Introduction

1. The Management Committee held its fifty-eighth meeting on 21 December 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-sixth and fifty-seventh meetings (MCDP/58 and MCDP/59)
   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. Possible modification of the minimum price (possible anticipated application of a new minimum price)
   5. Other business

Adoption of the minutes of the fifty-sixth and fifty-seventh meetings (MCDP/58 and MCDP/59)

3. The representative of the EEC requested the following amendment to the minutes circulated in document MCDP/58: in paragraph 9, eighth line, the word "devaluation" to be replaced by "depreciation". The Committee accepted the amendment requested and adopted the minutes in MCDP/58, as amended and MCDP/59.
Information required by the Committee under Article IV or other articles of the Arrangement

(a) General information

4. The Committee urged members which had not yet furnished data for the third quarter of 1978 to do so promptly.

(b) Information under the Decision of 10 May 1976

5. The Committee had before it a summary table (MCDP/W/53/Rev.24) prepared by the secretariat and based on communications received in pursuance of the Decision of 10 May 1976.

6. The representative of the EEC said that stocks of skimmed milk powder had amounted to 716,605 tons at 1st December 1978. Community stocks would probably be slightly below 700,000 tons at 31 December 1978. The Commission had just adopted Regulation (EEC) No. 2949/78 of 12 December 1978 amending Regulation (EEC) No. 2051/76 on the sale for export to non-member countries of skimmed milk powder held by intervention agencies and intended for use as feed. Under those amendments, conclusion of the selling contract with the intervention agency must take place by 28 February 1979. Accordingly, the new regulation gave Community operators the right to conclude up until 28 February 1979 new contracts for the delivery of skimmed milk powder in an unprocessed state and intended for use as feed. Export prices of powder intended for use as feed had recently been between US$390 and US$400 per ton and had even reached US$410 per ton, well above the minimum price of US$350 per ton established under the Arrangement. Referring to document MCDP/W/59/Add.54 containing information on EEC sales of skimmed milk powder between 1 and 10 November 1978, the representative of the EEC said that in that ten-day period those sales had reached a total of approximately 45,000 tons of powder intended for use as feed.

7. The representative of New Zealand asked other participants exporting skimmed milk powder to furnish information on any current contracts concluded under the Decision of 10 May 1976.

8. In reply, the representative of Australia informed the Committee that there were no contracts outstanding at prices below the minimum price concluded under the Decision of 10 May 1976.

9. The representative of Canada said that although his country had not effected any sales of skimmed milk powder for animal feed purposes in recent weeks, he was not in a position at this stage to indicate exactly what the amount of the outstanding contracts were in terms of shipments. He added that he would endeavour to provide to the secretariat before the next meeting of the Committee information on outstanding contracts.
10. The Committee had before it a summary table (MCDP/W/65/Rev.9) prepared and updated by the secretariat for the information of delegations and concerning food aid in the form of skimmed milk powder.

11. The representative of Australia recalled that at the seven previous regular meetings of the Committee his delegation had raised the question of a possible modification in the level of the minimum price. He recalled also that the factors justifying an increase in the level of the minimum price were recorded in the minutes of the previous regular meetings of the Committee. His delegation believed that there were sound economic reasons for raising the minimum price. In the view of his delegation, if the minimum price was not adjusted from time to time, the Arrangement was in danger of falling into disuse and of ceasing to have any realistic base at all. He noted that some progress had been made in the Sub-Group on Dairy Products on the negotiation of an International Dairy Arrangement. He pointed out, however, that the new prices negotiated in the Sub-Group on Dairy Products might not come into force before 1980. He recalled that the negotiations currently under way in the Sub-Group on Dairy Products provided no argument against reviewing the minimum price. For all these reasons, the Management Committee should increase now the minimum price to US$425 per metric ton f.o.b.

12. The representative of the EEC recalled that while an agreement had been reached on minimum prices in the Sub-Group on Dairy Products, proposals had been made, in particular by the Canadian delegation, concerning possible reference points that would constitute a derogation from the terms of sale provided for in the draft Arrangement. The Community had not yet expressed its opinion on the Canadian proposal, but some other members of the Sub-Group on Dairy Products had already indicated that they could not agree to it. His delegation wished to allow the Community authorities to reflect on the proposal before agreeing to immediate application of a new minimum price. In conclusion, he proposed that a new minimum price of US$425 per ton be applied as from 14 May 1979, the renewal date for the Arrangement Concerning Certain Dairy Products.

13. The representative of New Zealand recalled that the subject of an increase in the minimum price had been before the Committee for some time. Some delegations had argued that due to the negotiations currently under way in the Sub-Group on Dairy Products, the Committee should put off any decision until those negotiations were completed. He recalled that those negotiations provided no argument against reviewing the minimum price. However, his delegation had agreed to accept some delay in the increase in the minimum price. Referring to the document MT/W/DP/W/27/Rev.9 containing the text of the draft International Dairy Arrangement, as it resulted from the
negotiations of 13 and 14 December 1978, he noted that only one country, which was not a member of the Management Committee, had expressed a reservation on the agreed new minimum price of US$425 per metric ton. He recalled that his delegation had in the previous regular meetings of the Committee fully supported the Australian proposal to increase the minimum price. He reiterated his support to the proposal made by Australia to increase the minimum price to US$425 per metric ton. On the question of a possible date of entry into force of the new minimum price, he expressed the view that the date of 14 May 1979 proposed by the representative of the EEC was a little late. His delegation would prefer an earlier application of the new minimum price. Taking into account the new Regulation adopted by the Commission of the EEC and just mentioned by the representative of the EEC, he suggested that the Committee should now agree to raise the minimum price to US$425 per metric ton with effect from 1 March 1979. His delegation would hope that by that time the negotiations currently under way in the Sub-Group on Dairy Products would be completed.

14. The representative of Japan enquired whether a modification of the minimum price would affect the validity of contracts concluded at prices below the new minimum price and in course of implementation on the date of entry into force of the new minimum price. In the view of his delegation, if a decision to increase the minimum price was taken, the new minimum price of US$425 per ton should apply only to contracts concluded after the date of its entry into force.

15. The Committee agreed that a modification of the minimum price would in no way affect the validity of contracts concluded prior to the entry into force of the new minimum price.

16. The representative of Spain said that at the last meeting of the Sub-Group on Dairy Products, his delegation had not opposed the minimum price for skimmed milk powder established under the International Dairy Arrangement being fixed at US$425 per ton. That price would not enter into force until 1 January 1980. The Spanish authorities were of the opinion that any possible anticipated application of a new minimum price under the existing Arrangement should be considered as an anticipated contribution to the definitive results of the negotiations. Consequently, if a consensus were to emerge in the Committee in favour of anticipated application of a new minimum price, his delegation would not oppose it.

17. With respect to a possible modification of the minimum price provided for in the existing Arrangement, the representative of Canada pointed out that virtually all the members of the Management Committee had indicated that what was occurring in the Sub-Group on Dairy Products obviously influenced
their position in terms of the operation of the existing Arrangement Concerning Certain Dairy Products. The representative of Canada stressed that at this time, until such time as all the specifics of the proposed International Dairy Arrangement were agreed, his delegation could not agree to any increase in the minimum price of skimmed milk powder under the existing Arrangement.

18. The representative of Australia expressed the view that while the Committee should be aware of what was occurring in the Sub-Group on Dairy Products, it should not be totally subject to the results of the negotiations in that Sub-Group. The work of that Sub-Group and that of the Management Committee were quite separate. For that reason, his delegation could not share the views expressed by Canada on this matter. He concluded by reiterating his proposal to increase now the minimum price to US$425 per metric ton.

19. The representative of New Zealand said that his delegation could fully share the views just expressed by the representative of Australia. Apart from the question of minimum prices which had been agreed in the Sub-Group on Dairy Products by all the members of this Committee, his delegation did not see any other aspects of the International Dairy Arrangement as impinging on the work of the Committee. He added that if the delegation of Canada believed that the work of the Sub-Group on Dairy Products influenced that of this Committee, the failure at the present meeting to agree to an increase in the minimum price might well affect the views of his delegation in the Multilateral Trade Negotiations. He stated however, that the Committee could agree now to increase the minimum price to US$425 per metric ton with effect from 1 March 1979. His delegation would hope that by that date the negotiation on the International Dairy Arrangement would be completed in the Sub-Group on Dairy Products. If the Canadian delegation was unable to amend its position at the present meeting, he suggested that the Committee should agree that the new minimum price of US$425 per metric ton would apply as from 1 March 1979 and note the Canadian view on this matter. It would be understood that the application of the decision by the Committee would be subject to the completion of the negotiations in the Sub-Group on Dairy Products.

20. The representative of Canada stated that it was the hope of his delegation to complete the negotiations in the Sub-Group on Dairy Products early in 1979. As soon as an agreement would be reached in that Sub-Group on the International Dairy Arrangement and all of its provisions, it would be possible for this Committee to consider a possible increase in the minimum price provided for in the existing Arrangement. Consequently, until that time came, his delegation would be unable to agree to the suggestion just made by the representative of New Zealand. His delegation would be able to confirm an agreement to increase the minimum price under the existing Arrangement only after it would be clear that all aspects of the Multilateral Trade Negotiations in the Sub-Group on Dairy Products had been completed.
21. The representative of South Africa recalled that while an agreement had been reached on minimum prices in the Sub-Group on Dairy Products, the negotiations on the draft International Arrangement had not yet been completed. Consequently, any decision by the Management Committee at the current meeting could affect the current negotiations in the Sub-Group on Dairy Products.

22. The representative of New Zealand asked the representative of Canada what the Canadian delegation would consider as being the completion of the International Dairy Arrangement. He wondered whether this condition included the requirement that the Arrangement should be accepted and signed by a certain number of countries or simply meant that there should be a clean text of the International Dairy Arrangement.

23. The representative of Canada replied that a clean text of the International Dairy Arrangement together with an agreement on any general reservations that any participants might make regarding the text of the proposed Arrangement would be regarded by his authorities as constituting the conclusion of the negotiations on the International Dairy Arrangement.

24. The representative of the EEC said that, subject to confirmation by his authorities, his delegation might possibly be able to concur in the proposal by the New Zealand representative for the date of entry into force of the new minimum price of US$425 per ton to be fixed at 1 March 1979. Furthermore, the question of modification of the minimum price for skimmed milk powder was linked to that of modification of the minimum price for milk fat. Now, Article III:3 of the Protocol Regarding Milk Fat provided that any modification of the minimum price might be decided upon only at the time when the question of extension of the duration of the Protocol was being considered. Nevertheless, the same paragraph also provided that when an emergency situation was deemed to exist such a modification might be decided upon at other times. He wondered whether the conclusion of an International Dairy Arrangement could not be deemed an emergency situation and accordingly whether a modification of the minimum price could not be decided upon at any time.

25. The representative of New Zealand noted that no consensus had emerged concerning a modification of the minimum price. Consequently, he expressed his disappointment at the attitude of the delegation of Canada and also he expressed his concern at the link drawn between the discussions on this question in the Management Committee and the negotiations on certain aspects of the International Dairy Arrangement in the Sub-Group on Dairy Products. He requested that his statement be recorded in the minutes of the present meeting.

26. The representative of Australia stated that his delegation could share the views expressed by the representative of New Zealand. He requested that his statement be recorded in the minutes of the present meeting.
27. The representative of Canada recalled that in the previous meetings of the Committee, there had been many references to the obvious linkages between this Arrangement on skimmed milk powder and the negotiations currently under way in the Sub-Group on Dairy Products. He recalled that both the EEC and Japan had drawn this link in the previous meetings of the Committee. For this reason, the observations just made by the representative of New Zealand should be seen in a larger perspective than the perspective of the present meeting.

28. The Committee noted that no consensus had emerged concerning a modification of the minimum price under Article III:3 of the Arrangement. It was agreed therefore that the matter would be kept on the agenda.

Other business

29. The representative of Spain said that with a view to harmonizing the existing text of the processes and control measures of Spain included in the register and set forth in document L/3552/Add.4/Suppl.2 with the text of the processes and control measures of his country included in the register annexed to the draft International Dairy Arrangement (MTN/DP/W/27/Rev.9/Add.l), it would be appropriate to amend document L/3552/Add.4/Suppl.2 in the following way: In paragraph 1, second line, delete the word "deodorized" and insert a footnote reference after "flour"; the footnote to be inserted would read as follows: "It is the understanding of the Spanish authorities that the fish flour must be non-deodorized. (Arrangements are being made for publication of an official explanatory note in this sense.)" He requested the Committee to approve those amendments and include a corresponding corrigendum in the register.

30. The representative of the EEC said that the Community wanted the two processes set forth in Annex III to Regulation (EEC) No. 2054/76, as last amended by Regulation (EEC) 2823/78, to be included in the register as a supplement to the processes set forth in document L/3552/Add.8/Rev.1. Those two processes were identical to the processes that Spain had had registered, using blood meal as well as non-deodorized fish meal and fish solubles. He requested the Committee to approve those processes and include them in the register of processes and control measures.

31. The Committee approved the proposals made by Spain and the EEC and decided to include them in the register as documents L/3552/Add.4/Suppl.2/Corr.1 and L/3552/Add.8/Rev.1/Suppl.1, respectively.

Date of next meeting

32. The Committee decided provisionally that its next meeting be held on 26 March 1979, it being understood that the Acting Chairman could convene a meeting before that date.
List of Representatives/Liste des Représentants

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

- AUSTRALIA
  Mr. I. Anderson

- BELGIUM
  M. H. Hooyberghs

- CANADA
  Mr. M. Gifford
  Mr. D. Roberts

- DENMARK
  Mr. P. Poulsen

- COMMUNAUTES EUROPEENNES COMMISSION
  M. A. Barsuglia

- FRANCE
  M. R. Louzé

- GERMANY, FEDERAL REP. OF
  Mr. M. Schalaster

- IRELAND
  Mr. P. Hennessy

- JAPAN
  Mr. H. Shirai

- NETHERLANDS
  Mr. R. Hoogesteger

- NEW ZEALAND
  Mr. A.H. McPhail

- SOUTH AFRICA
  Mr. N. Saulez

- SPAIN
  Mr. M.A. Díaz-Mier
  Mr. J. Jiménez Rosado