Introduction

1. The Management Committee to the Protocol held its nineteenth meeting on 19 December 1977.

Adoption of agenda

2. The Committee adopted the following agenda:

   1. Adoption of agenda
   2. Adoption of the minutes of the eighteenth meeting (MCMF/18)
   3. Information required by the Committee under Article IV or other Articles of the Protocol
   4. Review of the market situation. Possible modification of the minimum price
   5. Other business.

Adoption of the minutes of the eighteenth meeting

3. The Committee adopted the minutes MCMF/18.

Information required by the Committee under Article IV or other Articles of the Protocol

4. The Committee expressed the hope that members who had not yet supplied data for the third quarter of 1977 would do so soon.

Review of the market situation. Possible modification of the minimum price

5. The representative of New Zealand said that export prices of milk fat had remained relatively stable at around US$1,275 per metric ton.
6. The representative of the EEC said that, as at 16 December 1975, public stocks of butter amounted to 120,842 tons and private stocks to 166,258 tons. The amount of the refund granted for exports of milk fats had remained unchanged. However, as a result of the recent depreciation of the United States dollar, selling prices expressed in the United States currency had slightly increased recently. Thus, Community operators could export milk fats at prices in the vicinity of US$1,300 per ton on an f.o.b. basis.

7. The representative of Australia informed the Committee that the Australian Dairy Corporation had announced that effective from 1 January 1978 the Australian minimum export price for anhydrous milk fat would be US$1,300 per metric ton f.o.b.

8. The representative of New Zealand said that his delegation had proposed the inclusion of an item on the possible modification of the minimum price of milk fat on the agenda of the present meeting for two reasons. Firstly, in accordance with the provisions of Article III:3 of the Protocol, a modification of the minimum price may be decided upon only at the time when the question of extension of the duration of the Protocol is considered in terms of Article VIII:2. Secondly and more importantly, the level of the minimum price had remained unchanged at US$66 per 100 kgs. since the entry into force of the Protocol on 14 May 1973. In the view of his authorities the minimum price provided for in Article III of the Protocol needed to be reviewed. He suggested therefore that the Committee should raise the minimum price to US$100 per 100 kgs. The current minimum price of milk fat could in no way be regarded as providing floor for an adequate base return to efficient producers. Moreover, prices of milk fat in the international market were currently in excess of US$1,200 per metric ton and were approaching US$1,300 per metric ton. In order to take due account of the floor price function of the minimum price in providing an adequate base return and taking due account of the market prices over the past three years, New Zealand considered that an increase in the minimum price to a level of US$100 per 100 kgs. would help to provide a better basis for stable and secure trading conditions for milk fat. He noted that, with regard to milk fat, there were neither large stocks nor disposals for animal feed purposes. In addition, market prices were considerably higher than the present minimum price. On the other hand, his delegation believed that the fact that negotiations in the framework of the Multilateral Trade Negotiations were going on should not prejudice the proper functioning of existing Arrangements. He noted also that there were significant differences in the membership of this Protocol and that of the Sub-Group on Dairy Products. Members of the Committee should not be influenced by activities in other fora. The representative of New Zealand concluded by reiterating his proposal to increase the minimum price to US$100 per 100 kgs.
9. The representative of Australia said that his delegation could support the proposal of the representative of New Zealand to increase the minimum price to US$100 per 100 kgs. He added that the need to review the minimum price of milk fat under the Protocol was more imperative than the reasons for increasing the minimum price of skimmed milk powder under the Arrangement. Taking into account the provisions of Article III:3 of the Protocol, the Committee should agree now to an increase in the minimum price to US$100 per 100 kgs.

10. The representative of Japan pointed out that negotiations concerning a possible global arrangement on dairy products, including milk fat, were going on in the Sub-Group on Dairy Products. In the view of his delegation, it would not be realistic to negotiate a new minimum price of milk fat in the Management Committee to the Protocol at the present time.

11. The representative of the EEC said that the Community expected the Multilateral Trade Negotiations to achieve a harmonious balance between the various dairy products. Only within the framework of such negotiations could the exact levels for minimum prices be set in respect of each of the most homogeneous dairy products, while taking their inter-relationships into account. For the time being, the Community preferred the current minimum price set under the Protocol not to be changed.

12. The representative of New Zealand recalled that, according to the provisions of Article III:3 of the Protocol, if a consensus could not be reached as to a modification of the minimum price at the present meeting, it might be necessary to wait another year in order to make a decision on this question. However, he proposed that an item on the possible modification of the minimum price of milk fat should be included in the agenda of the next regular meeting of the Committee.

13. The Committee noted that a consensus had not been reached as to a modification of the minimum price under paragraph 3 of Article III of the Protocol. It was agreed that the question would be included in the agenda of the next regular meeting.

Other business

Decision concerning the communication from the Consultative Sub-Committee on Surplus Disposal (MCDF/W/83)

14. Considering the similarity between Article III:7 of the Protocol concerning milk fats and Article III:8 of the Arrangement on certain dairy products, the Committee agreed that the Decision recorded in the minutes of the forty-eighth
meeting of the Management Committee of the Arrangement (MCDF/50, paragraph 32) could also apply to the relationships existing between the Protocol and the transactions of the Consultative Committee on Surplus Disposal.

The meeting of the Management Committee of the Arrangement (MCDF/50, paragraph 32) could also apply to the relationships existing between the Protocol and the transactions of the Consultative Committee on Surplus Disposal.

Date of the next meeting

The Committee agreed to hold its next regular meeting at the same date as the next regular meeting of the Management Committee of the Arrangement.

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## ANNEX/ANNEXE

**List of Representatives/Liste des représentants**

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

### AUSTRALIA
- Mr. R. Hall  
- Mr. R. Moore

### BELGIUM
- Mr. H. Hooyberghs

### CANADA
- Mr. M. Hart

### COMMUNAUTES EUROPEENNES COMMISSION
- Mr. A. Barsuglia

### FRANCE
- Mr. R. Louzé  
- Mr. A. Rogue  
- Mr. M. Leflon  
- Mr. T. Saint Gyant

### GERMANY, FEDERAL REPUBLIC OF
- Mr. E. Mägele

### IRELAND
- Ms. C. Broe

### ITALY
- Mr. G. Giorgieri

### JAPAN
- Mr. H. Shirai

### NETHERLANDS
- Mr. M. Hoogesteger

### NEW ZEALAND
- Mr. A.H. McPhail

### SUISSE
- Mr. R. Beuret  
- Mr. J.-D. Gerber

### UNITED KINGDOM
- Mr. G.R.T. Bicknell

### OBSERVERS/OBSERVATEURS

### AUSTRIA
- Mr. V. Segalla

### SPAIN
- Mr. A. Iranzo  
- Mr. M.A. Díaz-Mier  
- Mr. J. Jimenez Rosado