Introduction

1. The Management Committee held its fiftieth meeting on 20 February 1978.

Adoption of the agenda

2. The Committee adopted the following agenda:
   1. Adoption of the agenda
   2. Adoption of the minutes of the forty-ninth meeting (MCDP/51)
   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-ninth meeting (MCDP/51)

3. The Committee adopted the minutes in document MCDP/51.

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.17) prepared by the secretariat and based on communications received in pursuance of the Decision of 10 May 1976.
5. The representative of the EEC informed the Committee that at 16 February 1978 stocks of skimmed milk powder had amounted to 879,441 tons. Referring to the summary table MCDP/W/58/Rev.17, he observed that on page 12 of that document, sales by Canada to Spain under the provisions of L/3552/Add.4 were shown as having amounted to 12,609 tons. After recalling that in February 1976 Canada had concluded with Spain a contract covering some 46,000 tons, he enquired whether the entire amount of the powder which had been effectively imported into Spain should not be shown in the table.

6. The representative of Canada informed the Committee that stocks of skimmed milk powder currently amounted to approximately 65,000 tons. With respect to the contract concluded with Spain in February 1976, covering some 46,000 tons, approximately 25,000 tons had already been shipped. At the meeting of 16 July 1976, the participants had agreed to communicate to the secretariat, in addition to information required under the Decision of 10 May 1976, particulars regarding their exports of skimmed milk powder to Japan and Spain under the derogations granted to those two countries. Accordingly, the amount indicated on page 12 of document MCDP/W/58/Rev.17 corresponded to shipments of skimmed milk powder to Spain since 16 July 1976.

7. The representative of the EEC said that the United States was reported to have concluded with Japan contracts covering a total amount of 130,000 tons of skimmed milk powder intended for animal feed. He enquired whether the Japanese representative could give any information in that respect.

8. In reply, the representative of Japan said that traders had made inquiries about potential import demand for skimmed milk powder in Japan. With respect to alleged sales by the United States to Japan of skimmed milk powder for animal feed, his delegation had no knowledge of any such sales.

9. The representative of the EEC recalled that the Community had recently concluded with Japan contracts for the sale of 37,000 tons of skimmed milk powder for animal feed. He recalled, furthermore, that in cases where the skimmed milk powder exported was in an unaltered state, Regulation (EEC) No. 2054/76 provided, in particular, that an official organization in the country of destination must issue a certificate stating that the products which were imported would undergo a control ensuring that it would be exclusively used for animal feed and that it would not be re-exported. Community operators were having difficulty in obtaining such a certificate, because Japan's
legislation did not provide for the issue of such documents. Community operators were able to obtain customs clearance documents, but a certificate issued by an official organization of Japan would constitute more satisfactory evidence as to the end-use of the product. He wondered whether it would not be possible for the Japanese customs authorities to issue certificates by way of exception from their legislation.

10. The representative of Japan said that he would transmit to his authorities the question that the EEC representative had raised, and hoped to be able to inform the Committee at its next meeting.

Other business

Control measures applicable to skimmed milk powder imported into Spain for animal feed

11. It was recalled that at the meeting of 27 January 1978 the Committee had agreed, subject to formal approval by the Canadian delegation, to record in the Register of processes and control measures the new denaturing processes that had been presented by Spain (MCDP/51, paragraph 17). The Committee was informed that the Canadian representative had subsequently stated that his authorities saw no objection to the new processes proposed by Spain being recorded in the Register of processes and control measures.

12. The representative of Spain recalled that at the preceding meeting his delegation had stated that it would advise the secretariat of the date of entry into force of the new denaturing processes (MCDP/51, paragraph 16). Those new processes had entered into force on 15 February 1978. The Spanish authorities had been of the opinion that a time lag should be left before the entry into force of the new procedures so as to enable exporters to familiarize themselves with those new processes, and in order not to hamper trade. However, import applications covering 33,000 tons of skimmed milk powder had recently been filed although the supply situation in the Spanish market was normal. The Spanish authorities were of the opinion that if those large-scale imports of 33,000 tons had indeed been carried out and if the powder thus imported had been denatured by the addition of alfalfa flour in accordance with the old process, the risk of diversion would have been very great. Such a diversion would have serious consequences both for the Arrangement and for the Spanish economy, given the very wide price margin between powder produced in Spain and intended for human consumption and powder imported for animal feed. For that reason the Spanish authorities had decided that the new denaturing processes
approved by the Committee and recorded in the Register on 27 January 1978 would enter into force as from 15 February 1978. In conclusion, the speaker informed the Committee that the Spanish customs authorities had recently facilitated the entry into Spanish customs territory of small quantities of skimmed milk powder that were in the ports of Alicante and Santander.

Validity of the Arrangement

13. The Committee noted that the eighty-day period established in Article VIII, paragraph 2, was to expire on 24 February 1978, and that the validity of the Arrangement was to be extended for one year as from 14 May 1978.

14. The representative of the EEC observed that if a comprehensive Arrangement regarding the dairy products sector was concluded within the framework of the multilateral trade negotiations, the Management Committee would be able to decide on revocation of the existing Arrangement which would be replaced by the comprehensive Arrangement regarding the dairy products sector upon the entry into force of the latter instrument.

15. The representative of New Zealand suggested that for the Committee's next meeting the secretariat might prepare a note on the period of validity, on withdrawal from the Arrangement and on possible ways of terminating the Arrangement.

16. The Committee requested the secretariat to prepare for the next regular meeting a document on the period of validity, on withdrawal and on the legal procedures to be followed for any revocation of the Arrangement Concerning Certain Dairy Products.

Date of the next meeting

17. The Committee decided to hold its next regular meeting on 17 March 1978, subject to confirmation by the secretariat.
ANNEX/ANNEXE

List of Representatives/Liste des représentants

Acting Chairman: Mr. J.-M. Lucq

AUSTRALIA

BELGIUM

CANADA

COMMUNAUTES EUROPEENNES COMMISSION

DENMARK

FRANCE

GERMANY, FEDERAL REPUBLIC OF

ITALY

JAPAN

NEW ZEALAND

SPAIN

SUISSE

UNITED KINGDOM

Mr. I. Anderson

Mr. M. Vandeputte

Mr. M. Hart

M. A. Barsuglia

Mr. B. Bitch

M. T. Saint Gyant

M. J.-M. Travers

Mr. E. Magele

Mr. G. Giorgieri

Mr. H. Shirai

Mr. A.H. McPhail

Mr. A. Iranzo

Mr. M.A. Díaz-Mier

Mr. J.A. Castillo

M. J.-D. Gerber

Mr. R. Lowson

OBSERVERS/OBSERVATEURS