Introduction

1. The Management Committee held its fifty-second meeting on 17 April 1978.

Adoption of the agenda

2. The Committee adopted the following agenda:

   1. Adoption of the agenda
   2. Adoption of the minutes of the fifty-first meeting (MCDP/53)
   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 fifty-first meeting (MCDP/53)

3. The Committee adopted the minutes in document MCDP/53.

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/W58/Rev.19) 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 on 13 April 1978 stocks of skimmed milk powder amounted to 779,150 tons. He also informed the Committee that the EEC Commission had recently amended Regulation 2954/76 concerning the sale for export to third countries of skimmed milk powder for animal feed purposes. As a result of that amendment, the reduction, which had been 11 u.a. per 100 kgs., was only 10 u.a. per 100 kgs. as from 8 April 1978. In view of the refund and the new reduction, the export prices of skimmed milk powder for animal feed purposes could now amount to US$322-325 per ton f.o.b. What was more, the Commission was preparing to recommend to the member states a complete revision of Regulation 2954/76. Under that revision, a certain selling price of skimmed milk powder for animal feed purposes would be fixed for export to third countries. That price would be valid up to a certain date. Thereafter, the selling price would be gradually increased each month by 0.70 u.a. per 100 kgs. so that by the beginning of September 1978 the export prices of skimmed milk powder for animal feed purposes could reach US$350 per ton f.o.b.

6. The representative of Canada indicated that on 1 March 1978 stocks of skimmed milk powder amounted to 80.9 million pounds (approximately 36,700 tons). Current prices in international trade for skimmed milk powder for human consumption were about US$500 per metric ton. Prices of powder for animal feed purposes were gradually increasing and were approximately US$300-320 per ton, but they had not yet reached the minimum price of US$350 per ton established under the Arrangement. He added that the stocks held by his country had declined considerably and that, for the time being, Canada was not particularly anxious to sell skimmed milk powder for animal feed purposes.

7. The question was raised whether the parties to the Decision of 10 May 1976 were required to provide the secretariat every fortnight with data concerning transactions involving skimmed milk powder for animal feed purposes if the export prices of such skimmed milk powder were equal to or higher than the minimum price established under the Arrangement. It was agreed that the legal aspects of the question would be more closely examined at the next meeting of the Committee.

Other business

Colouring process for skimmed milk powder proposed by the Community

8. The representative of the EEC informed the Committee that he had just given the secretariat a communication concerning the colouring process for skimmed milk powder which the Community proposed to add to the control procedures and measures contained in Annex IV of the Decision of 10 May 1976, extended on 17 April 1978 (MCDP/30/Rev.3). He explained that the colouring process was almost the same as those of other parties to the Decision of 10 May 1976. He added that exports of skimmed milk powder coloured by the process mentioned would be subject to the procedures specified in paragraph 4(c) of the Decision of 10 May 1976.
9. The Committee agreed to resume consideration of the proposal of the EEC representative at its next meeting and to discuss it on the basis of the information supplied in the communication of the EEC, which would be circulated as document MCDP/W/95, with a view to taking a decision on the matter.

Sales of skimmed milk powder by the United States to Mexico

10. It was recalled that, at the previous meeting of the Committee, some representatives had mentioned that the United States was preparing to export some 30,000 tons of skimmed milk powder to Mexico at prices of approximately US$425 per ton.

11. The representative of the United States informed the Committee that the Commodity Credit Corporation (CCC) had concluded on 30 March 1978 a contract for the sale of 30,000 metric tons of skimmed milk powder with a Mexican Government entity called “CONASUPO”. He added that “CONASUPO” would use this skimmed milk powder for humanitarian purposes at prices strongly subsidized by the Government of Mexico. Consequently, this powder would not be used for commercial purposes in Mexico. His Government considered that the proposed transaction fell within the type fourteen of the “List of Transactions” developed by the FAO. This type of transaction was not subject to prior consultation and notification procedures in the Consultative Sub-Committee on Surplus Disposal (FAO). The sales price offered by the CCC had been US$425 per metric ton. Thus, it had not been significantly lower than other commercial offer prices.

12. The representative of New Zealand recalled his statement recorded in paragraph 26 of the minutes of the preceding meeting (MCDP/53). He asked whether the observer of the United States could furnish to the Committee some idea of the order of the subsidy involved. He noted that these transactions were specified as being for humanitarian purposes and he wondered why they had not been effected as completely non-commercial transactions, for example as gifts or donations. He asked also whether the Commodity Credit Corporation was contemplating any further sales of quasi-commercial nature to “CONASUPO” or any sales of this kind elsewhere in the world.

13. The representative of the United States replied that the Commodity Credit Corporation (CCC) had acquired skimmed milk powder in various periods at various prices. For these reasons, it was not possible to indicate the exact amount of the subsidy involved. On the other hand, the Mexican Agency “CONASUPO” had acquired such skimmed milk powder in the past at commercial prices and not as gifts or donations. It seemed that “CONASUPO” had the intention to buy about 60,000 to 90,000 tons of skimmed milk powder a year. However, he was not in a position to indicate whether his Government or the CCC was contemplating to effect further such sales.
14. Referring to the subsidy, the representative of the EEC said that since the CCC buying price for skimmed milk powder prior to 1 April 1973 was US$0.69 per lb., i.e., approximately US$1,500 per ton, and since the selling price to Mexico amounted to US$425 per ton, the subsidy undoubtedly amounted to about US$1,075 per ton.

15. In reply to other questions, the representative of the United States said he did not know the period of delivery of the sales to Mexico. His delegation would be willing to communicate to the Management Committee any such transactions undertaken by the United States. With regard to the subsidy involved he added that the figure suggested by the representative of the EEC seemed to be correct as an order of magnitude.

16. The representative of New Zealand pointed out that his country was selling skimmed milk powder at prices of about US$500 per ton and he hoped that prices of skimmed milk powder in international trade would keep rising in the days ahead. He added that the United States had just made some quasi-commercial sales to Mexico at prices lower than prevailing world levels. He suggested that it would be useful if, at the next meeting, the Committee were informed by the secretariat of the recent imports of skimmed milk powder by Mexico.

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

17. It was recalled that, at the December 1977 meeting, the Committee had adopted a decision, recorded in paragraph 32 of the minutes (MCDP/50), which had been communicated to the Consultative Sub-Committee on Surplus Disposal (CSD). The Committee was advised that the secretary of the CSD had addressed a letter to the Acting Chairman of the Committee informing him of the discussions which had taken place on the matter in the CSD. Annexed to the letter was a record of the CSD meeting at which those discussions had taken place.

18. Some representatives suggested that the letter from the CSD and the Annex thereto should be distributed to the members of the Committee. The Committee requested the secretariat to contact the CSD to enquire concerning the possibility of distributing the communication and its Annex to the members of the Committee.

Date of the next meeting

19. The Committee decided to hold its next special meeting on 22 May 1978, subject to confirmation by the secretariat.
ANNEX/ANNEXE

List of Representatives/Liste des représentants

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

AUSTRALIA
Mr. I. Anderson

CANADA
Mr. M. Hart

COMMUNAUTES EUROPEENNES COMMISSION
M. A. Barsuglia

DENMARK
Mr. B. Bitch

FRANCE
M. T. Saint-Oyant

GERMANY, FEDERAL REPUBLIC OF
Mr. M. Schalaster

ITALY
Mr. G. Giorgieri

JAPAN
Mr. H. Shirai

NEW ZEALAND
Mr. A.H. McPhail

SPAIN
Mr. A. Irarjzo
Mr. M.A. Diaz-Mier

SUISSE
M. O.D. Gerber

UNITED KINGDOM
Mr. R. Lowson

OBSERVERS/OBSERVATEURS

UNITED STATES
Mr. E. Koenig