GENERAL AGREEMENT ON
TARIFFS AND TRADE

Protocol Relating to Milk Fat

MANAGEMENT COMMITTEE TO THE PROTOCOL

Minutes of the Eighth Meeting
Held on 14 March 1975

Introduction

1. The Management Committee to the Protocol held its eighth meeting on 14 March 1975.

Adoption of Agenda

2. The Committee adopted the following agenda:

   1. Adoption of Agenda.
   2. Adoption of the minutes of the seventh meeting (MCMF/7).
   3. Information required by the Committee under Article IV or other Articles of the Protocol.
   4. Review of the market situation.
   5. Other business.

Adoption of the minutes of the seventh meeting

3. The Committee adopted the minutes MCMF/7.

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

4. The Committee urged members who had not yet supplied data for the third and fourth quarters of 1974 to do so soon.

Review of the market situation

5. The representative of Australia said that butter production in the 1974/75 season would decline to 160,000 tons, some 15,000 tons lower than that of the preceding season. The export off-take had been slow in recent months partly due to
high prices and probably to inflationary pressures in some of the major markets. Consequently, butter-and-butter oil stocks were likely to increase by about 10,000 tons on a level of some 12,000 tons a year earlier. Australian butter oil production in the 1974/75 season would reach 32,000 tons. Domestic consumption was likely to be 12,000 tons, leaving some 20,000 tons available for export. Ghee production for export would amount to 4,000 tons. Export prices of milk fat declined by about US$20 per 100 kgs. in late December. This was due to the necessity of meeting competition from butter oil produced with low priced butter from Eastern European sources. At present, Australian sales had improved somewhat and the market for milk fat was firmer compared with the end of 1974.

6. The representative of New Zealand said that stocks of milk fat at the end of 1974 were a little higher than expectations and amounted to 14,900 tons as compared to 7,300 tons at the end of the preceding year. However, the first quarter of each calendar year was the peak stocking period for New Zealand and stocks at the beginning of the first quarter of 1975 were only slightly higher than those of the beginning of the corresponding quarter of 1973. At present, the market for milk fat remained relatively firm. The New Zealand Dairy Board, like Australia, had experienced some competition from low priced European butter blended into butter oil.

7. The representative of the EEC said that present stocks of butter in the Community totalled 48,502 tons, of which 41,324 tons were public and 7,178 tons were private stocks. The Council had decided to increase the intervention price of butter for 1975/76 in two stages. This increase brought the intervention price of butter in the original member States of the Community and in Denmark from 183.58 u.a. to 194.63 u.a. from 3 March 1975 and to 209.58 u.a. per 100 kgs. from 16 September 1975. The intervention price for butter in Ireland had been fixed at 184.14 u.a. from 3 March 1975 and at 198.32 u.a. per 100 kgs. from 16 September 1975. The intervention price for butter in the United Kingdom had been fixed at 134.19 u.a. from 3 March 1975 and at 143.68 u.a. from 16 September 1975. It was expected that butter production in the Community in 1975 would amount to 1,720,000 tons compared with 1,650,000 tons in the previous year. Taking into account the beginning stocks at 1 January 1975 of about 150,000 tons and estimating the imports at 130,000 tons, total supply in 1975 would reach approximately 1,999,000 tons. Domestic disappearance was expected to total some 1,620,000 tons in 1975. It was anticipated that total exports in 1975 would reach 130,000 tons of which 50,000 tons as food aid and 80,000 tons of commercial sales. Consequently, stocks at the end of the year would probably reach the level of 250,000 tons. Taking into account the restitution for butter oil of 113.41 u.a. per 100 kgs. present export prices would theoretically be at a level of US$160 per 100 kgs. f.o.b. In actual practice, exports of butter oil, produced with low-priced butter imported for processing from East European countries, were taking place at around US$125-135 per 100 kgs. f.o.b.
8. The representative of Canada said that his country did not produce butter oil. Butter stocks as of 1 January 1975 amounted to 45 million pounds (20,400 tons); some 4 million pounds (1,800 tons) higher than those at the beginning of the previous year.

Other business

9. The Committee agreed to hold its next regular meeting on 26 June 1975 subject to confirmation by the secretariat.
List of Representatives - Liste des Représentants

Acting Chairman: Mr. J.-M. Lucq

- AUSTRALIA  Mr. O.P. Teese
- BELGIUM  Mr. O.S. Panier
- CANADA  Mr. Gifford
- DENMARK  Mr. E. Olsen
- FRANCE  M. Colombel
- GERMANY, FED. REP. OF  Mr. D. Belde
- JAPAN  Mr. T. Manabe
- NETHERLANDS  Mr. M. Hoogesterger  Mr. J. Logger
- NEW ZEALAND  Mr. W. Falconer
- SUISSE  M. H. Buchmann  M. F. Rammelmeyer
- IRELAND  Mr. P.F. O'Donoghue
- COMMUNAUTES EUROPEENNES COMMISSION  M. A. Barsuglia  Mr. Bevilacqua
- SPAIN  M. A. Iranzo-Comas

OBSERVERS/OBSERVATEURS

- HUNGARY  M. A. Hadi  Mme G. Gal  Mme M. Magyar