Governments responsible for most international trade in dairy products have agreed in GATT on an arrangement aimed at dealing with the present unsatisfactory situation resulting from subsidized competition in sales of skimmed milk powder on world markets. The arrangement, which introduces agreed minimum prices for sales of skimmed milk powder, is capable of being extended later to cover other dairy products. It entered into force on 14 May 1970.

The "Arrangement concerning certain dairy products" has been agreed upon by Australia, Canada, Denmark, the European Communities and their member States, Japan, New Zealand, South Africa, and the United Kingdom. Both exporting and importing countries undertake not to sell or buy skimmed milk powder below the agreed price, which has been fixed initially, for basic skimmed milk powder, at US$20 f.o.b. per 100 kgs. The arrangement is administered by a Management Committee on which all the parties concerned are represented, and which is responsible for dealing with any problems which may arise in applying the arrangement. Subject to safeguards, sales below the specified price are permitted if the milk powder is to be used as animal feed. The minimum price would not apply to aid, relief or welfare shipments to developing countries.

The arrangement, which will apply initially for a period of one year, was drawn up during 1969 by a GATT working party on dairy products. This group is now concentrating its attention on problems of international trade in butter and butterfat.