Arrangement Concerning Certain Dairy Products

MINIATURE COMMITTEE
Minutes of the Thirtieth Meeting held on 28 June 1976

Introduction
1. The Management Committee held its thirtieth meeting on 28 June 1976.

Adoption of agenda
2. The Committee adopted the following agenda:
   1. Adoption of agenda
   2. Adoption of the minutes of the twenty-ninth meeting (MCDP/31)
   3. Information required by the Committee under Article IV or other Articles of the Arrangement
      (a) General Information
      (b) Information under the Decision of 10 May 1976
   4. Review of the market situation
   5. Other business

Adoption of the minutes of the twenty-ninth meeting
3. The Committee adopted the minutes MCDP/31.
Information required by the Committee under Article IV or other Articles of the Arrangement

(a) General information

4. The representative of New Zealand informed the Committee that data concerning the first quarter of 1976 would be supplied shortly. Estimated production and exports of skimmed milk powder in the first quarter of 1976 were expected to amount to 21,700 and 21,400 tons respectively. Stocks of skimmed milk powder which amounted to 223,060 tons at the beginning of the first quarter increased to 268,000 tons at the end of the same quarter.

(b) Information under the Decision of 10 May 1976

5. The representative of the EEC said that the refund at the current rate of UC 63.64/100 kgs. of skimmed milk powder did not allow operators in the Community to export at prices below the minimum price established under the Arrangement. Accordingly, the EEC had not made use of the possibilities offered by the Decision of 10 May 1976 and had not considered it necessary or opportune to communicate any information on that subject. Should the Committee so wish, however, the EEC was prepared to present a communication to the secretariat each fortnight, even in the absence of any transactions under the Decision of 10 May 1976. Referring to the information communicated by New Zealand and Canada, distributed in documents MCDP/W/53 and MCDP/W/54 respectively, he asked the representatives of those two countries whether they could indicate the prices of the skimmed milk powder shipped to Yugoslavia under the Decision of 10 May 1976.

6. The representative of Canada recalled that, according to the provisions of the Decision of 10 May 1976, the reporting of prices of skimmed milk powder shipped in pursuance of the Decision would be on an optional basis. However, he was able to inform the Committee that the sale of 1,200 tons of skimmed milk powder to Yugoslavia on 14 May 1976 was carried out at US$243 per ton c.i.f.

7. The representative of New Zealand said that he had received no instructions on the price at which his country had sold 6,000 tons of skimmed milk powder to Yugoslavia in pursuance of the Decision of 10 May 1976. However, he would endeavour to furnish this information at the next meeting. He added that the importer attestation with respect to this sale to Yugoslavia would be filed with the secretariat shortly. Furthermore, he informed the Committee that New Zealand had carried out a transaction of 3,000 tons to Hungary. Information on this transaction would be reported to the secretariat as soon as possible.
8. The representative of the EEC said that according to certain information, New Zealand had concluded with Spain a contract for 3,000 tons of skimmed milk powder for animal feed at prices varying between US$207 and US$220 per ton c.i.f. Although the skimmed milk powder transactions in respect of Spain and Japan were not affected under the Decision of 20 May 1976, it was important for the Committee's work to have as much information as possible on prices currently practised in the international market. The EEC was concerned at the effects that low prices in respect of skimmed milk powder for animal feed could have on prices of skimmed milk powder for human consumption. Furthermore, according to certain reports, Australia and New Zealand had concluded with Japan a contract covering a total of 3,000 tons of skimmed milk powder for human consumption at the price of US$375 per ton c.i.f. Should that information be confirmed and the freight rates be in excess of US$25 per ton, sales of skimmed milk powder for human consumption would thus have been effected at prices below the minimum price established under the Arrangement. Taking into account current prices for soyabean meal - between US$180 and US$190 per ton - and the fact that prices of that product for August 1976 delivery were between US$230 and US$240 per ton, it would be opportune, in order to safeguard the price of skimmed milk powder for human consumption, for the participants to try to raise their sale prices of skimmed milk powder for animal feed. The representative of the EEC furthermore asked the United States representative if he could furnish some additional information to the Committee concerning production and prices of soyabean meal.

9. The representative of Australia recalled that according to the provisions of the Decision of 20 May 1976, participants were not bound to report sales of skimmed milk powder for animal feed purposes to Japan. However, in addition to the information communicated in pursuance of the Decision of 20 May 1976 his delegation would continue to provide information on sales of skimmed milk powder to Japan under the provisions of L/3552/Add.2. With regard to the alleged sale of skimmed milk powder for human consumption effected by Australia to Japan, he said that his delegation was unaware of that sale. At present, he had no information on freight rates from Australia to Japan but he would endeavour to furnish such information as soon as possible. Furthermore, he informed the Committee that the competent authority referred to in paragraph 4(c)(i) of the Decision of 20 May 1976 would, as regards Australia, be the Australian Dairy Corporation.

10. The representative of Canada said that it was in the interest of the Canadian Dairy Commission to sell skimmed milk powder for animal feed purposes at the highest price possible. However, he recalled that his delegation regarded the market for skimmed milk powder for feed to be distinct and separate from that for human consumption. Therefore prices of skimmed milk powder for animal feed purposes had to compete with prices of alternative protein sources such as soyabean meal. If soyabean meal prices would move upwards, prices of skimmed milk powder for animal feed purposes would follow this trend.
11. In reply to the representative of the EEC, the representative of the United States said that he would endeavour to furnish information on production and prices of soyabean meal as soon as possible.

12. It was agreed that even if no sales had been effected under the provisions of the Decision of 10 May 1976, exporter participants must submit to the secretariat each fortnight a communication stating that no transaction had been effected under the Decision. It was likewise agreed that in pursuance of the Decision of 10 May 1976, exporter participants must file with the secretariat a copy of the importer attestation.

Review of the market situation

13. The representative of Australia said that prices of skimmed milk powder for human consumption had settled at the minimum of US$35 per 100 kgs. f.o.b. The Decision of 10 May 1976 did not appear to have any detrimental effect on the market of skimmed milk powder for human consumption. Recent Australian sales of skimmed milk powder for purposes of animal feed had been limited to Japan.

14. The representative of New Zealand said that the market of skimmed milk powder was still dominated by excessive stocks. Since prices of skimmed milk powder for human consumption had declined to the minimum of US$35 per 100 kgs. f.o.b. New Zealand sales might increase slightly in the near future.

15. The representative of South Africa said that production of skimmed milk powder was expected to decline slightly in 1976. Efforts were being made to stimulate industrial consumption through price reductions. It was expected that stocks would decline by approximately 20 per cent. At this stage, it was doubtful whether further supplies would need to be imported during the remaining part of the year.

16. The representative of Japan commented on his country's statistical data for the first quarter of 1976 communicated to the secretariat on that day. He recalled that imports of skimmed milk powder had remained at a low level in 1975. However, imports in the fourth quarter of 1975 had increased compared to the preceding quarters of the same year. Imports in the first quarter of 1976 continued to increase and amounted to 13,682 tons compared to the imports of 9,198 tons in the same quarter of 1975. Of the 13,682 tons imported in the first quarter of 1976, 6,900 tons had been imported under derogation relating to Article III, paragraph 5; 3,900 tons had been imported under derogation relating to Article III, paragraph 9 of the Arrangement and the remaining 2,900 tons for general human consumption. Import prices of skimmed milk powder for general human consumption averaged US$61.60 per 100 kgs. c.i.f. in the first quarter. In the same quarter, import prices of skimmed milk powder for animal feed purposes averaged US$50.10 per 100 kgs. c.i.f. and import prices of skimmed milk powder for welfare purposes averaged US$60.70 per 100 kgs. c.i.f. Therefore, even the
transactions under derogation had been effected at prices above the minimum price provided for in the Arrangement. He added that his country would continue to submit every quarter detailed information on import prices both for skimmed milk powder imported under derogation for animal feed and for welfare purposes.

17. The representative of Canada commented on his country's statistical data for the first quarter of 1976 communicated to the secretariat on that day. Production and exports of skimmed milk powder in the first quarter amounted to 32,000 and 9,700 tons respectively. Stocks of skimmed milk powder which had amounted to 149,000 at the beginning of the first quarter declined slightly to 144,000 tons at the end of the same quarter. He said that total industrial milk production in his country in the 1975/76 dairy year increased by 17 per cent as compared to the production in the previous dairy year. As a consequence of this increase his Government had announced in April 1976 several changes to the Canadian dairy policy directed towards reducing the production of skimmed milk powder in the 1976/77 dairy year. One of these changes was with respect to direct payments to dairy farmers amounting to Can$2.66 per hundredweight which would be paid only for the first 9.5 billion pounds (approximately 4,309,000 tons) of milk produced in the dairy year 1976/77. Production in excess of this 9.5 billion pounds would be subject to a penalty of Can$8.60 per hundredweight. This penalty would in fact bring the value of milk produced in excess of 9.5 billion pounds down to zero. It was hoped that these measures would reduce industrial milk production in the current dairy year by 10 to 15 per cent.

18. The representative of the EEC said that at 24 June 1976 stocks of skimmed milk powder had amounted to 1,336,520 tons. As a result of the drought, milk production seemed to have declined by 20 to 25 per cent in certain regions of the Community and 5 to 7 per cent in others. It was still impossible to foresee, however, whether the decline in milk production would appreciably affect stocks of skimmed milk powder. For the moment, the decline in milk production was not yet important.

Other business

19. At its meeting of 19 December 1975, the Committee had agreed that it would be appropriate to get in touch with representatives of non-member countries of the Arrangement to inform them of the purpose of the Arrangement and to invite them to consider the possible advantages of their participation in the disciplines established under the Arrangement. The secretariat contacted the representatives of Argentina and Poland. In response to a request by the Argentine delegation, at its meeting of 23 March 1976 the Committee had invited the Argentine Government
to participate in its work with observer status. A communication dated 4 May 1976 had been received from the Permanent Delegation of the Polish People's Republic. The Committee took note of that communication, circulated in document MCDP/W/51.

20. The Committee agreed to hold its next special meeting on 16 July 1976, subject to confirmation by the secretariat.
# ANNEX II/ANNEXE II

## List of Representatives/Liste des Représentants

**Acting Chairman:** Mr. J.-M. Lucq  
**Président per intérim:** Mr. J.-M. Lucq

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- Mr. E. Koenig