1. In pursuance of Article VII:2(a) of the Arrangement and Rule 22 of the Rules of Procedures, the Committees adopted the present report on their thirty-sixth sessions, held on 13 December 1988.

2. The Committees adopted the agenda proposed in airgram GATT/AIR/2722, as well as the report on their thirty-fifth sessions as amended (DPC/PTL/1).

3. The Committees reviewed the replies to the questionnaires and requested members which had not yet communicated information for the third quarter of 1988 to do so without delay. The Committees took note of the summary tables prepared by the secretariat.

4. Regarding sales under derogations, the Committee of the Protocol Regarding Milk Fat took note that the EC had not yet effected any sales of butter oil to Bangladesh under the Decision of 22 March 1988 (DPC/F/55). It also took note that exports of old butter to the USSR under the Decision of 12 July 1988 (DPC/F/58) would be completed by the end of 1988. It was hoped that the era of derogations on butter sales was presently over and that the market was now entering a situation with mainly normal commercial sales only.

5. The Committee of the Protocol Regarding Certain Cheeses took note that no sales were made in the third quarter of 1988 under Article 7:2 of the Protocol.

6. The Committees reviewed the market situation for products covered by the Protocols. The situation was characterized by persisting strong import demand for dairy products and the absence of surplus public stocks. International prices of products covered by the Protocols continued to strengthen in the fourth quarter fluctuating in the following ranges (per ton f.o.b.): between US$1,600 and US$1,880 for butter, US$1,900 and US$2,100 for anhydrous milk fat, US$2,000 and US$2,400 for Cheddar cheese, US$1,900 and US$2,270 for skimmed milk powder and US$1,900 and US$2,200 for whole milk powder. The market outlook indicated that dairy prices in the world market would remain high or even increase in 1989.
7. The Committees took note of statements made notably on the situation in the United States and considered it appropriate to follow closely further developments on United States' production and trade. It was suggested that the secretariat should attempt to collect more recent data on consumption of major dairy products in the United States and also, to the extent possible, provide forecasts.

8. It was recalled that the matter of United States' participation, at least as an observer, had been discussed at the September 1988 session of the International Dairy Products Council and would be reverted to at the next session of the Council (DPC/31, paragraph 52).

9. The Committees noted that from 1 January 1989, the documentation would be circulated under the symbol DPC/PTL/- and that the series DPC/P/-, DPC/F/- and DPC/C/- would be discontinued. It was stressed that this should not have any implication for the status of the Committees nor for participants' rights and obligations. It was merely another effort to simplify the documentation and its distribution purely for technical and procedural reasons.

10. The next sessions of the Committees will be held consecutively on 20-21 March 1989, subject to confirmation by the secretariat.