Committee of the Protocol Regarding Milk Fat

Report to the International Dairy Products Council

1. In pursuance of Article VII:2(a) of the Arrangement and Rule 22 of the Rules of Procedure, the Committee adopted the present report on its thirty-second session, held on 14 and 15 December 1987.

2. The Committee adopted the agenda proposed in airgram GATT/AIR/2523, as well as the report on its thirty-first session as amended (DPC/F/52).

3. The Committee reviewed the replies to the questionnaire and requested members which had not yet communicated information for the third quarter of 1987 to do so without delay. The Committee took note of the summary tables prepared by the secretariat.

4. The Committee also took note of a notification presented by the EC (DPC/F/W/26/Add.4) in relation to the Decision adopted on 31 May 1985 (DPC/F/35), and of additional information furnished by the EC.

5. The Committee took note of various information presented by participants concerning sales related to the Decision of 2 June 1987 (DPC/F/48). The Committee took note of the Australian statement (DPC/F/W/33) and agreed that shipments relating to traditional sales of butter contracted and notified up to 31 December 1987 by traditional suppliers in terms of paragraph 4 of the Decision of 31 May 1985 and which could not be effected before the end of 1987 shall be deemed to be consistent with the Decision of 2 June 1987 if such shipments are finalized in early 1988. The Committee also took note of related statements made by New Zealand, the Nordic countries, Uruguay and the EC.

6. Members of the Committee exchanged information and views regarding the market situation for products covered by the Protocol. It was noted that international prices of butter remained low at or slightly above the minimum export price and the market remained fragile. It was nevertheless expected that the market might improve in 1988 if the current downward trends in production and stocks were confirmed. The Committee might revert to the question of modification of the minimum export price for butter at its next regular meeting.

7. The Committees agreed to pursue the consideration of improvement of working methods at their next meetings. The Chairman was authorized to hold further informal discussions on the matter in the meantime.

8. The next sessions of the Committees will be held consecutively on 21 and 22 March 1988, subject to confirmation by the secretariat.