1. The International Dairy Products Council held its fifth session on 1 October 1981.

2. The Council adopted the following agenda:
   
   A. Admission of observers under Rules 11 and 14 of the Rules of Procedure.
   
   B. Review of the functioning of the Arrangement:
      - Reports on the sessions of the Committees of the Protocols;
      - Report on meeting at the level of experts;
      - Replies to questionnaires 4 and 5.
   
   C. Evaluation of the situation in and outlook for the world market for dairy products.
   
   D. Other business.

3. In pursuance of Rule 11 of the Rules of Procedure and as at earlier sessions, the Council invited representatives of Mexico and Panama to follow the discussions at the current session as observers.

4. In accordance with Rule 14 of the Rules of Procedure and as at earlier sessions, the Council was informed of the requests made by OECD, UNCTAD, FAO and the Economic Commission for Europe and invited representatives of those organizations to follow the discussions at the current session as observers.
B. Review of the functioning of the Arrangement

Reports on the sixth and seventh sessions of the Committees of the Protocols

5. The Council had before it reports from the Committee of the Protocol Regarding Certain Milk Powders, the Committee of the Protocol Regarding Milk Fat and the Committee of the Protocol Regarding Certain Cheeses on their sixth sessions, which had been circulated as documents DPC/P/7, DPC/F/7 and DPC/C/7 respectively. An oral report was made by the Chairman of the Committees of the Protocols on their seventh sessions, held consecutively on 28, 29 and 30 September 1981.

6. In that report it was noted that the Committees had engaged in an exchange of information and views concerning the market situation for the products covered by each of the Protocols. Among the important features of the current market situation, the Committee of the Protocol Regarding Certain Cheeses had noted that world production had been up about 3 per cent in 1980, with a substantial increase in particular in the EEC, the United States and Canada. Overall output had continued to expand in the first six months of 1981 and for the year as a whole an increase by 2 to 3 per cent could be recorded. Cheese exports had increased appreciably in 1980 and seemed to have continued to progress in the first six months of 1981. Nevertheless, deliveries by certain participants were tending downward. According to statistics available most participants, and in particular the United States, had increased their imports in the first half of 1981. With respect to stocks, fairly divergent trends had been noted. There had been a further increase in United States stocks and the upward trend was continuing. Cheese consumption seemed to have been developing in 1980 and the first half of 1981 in line with rising production and trade in that product. Nevertheless, the increase was tending to slow down in the case of some participants.

7. The Committee of the Protocol Regarding Certain Milk Powders had noted that, according to the information furnished to it, total output of skimmed milk powder had increased by nearly 3 per cent in 1980 and had dropped back slightly in the first six months of 1981. Output in the EEC in particular, after declining in 1980, had dropped back further in the first half of 1981 and for the year as a whole was not likely to be above the preceding year's level. United States production, after a considerable increase in 1980, had continued to rise in the first half of 1981 but could slow down in the second half of the year. In other producing countries, diverging trends had been recorded. According to the information furnished to the Committee, exports of skimmed milk powder had dropped back in 1980. In particular, exports by the EEC had been declining in that year and in 1981 might not reach the
preceding year's level. Despite some increase in other countries in the first six months of 1981, exports in 1981 could be below the preceding year's level if the current trend continued. It should be noted that Japan had continued to reduce its imports. Nevertheless, demand by Mexico, Poland, the OPEC countries and South-East Asia seemed to have remained strong. The importance of domestic consumption in producing countries was underlined. Because of the continuing accumulation of United States stocks together with an increase in Community stocks, it would seem that stocks held by the major participants at 1 July 1981 were well above their level one year earlier; in the third quarter of 1981, United States and EEC stocks had continued to rise. With respect to whole milk powder, production had increased appreciably in 1980 in most participating countries. The general upward trend in output seemed to have continued in the first half of 1981 and trade in whole milk powder was continuing to progress. International prices of skimmed milk powder, which had remained stable in the first quarter of 1981, weakened somewhat thereafter and toward the end of the second quarter of the year were between US$1,040 and US$1,060 per ton f.o.b. In the third quarter of the year they had been fluctuating between US$1,000 and US$1,100 per ton f.o.b. International prices of whole milk powder had remained stable in the first quarter of 1981 and had slipped back somewhat in the second quarter to between US$1,420 and US$1,450 per ton f.o.b. In the third quarter they had been fluctuating between US$1,400 and US$1,500 per ton f.o.b.

8. The Committee of the Protocol Regarding Milk Fat had noted that aggregate butter production by major participants, which had been stable in 1980, seemed to have remained relatively stationary in the first six months of 1981, though with varying trends from one country to another. In parallel with production, total exports of butter by major participants had remained stationary in 1980. Some increase had been recorded in the first six months of 1981, again with varying trends from one country to another. Imports of butter and anhydrous milk fat by the USSR, certain East European countries, the OPEC countries and certain Mediterranean countries had continued to develop in the first six months of 1981. According to preliminary figures for 1980 and the first half of 1981, the decline in butter consumption seemed to have been checked. Nevertheless, according to certain recent indications that trend did not seem entirely general. Despite the considerable increase in United States stocks, aggregate butter stocks held by the major participants at the end of the first six months of 1981 were below their level one year earlier. In the EEC in particular, public stocks and contracted quantities of private stocks had declined substantially. United States butter stocks had totalled 200,000 tons at 24 July 1981. The problems arising from high stock levels had been underlined. The Committee had been informed that on 5 August 1981 the United States Commodity Credit Corporation (CCC) had signed a contract with the New Zealand Dairy Board for the sale by
the CCC of 100,000 tons of butter at US$1,550 per ton ex United States inland warehouses, deliveries to be spread over a period up to July 1982. The hope had been expressed that the transaction would not cause any market disruption and the Committee had been assured that on the contrary it was designed to preserve market stability. International prices of butter and anhydrous milk fat, which had been respectively between US$2,200-2,360 per ton f.o.b. and between US$2,500-2,900 per ton f.o.b. respectively at the end of the first six months of 1981, seemed to have continued to rise.

9. The Committees had discussed the agenda item regarding examination of the level of the minimum price(s) of the products covered by each of the Protocols. They had decided, in pursuance of Article 3:3 of each of the Protocols that the levels of the minimum prices specified in that provision would be raised as from 1 October (f.o.b. per metric ton) to US$600 for skimmed milk powder, US$950 for whole milk powder, US$600 for buttermilk powder, US$1,440 for anhydrous milk fat, US$1,200 for butter and US$1,000 for certain cheeses. The schedules of price differentials according to milk fat content had consequently been modified.

10. The Council took note of those reports.

Report on meeting at the level of experts

11. A note on the meeting of experts held on 17 and 19 June 1981 was circulated as document DPC/W/11. The experts had examined the adequacy of the questionnaires regarding the various products concerned, and the results of the examination of Questionnaires 1, 2 and 3 which had been communicated to the Committees of the Protocols, were mentioned in the reports by the Committees to the Council. The latter had before it Questionnaire 4 as amended (information to be furnished on products not covered by the Protocols), circulated as document DPC/W/12. Unless the Council requests any amendments, that document will constitute the new model Questionnaire 4.

12. The experts also examined the modalities for drawing up the graphs proposed for inclusion in the status report. Two main problems were found to exist, namely that of the effects of using an exchange rate on the graphic presentation of data, and that of the basic data needed for drawing up the graphs. With a view to pursuing their examination, the experts agreed, as a first step, to request all participants to communicate to the secretariat the support prices or other prices applied in their country or group of countries to milk and the various dairy products covered by the Arrangement. To date, a few participants have responded to that request.
13. The representative of New Zealand recalled that an updated version of the graphs circulated earlier (DPC/W/10) had been recently made available to participants. In the view of his delegation, those graphs gave a clear and concise idea of world market trends for the products considered, with a view to a better understanding. He expressed his readiness to examine any possible improvements to the presentation of those graphs, in particular, suggestions by delegations which had expressed doubts regarding the effects of converting into dollars prices expressed in national currencies.

14. The representative of the EEC said that conversion into dollars of prices in national currencies distorted the picture given by the graphs. Those prices were a matter of domestic policy; application of an exchange rate that could vary by reason of other factors would render the curve incoherent. If all participants felt that the establishment of such graphs was really necessary, a solution might be to use an index of prices expressed in national currencies, but before that all the information requested should be furnished by participants which had not yet done so.

15. The representative of Argentina recalled that during the discussion by the experts in June, it had been recognized that the conversion of prices into dollars would give rise to problems. It might be possible to use the method mentioned by the EEC representative, which had in fact been proposed by the Argentinian delegation.

16. The representative of New Zealand noted that two questions had been raised. With respect to the usefulness of graphs, it seemed to him that no doubt had been expressed at earlier meetings and that, provided an adequate presentation could be devised, the usefulness of such graphs for the Council's work had been recognized. With respect to details of that presentation and the method that had been suggested, these could be examined at a future meeting of experts.

17. The representative of Australia expressed the view that graphs would indeed be useful and that, without underestimating the problems inherent in their presentation, it should be possible to find a solution. One might examine first the trend in prices within each country, and then see how to compare them. Such a comparison, even if imperfect, could be useful, and the search for appropriate means should be continued.

18. Taking into account the problems and the additional burden for participants of furnishing the information requested, the representative of Sweden expressed some doubt as to the desirability of drawing up graphs if they were not absolutely necessary.
19. The representative of the EEC noted that no agreement had emerged regarding the establishment of graphs. Before being able to express any view as to the usefulness of drawing up graphs, one should have all the necessary information and examine its significance and possible presentation; that exercise should cover all the data, and not be limited to certain participants.

20. The representative of the United States also noted that some questions had been raised in June and a solution to them should be sought, as a first step; in particular, all the information requested should be furnished. The meeting of experts should examine the real objective and significance of the graphs, as well as the means for presenting them. Interpretation of the proposed index could be distorted if that index was not based on prices in real terms.

21. The representative of Finland said that conversion into dollars of prices expressed in national currencies marred the quality of the information concerned and could distort conclusions regarding the trend in prices. It would be preferable to use prices in national currencies, if possible in real terms, and seek a means for comparing prices in the various countries.

22. The representative of Switzerland noted that the question of the real objective of the graphs had never been examined in depth; no decision had been taken regarding their establishment at the June meeting, the purpose of which had been to examine possible modalities for drawing up the graphs. Some possible solutions involved problems. The proposal for using indices - in nominal prices or in real prices - should be studied, at a further meeting of experts.

23. The representative of New Zealand said that the proposal for drawing up graphs was designed to make the trend in national and international prices of dairy products more readily comprehensible for all interested readers. He hoped that a solution could be found regarding presentation; the experts could be requested to continue examining appropriate modalities.

24. The Chairman noted that various questions had been raised and some time was needed for reflection. It had been suggested that at a further meeting, the experts should be requested to examine the problem on the basis of comments made at the current session; for that exercise to be fruitful, it was important that the experts have all necessary information before them.

25. The Council agreed that a meeting at the level of experts would be held in December after the sessions of the Committees; its work would be based on the report to the Council on the June meeting, as well as on discussions at the current session. The Chairman urged participants which had not yet communicated the necessary information to the secretariat to do so as soon as possible.
Replies to Questionnaires 4 and 5

26. The Council took note of the data received in reply to Questionnaires 4 and 5 and requested participants whose replies had not yet been received to communicate them to the secretariat as soon as possible.

27. The observer for Canada indicated, in addition to the Canadian reply to Questionnaire 5, that as far as the dairy policy review was concerned, any government decisions resulting from the interdepartmental review of dairy policy had been delayed pending the outcome of an analysis of the cost of production of industrial milk. The cost of production analysis was performed by an independent consultant whose findings were to be submitted during October. The policy currently in place would be effective until a new policy was decided upon.

C. Evaluation of the situation in and outlook for the world market for dairy products

28. Opening the discussion on this agenda item, the Chairman recalled that a number of questions would have to be considered in that context such as dairy policies, food aid and products not covered by the Protocols. The Council had before it the two documents prepared by the secretariat, namely a status report on the world market for dairy products (document DPC/W/14) and a note on food-aid operations in dairy products (document DPC/W/16). The status report would be supplemented, and if necessary amended, by information resulting from the work of the Committees.

29. The representative of the United States said that he had hoped to be able to give the Council a description of the new dairy policy which was to have been applied in the United States with effect from 1 October, the starting date of the new marketing year; the former programme had come to an end on 30 September. However, the Congress had not given its consent to the new programme in time. The Administration's intention, which had secured the approval of the Senate, was to establish a dairy programme taking into account the existing surpluses in the United States. Under the legislation which had been in force since 1949, American support prices, in the dairy sector as under other agricultural programmes, were fixed in relation to the parity price index, which reflected the purchasing power of agricultural products. In recent years, the support prices for agricultural products had been fixed only at a certain percentage of parity; in the case of the support price for manufacturing milk that percentage could vary between 75 and 90. In the proposed legislation the same margin was maintained; however, there was an additional provision to the effect that, whatever the price level fixed, expenditure on support for the dairy sector should not exceed US$750 million during the 1981/82 marketing year. Consequently the support price would have
been kept at its level of US$13.10/hundredweight. On 1 October 1981, since the new legislation had not been passed, the support price had been increased by about 3 per cent under the 1949 legislation. That increase might be temporary if, as seemed likely, the proposed legislation was adopted in the near future. The new legislation did not provide for any half-yearly adjustment of the support price, nor did it include any provision concerning an aid programme for the industry. Milk production in the United States was expected to increase by some 3 per cent in 1981 but to slow down in the course of 1982. It was difficult to be more specific about a development which also depended on other factors, such as costs.

30. With regard to the dairy herd situation, the representative of the United States said that the number of head had increased by less than 1 per cent between the beginning of July 1980 and 1981. However, the ratio of milch cow replacement was the highest on record; that meant that the herd would probably increase further in the course of the year. What mattered most, however, was not that increase in stock but the increase in productivity, which depended on the milk-feed price relationship, a relationship which at present was very favourable to milk producers.

31. The representative of Australia said that the Australian Government had introduced a new underwriting scheme for manufactured dairy products prescribed under the domestic marketing arrangements from 1 July 1981 to operate for two years. The modus operandi of the scheme was described in the Australian reply to Questionnaire 5. The scheme aimed at introducing a more objective basis for the determination of underwriting values, and at protecting industry revenue against sharp and unexpected market falls - without distorting underlying long-term market trends. If unexpectedly sharp falls pulled the gross pool returns below the underwritten value then the difference would be made up from budgetary contributions. As far as could be foreseen at present, the Government was unlikely to have to make any such contribution. The Government felt that such a scheme assisted industry by providing a greater degree of certainty and predictability after the period of contraction and rationalization which followed the collapse of world market prices in the early mid-1970s, and the winding down of a traditional source of assistance to the dairy industry. The marketing arrangements included a levy mechanism to protect the stable domestic pricing structure for major manufactured dairy products. In the determination of these levies the Government had indicated that account must be taken of the underlying developments in the world market. The basic principal was that the size and structure of the industry would be determined, in the longer term, by market forces. The Government had indicated to the industry that it would not endorse pricing levels that would imply, through consumer transfers, high levels of assistance in the longer term, or levels incompatible with general government policy towards industry assistance. The Government had an implied undertaking to defend the stable domestic pricing structure. In cases where the world price situation required it, and voluntary import/export restraint or voluntary changes in the industry product mix were insufficient to meet the situation, appropriate action would be considered by the Australian Government.
32. The representative of New Zealand said that his country remained vitally concerned over the situation in and outlook for the international dairy market. Its own policy was unchanged in its fundamental elements. The dairy industry received its returns only from earnings on the international market, without any government support; nevertheless, the Government could intervene in the event that the world market situation was seriously threatening the New Zealand industry. As in recent years, the situation in the international dairy market was currently satisfactory, due to the co-operation demonstrated by governments, their participation in the Arrangement and their domestic policies. Nevertheless, as the New Zealand delegation had already pointed out, that satisfaction involved no complacency. The international market could be considered sound; milk production was stabilizing, and a slight decline in overall production might be recorded in the current year. Nevertheless, that overall situation hid some significant developments. United States production was continuing to rise, despite considerable surplus stocks; despite the efforts being made, the further increase expected over the last part of the current year was cause for concern. The current soundness of the international market should not be read as a signal that that market, which remained very small in relation to total production, could constitute an outlet for surpluses. In the view of his delegation, the prime target of countries producing surpluses should be to dispose of those products in their domestic market. In most cases, the possibility of increased consumption existed in those markets provided the governments concerned were prepared to take on the relevant costs. The New Zealand representative urged the United States authorities to give closest consideration to programmes for enhancing domestic utilization of existing availabilities. In addition, he noted the importance of food aid and in that context the rôle of dairy products, provided that the international consultation procedures were properly fulfilled. That question, which would be examined later, should be a matter for regular exchanges of views like consumption which had been the subject of discussion in the Committees. The New Zealand representative also referred to the fundamental importance of EEC policy, in particular the implications for the international market of the reduction in Community stocks in recent years. The governments of many countries were trying to maintain equilibrium between supply and demand in their own countries; in the formulation of dairy policies, account should be taken of the international economy of which they were a part.

33. The representative of the EEC noted that over the past year or two the Community had been pursuing a surplus disposal policy comprising on the one hand a responsible export policy and on the other hand an internal disposal policy. The EEC had already announced the measures taken to encourage internal utilization of liquid skimmed milk in order to hold down stocks of skimmed milk powder. Other measures could be taken if necessary without
turning to the international market which all participants in the Arrangement were endeavouring to stabilize. The Community was endeavouring to avoid increased stocks and cause no injury to other exporters. Its market share for the various products reflected that responsible marketing policy. The fact that the international market was stabilizing was not because of the reduction of Community stocks; that market was developing and allowing the EEC to sell more. The International Dairy Arrangement had served to develop awareness of the role of the international market in the dairy sector as a whole. The satisfaction that could be felt over that situation was not free of concern. In particular it was to be hoped that the United States authorities would find a way to dispose of that country's stocks, which had reached a disquieting level, on the domestic market.

34. The representative of Finland said that very unfavourable weather conditions had affected his country's harvests which in 1981 would be very much smaller than in 1980. It was not yet possible to evaluate the implications for milk production, but declines had already been recorded in July and August and were expected in the ensuing months. The decline was also due to intensified control measures. Since 1 July a new system of premiums had been introduced; in addition the differentiation in prices paid to producers according to the quantity produced had been modified: producers whose annual output was in excess of 200,000 litres were receiving a lower price than that paid to producers of smaller quantities. The rate of the marketing charges collected from farmers had been raised from 1 p./l to 2 p./l. These various measures were expected to reduce production by about 2 per cent in 1981, and a further reduction was expected in 1982. Production of butter, cheese and milk powder was expected to reach the same level in 1981 as in 1980. Consumption of dairy products, in particular fluid milk and butter, should be declining slightly in the coming years; consumption of cheese and other products, such as yoghurt, was expected to increase. A slight decrease in Finnish exports was likely in the coming years because milk output was expected to decrease relatively more than consumption.

35. The representative of Hungary said there had been no recent changes in his country's dairy policy. Production and consumption had been increasing slowly in recent years and the trend was expected to continue in the near future. There had been no major changes in the volume of exports. As regards cheese exports, two problems were facing Hungary - that already mentioned of access to the United States market and the problem resulting from Greece's accession to the European Communities. As far as the second problem was concerned, some prospects for a solution seemed likely to emerge.
36. In response to an enquiry by the EEC representative, the representative of Argentina recalled that the minimum import prices imposed by Argentina on certain dairy products had been notified and were the subject of document DPC/W/13. The measure had been introduced because of the disquieting situation in Argentina's dairy sector (moreover the data furnished in response to the questionnaires clearly showed the import increase) and account had been taken of the need for a minimum level of protection for domestic production. Some of the minimum prices had been fixed on a temporary basis; importers undertook to pay the charge a posteriori where appropriate if studies proved the need to apply it. As regards the price/value coefficient, some changes might be necessary because of the substantial variation in the exchange rate since those prices had been fixed.

37. The representative of the EEC noted that long-term contracts had been concluded between Canada and Mexico and between the United States and Mexico; in addition, the Community Credit Corporation had recently been selling dairy products to the New Zealand Dairy Board. The EEC, for its part, was studying the possibility of concluding long-term contracts. It would be appropriate in the near future to examine from the overall aspect the growing tendency toward concluding such contracts, and its possible implications for trade not directly covered thereby.

38. The observer for Canada recalled that at the Council's last session he had mentioned the agreement concluded between Canada and Mexico for the sale of a number of agricultural commodities, including skimmed milk powder and evaporated milk. The agreement was designed to ensure availability of those products. The price provisions would be discussed when sales arrangements were finalized.

39. Referring to the EEC intentions in that regard, the representative of New Zealand underlined the concern to which governmental arrangements of that kind could give rise. It was correct that the New Zealand Dairy Board, as a commercial institution, had made certain arrangements with commercial organizations of other countries or with governments; nevertheless, those arrangements were different in nature from an intergovernmental agreement, in particular an agreement providing for concessional terms. Clearly, the Council would have to consider any agreements of that kind covering dairy products.

40. The representative of the EEC said that it was currently not possible to give any details regarding the contracts. The intention was to establish outline contracts comprising only quantitative commitments with no price commitments; EEC operators would be responsible for implementing them. The contracts might concern in particular countries wishing to obtain certain supply guarantees. The Community would naturally keep the Council informed of any developments in the work undertaken.
41. The observer for the Economic Commission for Europe outlined the situation in Eastern Europe and the USSR. In 1980, milk production had increased only marginally in Eastern Europe and the only significant increment had been in Hungary and Czechoslovakia. Output in the USSR had continued to decline, by 3 per cent in 1980, because of a further reduction in yield due mainly to the effects of unfavourable weather on supplies. In Eastern Europe, a larger share of production had gone into butter than into cheese. In the USSR, on the other hand, cheese output had increased while that of butter was continuing to decline. The latter trend had been offset by imports from Western countries, which had totalled some 249,000 tons in 1980, as against 174,200 tons in 1979 and 39,000 tons in 1978. At the beginning of 1981, the dairy herd had been declining in the region as a whole. Milk production in the first five or six months of 1981 had also dropped back in all the East European countries except Hungary. The decline had reached 12 per cent in the German Democratic Republic and 17 per cent in Poland. In the USSR, where the dairy herd had increased marginally, in the first five months of 1981 a decline of 2-3 per cent had been recorded in milk production by State and collective farms, milk purchases by the State, and milk yield per cow. In the first five to six months of 1981, butter output seemed to have declined in most East European countries. In the USSR the decline could reach 5 per cent in 1981 in relation to the preceding year, and increased imports were the likely consequence. Cheese production would probably increase by 2 per cent.

42. The observer for the OECD said that at a meeting one month ago, the OECD Group on dairy products, acting under its responsibilities, had examined medium-term market prospects. It had attached great importance to the role that the East European countries, above all the USSR, would be playing. Imports by those countries, especially the USSR, had had a considerable impact on the developing situation. It should be borne in mind, nevertheless, that the USSR had experienced three successive years of poor harvests; the production decline that had caused increased imports was largely due to lower yield, not to a decline in the dairy herd. Consequently, a return to normal supply conditions could have the effect of reducing butter imports, with major implications for the international market. As regards the situation in the dairy sector, the group had also underlined the importance of decisions on the United States dairy policy and the need to pursue the measures applied by the Community. Lastly, the group had been informed that because of the trend in prices, New Zealand producers were to consider the possibility of stepping up their output.

Food aid

43. The representative of New Zealand proposed that the Committees should give particular attention to food aid at their first sessions in 1982. The secretariat note on food aid operations contained material that would be still more beneficial if examined within a framework that the Committees could help to broaden on the basis of all available information. That question, like that of consumption, could be reviewed regularly.
44. The representative of the EEC said that in the figures reported by the secretariat (document DPC/W/16), certain data were lacking or were imprecise both as regards total operations by the various suppliers and the corresponding breakdown; supplementary information would be useful. Community deliveries in 1981 would be in excess of the figures indicated in the programme (skimmed milk powder 170,200 tons and butter oil approximately 50,000 tons as against 150,000 and 45,000 tons envisaged in the annual programme) because of catching up the delivery delays experienced in earlier years due to transport problems.

45. The representative of the United States said that he would furnish the necessary information as soon as possible.

46. The representative of Switzerland explained that data regarding Swiss transactions were available on an annual basis. A breakdown by destination would probably result in a long list because although part of the aid was furnished through international organizations, there were also direct shipments which, taken individually, could involve small quantities. The possibility of furnishing such a breakdown could be examined nevertheless. In addition to the figures indicated in document DPC/W/16, aid in the form of processed cheese reached an annual total of approximately 500 tons (631 tons in 1980).

47. The Chairman noted that the information requested would require detailed replies. With respect to the suggestion that the Committees at their first sessions in 1980 might give particular attention to food aid, no objections had been raised. In that context the Committees could therefore be requested to consider the question of the information to be furnished.

48. The Council so agreed.

Other products

Concentrated milk

49. The representative of the EEC said, in connexion with the decline in Community exports of condensed milk, that account should be taken of the fact that the export figures for 1981 no longer included substantial deliveries to Greece which since 1 January 1981 had become a member of the Community.

Casein

50. The representative of New Zealand noted that the downturn in demand was for casein not the result of prices, but was attributable to broader economic policy considerations and to stock disposal measures. He underlined his government's concern at the action instituted by the United States in respect of casein. United States authorities had previously acknowledged that casein imports were not adversely affecting the domestic industry but on the contrary were contributing to the utilization of dairy production.
51. The representative of the EEC noted that that action, which was threatening casein exports, was due to American pressures for the application of quota restrictions on a product used in particular for the manufacture of imitation cheeses. He wondered whether that manufacture could be checked in some other way.

52. The representative of the United States took note of the concern expressed. He would inform his authorities accordingly, but at the current juncture was not in a position to comment on the results of the investigation under way by the International Trade Commission, which was to be completed in January 1982.

Status report

53. A number of delegations communicated amendments to the status report or gave further details in respect of the information contained in that report.

54. The Chairman said that, in the light of the discussions, the status report on the world market for dairy products would be revised by the secretariat to take account of any amendments and updating communicated, and would be made available for unrestricted distribution.

D. Other business

Future sessions

55. The representative of New Zealand invited participants to consider whether the consecutive work of the Council and the Committees could be organized better through a change in the order of discussion. The Council could meet first to make a general review of the situation in and outlook for the market for all dairy products; it could then adjourn to allow the Committees to consider specific problems regarding products covered by the Protocols. The Council could then resume its session, having before it the reports of the Committees before completing its work. That arrangement would have the advantage of clarifying the scope of the discussion, and avoiding certain repetitions.

56. The representative of the United States supported that suggestion which would allow more rational use of the time available. The representative of Argentina said that he too could accept a proposal that he considered logical provided it did not interfere with the Council's rules of procedure.

57. The representative of the EEC recalled the respective roles of the Committees and the Council: each Committee was expected to examine the market for the products covered by the Protocol under its responsibility; then on the basis of the information thus assembled, the task of the Council was an overall evaluation of the situation and outlook, as well as general
considerations. It was important for those responsibilities to be respected and for the same arrangement to continue in application. He expressed some disappointment over the inadequacy of the information communicated at recent sessions of the Committees. Before the session of the Council, the Committees should be able not only to examine statistical data, but also to be informed of other relevant factors, such as price trends and trade developments. In the view of the EEC, all participants should be able to take part in such an exchange of views.

58. The representative of Australia said that the New Zealand suggestion was useful; his delegation would endeavour to supplement the information it furnished in the event of any shortcomings.

59. The Chairman noted that the New Zealand proposal had been put before the participants for consideration, and did not require any immediate answer. Having regard to the views expressed, some time for reflection seemed necessary; the Council could revert to the matter at its next session if it so wished.

60. The Chairman proposed that, as for the 1981 sessions, a preliminary programme should be established for 1982. The Council might meet on 1 and 2 April, 30 September and 1 October. A decision on those dates could be taken later, when determining in December the dates of the Committees' sessions. It was agreed that the meeting at the level of experts would take place in December, after the sessions of the Committees.

Reports

61. The Council agreed to request its Chairman to prepare and present, under his own responsibility, a report to the CONTRACTING PARTIES on activities under the Arrangement.

62. The Chairman said that he would also prepare, under his own responsibility, a note on the current session and would have it circulated.