NOTE BY THE CHAIRMAN

1. The discussion and the supporting material submitted to the Working Party has shown that the situation in international trade in dairy products has to an increasing extent been characterized by a growing imbalance between supply and demand. Increases in production resulting from price support and technological progress together with a further reduction in market opportunities have led to a situation where considerable surplus stocks overhang the market. An immediate problem stems from the price policies followed by several countries in attempting to dispose of these stocks. The stage has been reached in which there is severe disruption of trading conditions in certain markets as a result of widespread price cutting by various suppliers, generally made possible by the use of export subsidies.

2. The Working Party agreed that the situation thus outlined, was critical and endorsed thereby the view accepted by the CONTRACTING PARTIES at the twenty-fourth session that a serious and urgent problem existed in the case of dairy products, which should be given immediate attention.

3. Various remedies should be sought for dealing with different aspects of the situation, and indeed several suggestions have been made by members of the Working Party in this respect.

4. It has been suggested that internal consumption and utilization of butterfat should be promoted inter alia by making butter available from stocks at reduced prices, or by increasing the fat content of milk for liquid consumption.

5. It has been suggested that a co-ordinated effort should be made to channel more dairy products into food aid to meet the increasing food requirements of developing countries.

6. It has been suggested that some order be brought in the present price situation by an agreement between the interested countries on a scheme of minimum prices.

7. The Working Party agreed that some time is needed for consideration by the governments of the various suggestions made, and of any other solutions that might seem appropriate to remedy the critical situation developing in the market of dairy products.