Introduction

1. The Management Committee held its twenty-seventh meeting on 23 March 1976.

2. Following a request by the delegation of Argentina, the Committee invited the Government of Argentina to take part in the work of the Committee as observer. In doing so, the Committee noted that Argentina was prepared to fulfill its obligations as an observer in the Committee. It was, at the same time, recalled that the Committee might sometimes deem it necessary to restrict its meeting to members only. The representative of Argentina thanked the Committee for inviting his Government to participate as observer in its work and said that his delegation was ready to submit the information and data required under the provisions of the Arrangement.

Adoption of agenda

3. The Committee adopted the following agenda:

1. Adoption of agenda

2. Adoption of the minutes of the twenty-sixth meeting (MCDP/27 and Corr.1)

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

4. Review of the market situation

5. Sales of skimmed milk powder at reduced prices for animal feed purposes: communication received from the delegation of Canada (MCDP/W/44).

6. Other business
Adoption of the minutes of the twenty-sixth meeting

4. The Committee adopted the minutes MCDP/27 and Corrigendum 1.

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

5. The representatives of Spain, New Zealand and the EEC informed the Committee that data concerning the fourth quarter of 1975 would be supplied shortly.

6. Referring to price information supplied by Spain in document MCDP/STAT/64/Add.2 the representative of the EEC requested some clarifications from the representative of Spain about import prices of skimmed milk powder used as animal feed originating in Austria. He also requested an explanation from the representative of Austria about export prices of skimmed milk powder destined for France as shown in document MCDP/STAT/69/Add.2. The representative of Spain replied that he would check the data on prices with his authorities and would give an explanation at the next meeting. The representative of Austria replied that in fact the final destination of that export was another country and not France as shown in document MCDP/STAT/69/Add.2.

7. The representative of Canada informed the Committee that in February 1976 his country had sold to Spain 45,785 tons of skimmed milk powder for animal feed purposes; this sale had been made at less than the minimum price of the Arrangement by reason of the derogation applicable to Spain under the terms of the Arrangement.

Review of the market situation

8. The representative of EEC made the following correction to the document giving recent information on export prices for skimmed milk powder (MCDP/W/43): the information given under points 4 and 5 of the document referred also to the result of an invitation to tender by Egypt shown under point 3 of the document.

9. The representative of Canada said that in 1975 consumption of skimmed milk powder had declined sharply in both producing and consuming countries. At the same time production had increased in most producing countries. Canadian stocks of skimmed milk powder at the end of 1975 had increased to around 150,000 tons. Current world stocks, in excess of 2 million tons, had reached an alarmingly high level. It was anticipated that world stocks would continue to accumulate in the current year and would reach 2.5 million tons at the end of 1976. Taking into account this new situation in the international market for skimmed milk powder and in order to increase discipline in this area, his country had reduced producer quotas for manufacturing milk by 18 per cent. It was hoped that this
measure would have an effect in reducing the rate of production. The Committee needed to consider ways and means of reducing the stocks in ways which would not undermine prices of skimmed milk powder for human consumption. To this end, attempts should be made to stimulate domestic human consumption and also to increase the deliveries of skimmed milk powder as food aid. However, these attempts would not be sufficient to reduce global stocks. He considered that in this situation it was important and necessary to exercise increasingly the escape valve offered by sales of skimmed milk powder for purposes of animal feed. Adequate safeguard measures would prevent diversion of feed powder into food uses. These sales might cause a temporary disturbance in the market for alternative protein sources. He considered that present circumstances were overriding and he hoped that these sales would not hurt exporters of alternative protein sources. He emphasized that efforts to expand the market in this way would need to be carried under appropriate safeguards envisaged by the Arrangement so as to ensure that prices of skimmed milk powder for human consumption would not be undermined. Sales of great amounts of skimmed milk powder for purposes of animal feed would have beneficial effects on prices of powder for human consumption which would be maintained at reasonable levels in relation with production costs.

10. The representative of New Zealand said that the market for skimmed milk powder was extremely depressed and stocks were at record levels. Stocks held by New Zealand at the end of the fourth quarter of 1975 rose sharply to 267,000 tons compared to 172,000 tons at the end of the preceding quarter. In the first quarter of 1976, stocks continued to increase and current stocks, at around 300,000 tons, had reached an alarmingly high level. If this trend continued, it was estimated that by the end of the current production season New Zealand's stocks would represent eighteen months of normal production capacity and would also be running at twice the level of the country's capacity to store them. He recalled to the Committee that the industry of New Zealand operated without the assistance of support prices. Export prices of skimmed milk powder for human consumption had fallen progressively to the level of about US$52 per 100 kgs. f.o.b. Importers were very well aware of the huge stocks in major producing countries and for this reason they were holding only minimal stocks in anticipation of further decreases in prices. Exports of New Zealand in the fourth quarter amounted to only 20,000 tons and present trade conditions were extremely depressed. Domestic consumption of skimmed milk powder for purposes of animal feed was minimal. There were also difficulties and limits in shifting from production of skimmed milk powder into production of alternative dairy products. He supported the observations made by the representative of Canada that at this stage the only immediate measure for the improvement of the stock situation would be the clearance of the stocks into animal feed end-uses.
11. The representative of Australia said that the situation in the international market for skimmed milk powder continued to deteriorate. Stocks were continuing to rise and there was no improvement in off-take. Pressures continued to be exerted on prices for both skimmed milk powder for human consumption and powder for animal feed purposes. He pointed out that the measures taken by the EEC in order to increase off-take of skimmed milk powder in compound animal feeds would not have much effect for some time. Hence, stocks held by the EEC remained the major factor in a bearish market. His country still held some aged skimmed milk powder from 1974/75 production, which will have to be disposed of as animal feed. Australia was looking to Japan as its major outlet for that powder. The most recent sales to Japan had been made at less than the minimum price of the Arrangement by reason of the derogation applicable to Japan under the terms of the Arrangement. Estimated production of skimmed milk powder in the 1975/76 season was expected to amount to 150,000 tons. Domestic consumption was likely to be 20,000 tons leaving some 130,000 tons available for export. Stocks at the end of the fourth quarter of 1975 were at around 46,000 tons. By the end of June 1976, it was expected that stocks would increase to about 120,000 tons. He supported the observations made by the representative of Canada on the measures to be taken in order to facilitate the disposal of old stocks. Attempts should be made for the clearance of these stocks into animal feed end-uses with the appropriate safeguard measures in order to protect the price of skimmed milk powder for human consumption.

12. The representative of Japan pointed out that in the past Japanese import prices of skimmed milk powder were widely divergent depending on the country of origin. In recent months, this situation of price differentials had suddenly changed and all import prices were the same at US$52 per 100 kgs. f.o.b. from all the exporting countries and for all the purposes (i.e. welfare purposes or general human consumption). Japanese authorities had been informed that some exporters of skimmed milk powder had met in Brussels in October 1975 and had concluded an agreement including a minimum export price of US$52 per 100 kgs. f.o.b. Recently, a newsagency referred to this agreement as an unofficial gentleman's agreement. His authorities had taken this information very seriously. In fact, no exporting country was offering skimmed milk powder at less than US$52 per 100 kgs. f.o.b. If this unofficial gentleman's agreement fixing minimum prices really existed, the GATT Arrangement on skimmed milk powder would be nullified and Japan would have to reconsider its basic position on this kind of international co-operation and to examine some necessary counter measures including diversification of import sources. He invited the exporters concerned to give some explanations and to submit information on the purposes, duration and nature of this gentleman's agreement.
13. Referring to the agreement mentioned by the representative of Japan the representative of Spain said that if such an agreement existed members of the GATT Arrangement would have to reserve their position until some clarifications were given on this subject and accordingly reserved his position.

14. The representative of New Zealand said that there was no agreement of the kind which the representative of Japan had outlined. It was true that representatives of trading interests in the four major exporting countries had had discussions from time to time on market prices. Two of the major exporters were subsidized traders and have the capacity to impose a world price level while the two other major exporters were unsubsidized traders. In order to avoid that subsidized competition led the market, there were consultations between the Dairy Boards and the Commission of the EEC. His Government was not participating in these discussions. There was probably a working understanding on an exchange of market information between trading enterprises.

15. In reply to the representative of Japan the representative of Australia said that his Government was not a party to any such commercial understanding. Australia would be concerned if any commitments that were to be entered into under any other informal agreement were to conflict with the responsibilities of the respective countries under the GATT Arrangement. Recently, discussions had taken place at the commercial level among exporters. These discussions concerned the exchange of information and views on matters of interest to exporters. Australia was not aware of any binding agreement on prices and had not any commitment in respect of such an understanding. However, his country had been concerned from time to time to ensure that the EEC, in setting its restitutions for dairy products, disposed of reliable data concerning ruling prices for all major dairy products.

16. The representative of Japan thanked the representatives of New Zealand and Australia for the explanations given to the Committee. However, he reiterated his concern about the fact that all the exporters had offered skimmed milk powder at the same price. He wondered how and through what mechanism, consultations of commercial establishments could lead to a single unified price. Moreover, he wondered why the Australian Dairy Corporation and New Zealand's Dairy Board suddenly felt obliged to follow exactly what was determined by the Commission of the EEC in relation to world prices of skimmed milk powder. If a commercial understanding between major commercial establishments could lead to a single unified price this would have an important bearing on the position of Japan in another context with regard to international trade of dairy products.
17. The representative of New Zealand pointed out that in recent tenders, prices had been widely divergent and there was no evidence of price manipulation. He added that like Australia, his country wished only to ensure that the EEC had reliable information on world market trends in establishing its restitutions for dairy products.

18. The representative of Australia said that the requests of the representative of Japan for further information would be fully reported to his authorities.

19. The representative of the EEC said that the purpose of the meetings among various bodies having some responsibility for trade in dairy products was to enable the Commission of the EEC to find out exactly what prices were being applied by the New Zealand Dairy Board and the Australian Dairy Corporation. It was obvious that the services of the EEC Commission needed to be informed of the prices charged by firms. Those meetings also made it possible for bodies having trade responsibility to consider the present market trends and future prospects.

20. The representative of Japan said that his authorities would continue to keep under constant review the price developments in the market for skimmed milk powder. He added that he would revert to this problem at the next meeting of the Committee.

Sales of skimmed milk powder at reduced prices for animal feed purposes:
Communication received from the delegation of Canada (MCDP/J/4)

21. The Committee had before it a request by Canada for a derogation from the minimum price under paragraph 5 of Article III to export skimmed milk powder for animal feeding purposes. (MCDP/J/4)

22. The representative of Canada said that the request contained in document MCDP/J/4 had been made in pursuance of the provisions of Article III, paragraph 5 of the Arrangement. This paragraph defined the two conditions under which a participant might export or import skimmed milk powder for purposes of animal feed at prices below the minimum price. It provided that, in order to utilize the derogation, a participant must have obtained approval by the Management Committee of the processes and control measures by which he proposed to ensure that the skimmed milk powder thus exported or imported was used exclusively for animal feed. The other condition was that participants should furnish the necessary information concerning their transactions in respect of skimmed milk powder for purposes of animal feed.

23. He pointed out that what was relevant in the consideration of this item was the technical adequacy of the denaturing processes and control measures set out in document MCDP/J/4. He proposed that the processes outlined in that document,
for denaturing skimmed milk powder, be approved by the Management Committee and recorded in the register of processes and control measures for the purpose of paragraph 5 of Article III of the Arrangement. Five alternative denaturing processes had been included in document MCDP/W/44 in order to take account of importers' requirements having regard to the different uses. These processes were all effective in ensuring that skimmed milk powder so denatured would not find its way into the human consumption market. The first two processes were the same as those which were already in the register in relation to the derogation invoked by Spain. The last three processes were based on three processes which were contained in proposals developed by the Commission of the EEC. He concluded his introductory statement by recalling the economic considerations already discussed at the meeting, which had induced his country for the first time to make an application for a derogation.

24. The representative of New Zealand said that his authorities would wish to be assured that the denaturing of skimmed milk powder according to one of the processes described in the request by Canada would take place in Canada prior to the export of the product concerned.

25. The representative of South Africa said that his delegation was prepared to support the request by Canada for a derogation under paragraph 5 of Article III of the Arrangement.

26. The representative of the EEC stated that he agreed with the representative of Canada concerning the essential objective, which was to protect the Arrangement Concerning Certain Dairy Products. Nevertheless, the EEC held a different opinion concerning the means chosen for protecting the Arrangement. The EEC did not believe that the Arrangement and the minimum price would be protected by attempting to win new markets for skimmed milk powder for animal feed by means of sales at prices below the minimum price established under the Arrangement. The best way of protecting the Arrangement would be that, as regards exports of skimmed milk powder for animal feed, the participants should endeavour to respect the machinery of the Arrangement. The market for skimmed milk powder was one single market. He asked the representative of Canada whether the Canadian authorities had analyzed all the potential commercial implications of the derogation, if granted, for international trade in skimmed milk powder in general, for trade in other dairy products and for the trade in cereals and in soya. He further asked whether the Canadian authorities had weighed the possible consequences regarding the level of production of dairy products and meat in countries which might benefit from the derogation. With reference to the statement by the representative of Canada concerning limitations on producer quotas he asked whether the Canadian authorities had exhausted all other opportunities for action.
at domestic level which would make it possible to meet the situation being experienced in Canada. He wondered whether by asking for a derogation, Canada was not tending to export its domestic difficulties to the outside world. Referring to recent transactions which had taken place between Canada and Spain and involving the quantity of 46,000 tons of skimmed milk powder sold at a price below the minimum price, he noted that in earlier years Spain's imports had varied between 11,000 and 20,000 tons only. In conclusion, he stated that at this stage the EEC could not consider signifying its agreement to Canada's request for a derogation and in his delegation's opinion it would be neither opportune nor appropriate that at this stage the Committee should agree to that request.

27. The representative of Japan said that his delegation was sympathetic to the request by Canada because many exporting countries were facing a very difficult situation. Moreover, he requested from the representative of Canada whether he could give indications on the tonnage of skimmed milk powder Canada intended to export under this derogation and on the probable Canadian export prices of such powder.

28. The representative of Australia said that his delegation was satisfied with the denaturing processes outlined in the request of Canada, on the understanding that the denaturing of skimmed milk powder according to one of the processes described in document MCDP/44 would take place in Canada prior to export. On the other hand, in the view of his delegation, factors other than purely technical factors such as the denaturing processes were of some relevance. Among the destinations for which this derogation was sought, Taiwan and Mexico were, in the view of his delegation, two markets where, according to Australia's experience, it was possible to continue at this point to make sales within the minimum price of the Arrangement. Consequently, he doubted about the need to extend the derogation to Taiwan and Mexico. At this stage, he had no authority to agree as regards the inclusion of these two destinations. He recalled that an emergency situation was building up in respect of the dairy industry and he observed that in this context it would be reasonable, as regards the duration of the derogation, to grant the derogation for a period of one year subject to a review at the end of this period.

29. The representative of Canada recalled that in terms of the Arrangement and of Canadian expectations under it, only technical considerations were relevant in regard to the request for derogation by his country. He recalled that at the time the Arrangement was negotiated his delegation had made it clear that the use of an f.o.b. price as the basis for the minimum price was not attractive to Canada. If skimmed milk powder prices were at the level of the minimum price his country would not normally be disadvantaged by freight rates because Canadian markets for
powder for human consumption were essentially in the Western Hemisphere. On the other hand, markets for powder for animal feed purposes had at that time been almost entirely in Europe, so that when skimmed milk powder prices would be at the level of the minimum price, by accepting an f.o.b. price as the basis for the minimum price, his country would be effectively precluded from offering skimmed milk powder for purposes of animal feed in the only market available to Canada. He recalled that when his country agreed to an f.o.b. price as the basis for the minimum price it had made it very clear that it would not accept an arrangement which effectively blocked its escape valve. During the negotiations it had been agreed that skimmed milk powder for animal feed purposes would not be excluded from the Arrangement. It had also been agreed that skimmed milk powder destined for animal feed purposes was excluded from the minimum price provisions providing the importer or exporter satisfied the Management Committee, on technical grounds, that adequate safeguards were available to prevent diversion of feed powder into food uses.

30. Recalling the provisions of paragraph 5 of Article III under which the Canadian request was made he compared these provisions with the provisions of paragraph 9 of Article III according to which a derogation under Article VII shall be granted, when justified, to exports for welfare purposes in developed countries. He emphasized the difference that existed between paragraph 5 and paragraph 9 of Article III and added that it was the intention of paragraph 5 of Article III to provide a built-in derogation which would be invoked at the option of participants subject only to satisfying the Management Committee on adequate safeguards. The aim of the Canadian application was therefore to perfect this derogation.

31. He recalled that in the past, four participants applied for such derogations. All the recorded decisions of the Management Committee were in terms only of approving the processes and control measures and agreeing that they should be in the register of processes and control measures in accordance with paragraph 5 of Article III of the Arrangement.

32. In reply to questions raised by the representative of the EEC, the representative of Canada recalled that, in the context of the Canadian request, economic considerations were not relevant. However, his authorities had considered the consequences of the request in terms of the effects on the market of skimmed milk powder and had reached the view that more energetic steps in the interest of clearing the huge stocks should be taken. If this kind of measure were not to be taken the repercussions on price levels and returns would be more adverse. As regards the consequences in terms of the effects on the markets of other dairy products not containing skimmed milk powder he considered that these
markets would not be affected. He recalled that the consequences on the markets of alternative protein sources such as soya would be relatively small. The Canadian authorities had also considered some possibilities of increasing domestic consumption of skimmed milk powder: this question was still under consideration and his authorities had not yet taken a decision. In Canada there existed a consumer subsidy on skimmed milk powder but after two years of operation its effects on domestic consumption were not significant. He said that the amount of about 46,000 tons of skimmed milk powder sold to Spain under the Spanish derogation, was a very large quantity compared to the level of imports of Spain in the preceding years but he considered that at lower prices it was possible to move larger quantities of skimmed milk powder.

33. He expressed the view that a derogation in pursuance of the provisions of Article III, paragraph 5 was a right of any participant in the Arrangement. If on technical grounds conditions defined in that paragraph were fulfilled other participants were bound to allow the invoking participant to exercise its right.

34. In reply to the representatives of New Zealand and Australia the representative of Canada said that his delegation was prepared to revise its request and to agree that the denaturing would take place in Canada prior to export. However, for economic reasons it might often make more sense to denature in the importing country. If the importing country were not a member of the Committee it would probably be prudent for the exporting country to bring to the Committee a proposal with specific indications of the control system applied by the importing country and to request a derogation under Article VII, paragraph 5, of the Arrangement. His delegation reserved the right to request such a derogation if such a case arose.

35. As regards the views expressed by the representative of Australia that Taiwan and Mexico were two markets where it was possible to continue at this point to make sales within the minimum price the representative of Canada doubted that these two markets offered such possibilities. Consequently, his delegation was not favourable to deleting Taiwan and Mexico from the list of destinations for which the derogation was sought.

36. Recalling the discussions in the second meeting of the Committee in connexion with a request for derogation by Australia and recorded in MCDP/3, paragraphs 9 to 15, he noted that at that time some representatives had supported the Australian view that if a technical process were accepted as sufficiently stringent for the purpose of Article III, paragraph 5, a derogation should be accorded with general geographic application, while other representatives expressed the view that a denaturing process should not be approved in general but only with respect to specific destinations. At that meeting the Committee had agreed that it might
revert at a later meeting to the question as to whether a derogation granted in respect of a process for the purposes of paragraph 5 of Article III applied to exports to all destinations or whether the scope of such a derogation could or should be limited to specific destinations. He recalled that in respect of the three derogations obtained by importers, there were no limitations as to the origins of the imports which would be effected under derogation. He expressed the view that any problems of surveillance were overcome when the denaturing was carried out before exportation. According to the provisions of Article III, paragraph 5 of the Arrangement a derogation should be accorded with general geographical application. However, his country's derogation for animal feed purposes was sought for the destinations designated in the request. If the request were approved and recorded in the register, his delegation would consider that it had perfected the derogation only in respect of the designated destinations. He suggested moreover that the Committee should revert in the near future to the question of geographic limitations to a derogation.

37. As regards the suggestion made by the representative of Australia on the duration of a derogation, the representative of Canada considered that under the provisions of the Arrangement there was no basis for the inclusion of a time-limit in such a derogation. According to the provisions of Article III, paragraph 5, the scope of power of the Management Committee was to follow developments in the sector of trade of skimmed milk powder for purposes of animal feed and periodically make forecasts concerning the evolution of this trade. His delegation was ready to furnish the necessary information concerning Canadian transactions in respect of skimmed milk powder for purposes of animal feed. It was not necessary and desirable to include a time-limit in the framework of the Canadian request for derogation.

38. In reply to the representative of Japan the representative of Canada indicated that his country expected to export not more than 100,000 tons under the requested derogation over the next fifteen months. Canadian export prices of such powder would probably be at a level which was competitive with the prices of alternative protein sources.

39. In reply to a further question he expressed the view that it would not be necessary to include Japan and Spain in the list of destinations for which an exporter sought a derogation because these two countries had their own control measures recorded in the register and their transactions would be done under their respective derogations.
40. The representative of the EEC pointed out that the Committee had been able to grant derogations to Japan and to Denmark because those two importing countries, participants in the Arrangement, had given assurances that the skimmed milk powder intended for animal feed would not be used for other purposes and that there would be no diversion. In addition, the derogation in the case of Australia had been granted only in respect of two destinations mentioned in the register.

41. He said that, owing to the steady decline since 1974-75 in the prices of a product like skimmed milk powder which had two end-uses, exports of skimmed milk powder for animal feed at prices well below the minimum price would drag down the prices of skimmed milk powder for human consumption. Such a trend would have implications for the credibility and operation of the Arrangement. Furthermore, the market conditions existing at the time of the negotiation of Article III, paragraph 5 of the Arrangement had by now changed completely. In 1970, for example, exports of skimmed milk powder for animal feed had accounted for only a small share of the market, whereas at present they were higher than exports of skimmed milk powder for human consumption.

42. He pointed out that at the time when the Committee discussed the Spanish import system for skimmed milk powder for animal feed (document MDCP/1, paragraphs 18 to 24), no solution had been found to the question whether exporters participating in the Arrangement were free to sell skimmed milk powder to Spain at a price below the minimum price. He asked the broader question whether an exporter participating in the Arrangement was entitled to export at prices below the minimum price on the grounds that the importer had the possibility of importing at prices below the minimum price.

43. The representative of New Zealand considered that there were two aspects to a derogation in respect of paragraph 5 of Article III. The requirement of the Management Committee to be satisfied on processes and control measures involved a knowledge of the destinations where denatured powder might be exported. He recalled that the Australian process of dyeing skimmed milk powder for animal feed purposes had been recorded in respect of two destinations. This precedent proved that the Committee might impose limitations in a derogation. He stated that New Zealand was concerned for the maintenance of the Arrangement and was sensitive to the possibility of its coming under pressure. His authorities had not yet taken the commercial decision that a derogation was needed for New Zealand's exports for purposes of animal feed. Taking into account the situation of unprecedented levels of stocks, controlled sales of skimmed milk powder for purposes of animal feed might help to overcome the current crisis. Recalling the questions raised by some participants as to the consequences of granting a derogation to Canada, he expressed the view that the Committee should
consider the wider question as to whether all the exporter participants operating under derogation might export skimmed milk powder for purposes of animal feed at prices below the minimum price. The Committee should consider the consequences of such a decision for the minimum price established for skimmed milk powder for human consumption, for the disciplines of the Arrangement and for its own surveillance work which might need to be increased. The Committee should also consider the question as to whether each exporter participant should seek his own derogation as provided for in the Arrangement or whether a joint decision might be taken covering all exporter participants and eventually all destinations. He concluded that it was difficult to take a decision on the Canadian request for derogation because of all these questions.

44. The representative of Canada said that his delegation would be prepared to consider sympathetically applications for derogation from other exporter participants and to attend a special meeting for that purpose. Like other participants, Canada was concerned with the maintenance and the future of the Arrangement. The denial by some participants to the agreement to approve and record in the register the processes and control measures described in document MCDP///44 could create a very serious situation. He expressed the hope that a solution to this problem would not be found in the provisions for withdrawal from the Arrangement. His country's aim was to strengthen international co-operation which was the purpose of the Arrangement. He suggested that the Management Committee hold a special meeting in order to take a decision on the Canadian request for derogation.

45. The Committee agreed to hold a special meeting on 22 April to take a decision on the question of the Canadian request for derogation and on other related questions raised at the meeting. It was understood that in the meantime, delegations would enter into bilateral and/or plurilateral discussions as to the possibilities of finding a solution to the problems raised at the meeting.

Other business

Skimmed milk powder for welfare purposes in Japan

46. The Committee considered a request by the Government of Japan for a derogation under paragraph 5 of Article VII in respect of the provisions of paragraph 9 of Article III. For this purpose the Committee had before it a communication from the delegation of Japan concerning school lunch and welfare purposes in that country (MCDP///45). The representative of Japan said that in document MCDP///45, page 2, paragraph 5, sub-paragraph (1), the import prices from Australia in September 1975 and February 1976 should be corrected to read: September 1975, f.o.b. $60.50 and f.o.b. $52; February 1976, f.o.b. $52.
47. The Committee agreed to grant Japan a derogation under paragraph 5 of Article VII from the provisions of paragraph 9 of Article III on the following conditions:

(a) the derogation applies to fiscal year 1976/77;

(b) the derogation applies to imports into Japan for the school lunch and welfare programmes;

(c) the derogation applies to imports of up to a maximum of 14,300 tons in the said fiscal year;

(d) Japan shall report to the Committee on the implementation of the programme and the import transactions affected thereunder.

Next meeting
48. The Committee will meet again on 22 April 1976.
ANNEX/ANNEXE

List of Representatives/Liste des Représentants

Acting Chairman:  Président par intérim:  Mr. J.-M. Lucq

- AUSTRALIA
  - Mr. W.G. McGregor
- BELGIUM
  - Mr. Hooyberghs
- CANADA
  - Mr. P.T. Eastham
- DENMARK
  - Mr. M.N. Gifford
- FRANCE
  - Mr. I.W. McLean
- GERMANY, FEDERAL REPUBLIC OF
  - Mr. E. Olsen
- JAPAN
  - M. Roguet
- NETHERLANDS
  - Mr. Schroder
- NEW ZEALAND
  - Mr. T. Yoshikuni
- SUISSE
  - Mr. T. Manabe
- SOUTH AFRICA
  - Mr. M. Hoogesterger
- IRELAND
  - Mr. W. Falconer
- COMMUNAUTES EUROPEENNES COMMISSION
  - Mr. H. Buchmann
- UNITED KINGDOM
  - Mr. P. O'Donoghue
- SPAIN
  - Mr. M. Jacquot

Observers/Observateurs

- ARGENTINA
  - Mr. R. Villambrosa
- AUSTRIA
  - Mr. V. Segalla
- HUNGARY
  - Mr. S. Bojtor
- UNITED STATES
  - Mr. E. Koenig