1. The Committees adopted the present report on their fifty-eighth session, in accordance with Article VII:2 of the Arrangement and Rule 22 of the Rules of Procedure.

2. The agenda proposed in airgram GATT/AIR/3587, as well as the report of their fifty-seventh session (DPC/PTL/42), were adopted.

3. The Committees reviewed the replies to the questionnaires and took note of the summary tables prepared by the Secretariat. They also reviewed the market situation for products covered by the Protocols. The market situation for powders and cheeses remained relatively stable, although there were some fluctuations in prices due primarily to changes in exchange rates. The reduction in EC export subsidies (other than for butter and skimmed milk powder) and the decline in the value of the US dollar relative to major European currencies could lead to some strengthening of world market prices in the coming months.

4. The Committee of the Protocol Regarding Certain Milk Powders and the Committee of the Protocol Regarding Certain Cheeses took note of notifications by New Zealand of sales under derogation of milk powders and cheeses, respectively. The Committee of the Protocol Regarding Milk Fat took note of the notifications furnished by participants pursuant to the Decisions taken on 22 June 1993, 20 December 1993 and 29 March 1994 under Article 7:1 of the Protocol. As of 13 June 1994, a total of 85,502 metric tons of derogation sales had been notified. The European Communities indicated that although final figures were not yet available, a maximum of 10 thousand tons of EC butter had been sold under the derogation.

5. The world butter situation remains fragile, with demand low and sales opportunities uncertain. Import demand by Japan has been reduced due to surplus production and substantial stock accumulation in that country. There have, however, been no apparent major changes in international price levels in recent months. In some countries, the trend of declining consumption seems to have levelled off.
6. For the second quarter of 1994, the following ranges of prices were reported (per ton f.o.b.):

- between US$1,425 and US$1,620 for skimmed milk powder for human consumption;
- between US$1,425 and US$1,600 for whole milk powder;
- between US$1,100 and US$1,500 for butter;
- between US$1,400 and US$1,800 for anhydrous milk fat;
- between US$1,750 and US$1,950 for Cheddar cheese.

7. The next regular session of the Committees will be held consecutively on 19-20 September 1994, subject to confirmation by the Secretariat.