1. In pursuance of Article VII:2(a) of the Arrangement and Rule 22 of the Rules of Procedure, the Committees adopted the present report on their fifty-fourth sessions, held on 21 and 22 June 1993.

2. The Committees adopted the agenda proposed in airgram GATT/AIR/3444 as well as the report on their fifty-third sessions (DPC/PTL/30).

3. The Committees reviewed the replies to the questionnaires and took note of the summary tables prepared by the Secretariat.

4. The Committees reviewed the market situation for products covered by the Protocols. Concern was expressed about increased deliveries of milk in certain participating countries and non-participant countries. In the second quarter of 1993, the market for milk powders was characterized by slightly lower prices and reduced demand, in part due to exchange rate movements. Prices for cheese remained steady despite substantial increases in production in some major producing countries. For these products, the world market prices remained well above GATT minimum levels.

5. The Committee of the Protocol Regarding Milk Fat had before it a communication from New Zealand concerning problems in the international butter market (DPC/PTL/W/93). The Committee noted that world supplies of butter and anhydrous milk fat continued to exceed existing commercial demand. Stocks remained high and prices weakened in the second quarter of 1993, mainly due to continuing difficulties in the former Soviet Union market and to food-aid deliveries and concessional sales, notably by the United States. The Committee recognized the seriousness of the situation and the importance of finding appropriate solutions to these difficulties. In light of this extraordinary situation and as a short-term solution, the Committee of the Protocol Regarding Milk Fat adopted a Decision pursuant to Article 7:1 of the Protocol. The full text of that Decision is contained in document DPC/PTL/32 of 22 June 1993. The Committee took note of statements made by Argentina, Japan, South Africa and Uruguay. It was agreed that longer-term solutions would need to be further considered by the Committee.
6. For the second quarter of 1993, the following ranges of prices were reported (per ton f.o.b.):

- between US$1,650 and US$2,000 for skimmed milk powder for human consumption;
- between US$1,575 and US$2,000 for whole milk powder;
- between US$1,350 and US$1,500 for butter;
- between US$1,625 and US$1,800 for anhydrous milk fat;
- between US$1,800 and US$2,000 for Cheddar cheese.

7. The next regular sessions of the Committees will be held consecutively on 27-28 September 1993, subject to confirmation by the Secretariat.