Arrangement Concerning Certain Dairy Products

MANAGEMENT COMMITTEE

Minutes of the Forty-Seventh Meeting
held on 21 November 1977

Introduction

1. The Management Committee held its forty-seventh meeting on 21 November 1977.

Adoption of the agenda

2. The Committee adopted the following agenda:

1. Adoption of the agenda

2. Adoption of the minutes of the forty-sixth meeting (MCDP/48)

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

Information under the Decision of 10 May 1976

4. Other business

Adoption of the minutes of the forty-sixth meeting (MCDP/48)

3. The representative of the EEC said that his delegation was not requesting any amendment of the minutes in MCDP/48. Nevertheless, in connexion with the last part of his remarks reported in paragraph 6 of those minutes, he stated that the rumours according to which a quantity of skimmed milk powder sold by the Community to Romania had been re-exported, had subsequently proved to be entirely unfounded. In Romania, ROMAGRIMEX was the enterprise responsible for importing products used for animal feed, PRODEXPORT dealt with imports of products for human consumption, while TERRA was an enterprise engaging in both import and export transactions. The skimmed milk powder sold by the Community to Romania, in respect of which ROMAGRIMEX had furnished attestations, had indeed been used for animal feed and had not been re-exported.
4. It was recalled that at the Committee's last meeting, the suggestion had been made that the matter be brought to the attention of the Romanian Permanent Mission on an unofficial basis. From the replies obtained from that mission, it appeared that in 1977 Romania had imported 15,000 tons of skimmed milk powder for animal feed from France. ROMAGRIMEX had forwarded to the French firm with which it had arranged those transactions three attestations dated January, February and September 1977 and certifying that the imported product would be used exclusively for animal feed and would not be re-exported. Enquiries had been made by the Romanian authorities from the recipient enterprises that had sub-contracted the powder and it appeared that neither any powder intended for animal feed, nor any powder for human consumption had been either exported or re-exported in the course of that year by Romania. The Committee was informed that the allegations recorded in the minutes of the preceding meeting were entirely unfounded.

5. The Committee adopted the minutes in document MCDP/48.

Information under the Decision of 10 May 1976

6. The Committee had before it a summary table (MCDP/W/58/Rev.14) prepared by the secretariat and based on communications received in pursuance of the Decision of 10 May 1976.

7. The representative of the EEC recalled that the Community made every effort to file with the secretariat import certificates in respect of all sales of skimmed milk powder intended for animal feed. Thus, in connexion with its sales of skimmed milk powder to Spain, the Community had filed with the secretariat import declarations and customs clearance certificates issued by the competent authorities of Spain and showing that importation had indeed taken place. For reasons of equity, it would be useful if other exporters could likewise make an effort in that direction. He wondered, nevertheless, whether other exporters had filed with the secretariat import certificates covering their sales of skimmed milk powder to Spain under a derogation. Two members of the Committee had concluded contracts with Spain in 1976 covering the delivery of 46,000 and 66,000 tons respectively, and he enquired whether the entire amount had indeed been imported into Spain.

8. The representative of New Zealand recalled that at the time when the Management Committee had agreed that in the case of sales of unaltered skimmed milk powder to Spain under the provisions of the Spanish derogation, the competent authorities of the exporting participants would require from the purchaser an undertaking to furnish a copy of the customs clearance document, New Zealand had already delivered to Spain the entire amount of 66,106 tons referred to in document MCDP/W/58/Rev.14.
9. The representative of Canada said that with respect to the contract of about 46,000 tons which had been concluded in February 1976 with Spain, 20,000 tons had been shipped to date. He informed the Committee that the amount of about 46,000 tons was being shipped in several consignments. The last shipment had taken place in July 1977 and all the shipments had been reported to the Committee. He said that this contract concluded in February 1976, was a long-term contract and did not create any obligation to provide documentation. He was not in a position to state whether there was any further documentation in respect of the shipments effected in June and July 1977, but would make enquiries on the matter and inform the Committee at its next meeting.

10. The representative of the EEC said that according to certain reports, two new denaturing processes for skimmed milk powder were applicable in Spain. Under the new system, the milk would have to be denatured by the addition of either 1 per cent of blood meal or 1 per cent of fish meal. He asked the Spanish representative whether those two new processes replaced those already recorded in the register of processes and control measures (document L/3552/Add.4).

11. The representative of Spain replied that the customs authorities had indeed decided to improve the denaturing methods and had issued a circular on new denaturing processes for skimmed milk powder. The Ministry of Commerce had informed the Ministry of Finance that any new denaturing process for skimmed milk powder would have to be notified to the Management Committee for approval and inclusion in the register of processes and control measures. In the meantime, for technical reasons the General Directorate of Customs had cancelled the circular amending the denaturing processes for skimmed milk powder. Consequently, the denaturing processes for skimmed milk powder currently in force in Spain were those already recorded in the register of processes and control measures (document L/3552/Add.4).

12. The representative of the EEC informed the Committee that the Community had concluded with Japan a contract for the sale of 10,000 tons of skimmed milk powder intended for use as feed. Deliveries under that contract would take place between December 1977 and April 1978.

13. The representative of Canada said that total milk production in Canada for the period January to August 1977 had declined by 2.2 per cent as compared to the same period a year earlier. Industrial milk production for the period January to September 1977 had declined by 1.4 per cent as compared to the same period of 1976. Butter production for the period January to October 1977 had declined by 3 per cent as compared to the same period a year earlier. Skimmed milk powder production for the period January to October 1977 had declined by 3 per cent as compared to the same period of 1976 and amounted to 316.5 million pounds (approximately 143,500 tons). He informed the Committee that at 1 November 1977 stocks of skimmed milk powder had declined by 58 per cent as compared to stocks at 1 November 1977 and amounted to 69,163 tons. Because stocks were now brought down to more manageable levels, no quotations were being made for sales of skimmed milk powder for animal feed purposes. Prices for skimmed milk powder for human consumption were quoted around US$440 per ton f.a.s.
Other business

Communication from the Secretary of the Consultative Sub-Group on Surplus Disposal

14. The Committee had before it a communication from the Consultative Sub-Group on Surplus Disposal (CSD) circulated in document MCDP/W/83. At its preceding meeting, the Committee had agreed that it would discuss the matters raised in that communication at the present meeting.

15. It was mentioned that the communication mainly concerned the coverage of the Arrangement in terms of types of transactions and the suggestion by some delegates in the CSD that the Management Committee of the Arrangement should be requested to refer to the CSD any transactions having concessional elements in them.

16. The representative of New Zealand said that his delegation considered that Article III:8 of the Arrangement covered all transactions which were not normal commercial transactions and which included types 1 through 19 of the "List of transactions" drawn up in FAO. His delegation considered that all such transactions should be notified to the Management Committee of the Arrangement in pursuance of the provisions of Article IV, although for strictly non-commercial transactions including types 1 through 13 of the "List of transactions" drawn up in FAO, this notification could take the form of the advance information on food aid required by Article VI:2. His delegation considered that it would be appropriate if the Management Committee informed the CSD of any notifications received under the provisions of Article III:8 of the Arrangement.

17. The representative of Canada considered that before the Committee could take a formal decision on the matters raised in the communication from the CSD it should have before it a list of the transactions called "grey area" transactions, some information on such transactions effected by participants to the Arrangement and a draft decision relating to the communication from the CSD.

18. The Committee agreed to revert to the CSD communication at its next ordinary meeting with a view to making a decision on the matters raised therein. To facilitate that decision, the Committee requested the secretariat to prepare for the next ordinary meeting a document containing information on transactions having both commercial and concessional features and likewise a draft decision concerning the communication received from the CSD.

Date of the next meeting

19. The Committee decided to hold its next ordinary meeting on 19 December 1977, subject to confirmation by the secretariat.
LIST OF REPRESENTATIVES/LISTE DES RÉPRÉSENTANTS

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

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BELGIUM
Mr. M. Vandeputte

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Mr. R.G. Wright
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