Arrangement Concerning Certain Dairy Products

MANAGEMENT COMMITTEE

Minutes of the Nineteenth Meeting Held on 18 March 1974

Introduction

1. The Management Committee held its nineteenth meeting on 18 March 1974.

Adoption of agenda

2. The Committee adopted the following agenda:

   1. Adoption of agenda
   2. Adoption of the minutes of the eighteenth meeting (MCDP/19)
   3. Information required by the Committee under Article IV or other Articles of the Arrangement
   4. Review of the market situation
   5. Other business

Adoption of the minutes of the eighteenth meeting

3. The Committee adopted the minutes MCDP/19.

Information required by the Committee under Article IV or other Articles of the Arrangement

4. The representatives of Australia, Japan and Spain informed the Committee that data concerning the third and the fourth quarters of 1973 would be supplied shortly.

5. The representative of the EEC furnished revised data for Section E of the questionnaire. Deliveries of skimmed milk powder as food aid for the second and third quarters of 1973 were respectively 16,750 tons and 8,720 tons (instead of the figures of 2,000 tons and 10,402 tons previously given in document MCDP/STAT/47/Add.2) and amounted to 21,734 tons in the fourth quarter of 1973, totalling 48,554 tons for the calendar year 1973.
Review of the market situation

6. The representative of Australia said that the market for skimmed milk powder remained very firm. The Australian Dairy Produce Board's current minimum export price was between $78 and $82 per 100 kgs. f.o.b. and occasional commercial exports had been shipped at prices around $87 per 100 kgs. f.o.b. Stocks of skimmed milk powder declined further in the fourth quarter of 1973 down to 9,500 tons compared to 10,800 tons at the end of the preceding quarter. It was estimated that Australian production in the 1973/74 season would amount to 140,000 tons compared to 105,000 tons in the previous season. The increase forecast would result largely from an enlarged drying capacity and some increase in casein production. It was anticipated that about 100,000 tons of skimmed milk powder would be available for export in the current season and that stocks at the end of June 1974 would be at normal levels.

7. The Committee was informed that the United States Mission in Geneva had submitted two communications to the secretariat concerning additional import quotes for non-fat dry milk into United States. These communications had been circulated in document L/3995 and addendum.

8. In reply to a question, the representatives of Australia and New Zealand said that they expected to be able to fill the quota allocations of respectively 15 and 55 millions of pounds of skimmed milk powder which had been allocated by the United States to their countries.

9. The representative of the EEC thought that the EEC would also be able to fill its quota. He added that public stocks of skimmed milk powder in the Community totalled 165,579 tons at 31 December 1973 and 132,175 tons at 26 February 1974, in addition to which there were about 100,000 tons of private stocks. The restitution for skimmed milk powder had been abolished for all destinations as from 8 March 1974. Present export prices were at a level of 76.50 u.a. or around $92 per 100 kgs. f.o.b.

10. The representative of Switzerland pointed out that as shown in the document MCDP/STAT/39/Add.3, total domestic consumption of skimmed milk powder increased substantially in the fourth quarter of 1973 as compared to the previous quarters of the same year. In evaluating these figures account should be taken of the fact that in December 1973 the Federal Council had increased the official price of skimmed milk powder as of 1 January 1974. These measures explained why the manufacturers of animal feed had acquired skimmed milk powder at the lower prices ruling up to the end of December 1973. Stocks held by the manufacturers of skimmed milk powder had thus been transferred to manufacturers of animal feed in the fourth quarter of 1973. The domestic consumption of skimmed milk powder would be lower as from January 1974. Prices of skimmed milk powder increased by SwF 0.40 as from 1 January 1974 and present prices were close to SwF 4 per kg.

11. The representative of Japan made an appeal to the members who had not yet submitted the information on production costs or wholesale prices of skimmed milk powder, requested by his delegation at the previous meeting, to supply it as soon as it was possible.
12. The representative of Canada informed the Committee that wholesale prices of skimmed milk powder, Quality Spray I, quoted in Montreal on 12 March 1974, were between 46 and 52 cents per lb. or between Can$ 101 and Can$ 114 per 100 kgs. He added that he was ready to supply all statistical information which was available.

13. The representative of New Zealand said that data on prices paid to dairy farmers submitted by his delegation to Group 3(e) of the Trade Negotiations Committee could be handed over to the Management Committee. Since production costs were not monitored in New Zealand it was not possible to submit data on such costs.

14. The representative of Australia said that his authorities were studying whether the additional statistical information could be provided exactly in the form as requested. The information which was available would be supplied shortly. The information already submitted on domestic and support prices of skimmed milk powder to the Group 3(e) could be forwarded to the Management Committee.

15. The representative of the ESC said that he was not able to submit exact data on production costs of skimmed milk powder in the Community. However, it was possible to estimate production costs of skimmed milk powder in the Community by using the figures available from published sources, for the target price for milk, and the intervention prices of butter and skimmed milk powder which were respectively 12.42 u.a., 176 u.a. and 66 u.a. per 100 kgs.

16. The representative of South Africa said that he was ready to supply all statistical information which was available. He informed the Committee that recent average wholesale prices of skimmed milk powder in South Africa were at 60 South African cents per kg. or US$ .60 per 100 kgs.

17. The Committee requested those of its members who had supplied information on domestic and support prices of skimmed milk powder to Group 3(e) of the Trade Negotiations Committee to permit this information to be made available also to the Management Committee.

Other business

18. The Committee agreed to hold the next regular meeting on 10 June 1974, subject to confirmation by the secretariat.
ANNEX/ANNEXE

List of Representatives - Liste des Représentants

Acting Chairman:   M. J.-M. Lucq

AUSTRALIA          Mr. C.F. Teese
BELGIUM            M. R. Luxen
CANADA             Mr. W.F. Stone
DENMARK           Mr. E. Olsen
FRANCE             M. Colombel
GERMANY, FED. REP. OF Mr. J. Scherer
JAPAN              Mr. H. Kaya
NETHERLANDS        Mr. M. Hoogesteger
NEW ZEALAND        Mr. W. Falconer
SPAIN              Mr. A. Iranzo
SUISSE             M. F. Rammelmeyer
SOUTH AFRICA       Mr. J.J. Pienaar
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND Mr. I.C. Redfern
COMMISSION         M. A. Barsuglia
COMMISSION         M. H. de Lange

OBSERVERS/OBSERVATEURS

AUSTRIA          M. G. Nautner-Markhof
HUNGARY          Mr. A. Hadi
UNITED STATES OF AMERICA Mr. N. Thuroczy