INTERNATIONAL DAIRY PRODUCTS COUNCIL

In response to the Decision taken at the twenty-ninth session of the Council (L/7295, paragraph 10), the Chairman has sent the following communication to the Chairman of the FAO Consultative Sub-Committee on Surplus Disposal.

I am writing to you in my capacity as Chairman of the International Dairy Products Council of GATT. At its meeting of 28 September 1993, participants in the International Dairy Arrangement requested that I communicate to you their concerns about the need to ensure that food aid and concessional sales do not adversely affect commercial sales opportunities.

The International Dairy Products Council has been examining the problems facing the world market for milk fats, including the relatively low level of international prices and the sharp decline in demand particularly in the countries of the former Soviet Union. In response to the difficult situation in that region, in June 1993 the Committee of the Protocol Regarding Milk Fat granted a limited derogation from the minimum price provisions for the sale of butter and butter oil to the former countries of the Soviet Union. Despite this derogation, however, commercial sales into the former Soviet Union remain very limited. Participants in the International Dairy Arrangement are concerned that certain dairy food-aid donations and concessional sales are reducing the opportunity for commercial sales.

I would appreciate your bringing this concern to the attention of all participants in the Consultative Sub-Committee on Surplus Disposal.