SECRETARIAT NOTE ON MAJOR POINTS RAISED IN THE DISCUSSION ON 11 TO 13 DECEMBER 1968

1. At its meeting on 4 and 5 July 1968, the Working Party had agreed that it would reconvene in order to undertake the negotiation of a multilateral arrangement on the basis of the discussions that had already taken place in the Working Party and taking into account the preparatory work which would be carried out for this purpose in the meantime.

2. Accordingly, the Working Party met on 11 to 13 December 1968. It has before it the following documents, issued since the last meeting: proposals put forward by New Zealand on an arrangement for the establishment of minimum prices for international trade in butter and butterfats and skim milk powder (Spec(68)112); comments on minimum prices in international trade and related questions, supplied by the International Dairy Committee (INT(68)169); and a secretariat note on major points raised in the discussion on 4 and 5 July 1968 (Spec(68)81).

3. Members reaffirmed their readiness to proceed with the negotiation of an arrangement on dairy products. Some members informed the Working Party that because of certain developments outside the Working Party, their participation in the work would for the time being be without commitment; one of these members noted that he could not commit his new administration to negotiations in advance of its taking office.

4. In view of the fact that any negotiation for an arrangement on dairy products would necessarily have to bear on the elements listed in the New Zealand proposals, the Working Party agreed that discussion would be facilitated if it was conducted under the respective headings given there (Spec(68)112). A member of the Working Party, while expressing agreement with the objectives of the proposals, recalled that he still considered that these objectives would best be served by an elimination or limitation of export subsidies. Another member concurred in this view. Another member observed that the causes of the trade problems dealt with in the Working Party lay in national production policies, and that it would be difficult to resolve the problems while surpluses continued to exist. There was a risk that solutions on a limited range of products might transfer the problems to others; while he wished to reserve his judgment on this aspect he was nevertheless ready to negotiate on such a range at present. Another member agreed that consideration should be given to broadening the product coverage in order to avoid the build-up of pressures to circumvent the arrangement. A further member pointed out that the Working Party's task was to solve immediate problems and to remedy a situation recognized as unsatisfactory by all, without necessarily dealing with the basic problems. These could certainly not be left aside, and would be dealt with in the Agriculture Committee. The major point, in his view, was the extent of participation by exporters and importers.
Product coverage

5. A member of the Working Party explained that his proposals included butter and near-butters, because an arrangement on butter alone risked being frustrated if freedom of action were left unrestrained on other products containing butterfat. He also drew attention to the provision which would allow the arrangement to apply to "such other products as may hereafter be agreed", so as to prevent or remedy the transfer of problems to such products. A definition according to item 04.03 of the Brussels Nomenclature might be too limiting, and the definitions in his proposal were therefore based on fat content. Members of the Working Party generally recognized the danger inherent in substitution of butter by near-butters and the need to avoid an arrangement being undermined. Most members therefore supported the inclusion of near-butters in a scheme; attention was also drawn to the comment by the International Dairy Committee that "any arrangement ... should cover all composite products of which butterfat is a substantial part" (paragraph 6 of INT(68)169). One member felt that near-butters should perhaps not be included in an arrangement, at least in the early stages, because of their direct competition with other fats and oils; raising prices of near-butters might make them uncompetitive and hamper their consumption. Other members, however, pointed out that the price of butter could not be raised unless the loophole provided by near-butters were closed; near-butters could easily be reconverted into butter, and butter deliberately rendered unfit for human consumption could be made edible again. Furthermore, butter oil did not face substitution for recombining purposes, for which it was being traded on a commercial basis. (The problem of substitution as related to the setting of prices is discussed in paragraph 24 below).

6. A member wished to reserve his position in relation to product coverage; he pointed out that the application of minimum prices to products for subsequent use as raw materials for the manufacture of other dairy products might create problems. Much depended on the levels at which minima would be set, but delicate aspects of industrial policies were also involved and should be given careful attention.

7. Most members of the Working Party agreed that the description of butter as a pilot product for the purposes of our arrangement might usefully be widened so as to cover a range of fat content from 80 to 84 per cent; this might facilitate the administration of a scheme. A member felt that the same purpose might be better served by specifying a single percentage of fat content in the pilot-product description with appropriate adjustments in minima according to variation from that percentage. Another member said however that most butter was traded in the 80-84 per cent range, and a range in the arrangement would therefore simplify its operation. Another member observed that such a range seemed too wide.
8. As regards the description of packaging of the pilot product, the Working Party agreed that because of existing trade practices, it might be more useful to set the limit as "in usual commercial containers of not less than 20 kgs.", instead of the 25 kgs. originally suggested by a member.

(b) Skimmed milk powder

9. A member of the Working Party explained that his proposals as regards skim milk powder envisaged a differentiation between the type used for human consumption and that used for other purposes, in particular animal feeding with, correspondingly, a minimum price for each pilot product. Some difficulties might be encountered in making the distinction; it might for instance not always be possible to determine beforehand whether or not a given shipment was destined for human consumption. However, the two types were generally traded at differing price levels, showed different price trends and also tended to move through different channels. The difficulties in making the distinction would thus not be insuperable.

10. Some members expressed agreement that a distinction between the two types of skim milk powder should be made if this was feasible and if its implementation could be supervised. A member, expressing a preliminary view, considered that an arrangement should not cover the type sold chiefly for animal feed; imports into his country had increased in connexion with the expansion in pork and poultry raising, but substitution by other feedstuffs was possible. Another member, commenting on the suggestion that this type of powder be excluded from the arrangement, observed that this would imply that a distinction between the two types was a priori possible. He doubted that this was so, and therefore suggested that an arrangement should provide for only one category of skim milk powder, with only one pilot minimum price. A member observed that if provision were made for only one category with a single minimum price at a level that would provide an effective floor, this would rapidly create a need for derogations in order to maintain certain trade channels for the lower-priced type. His conclusion, therefore, was that it was preferable to have two pilot products, provided the distinction could be made; in his view it generally could, and when necessary for trade reasons it was technically possible to treat milk powder destined for animal feed so that it could not be resold for human consumption. Other members supported this view. It was also pointed out, however, that the treatment referred to was believed to make the powder unfit for calves, so that it could only be fed to pigs and other animals. Members generally agreed that these problems should be considered by experts.

11. It was suggested that the lower limit in the packaging description of these pilot products might also be set at 20 kgs.
Minimum or floor prices

(a) Establishment of minimum prices

12. A member of the Working Party explained that his proposal took account of the majority views of earlier discussions; he was nevertheless well aware of other views that had been expressed. An arrangement based on minimum prices at the f.o.b. stage would be the simplest to operate and would yield equitable results in terms of its trade effects.

13. A member observed that the proposal was based on the concept that the arrangement would essentially be implemented by exporters. This was a realistic approach, but raised the question whether exporters were in a position effectively to implement the observance of minimum prices. His own authorities, while unable to respect a rigid price level, could nevertheless influence price levels by adapting export refunds. Most other members affirmed that they would be able to implement the observance of minimum export prices. One member stated that in the absence of legislative authority, his Government could not control private trade and could, therefore, not guarantee that trade might not take place at prices below any specified level; it could, however, co-operate in a scheme by limiting the levels of export subsidies. Another member said that while his Government did not possess any such formal power either, the existence of a centralized agency would make it possible for his country to conform to price provisions without undue difficulty. The Working Party noted a statement that the discussion showed that none of its members would be unable to implement price provisions when exporting.

14. The Working Party examined the relative merits of minimum price schemes established in terms of f.o.b., c.i.f., or various possible modifications or combinations of both. Several members expressed their support for an f.o.b. system, some others, stating that they did not have a firm view on this question, also expressed a preference for this system. The following reasons were given in favour of an f.o.b. system: it was relatively simple to operate, could more easily be enforced by the exporting countries and could also be directly supervised by them; the main responsibility under such a system lay on the exporting countries which were fewer in number than importing countries; the responsibilities of importing countries for ensuring the operation of the scheme would be relatively limited.

15. One of the members with a preference for an f.o.b. system stated that such a system should be operated in a way so as to give suppliers equal possibilities to compete, irrespective of their distance from the market.

1The term "c.i.f." was used in the discussion, and is used in the present note, for reasons of convenience; it was however suggested that "c. and f." would be a more appropriate term in the context of the discussions, as it left aside insurance costs.
16. Several members expressed their support, or a preference, for a c.i.f. system. The reasons given were that this system was not necessarily more complicated to operate than an f.o.b. system and would give an equal chance of competition in markets to distant or land-locked suppliers. Reference was also made to the difficulties listed by the International Dairy Committee as likely to arise in an f.o.b. system (INT(68)169, paragraph 10). These included the risk of injury to remote suppliers unless different f.o.b. prices were fixed for individual countries; the risk of disputes on transport costs and other charges, unless provisions were made to prevent subsidization of these elements; the possible emergence in an arrangement whose obligations were mainly limited to exporting countries of undesirable "exporters' cartel" features; the need for importers to know the agreed minimum price level at the point of import to enable them to co-operate fully; and that exports of dairy products were usually, though not invariably, carried out on a c.i.f. basis.

17. A member stated that while he supported a c.i.f. system for butter and butterfats, he could envisage an f.o.b. system for skim milk powder, as for instance applied in the Organisation for Economic Co-operation and Development Gentlemen's Agreement on whole milk powder, or a mixed f.o.b./c.i.f. system.

18. At the request of the Working Party, the representative of the OECD described the system applied in the Gentlemen's Agreement and the reasons for its choice. He said that the main question had been that of control of the minimum price, and that after thorough discussions and consultations among experts an f.o.b. system had been selected. The selection had been facilitated by the fact that most countries exporting whole milk powder were concentrated in Europe, so that for them the distances to markets were roughly equivalent. However, an exporting country in the Southern Hemisphere, and therefore with different distances to markets, had also accepted an f.o.b. basis. An exception had, on the other hand, been made for a landlocked European country, for whom the price observance was set in terms of f.o.b. European port of its choice.

19. The question was raised whether a c.i.f. system could be supervised as effectively as an f.o.b. system. The view was expressed that under a c.i.f. system, the main responsibility appeared to be with importers who were numerous and whose trade was often small. A member who favoured a c.i.f. system pointed out that he envisaged that it would still be administered by the exporting countries. For exports made on a c.i.f. basis there would be fewer difficulties than if minimum prices were set in f.o.b. terms, and for other exports the authorities in the exporting countries would, for administrative reasons, translate the minimum prices into f.o.b. equivalents. The Working Party therefore examined whether, and to what extent, exporters could control a c.i.f. system. Some members, whose dairy trade was operated by a single agency, stated that they could control their export prices under either system, but doubted whether other countries, where trade was in the hands of private exporters, could effectively do so; it was therefore important to know how importers would be ready and able to co-operate. A member observed that under either system the exporters would have to supervise observance, but that in any case it was desirable to have double control by importing and exporting countries.
20. The need for a knowledge of shipping costs and similar charges was pointed out. Such data would be needed for working out a c.i.f. system, but also of an f.o.b. system that would take account of distances to markets. Some members confirmed that they possessed the necessary data. At the request of the Working Party, the representative of the OECD stated that the exporting members of the Gentlemen’s Agreement disposed of sufficient data, but added that substantial differences had been found between costs from the same port or neighbouring ports, and also according to the quantities shipped. This had been a major reason for the selection of an essentially f.o.b. system for the Agreement.

21. In the light of the discussions, the suggestion was made that if an f.o.b. system as such were found not to be acceptable, consideration should be given to an f.o.b. system that incorporated destination clauses, or that took account of shipping costs, possibly in a standardized form. Another suggestion was to adopt a system based on a single c.i.f. price, translated into an f.o.b. schedule for each exporting country; such a modified c.i.f. system might yield results similar to a modified f.o.b. system, though not necessarily identical results. Wide support was expressed for a "modified" system and the need to give it further detailed consideration; several members stated their preference for such a system to use f.o.b. prices as a starting point, others to use c.i.f. prices. There was a general feeling that this question should be considered by experts.

22. The Working Party noted that the choice of system would in a large measure depend on how many and which countries would participate in the scheme, and on the extent to which they would be able to implement its provisions. In this connexion the Working Party heard a statement of the representative of an observer country. The representative said that his country followed the activities of the Working Party with great interest, was ready to contribute to the work and would inform the secretariat of its position. His Government regarded the regulation of markets through multilateral agreements as a positive solution.

23. The Working Party discussed ways of setting the levels of prices. Some members suggested that the following criteria should be taken into account: reasonably remunerative prices for low-cost producers; avoidance of inhibiting the growth of consumption; levels of prices prevailing on a major import market where the two first criteria were being applied. Some members added that account must also be taken of the structure of markets and the use to which exports will be put; criteria that were applicable to markets of developed countries were not necessarily applicable to those of developing countries.

24. A member pointed out that in setting price levels account must also be taken of the substitutability of near-butterers and similar butterfat containing products for butter on the one hand and vegetable oils on the other. Price levels for near-butterers and butter oils should therefore not be set simply in relation to percentage butterfat content, but rather with the view not to impede their
consumption; the levels must therefore not be so high as to favour consumption of vegetable oils unduly. Another member recognized that difficulties might arise from the application of a purely arithmetical formula, and a compromise would have to be sought, for instance by suitably adjusting the formula. A major aim should at the same time be not to leave loopholes that might jeopardize the position of butter. A member noted that this question was linked to that of the number of pilot products to be retained in the scheme.

25. A member of the Working Party suggested that a reasonable minimum price for butter, as defined, would be $64 per 100 kgs., f.o.b.; and for skim milk powder for human consumption, $20 per 100 kgs., f.o.b. Another member suggested a minimum price of $60 per 100 kgs., f.o.b. for butter and $25 per 100 kgs., f.o.b. for skim milk powder. Another member observed that the levels envisaged by him were similar to those given by the previous speakers. A further member considered that the minimum price for butter, on a c.i.f. basis, should be $75 per 100 kgs. A member observed that the minimum prices proposed for skim milk powder were too high and would inhibit consumption in his country.

(b) Adjustment of minimum prices

26. The Working Party noted that aspects of the provisions on price adjustments dealing with fat content and packaging were directly related to topics discussed under the headings of product coverage and establishment of minimum prices.

27. The proposals put forward by a member contained a provision that if the terms of the sale included credit, the minimum price would be increased by the cost of the credit. A member suggested that this provision should be modified so as not to apply to credit on normal commercial terms. Another member, pointing to the difficulty of defining "normal commercial credit", stated that such credit should be taken into account, and therefore supported the provision as originally proposed. Another member observed that a minimum price without limits on the terms of credit was meaningless, and that therefore a clear dividing line according to credit terms should be drawn to distinguish between commercial and non-commercial terms.

(c) Special sales

28. A member of the Working Party referred to the proposed provisions under which countries undertook to ensure that certain specified commercial practices would not have the effect of bringing export prices below the agreed minima, and suggested that wording should be added to make clear that these provisions were without prejudice to those in respect of non-commercial aid transactions. The member who had made the proposal agreed that the former provisions, which applied to commercial transactions, should not prejudice the latter provisions which were distinct and applied to non-commercial transactions. He also stated that the relevant heading should more correctly read "Special conditions of sale".
(d) **Derogations**

29. A member suggested that consideration should be given to whether the derogations envisaged by the proposed provisions were of a general nature or relating to particular shipments or particular cases.

(e) **Minimum prices not fixed sale prices**

30. A member explained that the intention of the provisions under this heading was to ensure that minimum prices should not be regarded as being fixed maximum sale prices, and that trade could therefore take place above the minima. He added that cases in which it was unavoidable that sales took place below the respective minima should be considered by the body administering the arrangement.

(f) **Field of application**

31. A member of the Working Party pointed out that if the system to be selected were not based on f.o.b. prices, the words "whether the destination is temporary or final" in the definition of the field of application of the proposed arrangement might need to be reconsidered.

(g) **Non-commercial aid transactions**

32. A member of the Working Party suggested that it should be made clear that the provisions in respect of non-commercial transactions also covered concessional export sales for school lunch and welfare purposes, and that these sales were therefore also outside the scope of application of the proposed arrangement. Commenting on this, a member of the Working Party considered that it could raise problems because there were a wide variety of disposals. He suggested that the type of disposals referred to could best be dealt with by the administering body case by case under the derogation provision. Another member suggested that the provisions under this heading should be brought into accord with the FAO principles on surplus disposal, and should in particular provide for prior notification and ensure that consultations, if requested, took place before any non-commercial transactions were carried out.

**Provision of information - obligations of importing countries - non-member countries**

33. A member explained that his proposal aimed at ensuring to the greatest extent possible that the arrangement would work effectively. Importers, too, had an interest in orderly trade, and the more effective the arrangement could be made, the greater would be the guarantee that it would operate to the satisfaction of all.

34. A member, referring to the provision of the proposal under which participating countries would regularly supply information to the body administering the arrangement, suggested that the frequency with which they would do so should be clearly specified.
35. Under the provisions proposed by a member, participating countries which imported the products covered by the arrangement would undertake in particular:

(a) to co-operate in implementing the objectives of this arrangement and to refrain from importing the products specified in this arrangement at less than the appropriate customs valuation equivalent to the prescribed minimum prices, and

(b) to supply information concerning imports of the products specified in the arrangement from non-member countries, and

(c) to consider sympathetically proposals for appropriate remedial action if imports at less than the minimum price threaten the functioning of this arrangement.

36. Some members stated that their governments lacked the legal authority to ensure that imports did not enter at less than minimum prices. One of these members stated that his co-operation would have to be limited to administrative arrangements and would consist of furnishing information on imports; he would, however, give this question further study. Another member said that he might give undertakings under (b) and (c) to the extent that administrative powers were available; he explained that parliamentary authority would, if at all possible, be lengthy to obtain, whereas the aim of the proposed arrangement was rapid temporary relief of the dairy problem. Another of these members stated that he could not enter into commitments on either (a) or (c) and, observing that no such provisions were contained in the Agreement on whole milk powder, suggested the deletion of these paragraphs.

37. A member stated that while he too lacked legal authority to control import prices of skim milk powder, he could fulfil such obligations in respect of butter. He enquired whether (a) and (c) were not contradictory, or whether they represented alternatives. Another member felt that both provisions could be retained because even if (a) were accepted and applied, it was still possible that some trade might take place threatening the arrangement. However, the provisions under (c) might be deleted here if they were covered by the terms of reference of the body administering the arrangement.

38. A member pointed out that as regards co-operation by importers a distinction should be made between imports originating in participating exporting countries on whom the main responsibility for price observance rested while co-operation by importers provided a check on the system; and imports from non-participants where responsibility for observance lay squarely on importers. He doubted the validity of the argument that importers were prevented from assuming obligations because they lacked the authority at present, and pointed out that countries had often introduced new legislation in connexion with commodity agreements; he considered this a useful precedent. Finally there was also the aspect of competition in non-member markets from non-members as exporters. The problem as a whole was important, because dairy production was likely to continue growing
even in non-participating countries and because even marginal quantities could influence the market situation, in particular as they went to marginal residual markets.

39. In the light of the discussion, a member suggested that the phrase "to cooperate in implementing the objectives of this arrangement" might be retained, and the remaining part of (a) deleted.

40. Other members suggested that, rather than attempting to perfect the provisions of (a), it might be more useful to strengthen (c). Under the latter provision countries would deploy their best endeavours to contribute to the objectives of the arrangement.

41. The point was also made whether countries which under their present legislation were unable to enforce price observance as such, had the administrative powers to regulate the origin of their imports.

**British market for butter and butterfat products**

42. A member of the Working Party, noting that the United Kingdom market for butter and butterfat products was to be excluded from the proposed minimum price provisions, recalled that the stabilizing measures had been introduced there in 1962 because of the instability, strong fluctuations and downward trend of prices. At that time the measures had been declared to be provisional and likely to be eliminated when the causes had disappeared. If prices were stabilized by means of an arrangement, these causes would disappear, and there would be no reason for continuing to apply the particular stabilization measures in the United Kingdom. He therefore insisted that something must be done to re-establish the position that existed before 1962 and stressed that this was an essential interest of his authorities.

43. Another member stated as his preliminary view that the exclusion of the United Kingdom market from the proposed provisions would imply prejudging the effectiveness of the arrangement and the possibility of the system in the United Kingdom being improved.

44. Other members recognized the merits of the system applied in the United Kingdom; abandoning it would not contribute to a stabilization in world markets, where the causes that had led to its introduction had not disappeared.

45. Some members stated that the suggestion to eliminate the existing butter import system in the United Kingdom was beyond the terms of reference of the Working Party whose task was to find temporary arrangements to ease the situation of serious disruption of trade caused by price-cutting. At the same time, longer-term problems and solutions would be dealt with in the Agriculture Committee. When conditions were right for overall negotiations on dairy products, these members would be prepared to consider, in the context of the work of the Agriculture Committee, the question of the United Kingdom market. The United Kingdom system had the continued support of exporters.
46. A member recognized that the aim in the Working Party was to alleviate temporarily the difficulties faced in dairy markets, and observed that his proposal to eliminate the United Kingdom butter import system was not in contradiction with this. If the proposed arrangement proved to be ineffective, the United Kingdom should be free to reinstate the quota system as long as conditions for an overall world arrangement did not exist. It would be worthwhile to include the United Kingdom market in the present attempt to conclude an arrangement, especially in view of the link created by the CONTRACTING PARTIES between the work of the Working Party and that of the Agriculture Committee. While it was possible that the Committee might establish an overall arrangement, this should not limit freedom of action in the present context.

47. Another member expressed his readiness to assume certain price discipline obligations to markets other than the United Kingdom. Another member observed that the member who had proposed the elimination of the present system in the United Kingdom should have a particular interest in establishing order in the other markets, to which in fact most of his butter exports are directed.

48. Another member was unable at present to concur in the proposals to exclude the United Kingdom butter market from the provisions of the arrangement, as similar reasoning might be used to justify the exclusion of his own market from the scheme. The proposed exclusion raised the question of effectiveness of an arrangement that would thereby cover only 15 to 20 per cent of world butter trade. Other members pointed out that the quota system in the United Kingdom operated with the concurrence of suppliers.

49. After further discussion, a member invited other members to consider taking into account the relative proportion of exports countries shipped to the United Kingdom and to the residual markets, and to go at least some way to meet the difficulties faced by his group of countries. He also suggested that an attempt should be made at least to solve partly the problem in question in the framework of the proposed arrangement.

**Administration of the arrangement**

50. Members of the Working Party agreed that a permanent committee was needed to review regularly the market situation and the information supplied by participating countries. A member considered that the provisions for emergency action should, in the interest of all, restrict the possibilities given to participating countries under them to the highest degree possible. He suggested that the period before a country was allowed unilateral action be extended from the proposed forty-eight hours to seven days; alternatively the provisions allowing such action might be dispensed with altogether. Other members felt that provisions for unilateral action should be maintained, but should apply only under strictly defined circumstances. The possibility was mentioned of including the provisions on derogations under the present heading.
51. The suggestion was made that the proposed committee's functions should include "to authorize such measures as may be necessary to assure the satisfactory operation of the present arrangement", under the heading 'Regular and special meetings'.

52. In reply to a question a member said the provisions for review of the market could, if this were the general view, be interpreted as covering a modification of minimum prices in the light of the situation. He added, however, that provisions were needed for a review of the arrangement as a whole and for the review of minimum prices; these might be incorporated in the final provisions.

Food aid

53. A member of the Working Party explained that previous proposals by him had envisaged an arrangement in which provisions on food aid would have equal importance with those on minimum prices. It appeared however that a full-scale multilateral food arrangement would take too long to implement. His present proposals had taken account of the highest common factor of past discussions, and were more limited in scope.

54. Some members stated that they were not in a position to subscribe to the proposed provisions. One of these explained that the aid given by his country was limited by financial possibilities, and consisted of items other than food, which was considered a more efficient form of aid. Another member stated that as an importer with a limited food aid budget, his country was in a similar position; it nevertheless contributed skim milk powder to food aid, and would continue to do so. However, its aid contributions were more in the form of agricultural equipment which was more conducive to development.

55. A member asked whether legitimate needs for dairy products as food aid existed in developing countries, and if so did the proposed provisions point to meeting them effectively? He noted that they did not ensure that supplies would be constant so as to foster these countries' efforts to expand consumption. Even if the aim were merely to relieve surpluses, the provisions did not specify quantities, and essentially only envisaged reporting procedures.

56. Commenting on the points made, a member of the Working Party said the provisions should make it clear that not all participants would donate dairy products, some might be recipients. The study by the FAO on dairy products and food aid was an important indication of the existence of needs and of the wishes of developing countries. Both FAO and WFP kept these needs and wishes under constant review. The observation that the proposals provided for no assurance of continuity of supply was a major argument in favour of a broad multilateral scheme as originally proposed. If under the present proposals food aid was given bilaterally, the question of continuity could be settled between donor and recipient. The larger part of donations could however be channelled through WFP. The position of those who expressed a preference for giving aid in another form than dairy products was covered by the phrase in the proposals "or other forms of aid".
57. Most members expressed their support for the inclusion of provisions in respect of food aid in an arrangement on dairy products. A number of these indicated their readiness to contribute as donors, and some pointed to the food aid which they were already giving bilaterally or multilaterally through the WFP or by virtue of the International Grains Arrangement. A member stated that the question of dairy products was still under study by his authorities; he could nevertheless already indicate a favourable attitude. Another member indicated that his contribution would depend on the wishes and needs of developing countries and the degree to which his own country received multilateral trading conditions.

58. Various individual comments were made by these members: it was important to know the effective scope of the scheme and the extent to which countries, in particular importers, would participate; the guiding principle of a scheme should be that recipients indicate their needs and wishes; the obligations of participants should be made clear; it was doubtful whether food aid was effective as a market stabilizing factor, and whether it was desirable to tie food aid to predetermined products; if the aim was to stabilize markets, the real need was for discipline in production and export pricing policies.

59. At the request of the Working Party, the representative of the World Food Programme made a statement on his organization's activities, in particular in regard to dairy products. The text of his statement is reproduced in Spec(68)136.

Next meeting

60. The Working Party decided to resume the negotiations on 17 February 1969. This date was chosen, for reasons referred to earlier, so as to await the installation of the new administration of a member of the Working Party. It was also decided that the next meeting would be the last, with possible short interruptions to allow representatives to consult in capitals if the need arose; and that expert groups would meet concurrently with the Working Party in order to study particular questions.