1. The Committees adopted the present report on their sixtieth 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/3658, as well as the report of their fifty-ninth session (DPC/PTL/45), were adopted.

3. The Committees reviewed the replies to the questionnaires and took note of the summary tables contained in the annex to the Annual Report. They also reviewed the market situation for products covered by the Protocols. The market situation for powders is relatively tight, with an increase in demand facing reduced export supplies, particularly for skimmed milk powder from European sources. This has strengthened prices for both skimmed milk and whole milk powders during the second half of 1994.

4. For butter and butter oil, the world market situation was considerably different in the latter part of 1994 compared to previous years. Lower than expected production levels, along with reduced stock levels in some major producing countries, has resulted in relatively firm world market prices for butter and butter oil. However, demand remains limited and the longer-term outlook is uncertain.

5. The world market situation for cheeses was stable, with prices remaining at relatively high levels. International demand for cheese is expected to continue to increase in the mid-to long term. The Committee of the Protocol Regarding Certain Cheeses took note of a notification by New Zealand of sales under derogation of cheeses.

6. For the fourth quarter of 1994, the following ranges of prices were reported (per ton f.o.b.):

   - between US$1,750 and US$2,000 for skimmed milk powder for human consumption;
   - between US$1,600 and US$2,000 for whole milk powder;
   - between US$1,300 and US$1,850 for butter;
   - between US$1,480 and US$2,230 for anhydrous milk fat;
   - between US$1,650 and US$2,100 for Cheddar cheese.
7. As of 4 May 1994, the Committee of the Protocol Regarding Milk Fat decided to suspend the minimum export prices for butter and anhydrous milk fat for a period of up to twelve months. In taking the Decision the Committee agreed to keep the level of world market prices under regular review based on analyses by the Secretariat. Participants agreed to provide to the Secretariat, every two months, the most recent information available to them on their export sales of butter and anhydrous milk fat. The Committee took note of the revised document prepared by the Secretariat on the basis of information furnished by participants for the periods May-June 1994, July-August 1994 and September-October 1994 (DPC/PTL/W/146/Rev.1). This document will be further revised as new information becomes available.

8. With regard to transitional arrangements with respect to the entry into force of the International Dairy Agreement, an ad hoc meeting of countries having indicated their intention to participate in the new International Dairy Agreement was held. A Decision was agreed upon and distributed as document L/7568.

9. In light of the above Decision, the first meeting of the Committee on Certain Milk Products has been tentatively scheduled for 20-21 March 1995.