milk powder at US\$950 per ton f.o.b. Rotterdam. A tender by Ecuador had been presumably filled by Finland at US\$1,025 f.o.b. With regard to skimmed milk powder, recent quotes had been between US\$650 and US\$670 per ton f.o.b. Rotterdam, for powder mainly from East European origin. East European countries had offered in Japan skimmed milk powder at prices between US\$650 and US\$700 per ton c. and f.

12. The representative of New Zealand said that skimmed milk powder prices in the fourth quarter so far had stabilized on those reported for the third quarter, as the supplies from minor and occasional suppliers had been committed. Currently international prices were wedged between US\$730 and US\$800 per metric ton f.o.b., a marginal improvement on prices quoted at the previous meeting. His delegation was conscious that stocks held by the EEC exceeded 1,000,000 tons. With regard to whole milk powder, he said that prices had declined further since the previous meeting and were now between US\$1,050 and US\$1,150 per metric ton f.o.b.

13. The representative of South Africa said that production of skimmed milk powder in the July to September quarter, at 4,316 tons, had been an increase on the anticipated production. This increase can be attributed to the increased output of milk, but it was, nevertheless, appreciably lower than the 5,424 tons produced during the same quarter of the preceding year. The improved farming conditions following the November rains should result in a higher production of fresh milk. It was expected that a major portion thereof would show up in a higher volume of skimmed milk powder production, estimated at 10,000 tons for the fourth quarter of 1983. The increased production during the July to September quarter, was matched by an increase

in consumption. This was partly due to the increased participation of manufacturers in subsidized schemes and to the greater offtake by ice-cream manufacturers following the arrival of warmer weather. Stocks at the end of December 1983 were estimated at 19,000 tons.

14. The representative of Sweden said that production of skimmed milk powder in the fourth quarter of 1983 had been very small in comparison with the previous quarters. It was estimated that total production of skimmed milk powder for the year 1983 would be lower than that of 1982. It was anticipated that production would be small in the coming months. Consequently, exports would be very limited.

15. The representative of Finland said that consumption of skimmed milk powder for animal feed had increased considerably in the three first quarters of 1983 in relation to the corresponding period of 1982. In that way, Finland was endeavouring to bring down stocks of the product.

16. The representative of Switzerland said that output of skimmed milk powder in the fourth quarter of 1983 was estimated at 5,500 tons, and for the year as a whole could total 29,800 tons. Production in the first quarter of 1984 could be in the region of 7,500 tons. Domestic consumption was expected to reach 4,900 tons in the fourth quarter of 1983 and for the year as a whole to be close to the 1982 level, i.e. around 28,000 tons. Whole milk powder output in the fourth quarter was estimated at 2,300 tons and was forecast at 4,500 tons for the first quarter of 1984.

17. The representative of Uruguay said that exports of skimmed milk powder had increased in the three first quarters of 1983 to 1,800 tons, the principal destination being Brazil.

18. The representative of the EEC said that output of skimmed milk powder in 1983 was expected to show an increase by about 14 per cent in relation to 1982. In the three first quarters of 1983, exports had declined substantially as compared with the corresponding periods of 1982 and 1981.

International market demand seemed to be reviving and some increase in exports was hoped for in the fourth quarter of 1983. It was to be hoped that the improvement would continue in 1984. At 15 December 1983, stocks had totalled 1,006,482 tons. Export prices could be between US\$720 and US\$740 per ton f.o.b., but taking into account some slight firming of the market, exports were currently taking place at US\$750 per ton f.o.b. With respect to whole milk powder, output was expected to be down by about 10 per cent in 1983 in relation to 1982. Exports in the three first quarters of 1983 had declined substantially in relation to the corresponding periods of 1982 and 1981. Export prices could be in the region of US\$1,000 to US\$1,050 per ton f.o.b., but small quantities were currently being sold at US\$1,100 per ton f.o.b. So that the Committee could evaluate the market situation accurately, participants were urged to furnish as much information as possible.

19. The observer of Canada estimated that purchases of skimmed milk powder by the Canadian Dairy Commission would be lower in 1983/84 than in 1982/83. It was also estimated that some 89,000 tons or maybe less would be available for export in 1983/84. The Canadian Dairy Commission was not offering skimmed milk powder for sale and virtually all purchases forecast to July 1984 were committed for export.

20. The Committee underlined the importance of compliance with all the provisions of the Arrangement, and underlined that to make a more accurate evaluation of the situation it needed to have all relevant information.

Adoption of report to the Council

21. 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 sixteenth session, will be distributed as DPC/P/24.

Other Business

Dates of next sessions

22. At the ninth session of the Council it was proposed that, as for the 1983 sessions, a preliminary calendar should be established for 1984 and provisional dates adopted at the December 1983 sessions of the Committees. The following dates have been agreed for 1984:

26 to 28 March 1984,

- the Council to meet on 29 and (if necessary) 30 March 1984 -
20 to 22 June 1984,

24 to 26 September 1984,

- the Council to meet on 27 and (if necessary) 28 September 1984 -
17 to 19 December 1984.

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 26 and 28 March 1984 have been scheduled, the session of the Committee of the Protocol Regarding Certain Milk Powders will be followed by the session of the Committee of the Protocol Regarding Certain Cheeses and then the session of the Committee of the Protocol Regarding Milk Fat. The opening date of the session of the Committee of the Protocol Regarding Certain Milk Powders (26 or 27 March 1984) 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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