GENERAL AGREEMENT ON
TARIFFS AND TRADE

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UNITED KINGDOM

Information Supplied in Respect of DAIRY PRODUCTS

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(a) LIQUID MILK

A. Production: Production measures and policies

A.1. Statistical data on total volume of production

United Kingdom production and yields:

(a) Output of milk in the United Kingdom

(million litres)

June/May	England & Wales	Scotland	Northern Ireland	United Kingdom
1964/65	10,001.1	1,363.8	763.7	12,128.6
1965/66	10,228.4	1,354.7	781.9	12,365.0
1966/67	10,228.4	1,341.0	786.4	12,355.9

(b) Sales of milk through marketing schemes

(million litres)

June/May	England & Wales	Scotland	Northern Ireland	United Kingdom
1964/65	9,128.3	1,091.0	590.9	10,810.3
1965/66	9,351.0	1,077.4	609.1	11,037.6
1966/67	9,351.0	1,068.3	613.7	11,033.0

(c) Annual average size of national dairy herd

('000 head)

June/May	England & Wales	Scotland	Northern Ireland	United Kingdom
1964/65	2,664	347	198	3,209
1965/66	2,677	342	202	3,221
1966/67	2,683	335	202	3,220

(d) Annual average yeild per dairy cow

(litres)

June/May	England & Wales	Scotland	Northern Ireland	United Kingdom
1964/65	3,641.3	3,418.5	3,395.8	3,604.9
1965/66	3,704.9	3,436.7	3,427.6	3,654.9
1966/67	3,695.8	3,464.0	3,450.4	3,654.9

A.2. Trends in production and estimates for 1970

(a) Milk production in the United Kingdom has tended to rise over the years due more or less equally to increases in the size of dairy herd (see (b) below and to improvements in yields (see (c) below). There have however been short term temporary fluctuations in the general trend as a result of conditions in the beef market affecting the size of herd - two-thirds of United Kingdom produced beef comes from the dairy herd - and weather conditions affecting yields. In the Government's selective expansion programme for agriculture announced in 1965 it was envisaged that the expansion of milk production, consequent on the proposal to increase beef production by 1970 to the full extent technically possible, would meet the growing demand for liquid milk and also a substantial part of the United Kingdom's additional requirements for milk products. However, the anticipated expansion of the cattle breeding herd was slow to start and the severe foot and mouth epidemic which began at the end of 1967 was a setback. Consequently, it could take a little longer to achieve the expansion which the 1965 programme originally envisaged for 1970. Nevertheless, production of liquid milk, which in 1965/66 was some 236 million litres higher than in the previous year, and which fell in 1966/67 as a result of severe weather in the early part of the year, is expected to rise again in 1967/68 to about 12,846 million litres, and should between now and 1970 continue to satisfy the demand for liquid milk (see Section (c) below and to meet a part of the growth in demand for milk products.

(b) The annual average size of the United Kingdom dairy herd had been relatively stable since 1963/64, but a substantial rise in the level of the herd, mainly in England and Wales, became apparent in the early part of 1967. As a result, the average size of the United Kingdom herd in 1967/68 is expected to be some 2 per cent higher than in 1966/67 despite the severe effect of the recent foot and mouth epidemic. Although the rate of expansion of the herd may have reached its peak in the later part of 1967, a gradual upward trend can be expected for some time.

(c) The annual average yield per dairy cow rose by 50 litres in each of the years 1964/65 and 1965/66 from 3,555 litres to 3,655 litres, but there was no improvement in 1966/67 over the previous year. Yields in 1967/68 were approximately 3,732 litres per cow, 77 litres higher than in 1966/67. Changes in yield from one year to another are influenced by weather conditions, and the underlying rate of increases, which has tended to decline in recent years, is currently about 18-23 litres per annum.

A.3. Statistical data on carry-over stocks and stockpiles

Not applicable to liquid milk.

A.4. Factors affecting production

(a) Milk production in the United Kingdom is geared to the requirements of the liquid market with production surplus to these requirements being utilized for manufactured products. Milk sold for liquid consumption fetches a higher price than milk for manufacturing purposes. Consequently as production increases beyond the requirements of the liquid market, producers' returns in terms of price per litre falls.

(b) Generally, the trend has been towards more efficient production, with increased numbers of cows managed per man, and a proportion of producers adopting low-cost systems of feeding. The smaller herds have been disappearing and larger herds becoming larger. Yields have increased mainly as the result of breeding changes, the proportion of Friesians in the herd having risen rapidly since the war to a level of some 65 per cent in 1965 (England and Wales) largely at the expense of Dairy Shorthorns, in which 1965 accounted for only 6.3 per cent. Improved feeding has also contributed to the increased yields.

A.5. Policies and measures likely to influence production

See general answer in COM.AG/W/5.

B. Production and support measures and policies

B.I. Internal support measures and policies

B.I.1. Inventory of the instruments of support

(a) The Agriculture Acts 1947 and 1957 provide price guarantees to milk producers which are determined annually by the Government. The guaranteed price applies to sales of milk up to a standard quantity, which is fixed with the intention of ensuring an adequate supply of milk to meet requirements for liquid consumption plus a reasonable reserve, and which is adjusted annually to take account to changes in liquid sales.

(b) The cost of the guarantee is met by consumers through the retail pric for liquid milk which is fixed by the Government at the necessary level (see C.3(a)) and there is no subsidy.

B.I.2. Levels of guaranteed prices or support prices

(a) The level of the United Kingdom guarantees since April 1964 are given below.

April/March	Standard quantity million litres	Guaranteed price cents per litre
1964/65	9,526.5	10.48
1965/66	9,533.8	10.73
1966/67	9,863.3	10.86
1967/68	9,914.2	11.19[1]

[1] Converted at $2.80 to the £ for purposes for comparison.

B.I.3. Amount of producer subsidies

See general answer in COM.AG/W/5.

B.I.4. Average returns to producers

B.I.5. Method of determining returns for producers

(a) All milk sold off farms in the United Kingdom must be sold through the appropriate Milk Marketing Scheme to one of the five milk marketing boards. Most of it is sold wholesale, either to the Board (in England and Wales and in Northern Ireland) or (in Scotland) to a buyer under

an arrangement to which the Board is a third party. A small proportion is sold by producer-retailers under licence from the Boards direct to consumers. The prices at which the Boards or producers sell milk for liquid consumption are determined by the Government (see C.3(a)) but milk surplus to the requirements of the liquid market is sold by the Board for manufacture at market prices.

(b) The income which each Board receives under the guarantee arrangements, (its "entitlement") together with the income it receives for milk sold for manufacture and from its other activities is paid to producers as a "pool" price after deduction of the Board's administrative expenses (including expenditure on publicity), the cost of transporting the milk to the first hand buyer, and a capital levy. The basic "pool" price varies from Board to Board, (and in England and Wales from Region to Region), and from month to month according to production and manufacturing sales. Each producer's price depends on the compositional quality classification of his milk for which he receives a premium or deduction from the basic price.

(c) The net price ex-farm received for milk by wholesale producers in the United Kingdom over the past three years is as follows:

April/March	(Annual weighted averages)
1964/65	9.58 cents a litre
1965/66	9.67 cents a litre
1966/67	9.95 cents a litre

(d) The corresponding price for 1967/68 is expected to be about 10.0[1] cents a litre.

B.II. Measures at the frontier

(a) Tariff measures

The tariff on B.N. 04.01 (milk and cream, fresh, not concentrated or sweetened) is 10 per cent with Commonwealth Preference Area countries free. This tariff was not affected by the Kennedy Round.

(b) Other measures

The importation of liquid milk (except from the Schedule Territories) is subject to licensing control. It is not the present policy to grant licenses. There are also animal and public health requirements which would apply to any imports.

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[1] Converted at $2.80 to the £ for purposes of comparison.

C. Consumption and internal prices

C.1. Statistical data on consumption

(a) Sales of milk for liquid consumption over the past three years are as follows:-

June/May	United Kingdom million litres
1964/65	7,469
1965/66	7,469
1966/67	7,523

In 1967/68 it is estimated that consumption will be about 45 million litres higher than in 1966/67.

C.2. Trends in consumption and estimates for 1970

(a) Total sales of milk for liquid consumption began to increase sharply in the years immediately before the war and per caput consumption increased by nearly 60 per cent between 1939 and 1950. A gradual decline in per caput consumption since 1950 has been offset by the growth in population and a steady increase in liquid sales has been maintained over the years. The increase in population in 1967 accounted for 59.0 million litres of liquid sales and in 1968, as the rate of population growth slows down, the figure will be slightly less at about 54.4 million litres. The slight downward trend in annual per caput consumption - 143.7 litres in 1963 and 1964, 143.1 in 1965 and 1966, and an estimated 142.6 in 1967 - should continue into 1968, accelerated by changes in social benefits (see C.5.(c)). A forecast of consumption in 1970 is not available.

C.3. Retail and wholesale prices

(a) The price of milk for liquid consumption at all stages of distribution is determined by the Government. This control of the price is designed to ensure that the income is sufficient to meet the milk guarantees, to see that milk distributors obtain a fair and reasonable return for pasteurizing, bottling and delivering milk to the consumer, and to ensure that the consumer pays no more than is necessary to meet these costs. The price of milk for manufacture is negotiated between the milk marketing boards and buyers.

(b) Milk may pass to the consumer by a variety of routes, the most direct being a sale by a producer-retailer to the consumer, but the greater part of milk destined for the liquid market passes through the hands of the distributive trade.

(c) The principle of the present price structure is that all milk distributors, whether they buy ex-farm, ex-depot or ex-wholesaler pay the same price (The Milk Marketing Board's first hand selling price fixed by the Government) for bulk milk. Consequently, all distributors receive the same basic margin, that is, the difference between the Milk Marketing Board's first hand selling price and the maximum retail price. Some distributors have to pay for special services, such as the provision of milk already heat-treated at rates fixed by the Government. Consequently, the total remuneration obtained on distribution varies according to the channels through which the milk passes on its way to the consumer.

C.4. Factors conditioning the evolution of internal consumption

Consumption of liquid milk in the United Kingdom has varied very little during the past decade and has not proved very responsive to differences in income; its response to price changes has not been severely tested, since in real terms the price has not varied much. Both producers and distributors of milk have invested large sums in publicity in order to boost liquid sales and it may be that this has modified the downward trend in per caput consumption. In the future, the effect of milk substitutes may be felt if they increase their present small share of the market, particularly in catering establishments and if they come to be used as a greater extent in vending machines. However, after taking accout of these known factors there appears to be little shift in the underlying demand, and future demand can be expected to increase more or less in line with the growth in population.

C.5. Policies and measures affecting consumption

(a) It has been stated above that the consumer meets the full cost of the guarantees and distribution costs in the retail price.

(b) Promotional activities to encourage internal sales of milk are undertaken by both the Milk Marketing Boards and the Milk Publicity Councils. The boards concentrate their efforts on sales promotion, complementing the work of the Councils whose main functions concern advertising, publicity and education. The cost of the Boards' promotional activities are met direct by milk producers, while the Milk Publicity Councils' costs are met from funds provided jointly by milk producers and milk distributors. In all board areas the cost of sales promotion and direct advertizing is allowed for when the boards determine the monthly prices payable to producers. Milk distributors pay a publicity levy on milk purchased in certain months of the year.

(c) Some 1,304.6 million litres of milk sold for liquid consumption in 1966/67 was provided under the Welfare Milk and Milk-in-Schools schemes. The Welfare Milk scheme provides that all expectant mothers

and children under five years of age are entitled to receive 0.568 litres of milk a day either at a reduced price or in certain circumstances, free. The cost of the scheme is met by the taxpayer. The Milk-in-Schools scheme provided that all children attending school could receive 0.189 litres of milk a day free of charge, and that for delicate children in special schools, the quantity could be 0.378 litres. This milk is ordered and paid for by local education authorities and included by authorities in relevant expenditure taken into account for Rate Support Grant.

(d) Increases in the prices of welfare milk from the beginning of April, 1968, and the withdrawal of free milk supplies from secondary schools in September, 1968, will affect the level of liquid sales. It is estimated that these changes will have the effect of reducing liquid sales by about 104.5 million litres in a full year.

D. International trade and prices

D.1. Statistical data on the volume and value of imports and exports

(a) Supplies of home produced liquid milk are more than sufficient to meet demand on the home market - and there is no import trade in this commodity.

(b) Exports of liquid milk are confined to small quantities of pre-packed Ultra Heat-Treated milk sold by three commercial dairies to the Middle East and Far Eastern Countries. Total exports are understood to be in the region of 1.8 million litres annually. Ultra Heat-Treated milk, as its name implies, is pasteurized at very high temperatures aseptically packed, and can be kept for long-period without cold storage.

D.2. Export prices

The prices at which Ultra Heat-Treated milk is sold for export is not known.

D.3. Export aid measures and policies

None.

D.4. Bilateral agreements affecting imports or exports

None.

(b) BUTTER

A. Production: production measures and policies

A.1. Statistical data on total volume of production

United Kingdom production[1] (June/May years)

('000 metric tons)

1964/65	1965/66	1966/67
30.5	39.6	32.5

[1] Including farmhouse production

A.2. Trends in production and estimates for 1970

(a) In the United Kingdom butter is the residual use for milk as milk for butter making earns the lowest return of all milk going for manufacture. Production of butter therefore fluctuates with the level of milk production which is affected by various factors, particularly the weather. Because of these uncertainties there is no recognizable trend in United Kingdom butter production.

(b) As indicated in Section A.2. of the reply on Liquid Milk, United Kingdom production of Liquid milk between now and 1970 is likely to exceed the quantity required for liquid consumption and some of the milk consequently going for manufacture is liable to go for butter production. No estimates of the likely level of this production in 1970 is available.

A.3. Statistical data on carry-over stocks and stockpiles

United Kingdom stocks in cold store on 30 June.

('000 metric tons)

1965	1966	196
69.3	70.2	62.9

A.4. Factors affecting production

As explained in A.2., the main factor affecting butter production is the volume of milk production.

A.5. Government policies and measures likely to influence production

None.

B. Protection and support measures and policies

B.I. Internal support measures and policies

B.I.1. Inventory of the instruments of support

There are no support arrangements for United Kingdom production of butter. As explained in B.I.1. of the reply on "Liquid Milk", the United Kingdom price guarantee to milk producers applies to sales of milk up to a standard quantity which is intended to ensure an adequate supply of milk to meet requirements for liquid consumption. Milk in excess of the standard quantity is sold for manufacture at whatever price it will fetch.

B.I.2. Levels of guaranteed prices or support prices

Not applicable.

B.I.3. Amount of producer subsidies

Butter producers receive no subsidies.

B.I.4. Average returns to producers

B.I.5. Method of determining returns for producers

As regards United Kingdom milk producers, the pooling arrangements which operate in connextion with sales of milk for liquid consumption and manufacture are explained in B.I.4. and B.I.5. of the reply on liquid milk.

No information is available on the prices received by United Kingdom producers of butter. Their returns depend solely on the demand/supply situation on the United Kingdom market.

B.II. Measures at the frontier

(a) Tariff measures

Tariff	Full	Commonwealth	EFTA
04.03	Free[1]	Free	Free[1]

The import duty on butter from all sources was suspended from July 1963 for so long as the present quantitative restrictions are applied to butter imports into the United Kingdom.

[1] Duty of 51s a cwt. ($4.1 per 100 kg. at pre-devaluation rates) suspended.

(b) Other measures

(a) The import of butter into the United Kingdom from all sources has been subject to licensing control and import quotas since 1 April 1962. The quotas have been maintained to protect the United Kingdom's major traditional overseas suppliers from injury due to dumping and subsidization by other countries. Certain obligations relating to the quota system are set out at D.4. below. Details of current year's quota arrangements are given in the following table.

United Kingdom Butter Import Arrangements - 1968/69

	Initial quantities including basic quotas		For countries authorized to send additional quantities			
			Basic quantities for delivery April-November		Additional quantities for delivery April-November	
	Long (tons)	metric	Long (tons)	metric	Long (tons)	metric
Argentina	8,000	(8,128)	-	-	-	-
Australia	72,200 (i)	(73,355)	-	-	-	-
Austria	1,830	(1,859)	1,000	1,016	680	691
Belgium	215	(218)	-	-	165	168
Bulgaria	805	(818)	405	411	420	427
Denmark	98,420 (ii)	(99,995)	-	-	-	-
Finland	12,370	(12,568)	7,570	7,691	4,820	4,897
France	2,580	(2,621)	1,980	2,012	3,420	3,475
Hungary	1,720	(1,748)	1,050	1,067	580	589
Irish Republic	26,000	(26,416)	-	-	-	-
Kenya	500	(508)	-	-	-	-
Netherlands	15,060	(15,301)	9,500	9,652	3,500	3,556
New Zealand	176,000	(178,816)	-	-	-	-
Norway	1,830	(1,859)	1,000	1,016	680	691
Poland	17,210	(17,485)	14,000	14,224	1,125	1,143
Rumania	2,000	(2,032)	1,600	1,626	2,275	2,311
South Africa	1,750	(1,778)	-	-	-	-
Sweden	4,950	(5,029)	3,500	3,556	680	691
Uruguay	215	(218)	-	-	-	-
TOTAL	443,655	(450,753)	-	42,271	18,345	18,639

Note: (i) Australia remains entitled to 15.9 per cent of total authorized imports.

(ii) 66,000 tons for delivery April - November

(iii) China has an annual quote of £100,000 ($35,714)

C. Consumption and internal prices

C.1. Statistical data on consumption

Consumption per capita for 1964, 1965 and 1966 (1967 is not yet available) was;

(kgs. per head per annum)

1964	1965	1966
9.0	8.8	9.1

C.2. Trends on consumption and estimates for 1970

Since the introduction of import quota arrangements in 1962 supplies and prices have moved within narrow limits and demand seems likely to keep in step with population growth. Over the past three years offtake (i.e. total new supplies plus or minus changes in stock levels) of natural butter in the United Kingdom, although depressed by near butter substitution in 1966 and 1967, has increased slightly, as follows:

('000 metric tons)

1965	1966	1967
478.4	487.1	487.7

A forecast of consumption in 1970 is not however available.

C.3. Retail and wholesale prices

(a) Retail prices

Average prices paid by households for butter

(cents per kg.)

	1965	1966 (prov.)	1967 (prov.)
January-March	118.6	108.8	107.8
April-June	115.3	107.8	107.0
July-September	111.9	108.1	106.5
October-December	111.4	107.5	107.0
Year	114.5	108.1	107.0

Note: These average prices are for purchases of different specifications and brands, and for produce of different nationalities, the proportions of which within the sample of households are not known. This small apparent change in price might well arise from changes in the composition of purchaes in any of these respects.

(b) First-hand prices

Average prices of butter on London Provision Exchange

($ per 100 kgs.)

Quarters	New Zealand			Danish			Polish		
	1965	1966	1967	1965	1966	1967	1965	1966	1967
January/March	96.5	84.6	82.7	106.1	100.3	100.0	95.1	83.8	-
April/June	93.1	82.7	82.7	101.1	100.3	102.5	87.6	-	78.8
July/September	88.7	82.7	82.7	100.3	103.3	104.2	82.4	80.5	78.8
October/December	88.7	82.7	82.7	100.3	100.3	104.2	86.0	-	80.5
Year	91.8	83.2	82.7	102.0	100.3	104.2	87.6	81.8	77.0

Note: Prices of butter from the United Kingdom's principal suppliers (New Zealand, Denmark and Australia) are not subject to major seasonal variations. However, the smaller quantities of continental blending butters (e.g. Polish) do tend to increase in price as they become seasonally scarce - normally between November and the beginning of each new quota year in April.

C.4. Factors conditioning the evolution of consumption, including interdependence of products

Changes in consumption are determined by many factors. Of particular importance are the changes in the size of the population, changes in supply, and the level of food prices (both in absolute terms and relative to other commodities); changes in personal disposable incomes, and trends in consumer preference for different types of food. Consumption of butter is influenced by its own price and by that of margarine.

C.5. Policies and measures affecting consumption

There are no Government-assisted schemes in the United Kingdom for the advertising and sales promotion of dairy products. However, the milk marketing boards spend money directly on this work, as well as a number of individual organizations (e.g. the Butter Information Council which promotes the sale of butter on behalf of home and overseas suppliers.

D. International trade and prices

D.1. Statistical data on the volume and value of imports and exports

BUTTER

United Kingdom Imports

Country	1965		1966		1967	
	'000 metric tons	Value $'000	'000 metric tons	Value $'000	'000 metric tons	Value $'000
Australia	65.6	59,015	79.3	63,560	63.3	49,523
New Zealand	172.0	154,753	167.6	135,906	183.4	146,607
Irish Republic	19.2	18,541	22.7	20,697	27.3	24,159
Finland	16.5	14,537	17.5	14,422	15.7	12,934
Denmark	102.2	102,074	101.7	100,492	97.5	98,900
Netherlands	20.5	19,370	18.8	17,340	20.4	18,433
Poland	17.7	14,980	17.9	14,336	20.2	15,280
All others	32.7	28,402	26.1	20,657	29.4	24,926
Totals	446.4	411,672	451.6	387,410	457.2	390,762

United Kingdom Exports

Country	1965		1966		1967	
	'000 metric tons	Value $'000	'000 metric tons	Value $'000	'000 metric tons	Value $'000
Barbados	187	213	203	218	193	212
Sierra Leone	-	-	78	75	93	84
Dominica, Grenada etc.	-	-	63	63	79	83
Ghana	-	-	44	45	51	55
Guyana	-	-	-	-	37	36
Nigeria	-	-	25	24	-	-
British Guiana	-	-	30	29	-	-
Poland	-	-	-	-	2,477	1,547
Morocco	153	154	-	-	-	-
Peru	-	-	-	-	28	30
All others	299	300	229	214	142	132
Totals	639	667	672	668	3,100	2,179

D.2. Levels of export and import prices

BUTTER

Average Export Prices

($ per metric ton)

Country	1965	1966	1967
Barbados	1,139	1,074	1,098
Sierra Leone	-	961	903
Dominica, Grenada etc.	-	1,000	1,051
Ghana	-	1,023	1,078
Guyana	-	-	973
Nigeria	-	960	-
British Guiana	-	967	-
Poland	-	-	624
Morocco	1,006	-	-
Peru	-	-	1,071
All others	1,003	934	930
Totals	1,044	994	703

Average Import Prices

($ per metric ton)

Country	1965	1966	1967
Australia	900	801	782
New Zealand	900	811	799
Irish Republic	966	912	894
Canada	881	824	824
Denmark	999	988	1,014
Netherlands	945	922	904
Poland	846	801	756
All others	869	791	848
Totals	922	858	855

D.3. Export aid measures and policies

None.

D.4. Bilateral agreements

In connexion with the general quota arrangements, the United Kingdom has undertaken certain bilateral obligations. In particular, the United Kingdom has assured New Zealand that it has no intention of removing the import restrictions on butter so long as the circumstances on account of which they were imposed remain. New Zealand has waived her right of unrestricted access for butter so long as the quota system remains, and New Zealand, Australia and the Irish Republic have all waived their guaranteed margins of preference on butter for the same period. The United Kingdom has undertaken to grant New Zealand and Ireland specified minimum allocations under the quota system and to aim to provide reasonable opportunity, in certain specified circumstances, for growth in their allocations; and Australia has the right to a minimum allocation and a minimum proportionate share of total permitted imports in any quota year. The United Kingdom has agreed to consult Australia, the Irish Republic and New Zealand annually on the level of allocations under the quota system. The United Kingdom has also agreed to consult Denmark if it is desired to terminate the quota system.

(c) NEAR BUTTERS

A. Production: production measures and policies

Near butters are not produced in the United Kingdom. Therefore, items A. 1-5 and B.1. 1-5 do not apply.

B. II. Measures at the frontier

(a) Tariff measures

Tariff	Full	Commonwealth	E.F.T.A.
04.03	Free*	Free	Free[1]

1/Imports of resolidified butter, dehydrated butter, butter fat, ghee and rancid butter from all sources become duty free with effect from April 1964 for so long as the butter duty is suspended. Duty before suspension was 10 per cent.

(b) Other measures

Ghee may be imported from all parts of the world without restriction. Up to 6 November 1967, imports of resolidified butter ("beurre fondu"), dehydrated butter, butterfat and butter oil and mixtures containing butter were also unrestricted.

Between 6 November 1967 and 31 March 1968, imports of resolidified butter, dehydrated butter, butterfat and butter oil were permitted on licence but only in very exceptional cases.

For the year beginning 1 April 1968, a global import quota of 9,144 metric tons was established for near butters and substances containing 50 per cent or more by weight of butterfat (other than ghee, cheese and cream).

The restrictions on imports of near butters were introduced in order to avoid the butter quota system being undermined (see Section B.II. of reply on butter).

C. Consumption and internal prices

C.1. Statistical data on consumption

Not available.

C.2. Trends in consumption and estimates for 1970

Owing to the varied uses on near butter and its unrestricted import in recent years, it is difficult to establish a trend in consumption. No estimate is possible of the level of consumption in 1970.

C.3. Retail and wholesale prices

(a) Retail prices

Near butters go for further processing being incorporated with natural butter or in manufactured foods and are not sold as much in retail outlets.

(b) First-hand prices

Not available.

C.4. Factors conditioning the evolution of consumption

Usage of near butters in the United Kingdom during recent years has been directly influenced by their low price compared with natural butter prices.

C.5. Policies and measures affecting consumption

Imports (and therefore usage) of near butters have been restricted since 6 November 1967 (see B.II Import arrangements) to protect the United Kingdom butter quota system in the interests of our major traditional suppliers.

D. International trade and prices

D.1. Statistical data on the volume and value of imports and exports

(a) Exports

None.

(b) Imports

See following table.

Near Butters

United Kingdom Imports

Country	1965		1966		1967	
	Metric tons	$'000	Metric tons	$'000	Metric tons	$'000
Australia	545	641	757	802	453	493
Canada	1,447	1,268	-	-	-	-
Belgium	10	9	692	540	14,185	9,923
France	3	4	1,669	1,202	1,391	873
Germany, F.R.	-	-	80	57	2,926	2,108
Ireland, Republic of	-	-	191	282	474	735
Netherlands	11	11	1,379	1,049	4,221	2,844
Rumania	-	-	4,330	2,964	3,554	1,801
Poland	-	-	-	-	2,241	1,536
All other countries	826	818	1,154	1,144	985	725
Total	2,842	2,751	10,252	8,040	30,430	21,038

D.2. Levels of export and import prices

(a) Exports

Not applicable.

(b) Imports

See following table.

Near Butters

Average Import Prices

($ per metric ton)

Country	1965	1966	1967
Australia	1,176	1,059	1,088
Canada	876	-	-
Belgium	900	780	701
France	1,333	720	628
Germany, F.R.	-	713	720
Ireland, Republic of	-	1,476	1,551
Netherlands	1,000	761	674
Rumania	-	685	507
Poland	-	-	685
All other countries	990	991	736
Total	968	784	692

D.3. Export aid measures and policies

None.

D.4. Bilateral agreements

None.

(d) MILK POWDER

A. Production: production measures and policies

A.1. Statistical data on total volume of production

United Kingdom production (June/May years):

('000 metric tons)

	1964/65	1965/66	1966/67
Full cream	26.2	26.2	26.0
Skimmed	39.1	64.3	54.5
Buttermilk and whey	13.7	11.2	11.6

A.2. Trends in production and estimates for 1970

Production of full cream milk powder which is one of the most remunerative outlets for milk in excess of liquid requirements, is fairly static whilst that of skim powder fluctuates with the level of butter production (see A.4. below). No estimates of the level of milk powder production in 1970 is available.

A.3. Statistical data on carry-over stocks and stockpiles

United Kingdom stocks of milk powder on 30 June:

('000 metric tons)

	1965	1966	1967
Full cream	2.7	2.5	4.1
Skimmed	30.6	29.0	30.6
Buttermilk and whey	8.1	6.9	6.3

A.4. Factors affecting production

The level of full cream milk powder production in the United Kingdom is influenced mainly by the requirements of infant milk food manufacturers who account for the bulk of total production. Full cream milk powder is also used in the manufacture of dairy ice cream and confectionery. Requirements for the former use are, of course, materially affected by the weather.

Skim milk powder is the residual product of butter and cream production, and is subject to considerable fluctuation.

A.5. Policies and measures likely to influence production

None.

B. Protection and support measures and policies

B.I. Internal support measures and policies

B.I.1. Inventory of the instruments of support

There are no support arrangements for United Kingdom production of milk powder. As explained in B.1. of the reply on liquid milk, the United Kingdom price guarantee to milk producers applies to sales of milk up to a standard quantity which is intended to ensure an adequate supply of milk to meet requirements for liquid consumption. Milk in excess of the standard quantity is sold for manufacture at whatever price it will fetch.

B.I.2. Levels of guaranteed prices or support prices

Not applicable.

B.I.3. Amount of producer subsidies

Milk powder producers receive no subsidies.

B.I.4. Average returns to producers
B.I.5. Method of determining returns for producers

As regards United Kingdom milk producers, the pooling arrangements which operate in connexion with sales of milk for liquid consumption and manufacture are explained in B.4. and B.5. of the reply on liquid milk. No information is available on the prices received by United Kingdom producers of milk powders. Their returns depend solely on the demand/supply situation on the United Kingdom market.

B.II. Measures at the frontier

(a) Tariff measures

Tariff	M.F.N.	Commonwealth Preference Area	EFTA
04.02	6s. per cwt. ($1.65 per 100 kgs.)	Free	6s. per cwt. ($1.65 per 100 kgs.

(b) Other measures

Milk powder may be imported into the United Kingdom without restriction except from the dollar area and the Eastern Area. Import quotas for processed milks from the Eastern Area have, however, been included in current bilateral trade arrangements as follows:

	Value US$'000	Period
Czechoslovakia	56	1 January 1968 to 31 December 1968
China	70	1 January 1968 to 31 December 1968

The import of any form of processed milk from the dollar area is not normally permitted.

C. Consumption and internal prices

C.1. Statistical data on consumption

Consumption per capita since 1964 has been:

(kgs. per head per annum)

	1964	1965	1966	1967
Full cream	0.78	0.82	0.82	Figures not yet available
Skimmed	1.32	1.05	1.14	

C.2. Trends in consumption and estimates for 1970

Consumption of full cream, buttermilk and whey powders remained fairly consistent throughout the last three years. Skimmed powder consumption reached a high level in 1966 but returned to a more normal level in 1967. The figures for offtake (i.e. total new supplies plus or minus changes in stock levels) were:

('000 metric tons)

	1965	1966	1967
Full cream	51.0	51.4	49.5
Skimmed	89.3	108.6	95.8
Buttermilk and whey	18.1	16.7	16.0

A forecast of consumption in 1970 is not available.

C.3. Retail and wholesale prices

(a) Retail prices

Average prices paid by householders for dried milk have been:

(US cents per equivalent pint)

	1965	1966 (Provisional)	1967 (Provisional)
January to March	9.9	10.6	10.2
April to June	9.8	10.0	9.5
July to September	9.6	10.0	10.4
October to December	9.3	10.3	10.0
For the year	9.7	10.3	10.0

These average prices are for purchases of different specifications and brands, and for produce of different nationalities; the proportions of which within the sample of households are not known. Thus small apparent changes in price might well arise from changes in the composition of purchases in any of these respects.

(b) First-hand prices

Approximate average wholesale prices of United Kingdom produced milk powder have been:

(US$ per 100 kgs.)

	1965	1966	1967
Full cream (Roller)			
January to March	57.1	56.5	56.5
April to June	57.9	56.5	56.5
July to September	57.3	56.5	56.5
October to December	56.3	56.5	56.5
For the year	57.2	56.5	56.5
Full cream (Spray)			
January to March	60.1	60.6	62.0
April to June	61.5	60.6	62.0
July to September	61.5	61.2	62.0
October to December	60.6	61.5	62.0
For the year	61.0	60.9	62.0
Skimmed (Roller)			
January to March	37.5	28.1	27.6
April to June	33.3	27.6	27.6
July to September	30.3	27.6	27.6
October to December	30.3	27.6	27.6
For the year	32.8	27.8	27.6
Skimmed (Spray)			
January to March	35.8	31.4	31.7
April to June	33.3	31.7	31.7
July to September	32.2	31.7	31.7
October to December	32.2	31.7	31.7
For the year	33.4	31.6	31.7

C.4. Factors conditioning the evolution of consumption

The decline in the birth rate in the United Kingdom is having some effect on consumption of full cream milk powder in the form of infant milk foods. The appearance of a satisfactory instant full cream milk powder on the United Kingdom market would no doubt stimulate consumption of this type powder, possibly at the expense of consumption of fluid milk. So far, however, a full cream instant powder has not been developed in the United Kingdom. Consumption of instant skim powder is gradually increasing although consumer preference appears to favour liquid milk.

C.5. Policies and measures affecting consumption

There are no United Kingdom Government assisted schemes for the advertising and sales promotion of dairy products. Manufacturers do, however, advertise and promote the sales of commodities which are wholly or partly comprised of milk powder.

National Dried Milk is a full cream powder product which is available through the Ministry of Health Welfare Foods Service. The product can be obtained, at a reduced price, by nursing mothers and is intended for use as a baby food. To obtain a reduction in price the mother is required to surrender milk tokens which can be used alternatively for the purchase of fresh milk at a reduced price.

D. International trade and prices

D.1. Statistical data on the volume and value of imports and exports

Milk Powder - Full Cream (Unsweetened)

United Kingdom Imports

Country	1965		1966		1967	
	Metric tons	$'000	Metric tons	$'000	Metric tons	$'000
Australia	1,807	1,044	1,720	1,019	1,426	906
New Zealand	4,387	2,426	2,339	1,332	4,904	2,872
Ireland, Republic of	3,541	1,841	3,086	1,627	3,818	1,978
Finland	1,490	769	2,313	1,165	2,877	1,497
Netherlands	39	24	16	10	138	68
Denmark	81	44	114	61	31	16
All other countries	12,468	6,193	14,558	7,276	14,406	7,196
Total	23,813	12,341	24,146	12,490	27,600	14,533

United Kingdom Exports

Country	1965		1966		1967	
	Metric tons	Value $'000	Metric tons	Value $'000	Metric tons	Value $'000
Malaysia	1,320	860	1,113	732	1,432	936
Nigeria	368	248	-	-	-	-
Ceylon	1,037	744	1,924	1,258	1,491	1,109
Germany, F.R.	-	-	-	-	207	133
Ireland, Republic of	-	-	-	-	200	167
All other countries	4,030	2,795	4,032	3,064	3,919	2,693
Total	6,555	4,647	7,069	5,054	7,249	5,038

Milk Powder - Skimmed

United Kingdom Imports

Country	1965		1966		1967	
	Metric tons	$'000	Metric tons	$'000	Metric tons	$'000
Australia	1,635	524	1,146	336	1,269	471
New Zealand	36,728	11,936	17,603	5,264	24,342	7,261
Ireland, Republic of	4,280	1,472	8,739	2,759	11,014	3,404
Finland	1,524	471	-	-	-	-
Netherlands	1,337	456	-	-	27	20
Denmark	1,052	355	7	2	5	2
All other countries	2,609	941	3,130	1,116	2,166	842
Total	49,165	16,155	30,625	9,477	38,823	11,990

United Kingdom Exports

Country	1965		1966		1967	
	Metric tons	Value $'000	Metric tons	Value $'000	Metric tons	Value $'000
Denmark	1,951	501	6,330	1,555	4,135	1,151
Netherlands	3,059	803	7,590	2,033	4,001	961
Japan	735	189	919	241	-	-
Italy	-	-	800	201	828	226
Malaysia	223	242	328	270	-	-
Hong Kong	297	381	214	270	168	189
Egypt	-	-	563	177	-	-
Germany, F.R.	414	151	-	-	1,320	185
Ceylon	122	140	-	-	240	298
All other countries	2,172	2,152	3,841	2,911	4,040	2,774
Total	8,973	4,559	20,585	7,658	14,732	5,784

Other Milk Powder (Including Buttermilk and Whey Powder)

United Kingdom Imports

Country	1965		1966		1967	
	Metric tons	$'000	Metric tons	$'000	Metric tons	$'000
Australia	460	143	66	19	194	52
New Zealand	6,530	2,105	3,320	910	3,040	837
Ireland, Republic of	10	3			57	23
Finland	130	20				
Netherlands	1,165	191	1,180	194	818	144
Denmark			2	1		
All other countries	572	99	29	13	260	98
Total	8,867	2,561	4,597	1,137	4,369	1,154

United Kingdom Exports

None.

D.2. Levels of export and import prices

Milk Powder - Full Cream (Unsweetened)

Average Export Price

($ per metric ton)

Country	1965	1966	1967
Malaysia	651	658	654
Nigeria	674	-	-
Ceylon	717	654	744
Germany, F.R.	-	-	642
Ireland, Republic of	-	-	835
All other countries	693	760	687
Total	709	715	695

Average Import Price

($ per metric ton)

Country	1965	1966	1967
Australia	578	592	635
New Zealand	553	569	586
Ireland, Republic of	520	527	518
Finland	516	504	520
Netherlands	615	625	493
Denmark	543	535	516
All other countries	497	500	500
Total	518	517	527

Milk Powder - Skimmed

Average Export Price

($ per metric ton)

Country	1965	1966	1967
Denmark	257	246	278
Netherlands	262	268	240
Japan	259	262	-
Italy	-	251	273
Malaysia	1,085	823	-
Hong Kong	1,283	1,262	1,125
Egypt	-	314	-
Germany, F.R.	365	-	140
Ceylon	1,147	-	1,242
All other countries	991	758	687
Total	508	372	393

Average Import Price

($ per metric ton)

Country	1965	1966	1967
Australia	320	293	371
New Zealand	325	299	298
Ireland, Republic of	343	316	309
Finland	309	-	-
Netherlands	341	-	370
Denmark	337	286	400
All other countries	361	357	389
Total	329	309	309

Other Milk Powder (Including Buttermilk and Whey Powders)

Average Export Price

Not applicable.

Average Import Price

($ per metric ton)

Country	1965	1966	1967
Australia	311	288	268
New Zealand	322	274	275
Ireland, Republic of	300	-	404
Finland	153	-	-
Netherlands	164	164	176
Denmark	-	-	-
All other countries	173	500	377
Total	289	247	264

D.3. Export aid measures and policies

The United Kingdom Government is contributing spray dried skim milk powder to the FAO World Food Programme as part of its pledge under the 1966/68 triennium.

D.4. Bilateral agreements

None.

See B.II.(b) for details of bilateral quotas for certain Eastern Area countries.

(e) CONDENSED MILK

A. Production: Production measures and policies

A.1. Statistical data on total volume of production

United Kingdom production (June/May years):

('000 metric tons)

	1964/65	1965/66	1966/67
Full cream (sweetened)	109.7	109.7	117.9
Full cream (unsweetened)	139.2	137.2	143.3
Skimmed	52.8	49.8	52.8

A.2. Trends in production and estimates for 1970

Manufacture into condensed milk is one of the most remunerative outlets for milk in excess of liquid requirements and the United Kingdom has a small net export trade in condensed milk. Production of the two full cream types have shown slight increases in recent years. No estimates of the likely level of production in 1970 are available.

A.3. Statistical data on carry-over stocks and stockpiles

United Kingdom stocks of condensed milk on 30 June:

('000 metric tons)

	1965	1966	1967
Full cream (sweetened)	9.9	9.4	5.9
Full cream (unsweetened)	29.6	20.1	25.8
Skimmed	6.0	3.4	2.8

A.4. Factors affecting production

Production of condensed milk is influenced by the requirement of the domestic market and by the limited export trade.

A.5. Policies and measures likely to influence production

None

B. Protection and support measures and policies

B.I. Internal support measures and policies

B.I.1. Inventory of the instruments of support

There are no support arrangements for United Kingdom production of condensed milk. As explained in B.1. of the reply on Liquid Milk, the United Kingdom price guarantee to milk producers applies to sales of milk up to a standard quantity which is intended to ensure an adequate supply of milk to meet requirements for liquid consumption. Milk in excess of the standard quantity is sold for manufacture at whatever price it will fetch.

B.I.2. Levels of guaranteed prices

Not applicable.

B.I.3. Amount or producer subsidies

Condensed milk producers receive no subsidies.

B.I.4. Average returns to producers

B.I.5. Method of determining returns for producers

As regards United Kingdom milk producers, the pooling arrangements which operate in connexion with sales of milk for liquid consumption and manufacture are explained in B.4. and B.5. of the reply on Liquid Milk.

No information is available on the prices received by United Kingdom producers of condensed milk. Their returns depend solely on the demand/supply situation on the United Kingdom market.

B.II. Measures at the frontier

(a) Tariff measures

Tariff		Full	Common-wealth	EFTA
04.02	1. Whole			
	(a) Sweetened	7/7 per cwt. ($2.2 per 100 kgs.)	Free	7/7 per cwt. ($2.2 per 100 kgs.)
	(b) Unsweetened	6/- per cwt. ($1.65 per 100 kgs.)	Free	6/- per cwt. ($1.65 per 100 kgs.)
	2. Skimmed	10%	Free	10%

(b) Other measures

Condensed milk may be imported into the United Kingdom without restriction except from the dollar area and the Eastern area. Import quotas for processed milks have, however, been included in current bilateral trade arrangements as follows:

	(US$'000)	Period
Czechoslavakia	56	1.1.1968 to 31.12.1968
China	70	1.1.1968 to 31.12.1968

The import of any form of processed milk from the dollar area is not normally permitted.

C. Consumption and internal prices

C.1. Statistical data on consumption

Consumption per capita since 1964 has been as follows:

(Kgs. per head per annum)

	1964	1965	1966	1967
Full cream sweetened	0.45	0.50	0.64	Figures not yet available
Full cream unsweetened	1.91	2.09	1.95	
Skimmed	0.86	0.81	0.86	

C.2. Trends in consumption and estimates for 1970

The consumption of full cream unsweetened condensed milk has fluctuated over the last three years whilst that of the sweetened variety has recently fallen. Consumption of machine skimmed has remained consistent. The off-take figures (i.e. total new supplies plus or minus changes in stock levels) for the last three years were:

('000 metric tons)

	1965	1966	1967
Full cream, sweetened	28.4	37.2	30.2
Full cream, unsweetened	122.2	115.0	126.2
Machine skim sweetened	23.1	21.8	23.5

A forecast of consumption in 1970 is not available.

C.3. Retail and wholesale prices

(a) Retail prices

Average prices paid by householders for condensed unsweetened (evaporated) milk, the only type for which the information is available were:

(US cents per equivalent pint)

	1964	1966 (Provisional)	1967 (Provisional)
January-March	9.9	9.7	10.3
April-June	9.8	9.8	10.4
July-September	9.9	9.8	10.6
October-December	9.8	10.0	10.5
For the year	9.8	9.8	10.5

These average prices are for purchases of different specifications and brands, and for produce of different nationalities, the proportions of which within the sample of households are not known. Thus small apparent changes in price might well arise from changes in the composition of purchases in any of these respects.

(b) Firsthand prices

Not available.

C.4. Factors conditioning the evolution of internal consumption

The fairly static consumption of unsweetened condensed (evaporated) milk in the United Kingdom has been accompanied by increasing consumption of fresh cream which in turn has been influenced by the growing number of families owning refrigerators. Sweetened condensed milk is now used mainly by food manufacturers as an ingredient of other foods. Its use in households has steadily declined.

C.5. Policies and measures affecting consumption

There are no United Kingdom Government assisted schemes for the advertising and sales promotion of condensed milks. Individual manufacturers do, however, advertise and promote the sales of their own products.

D. International trade and prices

D.1. Statistical data on the volume and value of imports and exports

See table hereafter.

D.2. Lists of export and import prices

See table hereafter.

D.3. Export aid measures and policies

None.

D.4. Bilateral agreements

None.

See B.II for details of bilateral quotas for certain Eastern area countries.

Condensed Milk - Full Cream - Sweetened (Condensed)

United Kingdom Imports

Country	1965		1966		1967	
	Metric tons	Value $'000	Metric tons	Value $'000	Metric tons	Value $'000
Irish Republic	2	1	-	-	-	-
Netherlands	127	46	147	50	108	37
Denmark	292	75	250	63	322	79
All other countries	1	1	1	1	1	1
Total	422	123	398	114	431	117

United Kingdom Exports

Country	1965		1966		1967	
	Metric tons	Value $'000	Metric tons	Value $'000	Metric tons	Value $'000
Ghana	-	-	-	-	803	248
Malawi	-	-	-	-	590	183
Malaysia	12,805	4,568	6,336	2,140	697	209
Ceylon	-	-	1,519	471	1,894	573
Dominica, Grenada etc.	562	171	569	165	699	195
Burma	2,599	838	-	-	762	221
South Rhodesia	2,080	661				
All others	2,259	718	3,358	1,043	2,404	716
Total	20,305	6,956	11,782	3,819	7,849	2,345

Condensed Milk - Full Cream - Unsweetened (Evaporated)

United Kingdom Imports

Country	1965		1966		1967	
	Metric tons	Value $'000	Metric tons	Value $'000	Metric tons	Value $'000
Netherlands	2,907	905	2,905	905	5,785	1,861
Denmark	1,879	596	1,396	454	405	135
All other countries	112	47	59	17	57	16
Total	4,898	1,548	4,360	1,376	6,247	2,012

United Kingdom Exports

Country	1965		1966		1967	
	Metric tons	Value $'000	Metric tons	Value $'000	Metric tons	Value $'000
Malaysia	4,508	1,321	2,773	759	3,006	845
Ghana	4,489	1,348	5,891	1,769	5,453	1,668
Malta	2,244	611	1,561	437	2,803	740
Phillippine Republic	2,985	841	4,619	1,346	4,934	1,387
Germany, F.R.	1,146	309	-	-	-	-
Gibralta	-	-	-	-	601	165
Singapore	-	-	-	-	594	160
All others	10,340	2,735	9,369	2,571	6,766	1,887
Total	25,712	7,165	24,213	6,882	24,157	6,852

Condensed Milk - Skimmed

United Kingdom Imports

Country	1965		1966		1967	
	Metric tons	Value $'000	Metric tons	Value $'000	Metric tons	Value $'000
Irish Republic	1,029	324	992	315	1,161	358
Netherlands	-	-	-	-	1	1
All other countries	39	20	18	10	185	84
Total	1,069	344	1,010	325	1,347	443

United Kingdom Exports

Country	1965		1966		1967	
	Metric tons	Value $'000	Metric tons	Value $'000	Metric tons	Value $'000
Malaysia	254	68	250	63	-	-
Hong Kong	362	96	154	40	-	-
Malta	71	20	-	-	31	15
South Rhodesia	43	11	-	-	-	-
Nigeria	31	24	-	-	21	20
Germany, F.R.	-	-	30	8	29	8
Denmark	-	-			102	27
All others	231	91	378	145	331	127
Total	992	310	812	256	514	197

Condensed Milk - Full Cream - Sweetened (Condensed)

Average Export Price

($ per metric ton)

Country	1965	1966	1967
Ghana	-	-	309
Malawi	-	-	310
Malaysia	357	338	300
Ceylon	-	310	302
Dominica, Grenada etc.	304	290	279
Burma	322	-	290
Southern Rhodesia	318	-	-
All others	318	311	298
Total	343	324	299

Average Import Price

($ per metric ton)

Country	1965	1966	1967
Irish Republic	500	-	-
Netherlands	362	340	343
Denmark	257	252	245
All other countries	1	1	1
Total	291	286	271

Condensed Milk - Full Cream - Unsweetened (Evaporated)

Average Export Price

($ per metric ton)

Country	1965	1966	1967
Malaysia	293	274	281
Ghana	300	300	306
Malta	272	280	264
Philippine Republic	282	291	281
Germany, F.R.	270	-	-
Gibraltar	-	-	274
Singapore	-	-	269
All others	264	274	279
Total	279	284	284

Average Import Price

($ per metric ton)

Country	1965	1966	1967
Netherlands	311	312	322
Denmark	317	325	333
All other countries	420	288	281
Total	316	316	322

Condensed Milk - Skimmed

Average Export Price

($ per metric ton)

Country	1965	1966	1967
Malaysia	268	252	-
Hong Kong	265	260	-
Malta	282	-	484
S. Rhodesia	256	-	-
Nigeria	774	-	952
Germany, F.R.	-	267	276
Denmark	-	-	265
All others	394	384	384
Total	312	315	383

Average Import Price

($ per metric ton)

Country	1965	1966	1967
Irish Republic	315	318	308
Netherlands	-	-	1
All other countries	513	556	454
Total	322	322	329

(f) CHEESE

A. Production: Production measures and policies

A.1. Statistical data on total volume of production

United Kingdom production[1] (June/May years)

('000 metric tons)

1964/65	1965/66	1966/67
116.8	110.7	111.8

[1] Including farmhouse production.

A.2. Trends in production and estimates for 1970

(a) The level of United Kingdom cheese production varies with the level of milk production, as milk available for manufacture is allotted first to more remunerative uses.

(b) As indicated in Section A.2. of the reply on Liquid Milk, United Kingdom production of liquid milk between now and 1970 is likely to exceed the quantity required for liquid consumption and some of the milk consequently going for manufacture is liable to go for cheese production. No estimates of the likely level of production in 1970 is available.

A.3. Statistical data on carry-over stocks and stockpiles

United Kingdom[1] stocks on 30 June

('000 metric tons)

1965	1966	1967
57.3	54.4	53.3

[1] In 1966 coverage of stocks of imported cheese was extended.

A.4. Factors affecting production

As explained in A.2., the main factor affecting cheese production is the volume of milk production.

A.5. Policies and measures likely to influence production

None.

B. Protection and support measures and policies

B.I. Internal support measures and policies

B.I.1. Inventory of the instruments of support

There are no support arrangements for United Kingdom production of cheese. As explained in B.1. of the reply on Liquid Milk, the United Kingdom price guarantee to milk producers applies to sales of milk up to a standard quantity which is intended to ensure an adequate supply of milk to meet requirements for liquid consumption. Milk in excess of the standard quantity is sold for manufacture at whatever price it will fetch.

B.I.2. Levels of guaranteed prices or support prices

Not applicable.

B.I.3. Amount of producer subsidies

Cheese producers receive no subsidies.

B.I.4. Average returns to producers

B.I.5. Method of determining returns for producers

As regards United Kingdom milk producers, the pooling arrangements which operate in connexion with sales of milk for liquid consumption and manufacture are explained in B.4. and B.5. of the reply on Liquid Milk.

No information is available on the prices received by United Kingdom producers of cheese. Their returns depend solely on the demand/supply situation on the United Kingdom market.

B.II. Measures at the frontier

(a) Tariff measures

Tariff		Full	Commonwealth	EFTA
04.04 (A)(1)	Blue veined	10%	Free	Free
(A)(2)	Other	15%	Free	15%
(B)	Curd	10%	Free	10%

(b) Other measures

(a) Cheese (and curd) may be imported from all parts of the world without restriction, except from the Eastern Area.

(b) Import quotas for cheese are included in bilateral trade agreements with some Eastern Area countries; these are as follows:

Country	Value ($'000)	Period
Bulgaria	350 c.i.f.	1.4.68 to 31.3.69
Czechoslovakia	140 c.i.f.	1.1.68 to 31.12.68
Hungary	260 c.i.f.	1.1.68 to 31.12.68
Poland	392 c.i.f.	1.1.68 to 31.12.68
Rumania	350 c.i.f.	1.10.67 to 30.9.68

C. Consumption and internal prices

C.1. Statistical data on consumption

Consumption per capita for 1964, 1965 and 1966 (1967 is not yet available) as follows:

(Kgs. per head per annum)

1964	1965	1966
4.8	4.6	4.8

C.2. Trends in consumption and estimates for 1970

Over the past three years offtake (i.e., total new supplies plus or minus changes in stock levels) of cheese in the United Kingdom has been increasing steadily:

('000 metric tons)

1965	1966	1967
252.4	262.5	271.0

Some increase in demand per head for natural cheese can be foreseen, although this may be partly offset by a continuing decline in demand for processed cheese. Increase in overall demand can be expected to be more or less in line with the growth in population. A forecast of consumption for 1970 is not however available.

C.3. Retail and wholesale prices

(a) Retail prices

Average prices paid by households for cheese (natural)

(Cents per kg.)

	1965	1966 (prov.)	1967 (prov.)
January-March	111.9	114.2	116.3
April-June	112.2	115.3	116.5
July-September	112.2	116.0	118.6
October-December	113.7	116.8	118.6
Year	112.4	115.5	117.6

N.B. These average prices are for purchases of different specifications and brands, and for produce of different nationalities, the proportions of which within the sample of households are not known. Thus small apparent changes in price might well arise from changes in the composition of purchases in any of these respects.

(b) Firsthand prices

Average Prices of Cheese on Provision Exchange

($ per 100 kgs.)

Quarters	English Factory Cheddar			New Zealand Finest White Waxed Cheddar			Dutch Full Cream Gouda		
	1965	1966	1967	1965	1966	1967	1965	1966	1967
January/March	81.6	82.1	81.3	71.9	70.5	70.5	79.1	78.8	87.1
April/June	79.9	82.7	81.3	71.3	70.5	70.5	78.8	82.7	87.6
July/September	79.9	83.2	82.1	70.5	70.5	70.5	78.8	84.1	87.6
October/December	79.6	82.9	82.1	70.5	70.5	70.5	78.8	86.8	91.5
Year	80.2	82.7	81.8	71.3	70.5	70.5	78.8	83.2	88.5

C.4. Factors conditioning the evolution of consumption

As with butter, the demand for cheese in the United Kingdom is influenced by the level of available disposable incomes, by the price of cheese in relation to prices of other goods and services, although with cheese the price effect is relatively small, and by population growth. The development of wrapping film which enables cheese to be displayed attractively, and conveniently handled in self-service stores and supermarkets is believed to have contributed considerably to the recent growth in cheese consumption.

C.5. Policies and measures affecting consumption

There are no Government-assisted schemes in the United Kingdom for the advertising and sales promotion of dairy products. However, the Milk Marketing Boards spend money directly on this work, as well as a number of individual organizations, e.g. the Cheese Bureau which was set up to encourage the sale of cheese, irrespective of the country of origin or variety. It is financed by the Milk Marketing Boards and organizations in New Zealand, Australia, Canada (Ontario) and the Irish Republic. In addition, there is also the English Country Cheese Council which, supported by the Milk Marketing Board and the dairy industry, advertises all English cheese.

D. International trade and prices

D.1. Statistical data on the volume and value of imports and exports

Cheese

United Kingdom Imports

Country	1965		1966		1967	
	'000 metric tons	Value $'000	'000 metric tons	Value $'000	'000 metric tons	Value $'000
Australia	12.3	8,735	6.7	4,706	8.1	6,062
New Zealand	81.8	59,758	69.4	50,726	76.0	55,463
Irish Republic	9.0	6,569	12.6	9,207	16.4	12,697
Canada	13.9	11,018	14.1	11,743	12.9	11,006
Denmark	9.5	7,614	9.1	7,410	9.3	7,586
Netherlands	11.6	6,892	16.4	9,387	15.6	9,587
Finland	0.7	353	1.1	544	1.1	576
All others	13.0	11,285	14.1	12,342	19.9	16,108
Total	151.8	112,224	143.5	106,065	159.3	119,085

United Kingdom Exports

Country	1965		1966		1967	
	Metric tons	Value $'000	Metric tons	Value $'000	Metric tons	Value $'000
Canada	194	232	325	340	286	305
Sweden	181	181	195	202	165	152
Belgium	-	-	176	152	119	117
France	113	107	270	211	111	101
Irish Republic	-	-	234	252	67	73
United States	-	-	126	146	154	145
Germany, F.R.	393	342	-	-	59	58
Libya	-	-	-	-	36	35
Denmark	-	-	-	-	43	32
Netherlands	-	-	-	-	45	45
All others	1,314	1,363	1,197	1,253	777	815
Total	2,195	2,225	2,523	2,556	1,861	1,879

D.2. Levels of export and import prices

Cheese

Average Export Price

($ per metric ton)

Country	1965	1966	1967
Canada	1,119	1,046	1,066
Sweden	1,000	1,036	921
Belgium	-	864	983
France	947	781	910
Irish Republic	-	1,077	1,090
United States	-	1,159	942
Germany, F.R.	870	-	983
Libya	-	-	972
Denmark	-	-	744
Netherlands	-	-	1,000
All others	1,037	1,047	1,049
Total	1,014	1,013	1,010

Average Import Prices

($ per metric ton)

Country	1965	1966	1967
Australia	710.1	702.4	748.4
New Zealand	730.5	730.9	729.8
Irish Republic	729.9	730.7	774.2
Canada	792.7	832.8	853.2
Denmark	801.5	814.3	815.7
Netherlands	594.1	572.4	614.6
Finland	504.3	494.5	523.6
All others	868.1	875.3	809.4
Total	739.3	739.1	747.6

D.3. Export aid measures and policies

None.

D.4. Bilateral agreements

Under the 1966 Trade Agreement with New Zealand, the United Kingdom guaranteed unrestricted access for imports of certain New Zealand goods, including cheese, until 30 September 1972.

See also B.II (b) for details of bilateral quotas for certain Eastern area countries.