GENERAL AGREEMENT ON TARIFFS AND TRADE

Protocol Relating to Milk Fat

MANAGEMENT COMMITTEE TO THE PROTOCOL

Minutes of the Fifth Meeting
Held on 10 June 1974

Introduction

1. The Management Committee to the Protocol held its fifth meeting on 10 June 1974.

2. The Committee adopted the following agenda:
   (a) Adoption of agenda
   (b) Adoption of the minutes of the fourth meeting (MCFM/4)
   (c) Information required by the Committee under Article IV or other Articles of the Protocol
   (d) Review of the market situation
   (e) Other business

Adoption of the minutes of the fourth meeting

3. The Committee adopted the minutes MCFM/4

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

4. The representative of New Zealand informed the Committee that data concerning the first quarter of 1974 would be supplied on the day.

Review of the market situation

5. The representative of Australia said that the markets for butter oil and ghee remained firm. The outlook for prices was reasonable following recent increases. However, some market resistance to further price increases appeared to be developing as a result of the competitive level of quotations by some other suppliers and the availability of substitute vegetable oils even though the latter were comparatively high priced. It was estimated that Australian butter production in the 1973/74 season would decrease to 172,000 tons. Consequently, the market situation for butter oil was likely to be extremely tight. Restrictions were being placed on the supply of butter fat for the manufacture of butter oil and the production of ghee.
had been severely limited by shortages of second class butter. Uncommitted stocks of butter oil and ghee were expected to be nil at the end of June 1974. It was anticipated that butter production in the 1974/75 season would decline to 170,000 tons and that the current tight supply situation for butter oil and ghee would continue well into the new season. Consequently, stocks of butter oil and ghee were likely to close on a very tight note in 1974/75.

6. The Committee had before it a table, prepared by the secretariat in response to a request made by some members at its previous meeting, showing prices of the main fats that compete or could compete with milk fat (MCMF/W/6).

7. The representative of the EEC supplied additional information on prices of certain fats that compete with milk fat. On a c.i.f. EEC basis, palm oil was quoted at 65 u.a., soybean oil at 66-67 u.a., coconut oil at 112 u.a., and groundnut oil at 105.60 u.a. per 100 kgs in May 1974. The average price of these oils in that month was around 88 u.a. per 100 kgs, a three-fold increase compared to the average of 28 u.a. per 100 kgs in January 1973. The average price of certain animal fats (such as tallow and lard) was around 75 u.a. per 100 kgs in May 1974, more than double the average of 28 u.a. per 100 kgs in January 1973. In the same period, the increase in milk fat prices had not been as high as that of the competing fats. In these circumstances, milk fat could be sold at more profitable prices than previously. The restitution for butter oil had been decreased from 108 u.a. to 100 u.a. per 100 kgs and present export prices were around 128 u.a. per 100 kgs f.o.b. However, taking into account the prefixed restitutions of 120 u.a. and 108 u.a. per 100 kgs, some exports might take place at prices slightly below 128 u.a.

8. The Committee took note of the information on prices of fats other than milk fat contained in the document MCMF/W/6.

Other business

9. The Committee agreed to hold its next regular meeting on 16 September 1974, subject to confirmation by the secretariat.
ANNEX/ANNEXE

List of Representatives - Liste des Représentants

Acting Chairman: Mr. J.H. Kraus
Président par interim:

AUSTRALIA

Mr. J.K. Baker
Mr. McGregor

BELGIUM

M. Panier

CANADA

Mr. J.P. Clark

DENMARK

Mr. F. Erskov

FRANCE

M. Colombel
M. Roguet
M. Leflon

GERMANY, FED. REP. OF

Mr. J. Scherer

JAPAN

Mr. H. Kaya.
Mr. T. Mannô

NETHERLANDS

Mr. J. Logger
Mr. H. Elskam

NEW ZEALAND

Mr. W. Falconer

SUISSE

M. F. Rammelmeyer
M. H. Buchmann

UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND

Mr. O. Hay-Edie

COMMUNAUTES EUROPEENNES
COMMISSION

M. A. Barsuglia
M. J. Eaton

OBSERVERS/OBSERVATEURS

AUSTRIA

Mr. V. Segalla

HUNGARY

Mr. A. Hadi
Mr. J. Gal

UNITED STATES OF AMERICA

Mr. N. Thuroczy