Arrangement Concerning Certain Dairy Products

GENERAL AGREEMENT ON TARIFFS AND TRADE

Management Committee

Minutes of the Thirty-Fourth Meeting
Held on 28 October 1976

Introduction

1. The Management Committee held its thirty-fourth meeting on 28 October 1976.

Adoption of agenda

2. The Committee adopted the following agenda:

1. Adoption of agenda
2. Adoption of the minutes of the thirty-second and thirty-third meetings (MCDP/34 and MCDP/35)
3. Information required by the Committee under Article IV or other Articles of the Arrangement
4. Other business

Adoption of the minutes of the thirty-second and thirty-third meetings (MCDP/34 and MCDP/35)

3. The representative of the EEC asked that the following change should be made in the minutes contained in document MCDP/35 (French text only): that in the penultimate line of paragraph 5, the words "destine à l'aide humanitaire" be replaced by the words "à destination sociale". The representative of New Zealand asked that the following change should be made in the same document: that in the fourth line of paragraph 7, the words "had been" be replaced by the words "would be". The Committee agreed to the changes requested and adopted the minutes in documents MCDP/34 and MCDP/35, as amended.
Information required by the Committee under Article IV or other Articles of the Arrangement:

Information under the Decision of 10 May 1976

4. The Committee had before it a summary table (MCDP/W/58/Rev.2) prepared by the secretariat for the convenience of delegations, based on communications received in pursuance of the Decision of 10 May 1976. According to the wish and with the agreement of the delegations of participants to the Arrangement, this document had been distributed on a very confidential and restricted basis.

5. The representative of the EEC explained that in the table in document MCDP/W/58/Rev.2 the price of US$250 appearing opposite the EEC referred to the skimmed milk powder incorporated in compound animal feeds. The sale to Hungary of 50,000 tons of skimmed milk powder in an unaltered state for animal feed purposes had been made at a price of between US$248 and US$255 per ton f.o.b. However, in view of the recent decline in the value of the United States dollar, which had led to increased f.o.b. prices, skimmed milk powder for animal feed purposes could currently be exported at an average price of approximately US$262 per ton f.o.b.

6. The representative of Canada referring to the provisions of the Decision which required that the competent authorities of the participants to the Decision obtain an attestation from the competent authorities of the country of import, pointed out that the Canadian Dairy Commission was experiencing some problems in obtaining statements from a competent government authority. There were no difficulties in obtaining attestations from State-trading corporations or government ministries in centrally planned economies. On the other hand, there were some problems in obtaining statements from governmental or quasi-governmental authorities in the event of exports to some markets in South-East Asia. He recalled that his delegation had provided a preliminary attestation signed by a public notary of the Philippines. On other cases, his authorities had relied on statements obtained either from Chambers of Commerce or from Boards of Trade. His delegation wished to have some guidance from the Management Committee on the interpretation of paragraph 4(c)(i) of the Decision.

7. The representative of the EEC recalled his statements at the thirty-second meeting of the Committee concerning what guarantees an attestation issued by a public notary could provide regarding the final utilization of the product or its non-re-export from the country. He also recalled, with regard to EEC exports of skimmed milk powder in an unaltered state, that payment of the refund was subject to presentation of an attestation issued by an official organization of the country of destination. As to the sale to Hungary of 50,000 tons of skimmed milk powder in an unaltered state he informed the Committee that his delegation had just filed with the secretariat a copy of the attestation received from the competent Hungarian authorities, TERIMPEX, which was a State organization responsible for the export and import of livestock and agricultural products. He then asked whether countries
exporting to the Philippines could be absolutely sure that skimmed milk powder shipped under the Decision was not diverted or might not be diverted from its stated use and be applied to human consumption. In conclusion, he observed that, for reasons of equity, participants in the Decision ought, in the case of exports under paragraph 4(c) of the Decision, to furnish the secretariat with all the documents called for in that paragraph. To that end, the Committee should try to define more precisely the competent authorities referred to in paragraph 4(c)(i) of the Decision and to draw up a non-exhaustive list of the governmental or quasi-governmental organizations of countries of destination that could issue such attestations.

8. The representative of New Zealand agreed with the views expressed by the representative of the EEC on the importance of equity. The key element of the Decision of 10 May 1976 was the attestation obtained from the competent authorities of the country of import. In the view of his authorities the main task of the Management Committee was to make sure that attestations were properly made and carried out. His government had instructed the Dairy Board to effect a transaction in pursuance of the Decision of 10 May 1976 only when it was possible to obtain an attestation from governmental or quasi-governmental authorities. He recalled that the Dairy Board had from time to time encountered some difficulties in obtaining suitable attestations. He recalled also in this respect that the Board had been unable to obtain an attestation to cover a transaction of 3,000 tons to Hungary and had therefore cancelled this sale. With regard to some Asian markets where New Zealand had exported skimmed milk powder in pursuance of the Decision of 10 May 1976, he informed the Committee that attestations had been delivered in Indonesia by the Directorate of Development of Cattle Breeding of the Department of Agriculture, in the Republic of Korea by the Livestock Bureau of the Ministry of Agriculture and Fisheries and in Taiwan by the Customs Authorities.

9. The Committee requested the secretariat to prepare for the next extraordinary meeting a non-exhaustive list of suitable competent authorities of importing countries that could issue the attestations provided for in paragraph 4(c)(i) of the Decision of 10 May 1976. The list should take into account the particularities of each importing country and be drawn up on the basis of information which was already available to the secretariat or which it could obtain from the delegations concerned.

10. The representative of the EEC noted that over the preceding four years annual imports of skimmed milk powder by Spain had fluctuated between 11,000 and 23,000 tons. Such imports had amounted to approximately 54,000 tons for the first half of the current year and had already reached some 100,000 tons in October 1976. He asked whether there had been a sharp expansion of Spain's livestock in the space of one year and/or whether imports of whey powder had been replaced by imports of skimmed milk powder and/or whether quantities of skimmed milk powder in inward processing traffic had been included in the import declarations. He wondered if those approximately 100,000 tons shipped to Spain had entered that country and if they were being used there for animal feed.
11. The representative of Spain stated that given the favourable import prices of skimmed milk powder, consumption of that product had greatly increased in his country and imported skimmed milk powder had been substituted not only for whey powder but also for soya cakes and fish meal. What was more, a decline in domestic production of skimmed milk powder and an increase in the number of Spain's livestock had no doubt been responsible for additional imports of the product. He informed the Committee that he would report the EEC representative's remarks to the authorities of his country and hoped to be able to provide further clarification on the question at the next meeting of the Management Committee.

12. Speaking with reference to the Committee's decision to revert at the current meeting to the question of prices and recalling the reservations expressed by the representative of New Zealand on the question of reporting prices for each transaction, the representative of the EEC stated that, according to certain sources, recent offers made by the New Zealand Dairy Board of skimmed milk powder for animal feed purposes were at the minimum price under the Arrangement. It would be useful, however, if the Committee were informed of the prices at which New Zealand had previously exported skimmed milk powder under the Decision of 10 May 1976.

13. The representative of New Zealand recalled that at the last meeting of the Committee he had indicated that the Dairy Board had been looking at the possibility of effecting future sales of skimmed milk powder for animal feed purposes at the minimum price provided for in the Arrangement. He was able to confirm that the Dairy Board was at present quoting at US$35 per 100 kg. f.o.b. for skimmed milk powder both for human consumption and for animal feed purposes. He informed the Committee that a substantial proportion of the aged skimmed milk powder stocks held in New Zealand had now been committed. However, much of this committed powder remained to be shipped. The position of his authorities concerning the supply of price data transaction by transaction had not changed as regards the sales concluded to date under the provisions of the Decision. He recalled that the representative price of US$275 per ton c.i.f. communicated to the Committee at the last meeting was not an average price but a price at which most transactions had taken place. He added that all the new sales of skimmed milk powder for animal feed purposes would be effected at the minimum price provided for in the Arrangement.

14. The representative of Canada recalled that his country had provided price information in a detailed manner. He informed the Committee that his country would continue to do so and invited the other participants to provide such information transaction by transaction.
Other business

15. The representative of the EEC informed the Committee that, by decision of the Council, the system of compulsory purchase of skimmed milk powder held by intervention agencies for use in animal feed would end on 31 October 1976. In practical terms that meant that there would be no more contracts as from 31 October 1976 but operators would be allowed two months, till 31 December 1976, to incorporate the powder in compound animal feeds.

Date of the next meeting

16. The Committee agreed to hold its next extraordinary meeting on 22 November, subject to confirmation by the secretariat.
ANNEX/ANNEXE

List of Representatives/Liste des Représentants

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

AUSTRALIA
Mr. G. McGregor

BELGIUM
Mr. H. Hooyberghs

CANADA
Mr. M. Gifford
Mr. M. Hart

COMMUNAUTES EUROPEENNES COMMISSION
M. A. Barsuglia
M. B. Bevilacqua

GERMANY, FEDERAL REP. OF
Mr. G. Schutz

ITALY
Mr. G. Giorgieri

JAPAN
Mr. H. Shirai

NETHERLANDS
Mr. M. Hoogesteger

NEW ZEALAND
Mr. A.H. McPhail

SPAIN
Mr. A. Iranzo

UNITED KINGDOM
Mr. I. Redfern

OBSERVERS/OBSERVATEURS

AUSTRIA
Mr. V. Segalla

UNITED STATES
Mr. E. Koenig