WORLD MARKET FOR DAIRY PRODUCTS


The report contains comprehensive and detailed information on production, trade, consumption, stocks and world market prices of dairy products. It is based mainly on information given directly to GATT by countries that are producers and consumers of dairy products.

The report covers milk and dairy products, including certain milk powders (whole milk powder, skimmed milk powder, buttermilk powder); milk fats such as butter; cheeses; fresh dairy products; concentrated milk, whey and casein. It analyses trends in production, trade, consumption, stocks and international prices of these products in the year 1981 and the first six months of 1982, with estimates for the second half of 1982 and the year 1982 as a whole. A series of 24 tables at the end of the report provides the main statistics on which it is based.

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The report contains a summary of the world dairy market situation. Following are salient features:

The situation in the market for dairy products, particularly skimmed milk powder, is giving rise to concern.

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In 1982, world production of milk seems to have been increasing more rapidly than in 1981, when it grew by about 0.5 per cent to a level of a little over 470 million tons. In 1982, the rate of increase — close to 1 per cent according to first estimates — could even be slightly above that level. It should be noted that the trend of production, which depends on the measures taken and their effectiveness, is also largely influenced by the weather and its effects on the animal-feed situation. Improved yield continues to be the main cause of the increase in production.

International trade in dairy products in 1981 is estimated at 25 million tons of milk equivalent, which would be below the record level of 1980. The downward trend appears to have continued in 1982, during which imports by oil-exporting countries could level off, while those of other developing countries, the USSR and some East European countries could decline. Several delivery arrangements for dairy products have been concluded and others are planned. Food aid commitments seem to have remained stable; in particular, EEC programmes for 1982 provide for the same quantities of skimmed milk powder and butter oil as in 1981.

At 1 July 1982, aggregate stocks held by the major producers in Western Europe, North America and Oceania were definitely larger than one year earlier; those stocks are expected to be at a higher level at the end of 1982 than at the beginning of the year. United States stocks, which have been rising very rapidly since the beginning of 1980, are continuing to grow; the question of their disposal has not been solved despite certain measures taken to that end. Stocks have also increased in the EEC.

International prices of the principal dairy products, with the exception of skimmed milk powder, had continued to rise in 1981. In 1982, except for certain cheeses whose prices remained relatively firm, the prices of the principal dairy products declined. The decline can be attributed to the appreciation of the United States dollar and a possible contraction of demand. The future trend of prices will depend mainly on developments in milk production, disposal of surplus stocks and currency movements. Some weakness could result from surplus supply over commercial demand and from the rising level of stocks.

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The International Dairy Arrangement entered into force on 1 January 1980. The International Dairy Products Council, comprising the eighteen participants\textsuperscript{1} in the Arrangement, evaluates the situation in and outlook for the world market for dairy products on the basis of reports prepared by the GATT secretariat.\textsuperscript{2} The Council has decided that these reports will be issued annually.

\textsuperscript{1}Argentina, Australia, Austria, Bulgaria, Egypt, European Economic Community (and its member States), Finland, Hungary, Japan, New Zealand, Norway, Poland, Romania, South Africa, Sweden, Switzerland, United States of America and Uruguay

\textsuperscript{2}Reports concerning the situation at 30 September 1980 and 1 October 1981, were issued on 23 October 1980 and 30 October 1981, respectively.