

INTERNATIONAL DAIRY ARRANGEMENT

Eleventh Annual Report

**THE WORLD MARKET
FOR DAIRY PRODUCTS
1990**



General Agreement on Tariffs and Trade

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Introduction

The International Dairy Arrangement resulting from the Multilateral Trade Negotiations 1973 to 1979, came into operation on 1 January 1980. It was, in a way, a successor to the Arrangement Concerning Certain Dairy Products of 1970. It has been extended until 31 December 1991.

The objectives of the Arrangement are: to achieve the expansion and ever greater liberalization of world trade in dairy products under market conditions as stable as possible, on the basis of mutual benefit to exporting and importing countries; and to further the economic and social development in developing countries. In adopting these objectives, the economic importance of milk and dairy products to many countries, and the need to avoid surpluses and shortages and to maintain prices at an equitable level were recognized, and it was considered that improved co-operation in the dairy products sector contributed to the attainment of the objectives agreed upon in the Tokyo Declaration of 14 September 1973. The Arrangement applies to the dairy products sector, including casein.

The objectives are advanced through the activities of the International Dairy Products Council and the Committees of the Protocols. Twice each year the Council makes an evaluation of the market situation, based on background documentation established by the secretariat. Three Protocols annexed to the Arrangement: the Protocol Regarding Certain Milk Powders; the Protocol Regarding Milk Fat and the Protocol Regarding Certain Cheeses, are integral parts of it. Under these Protocols, minimum export prices have been established for skimmed milk powder, whole milk powder, buttermilk powder, anhydrous milk fat, butter and certain cheeses. Participants have undertaken to take the steps necessary to ensure that these minimum export-price provisions are being complied with. The Committees review quarterly the market situation for respective products and the application of provisions of the Protocols by participants, notably their observance of the minimum export prices. During its eleven years of operation, the Arrangement has proven to be a valuable instrument in restoring and maintaining the order in the international dairy market.

As of 1 November 1990, the Arrangement had the following participants: Argentina, Australia, Bulgaria, Egypt, the European Economic Community, Finland, Hungary, Japan, New Zealand, Norway, Poland, Romania, South Africa, Sweden, Switzerland and Uruguay. Other countries have been represented at meetings by observers. The United States was participating in the Arrangement until 12 February 1985 and Austria until 9 June 1985.

The present annual report, the eleventh report issued under the Arrangement, reviews the situation in the world market for dairy products. It covers developments in 1989 and the first half of 1990 and the outlook for 1990/91. It is based on the work of the Council and the Committees. The sources of information are mainly submissions by participants supplemented with other information available to the secretariat, notably documentation made available by the FAO, the IDF, the Economic Commission for Europe and the OECD for which the secretariat expresses its sincere thanks.

TABLE 1
Levels of Minimum Export Prices

(US\$/metric ton f.o.b.)

Pilot products	Effective since									
	1 Jan. 1980	1 Oct. 1980	1 Oct. 1981	5 June 1985	2 Oct. 1986	25 June 1987	23 Sept. 1987	23 March 1988	21 Sept. 1988	20 Sept. 1989
Skimmed milk powder	425	500	600	600	680	765	825	900	1,050	1,200
Whole milk powder	725	800	950	830	880	900	950	1,000	1,150	1,250
Buttermilk powder	425	500	600	600	680	765	825	900	1,050	1,200
Anhydrous milk fat	1,100	1,200	1,440	1,200	1,200	1,200	1,200	1,325	1,500	1,625
Butter	925	1,000	1,200	1,000	1,000	1,000	1,000	1,100	1,250	1,350
Certain cheeses	800	900	1,000	1,000	1,030	1,030	1,120	1,200	1,350	1,500

The minimum export prices are fixed for pilot products defined in the Arrangement taking account, in particular, of the current market situation, dairy prices in producing participants, the need to ensure equitable prices to consumers, and the desirability of maintaining a minimum return to the most efficient producers in order to ensure stability of supply over the longer term. New minimum prices for all pilot products became effective on 20 September 1989 and have since then remained unchanged. Minimum export prices must not be considered as market prices, but merely the floor price levels which the participants have agreed to observe.

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Overview of the Situation

Some points regarding the economic situation in general

World merchandise trade reached a new record level of US\$3.1 trillion in 1989, with increases in volume and value of 7 and 7 1/2 per cent, respectively. The implied stability of derived world market export unit values in US dollar terms was the outcome of various developments, including moderate inflation in the average price of most traded products (excluding petroleum) and the deflationary valuation effect of the dollar's appreciation against major currencies. Although the expansion slowed down in 1989, the volume of world production and trade again recorded strong growth rates. Once again, domestic investment and trade in capital goods boosted world production and trade. The expansion of output and trade continued at a rate of 5 to 6 per cent in 1990.

Developed and developing countries experienced further growth in the volume of trade in 1989, but there was a modest slowdown in the growth rate compared to 1988. The stagnation of trade in the Eastern trading area was due primarily to the disruption of trade and production in Central and Eastern Europe and the USSR. Developed countries contributed most to the expansion of the volume of world trade in 1989 and the volume of exports from developing countries expanded as well. All major country groups experienced a deceleration in the growth rates of export and import values.

Exports of manufactures and mining products shared more or less equally in the slowdown in trade growth in 1989. Trade in manufactured goods continued to be the driving force behind the expansion of merchandise trade, contributing 70 per cent of the total increase last year. Within mining products, the trade-to-output ratio of fuels rose sharply in 1989. Agricultural output in 1989 went against the pattern of declining output growth in manufactures and mining products, registering a strong gain of 4 per cent after two years of little or no growth. Exports of agricultural products increased by 4 per cent and the relationship between agriculture production and trade remained at the highest level since the early 1980's, reflecting a drawing down of stocks in exporting countries.

There was little change in the employment situation in 1989. The underlying inflation rate in many countries rose again in 1989, and inflation remained a serious problem for a number of countries. For the OECD area as a whole, the 1989 rate of inflation was estimated at 4.3 per cent, up from the 3.5 per cent rate of 1988. On balance, however, the general world economic situation remained good, due in particular to better than expected output growth in a number of developed countries.

World dairy situation

Highlights

- World milk production increased by 1.3 per cent from 1988 to 1989, as reduced production and milk deliveries in North America and most European countries were outweighed by increased production in other areas, notably the USSR, India and Oceania. In 1990, world milk production was again increasing at a rate of 1.5 per cent, notably as production increased in the European Communities and the United States.
- Throughout 1989, the world market for milk and dairy products remained a fairly balanced one, and intervention stocks of butter and skimmed milk powder were almost non-existent at the end of the year. However, in 1990 the balanced market situation for dairy products came to an end, with strong downwards pressure on prices notably for butter and skimmed milk powder.
- World butter production continued to grow at a rate of 1.4 per cent in 1989 and the trend persisted in 1990. A vigorous demand for light products in many countries entailed a substantial surplus of milk fat for which butter production represented the major commercial utilization. Furthermore, a continued and even accelerated fall in butter consumption in North America and Europe resulted in increased exportable availabilities. In particular, higher retail prices in Eastern Europe entailed a strong decline in domestic butter demand. Additional quantities of butter were offered on international markets in 1990/91, resulting in pressure on market prices and in increased needs for intervention purchases.
- Cheese production grew by another 1.2 per cent in 1989, and the trend continued in 1990. Increased growth in cheese consumption in 1990 entailed a lively import demand and further expansion in cheese trade.
- In late 1989 and throughout 1990, prices for dairy products came under pressure in international markets and some offers and sales of butter and skimmed milk powder were reportedly made at prices below the agreed minimum export prices. Depressed market prices for butter also affected adversely sales and prices of other dairy products, notably powders, as sales of dairy products are often linked or handled by the same operators.
- The Protocol Committees established under the Arrangement expressed their concerns as to the unsatisfactory situation dominated by a fragile butter market, and urged participants to ensure full observance of the minimum export prices. An appeal was also made to non-participants not to offer or sell dairy products at prices below prevailing market prices and in any case not below the agreed minimum export prices. Minimum export prices have been maintained unchanged since September 1989.

Dairy policies

Various events affected dairy policies in 1989 and 1990. Substantial progress was made in the Uruguay Round negotiations. At a mid-term review in April 1989, a framework approach was endorsed and agreement was reached on some interrelated long-term and short-term elements related to market access and export competition and, on arrangements on sanitary and phytosanitary regulations. A consensus was arrived at concerning agricultural policies. Such policies should be more responsive to international market signals in order to meet the objective of liberalization of international trade and support and protection should be progressively reduced and provided in a less trade-distorting manner. In conformity with the principle of special and differential treatment to developing countries laid down in the Punta del Este Declaration, the particular needs and conditions of developing countries should be fully taken into account at all stages of the negotiations.

It was agreed to aim at establishing a fair and market-oriented agricultural trading system and to initiate a reform process through the establishment of strengthened and operationally more effective GATT rules and disciplines. The stated long-term objective is to provide for substantial progressive reductions in agricultural support and protection, to be realized through negotiations on specific policies and measures, or through a combination of commitments on aggregate measurement of support, or through a combination of approaches. Strengthened and improved GATT rules and disciplines and the commitments to be negotiated, should encompass all measures affecting directly or indirectly import access and export competition. Negotiations should in particular encompass tariffs and non-tariff measures, whether maintained under waivers, protocols or other exceptions; all measures not explicitly provided for in the General Agreement; and, the matter of tariffication. Negotiations should also in particular encompass internal support measures affecting trade; budgetary assistance to exports; other payments on products exported; other forms of export assistance; and, export prohibitions and restrictions.

In these negotiations, factors other than trade policy should be taken into account as well as proposals addressing food security concerns. It was confirmed that special and differential treatment for developing countries should be an integral part of the negotiations; that government assistance to agricultural and rural development constituted an integral part of development programmes of developing countries; and, that account might be taken of negative effects of the reform process to food importing developing countries.

A first tranche of agreed commitments on the long-term reform programme shall be implemented already in 1991. Several participants have advanced detailed proposals for the achievement of the long-term objective. By the end of 1990, participants will agree on the long-term reform programme and the period of time for its implementation. Soon thereafter, participants will notify their plans for meeting the obligations and commitments agreed upon. The reform programme will be subject to multilateral surveillance and other procedures necessary to ensure full compliance with commitments made in the negotiations.

As to short-term measures, it was agreed that until the formal completion of these negotiations on agriculture by December 1990, participants should ensure that current domestic and export support and protection levels in the agricultural sector were not exceeded. Support prices and levels of support to producers should not be raised above the level prevailing in April 1989. By now, most OECD countries and some others have submitted notifications as agreed, explaining how they have complied with the above undertakings. Developing countries were not, however, expected to subscribe to these short-term commitments. The market situation in 1989 greatly facilitated the task of many countries in complying with the short-term elements agreed upon in April 1989, and main emphasis can now be put on long-term elements.

The harmonization of national sanitary and phytosanitary regulations was endorsed as a long-term goal and a work programme embodying the following objectives: - develop harmonization of sanitary and phytosanitary regulations and measures, on the basis of appropriate standards established by relevant international organizations, for instance the Codex Alimentarius Commission; - strengthen GATT Article XX so that measures taken to protect human, animal or plant life or health are consistent with sound scientific evidence and use suitable principles of equivalency; - review existing notification and counter-notification procedures to ensure transparency and effective notification; - develop a consultative process and improve the effectiveness of the GATT dispute settlement process in order to provide for the necessary input of scientific expertise and judgment, relying on relevant international organizations; - assess possible effects on developing countries and evaluate the need for technical assistance; and - examine the possibilities for implementation of the above programme in the context of short-term elements.

Various measures related to milk prices remained important elements in dairy policies in 1989. Further efforts were made to contain public expenditure on dairy price support. Support prices, target prices and advance payments were maintained at the previous level or even lowered. Quota systems were made effective through the application of two-price systems, penalty payments on production in excess of quotas and levies on production collected to provide funds for market intervention and to cover losses on exports of surpluses.

Efforts were also continued in many countries to encourage or facilitate structural changes and raise the productivity in the dairy industry. While in some countries the aim was to raise productivity and efficiency in the industry, in others it could be to preserve the current structure, for instance by restricting herd size and thereby facilitating a limitation of total milk deliveries or otherwise adapt the capacity to the market. However, the number of dairy farms and cows continued to decline in many countries.

In line with the general aim of improving nutritional standards and diversifying agriculture, high priority continued to be given to production, marketing and consumption of milk and dairy products in

agricultural and development plans of developing countries. Imports of high yielding breeding stock during recent years and the introduction of better feeding practices have resulted in increasing milk production in many developing countries. As an example could be mentioned that India has plans to double its milk output by year 2000, then reaching 80 million tons.

Further efforts were made to encourage improvements in product quality and to adapt the product range to prevalent trends in demand and consumption. Efforts to prevent contamination accidents of any kind have been stepped up to keep dairy products safe for human consumption.

Political developments in Eastern Europe had a strong impact on the dairy market. Changes in economic policies resulted in higher retail prices and strongly reduced domestic demand. Exportable availabilities of dairy products increased substantially, notably for butter. Persisting balance-of-payments problems entailed products to be offered for exports at low prices and to new markets, seeking payments in convertible currencies.

Developments in the Near East, notably the embargo on trade with Iraq and Kuwait, were adversely affecting dairy trade in the latter part of 1990. These markets took some 50 thousand tons of powders, 20 thousand tons of cheese and 10 thousand tons of butter and anhydrous milk fat in recent years. However, at the same time, increased purchasing power in other OPEC countries following increased petrol prices may have stimulated import demand of dairy products by some countries.

Concerns persisted that the current situation in the world market for dairy products with comparatively high prices, a falling consumption notably of butter, and an expansion of production, might result in greater supplies available for exports. Views have been advanced that the milk production potential in the medium term could be much greater than what projections and forecasts might indicate. Production could rise strongly due to genetic improvements, ample feed supplies and technological progress, not least due to extended application of growth hormones. The authorization to commercialize such hormones was still pending in major dairying countries, there is a strong consumers' opposition to their use and it is feared that there might be an adverse reaction on demand following extended use of growth hormones to dairy cows. The danger was obviously persisting that supplies were again about to increase faster than a relatively steady but nevertheless limited growth existing for import demand and consumption, and it would remain imperative that production should not be unnecessarily stimulated through support and protection. Concerns have also been expressed that quota systems had not always discouraged over-quota production.

The steadily growing demand for certain dairy products, notably cheese and dairy proteins, and the increase in their prices have also entailed an upsurge in output and sales of a wide variety of dairy imitations and substitutes. These developments have caused, or threatened to cause, certain problems to fair marketing of traditional dairy products and to the protection of consumers' interests. Imitations are often to a variable

degree containing milk components extensively used as ingredients in a variety of food products such as casein, whey and skimmed milk powder. Furthermore, the modern dairy tree has a number of branches and new products. In a number of milk products such as the range of light products, milk components, mostly fat, may frequently have been replaced by something else, notably ingredients of vegetable origin. Consequently it has been difficult to draw a borderline between what should be designated as a milk product and a non-milk product.

Milk and dairy production

In 1989, world milk production amounted to 531 million tons (including sheep, goat and buffalo milk), 1.3 per cent up on 1988. Following continued efforts to contain milk production in the European Communities and other countries in Europe, a further decline was observed for that area. There were only minor changes in milk production in other countries in Europe, Africa and Latin America. The decline in Community production was however outweighed by a continued increase in milk production in the USSR and India. Milk production increased also in Oceania and Poland. In North America, however, the up-trend was reversed and milk production decreased slightly despite a further increase in productivity. In the USSR, there was a further increase of 1.2 per cent in milk production in 1989. In India, milk production was expected to have increased by as much as 6.5 per cent in 1989, and there were substantial increases in some other Asian developing countries.

In 1990, a further increase of 1.5 per cent in world milk production was expected, due to improved dairy practices, ample feed supplies, genetic developments and remunerative prices. Community milk deliveries showed an increase of 0.9 per cent for the first half of 1990 compared to the same period of 1989. Milk production was expected to show only marginal changes in other European countries and for countries in Africa and Latin-America. Efforts were being made in many countries to increase milk production, but gains were partly offset by adverse effects of tight feed supplies and high feed costs.

Considerable uncertainty was attached to medium-term. Bovine somatotropin may already be commercially available in several countries and its application might together with scientific progress, improved breeding and production management, boost productivity in milk production over the next five-year period.

After having stabilized in 1988, world butter and butter oil production increased by 1.6 per cent in 1989 amounting to 7.61 million tons. Butter production expanded in North America, in the USSR and the developing countries. This was, however, partly outweighed by a relative stability in butter production of participants in the Arrangement, notably by the stability in Community butter production. World butter production in 1990 was forecast to increase by 1.5 per cent, as a result of the anticipated increase of milk production and the shift in consumption towards light dairy products. Further developments in production and sales of light products tended to result in increased supplies of butter becoming available for export, a tendency notably apparent in Europe and North America.

World cheese production continued its upward trend in 1989, totalling 14.48 million tons (all kinds of cheese). The trend was very similar in all regions, but with variations from one country to another. In most countries cheese production was encouraged by a generally favourable market outlook for cheese, and the expansion continued in 1990.

World skimmed milk powder production fell for the third consecutive year in 1989, partly due to a persisting strong demand for light milk products; consequently less skimmed milk being available for drying. At 3.8 million tons, it was in 1989, 18 per cent below the average for 1981-83. For 1990, world output of skimmed milk powder tended to recover slightly in particular in major producing areas, i.e. Western Europe, North America and Oceania. World production of whole milk powder remained stable in 1989. Production increased in Argentina and in the United States but decreased in New Zealand and remained relatively stable in the European Communities and Australia.

Environmental regulations preventing whey to be disposed of as waste and reduced supplies of skimmed milk powder stimulated production of whey powder notably in the European Communities, Australia, Canada and the United States.

World production of condensed and evaporated milk declined in recent years, being increasingly replaced by whole milk powder in the market. For 1989, declines were reported for the European Communities and North America. A good demand in international markets persisted in 1989, but with less milk being available for processing into condensed milk, production declined, with Australia being the main exception.

World casein production reached a level of 216 thousand tons in 1989, 10 per cent down on 1988. This strong decline was mainly due to a substantial reduction in Community output which continued to fall in 1990. In spite of high prices obtained for casein, it seemed to be more profitable to produce skimmed milk powder. There were also uncertainties as to the future of the casein market. Steps taken in the Community late in 1990 to stimulate casein production might result in increased supplies in 1990/91.

Consumption

World consumption of milk and fresh milk products, which had increased at an annual rate of about 1 per cent over recent years, in 1988 and 1989 showed a stronger increase of 1.5 to 2 per cent, and there was a lively demand for low-fat milk products in most regions of the world. For a number of countries, consumption of fresh milk followed variations in supplies of milk.

Throughout the 1980's, butter consumption showed very little change on average, and world per capita consumption of butter remained at a level of 2.8 kgs. The trend remained unaffected by an increasing substitution of blended spreads of butter and vegetable oil. However, in 1989, world consumption declined by 2 per cent, with sharper decreases registered in

particular regions, notably in Western Europe and North America. The trend toward blended spreads and low fat spreads had accelerated in 1989. This development resulted from a combination of factors such as changes in consumer preferences toward products with less or no fat and cholesterol and changes in legislation permitting the sale of blended products to consumers. In the short and medium term it was likely that this trend would continue or even accelerate. In 1990, increased retail prices in Eastern European countries affected adversely the consumption of butter, which in some cases fell to only one half of its previous level.

The upward trend in cheese consumption continued in 1989, with further advances in most countries. However, in general, increases for speciality cheeses were significantly above the rate of growth for traditional cheeses. The great variety of cheese available and further active product development (i.e. low fat cheeses) were the main reasons for these positive developments in cheese consumption. World per capita cheese consumption has been increasing at an average annual rate of 2 per cent since the early eighties, and might continue to increase at that rate in the near future. Per capita cheese consumption showed great variation from one country to another, it being particularly high in some countries of Western Europe and in North America, which also showed the strongest annual increase in consumption. The general upward trend was maintained in 1990 although the growth rate appeared to have fallen slightly.

In 1989, world consumption of skimmed milk powder fell, reflecting lower supplies and rising prices to which feed compounders reacted in particular. Reduced supplies of skimmed milk powder were progressively replaced by whole milk powder for food and by 'hey powder and possibly also by soya bean meal for feed. Consumption of whole milk powder increased again in 1989.

Trade

After having reached the record level of 1 million tons in 1988, world exports of butter declined in 1989 to some 800 thousand tons. However, all sales were normal commercial transactions in 1989, while in 1988, a large part of exports had consisted of deliveries under derogations. From late 1989 on, import demand weakened, reflecting a continued decline in milk fat consumption in many countries.

Cheese trade expanded further in 1989, world exports then reaching 870 thousand tons. This was due to higher imports into the European Community and the United States and stronger import demand by OPEC countries and other developing countries such as Brazil, which more than outweighed a 2 per cent decrease in imports into Japan. The general expansionary tendencies continued in 1990, and sales in some markets increased strongly.

There was a further decline of 20 per cent in world exports of skimmed milk powder in 1989, when they amounted to 950 thousand tons. Sharp decreases registered by the European Communities and the United States were not outweighed by increases in New Zealand and Australian

exports. However, import demand in some developing countries such as Mexico and Brazil remained strong.

The upward trend in whole milk powder exports was halted in 1989, when world exports decreased to 880 thousand tons. However, in terms of volume, whole milk powder was the most important dairy product in international trade. The European Communities covered more than 60 per cent of the world market and New Zealand some 15 per cent. Other major suppliers to the world market were Australia, Argentina and to a lesser extent Finland and Austria.

The international whey powder market was supply driven in 1989. Although demand was stimulated by reduced skimmed milk powder supplies, feed compounders were not able to absorb the greater supplies. World trade of condensed milk continued to decline in 1989. World exports of casein declined again in 1989, notably as imports into the United States were further reduced by another 10 thousand tons.

Food aid

Reduced supplies and declining surplus stocks adversely affected the amount of dairy products available for donations under food-aid programmes. The volume of dairy products provided as food aid, notably by the European Communities and the United States (the major donators) was further reduced in 1989. Food-aid shipments of dairy products, which had averaged nearly 400 thousand tons (product weight) in the early eighties, were estimated to have fallen below 100 thousand tons in 1989. The increase in prices would at the same time aggravate expenses and make the financing of food aid in dairy products more difficult. In this context, views have been expressed that it might be appropriate to get away from the idea of surplus stocks being acceptable sources for food aid, and that more realistic international dairy prices might provide an incentive to expand production in developing countries.

Stocks

Reduced milk supplies, notably in Western Europe, and larger exports of dairy products continued to have a considerable impact on stocks notably of butter and skimmed milk powder in 1989. Butter stocks in the European Communities, North America and Oceania, were at the end of 1989, around 11 per cent lower than their level of one year earlier, and skimmed milk powder stocks, were at the same time, down to one fourth of their level at the end of 1988. While there was some rebuilding of butter stocks in 1989, stocks of skimmed milk powder remained low. In any case, public intervention stocks remained low, except for some accumulation of CCC butter stocks in the United States. Community intervention stocks of butter were very low at the end of 1989, but started to build up in 1990 as a result of strongly reduced domestic demand and inability of Community exporters to compete in international markets. Aggregate butter stocks in the European Communities, North America and Oceania on 1 July 1990, hardly changed from a year earlier but at 500 thousand tons they were considered high. On the same date, skimmed milk powder stocks, at 270 thousand tons,

doubled in relation to 1 July 1989. Concerns were expressed that stocks of both products would be increasing as a result of the fall in demand.

International prices

Reduced supplies and lower carry-over stocks resulted in continued improvement in prices for milk fats in 1989. Prices for fresh butter in the first nine months of 1989 were between US\$1,750 and US\$2,100 per ton f.o.b. and those of anhydrous milk fat ranged between US\$1,900 and US\$2,500 per ton f.o.b. However, prices began to weaken towards the end of the year, ranging between US\$1,650 and US\$2,000 per ton f.o.b. for butter and between US\$2,050 and US\$2,200 per ton f.o.b. for anhydrous milk fat.

Butter prices in international markets continued to weaken in 1990 and certain offers and sales had reportedly been made at prices below the minimum prices. During the third quarter of 1990, prices were in the range of US\$1,350 to US\$1,450 per ton f.o.b. for butter and US\$1,625 to US\$1,850 per ton f.o.b. for anhydrous milk fat. At meetings of the Protocol Committees in 1990, participants reaffirmed their determination to defend the existing level of minimum export prices and to abide by their obligations under the Protocols. Participants were urged to take the necessary steps to ensure full observance of all the provisions of the International Dairy Arrangement, notably those related to the minimum export prices. An appeal was also made to non-participants not to offer or sell dairy products at prices below prevailing market prices and in particular not below the agreed minimum export prices. At the annual review of the level of the minimum prices in September 1990, the minimum export prices of butter and butter oil were maintained at their present levels and participants were again urged to respect them.

Cheese prices remained fairly high in 1989 with quotations for Cheddar ranging from US\$1,900 to US\$2,400 per ton f.o.b., slightly down from the peak reached towards the end of 1988. Prices eased in the first nine months of 1990, ranging between US\$1,500 and US\$1,950 per ton f.o.b. in the third quarter. At the September 1990 review, the minimum export price was maintained unchanged.

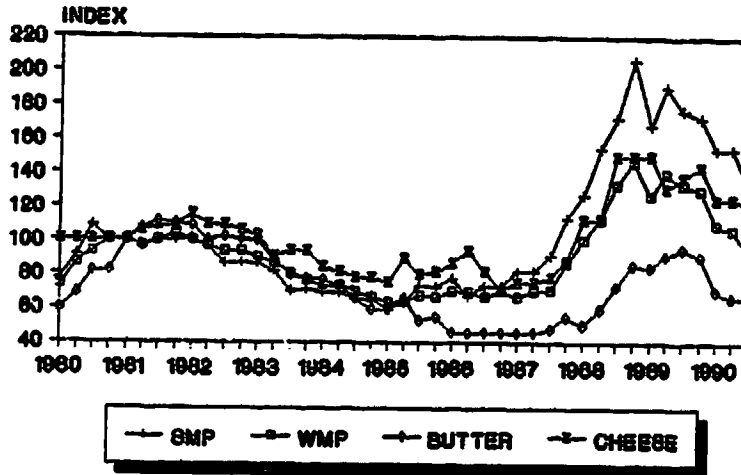
During the first three quarters of 1989, prices of skimmed milk powder levelled off, ranging between US\$1,700 and US\$1,950 per ton f.o.b. and those of whole milk powder between US\$1,800 and US\$2,000 per ton f.o.b. Prices weakened slightly in the fourth quarter, ranging between US\$1,700 and US\$1,900 per ton f.o.b. for skimmed milk powder and between US\$1,750 and US\$1,950 per ton f.o.b. for whole milk powder. Prices of milk powders fell in the first three quarters of 1990, as international demand weakened and as additional supplies became available from some Eastern European countries at very low prices. Consequently, in the third quarter of 1990, prices of skimmed milk powder decreased to US\$1,300-US\$1,450 per ton f.o.b. and those of whole milk powder to US\$1,250-US\$1,400 per ton f.o.b. It might be noted that skimmed milk powder was higher priced than whole milk powder. Some milk powder had reportedly been offered and traded at prices below the minimum export price. At the September 1990 review, the minimum export prices of milk powders covered by the Protocols were maintained unchanged.

Prices for condensed milk were raised early in 1989 and again early in 1990, but remained stable through the year. A persisting tight supply situation for casein entailed a continuous price hike throughout 1988, with prices around US\$5,600 per ton in December 1988, almost twice the price recorded one year earlier. Quotations remained at that level in the first half of 1989. However, prices of casein for technical use and of edible casein eased somewhat from the end of 1989 and were in August 1990 down to US\$4,400 per ton, probably because of users' reaction to high prices. Whey prices were under pressure of affluent supplies in mid-1989, amounting to half their levels in 1988 but they recovered towards the end of 1989. However, they declined again in the first nine months of 1990.

The market outlook for 1990/91 indicated that the prices for some dairy products notably cheeses might remain at current levels. However, severe uncertainties persisted as to the situation for butter, anhydrous milk fat, skimmed milk powder and whole milk powder.

The Arrangement has now been in operation for eleven years and is considered to be a valuable means of imposing a concerted measure of discipline on export price fixing thus contributing to the maintenance of a certain stability of markets and returns, and alleviating adverse effects of temporary difficulties in the market. During the period, market prices have gone through various phases. At the beginning of the 1980's the world dairy market was in reasonable balance. From 1982 followed a period with increased world milk production not being accompanied by increased demand and the accumulation of surplus stocks notably of butter and skimmed milk powder, which remained high and continued to have a depressive impact on the prices of all dairy products more or less until 1986-87. Thereafter a general recovery came about, first for powders and cheese and later for butter and anhydrous milk fat. The prices for powder and cheese reached new record levels in 1988, while those for butter and anhydrous milk fat although improving appreciably, did not reach their levels of the early 1980's. Early in 1990, prices weakened sharply in the case of milk fats and to some extent also for powders and cheeses. Milk proteins have few substitutes and are still, even at the higher price level, in a strong competitive position price-wise, compared to, for instance, vegetable proteins. That is not the situation for milk fat, which is facing a stiff competition from vegetable fat. Furthermore, demand for fats in general is being contained through prevailing dietary philosophy and advice which on the other side favour demand for milk protein illustrated by recent developments in powder prices, with skimmed milk powder for recombination catching a premium compared to whole milk powder. Developments in market prices, and changes in the agreed minimum export prices, clearly illustrate the difference in market trends for various milk components.

DAIRY PRICE INDICES * (Basis: 1st quarter 1981=100)



• Upper level of price range.

TABLE 2

International Prices (1988-1989-1990)

(US\$ per metric ton f.o.b.)

Product	1988 ^a	1989		1990		
	January-December	January-June	July-December	January-March	April-June	July-September
Skimmed milk powder ^a	1,300-2,270	1,700-2,100	1,800-1,950	1,600-1,700	1,500-1,700	1,300-1,450
Whole milk powder	1,400-2,200	1,800-2,100	1,750-2,000	1,550-1,650	1,400-1,600	1,250-1,400
Anhydrous milk fat ^b	1,325-2,100	1,900-2,300	2,050-2,500	1,625-1,950	1,625-1,930	1,625-1,850
Butter ^a	1,100-1,880	1,750-2,000	1,650-2,100	1,450-1,550	1,350-1,460	1,350-1,450
Cheddar cheese ^c	1,400-2,400	1,900-2,400	1,900-2,300	1,700-2,000	1,700-2,000	1,500-1,950

^a In 1990, certain sales of skimmed milk powder for purposes of animal feed were made at lower prices than the ranges indicated, by derogation under Article 3:5 of the Protocol Regarding Certain Milk Powders.

^b In 1988, a substantial quantity of old butter and anhydrous milk fat was sold at prices lower than the ranges indicated, by derogation under Article 7:1 of the Protocol Regarding Milk Fat.

^c Up to the end of 1988 and in early 1990, some sales of cheese below normal export quality were made at lower prices than the ranges indicated according to Article 7:2 of the Protocol Regarding Certain Cheeses.

Developments in World Milk Production and
National Dairy Policies

World milk production (including buffalo, sheep and goat milk) at 531 million tons in 1989 showed an increase of 1.3 per cent over the previous year. In most Western European countries and Canada, production remained subject to quotas. In the United States, production suffered from drought conditions and higher feed costs. Production rose in Oceania.

World milk production during the first half of 1990 was 1.5 per cent higher than in the corresponding period of 1989 and an increase of that order was expected for the year 1990 as a whole. Increases were registered in Western Europe, North and South America, Oceania, Japan, India and the USSR. Milk output decreased in Eastern Europe as a result of insufficient feed supplies and general economic difficulties.

Milk deliveries in the European Communities, reached 98.50 million tons in 1989, 0.7 per cent less than in the previous year. Cow numbers fell to 23.1 million in 1989 from 23.5 million in 1988, but productivity per cow increased from 4,552 kgs. to 4,654 kgs. in the same period. For 1990, milk deliveries were expected to increase by 0.6 per cent to 99.10 million tons. For the medium term, however, milk deliveries were expected to stabilize at about 99 million tons from 1991 onwards, i.e. a volume of about 12 million tons below the notional level for 1992 derived from the extrapolation of the trends before the introduction of the quotas in 1984. Yields were expected to increase by 1.8 per cent a year and by 1995 to reach some 5,100 kgs. per cow and year. Cow numbers would continue to fall, for 1995 projected at 21 million, 7 million cows less than in 1983. This reduction could be accentuated by further measures to encourage some farmers to give up milk production. Further improvement in yields and feeding techniques might, however, tend to increase production. However, following German unification, total Community milk production forecasts would have to be revised upward by nearly 10 per cent.

The Community quota system has been prolonged until March 1992. The limitations to the intervention system for butter and skimmed milk powder have been extended for the same period. The suspension of 5.5 per cent of reference quantities shall remain in place, with compensations to be paid to producers. In order to accommodate the needs of the so-called "SLOM" producers, allocations of 502,000 tons out of a total of 600,000 tons that were eligible for re-assignment were granted.

In December 1989, the Community quota reserve was increased for the 1989/90 dairy year by a little more than 1 million tons to be allocated by member States to "priority" cases in each country. Certain measures were adopted to counteract the effects of increase in quota reserve such as a 2.5 per cent cut in the intervention price for butter, a 0.75 per cent cut in the intervention price for skimmed milk powder as of 1 March 1990 and an increase in the amount of the super levy from 100 per cent to 115 per cent of the target price as from 1 April 1990. It was also decided to suspend permanently 1 per cent of the 5.5 per cent of quota which had been

temporarily suspended. The amount of the compensation paid to producers per percentage point suspended would be adjusted upwards allowing the net amount of compensation to remain unchanged.

For the 1990/91 dairy year, the target price for milk was set at ECU 26.81/100 kgs., 3.7 per cent less than in 1989/90. The co-responsibility levy remained unchanged at 1.5 per cent of the target price. The quota buy-out scheme would now redistribute quotas to small producers in all areas, instead of just to the less-favoured and mountain areas. A date would be set for completing arrangements for the temporary leasing of milk quotas, as part of the general review of the quota system. A general report on the functioning of the quota system would be published by the end of 1990.

In Finland, milk deliveries in 1989 at around 2.62 million tons were marginally higher than in 1988, due to good climatic conditions and increased yields per cow. Forecasts for 1990 indicated milk production of a level of 2.68 million tons, an increase of 2.3 per cent in relation to 1989. The Milk Quota Act had been revised, with the result that the penalties for exceeding quotas had been reduced and the share of free quotas had been increased. Current legislation was with some amendments extended until the end of 1990, and the two-price system continued.

In Norway, total milk deliveries increased by 1.7 per cent to 1.98 million tons in 1989 and were expected to remain at that level in 1990.

Milk deliveries in Sweden at 3.35 million tons in 1988, were reckoned to have increased to 3.42 million tons or by 1.9 per cent in 1989. The two-price scheme, introduced on a three-year trial basis for the period July 1985 to June 1988, was intended to discourage surplus production. Its effects in practice had, however, been stronger than was initially expected. Thus, milk production had decreased, reducing costs of surplus disposal and producers were paid a higher price for their milk. This scheme, however, ceased to be in force on 1 July 1989. As a result, milk deliveries increased by 1.9 per cent in 1989 to 3.41 million tons. Deliveries were expected to increase further by 2.3 per cent in 1990 to 3.49 million tons. They were, however, expected to stabilize at a level of 3.45 million tons thereafter. A new food policy based on the principle that agriculture should be subject to the same conditions as other sectors had been laid down in June 1990. The Parliament agreed that consumer subsidies for milk and dairy products will end as of 1 January 1991. In the case of dairy producers, there will be a transitional period of five years during which time internal price controls (including export subsidies) will be abolished. In addition, the internal controls include a profitability equalization scheme designed to eliminate differences in the profitability of different products. Complete abolition of the equalization scheme as from 1 July 1995 would mean that prices would be set in relation to production costs.

In Switzerland, milk deliveries in 1989 at 3.07 million tons were 2.5 per cent up on the previous year. In the first eight months of 1990, however, deliveries were down by 3.5 per cent compared to 1989. Dairy cow

numbers were expected to decline in the coming years while yield would increase further. Premiums were paid for non-marketing of milk and for processing of milk into cheese which had a relatively higher price in domestic and international markets. The basic price of milk was increased as from 1 February 1990 by 5 centimes to SwF 1.07. Domestic prices of cheese were consequently raised but prices of table butter remained unchanged and prices of cooking butter were reduced. Import charges for cheese remained unchanged.

In New Zealand, climatic variations continued to have a major impact on milk production. In the 1989/90 season, production totalled 329 million kgs. of milk fat, or 7 million tons of milk. This was 5.8 per cent higher than in 1988/89 but 6 per cent lower than the peak year 1985/86 and close to the average level of production in the past five years. Given normal climatic conditions, production for 1990/91 was projected to be close to that of the previous season. For the medium term, it was forecast that cow numbers would remain steady, yields per cow would stabilize at 3,400 kgs. per year and milk production would remain stable averaging 7.5 million tons a year. The New Zealand Dairy Board's price for manufacturing milk produced during the 1989/90 season was finalized at NZ\$5.80 per kg. milk fat. In light of the market situation, the advanced price for milk for the 1990/91 season was reduced to NZ\$4.00 per kg. milk fat. Producer prices for milk continued to be determined directly by export market realizations.

The level of milk production in New Zealand was determined by the export performance of the dairy industry relative to other alternative uses of the land, with short-term sharp variations because of the climatic conditions. Although there were no subsidies or other regulations which could be manipulated to control production, a number of steps had been taken in recent seasons to influence it by special measures including: a "butter realization differential" scheme introduced in 1987/88, which was later provided for on a continuing basis. Under this scheme, payments to dairy companies by the New Zealand Dairy Board for export butter and butter oil beyond a base production level would be made on the basis of marginal rather than average market realizations.

In Australia, milk production in 1988/89 at 6.47 million tons registered an increase of almost 3 per cent as a result of improved seasonal conditions and increased average yields per cow as well as increasing world market prices for dairy products and higher farm-gate prices for milk. Production for 1989/90 was down marginally by 0.4 per cent to 6.45 million tons. It was expected to remain at about the current level for 1990/91. Dairy cow numbers were expected to continue to decline, but production per cow was projected to increase through genetic and management improvements. The dairy policy introduced for 1986/87 aimed at the development of a more efficient market-oriented dairy industry responsive to market conditions. The main provisions of the marketing arrangements introduced from 1 July 1986 were a Market Support Fund financed by a levy on all milk produced and a Supplementary Market Support Fund aimed at smoothing the transition from the previous arrangements to the new one. It was financed by levies on domestic sales of butter/butter oil and Cheddar-type cheeses. The supplementary market support was reduced in 1988/89 and all levies were terminated on 30 June 1989.

Japanese milk production in 1989 at 8.06 million tons was 5.9 per cent higher than in 1988. The increase was mainly due to a further improvement in yields, while dairy cow numbers continued to fall. The forecast for 1990 was that output would be at least 2 per cent higher than in 1989 in spite of a decline in cow numbers. However, the demand for drinking milk was also increasing at almost the same rate. The general balance between supply and demand for dairy products was being maintained by the LIPC mainly through substantial imports of all additional domestic requirements. The guaranteed price for milk for manufacturing had been reduced from 79.77 to 77.75 yen per kg. for the 1990/91 fiscal year, because of lower feed prices and better calf prices. The quantity of raw milk to which the guaranteed price was applied had been increased by 50 thousand tons to 2.35 million tons for fiscal year 1991. In South Africa, improved climatic conditions led to a recovery in milk output which increased by 4.7 per cent in 1989 to 1.89 million tons, in spite of an 11.3 per cent decrease in dairy cow numbers. Production for 1990 was expected to increase further to 1.96 million tons due to improved yields.

In Argentina, milk production in 1989 at 7.01 million tons was 8 per cent higher than in 1988. In Uruguay, milk deliveries continued to increase in 1989 at the rate of 5.2 per cent, reaching a level of 642 thousand tons, entailing a further significant increase in the output of dairy products. In 1990, a further increase of 5 per cent was expected. Uruguay had in recent years been the largest net exporter of dairy products among the developing countries. It sold mainly milk powders to other Latin American countries where improved prices and market conditions provided a boost to exports. Thus, in 1989, exports of dairy products were estimated to have increased by as much as 50 per cent in volume and by almost 75 per cent in value due mainly to the improved situation in the international dairy market. Exports of Argentina increased also in 1989 when they doubled in volume in relation to 1988 with a record value close to US\$146 million. Production costs and prices paid to producers in these two participating countries were among the lowest in the world.

In Egypt, certain changes had been made to the import regime of certain dairy products. Total production of milk (including buffalo milk) in 1989 at 2.44 million tons was 1.7 per cent higher than in 1988. Efforts were being made to develop and increase dairy production. Under the Second Five-Year Plan the target for milk production, at year 2000 was 4 million tons, and it was aimed at achieving full self-sufficiency of liquid milk and fresh milk products. Efforts were being made to reach the objectives through increased traditional production of feed, genetic improvement and improvement of cattle health and fertility. Attempts were also made to establish a sound processing, storage and marketing system.

In Bulgaria, total production of milk in 1989 fell by 2.5 per cent to a level of 2.49 million tons due to a slight drop both in cow numbers and productivity per cow. The unfavourable general economic situation was likely to have an influence on the developments in the dairy sector. Hungarian production of milk increased in 1989 by 1.5 per cent to reach a level of 2.86 million tons due to growing yields having more than offset

a drop in cow numbers. The bulk of dairy production covered the growing home demand, except for some special kinds of cheeses which were exported. In Romania, production of milk in 1989 remained relatively stable at 4.53 million tons, and for 1990 little or no change was expected.

In Poland, output of milk and dairy products in 1989 exceeded the level of the previous year, mainly because of favourable climatic conditions throughout the winter and the spring. Milk production recovered and was estimated to have increased by as much as 8 per cent to around 16.70 million tons in 1989. The availability of dairy products in the domestic market improved significantly and the milk was of a better quality. A system of market-oriented prices was introduced on 1 August 1989 and subsidies to the dairy industry were abolished. A new law was passed on 7 February 1990, according to which all central unions of co-operatives had been dissolved and the Central Union of Dairy Co-operatives was liquidated. The deregulation of prices after forty years of State control had resulted in a substantial rise in retail prices which affected adversely the consumption of dairy products. The contraction of domestic demand was most pronounced in the butter sector. Within a few months Poland changed from an importer to an exporter of butter.

In Yugoslavia, milk production increased by 1.3 per cent to 4.55 million tons in 1989, due principally to growing yields.

Milk production in Czechoslovakia has remained around 7 million tons in recent years, with an average yield per cow of 3,710 kgs. Consumption of milk and dairy products in terms of milk equivalent has averaged 250 kgs. per head. However, recent increases in retail prices have adversely affected the consumption notably of butter and increased quantities have become available for export. Production has been restricted by poor animal health and inadequate food supplies, and may increase significantly if these problems are solved.

In the German Democratic Republic, milk production amounted to 9.6 million tons in 1989 increasing 4.3 per cent compared to the preceding year. The number of cows continued to fall and was in January 1990 at 2 million, with an average annual yield per cow of 4,650 kgs. The dairy industry was accounting for an important share of the agricultural production and milk and dairy products were assuming a significant contribution to the diet. Dairy development policies had been pursued along the lines of a centrally planned socialist economy, and were devoted particular attention in a series of economic plans resulting in the establishment of large State undertakings and a comparatively high technological level. The consumption level of dairy products had been high. Recent political changes have entailed some changes in retail prices and domestic demand has shown a very significant decline (reportedly by as much as 50 per cent) due to the abolition of consumer subsidies. Yields and milk output may have increased following better feed supplies. Measures have been under consideration, aiming at a limitation of production in connection with German unification.

TABLE 3

Some Data Related to (a) Cows' Milk Production or
(b) Deliveries for Selected Countries or Regions

		Milk Production/ Deliveries (million tons)	Percentage change from previous year		
			Production/ Deliveries	Milk yield	Dairy cow numbers
EC-12	1988	(b) 99.21	- 2.5	+ 1.4	- 4.3
	1989	(b) 98.50	- 0.7	+ 2.2	- 1.7
	Forecast 1990	(b) 99.10	+ 0.6	+ 1.8	- 1.2
USSR	1988	(a) 106.80	+ 3.0	+ 4.3	- 0.7
	1989	(a) 108.10	+ 1.2	+ 2.7	- 0.7
	Forecast 1990	(a) 111.30	+ 3.0		- 0.2
United States	1988	(a) 65.84	+ 1.7	+ 2.3	- 0.9
	1989	(a) 65.45	- 0.6	+ 1.0	- 1.0
	Forecast 1990	(a) 66.75	+ 2.0		- 0.5
Poland	1988	(a) 15.45	- 0.4	+ 3.0	- 2.7
	1989	(a) 16.69	+ 8.0		
	Forecast 1990	(a)			
New Zealand	1988	(a) 7.49	+ 9.3	+ 18.8	0.0
	1989	(a) 7.38	- 1.5	- 3.6	+ 1.3
	Forecast 1990	(a) 7.50	+ 1.6		0.0
Canada	1988	(a) 8.42	+ 5.4	+ 3.5	- 1.6
	1989	(a) 8.13	- 3.4	+ 2.0	- 1.2
	Forecast 1990	(a) 8.13	0.0		- 1.5
Japan	1988	(a) 7.61	+ 3.7	+ 1.6	- 1.4
	1989	(a) 8.06	+ 5.9		
	Forecast 1990	(a) 8.22	+ 2.0		- 1.0
Australia	1988	(b) 6.30	- 2.4	+ 2.3	- 1.2
	1989	(b) 6.53	+ 3.7	+ 2.4	- 1.0
	Forecast 1990	(b) 6.73	+ 0.3		- 0.8

In the USSR, milk production was 108.1 million tons in 1989, or 1.2 per cent higher than in 1988. The increase was less than in recent years due to inadequate domestic fodder and feed supplies together with high international prices of concentrate feeds. On 1 July 1990, cow numbers on State and collective farms totalled 28.2 million head, showing a decline of 1.4 per cent compared to 1 July 1989. In 1990, production was expected to increase by another 3 per cent. Milk yield per cow has continued to increase as a result of better breeding and growth of feed production. However, dairy products continued to be rationed, as domestic supplies were insufficient to meet demand. Considerable imports of dairy products were made also in 1989. However, imports of dairy products declined both in 1989 and in 1990 while more vegetable fats were imported.

In the United States, the summer drought in 1988 resulted in significantly higher feed prices, raising production costs and putting additional financial pressure on producers. The Disaster Assistance Act of 1988 aimed at giving some relief by providing additional incomes to dairy farmers totalling US\$800 million and US\$700 million in 1989 and 1990 respectively. This Act provided for a freeze on the proposed 50 cent per cwt. reduction in the support price due on 1 January 1989, and for a 50 cent per cwt. price increase from April through June 1989. In 1989, milk production was down by 0.6 per cent to 65.43 million tons. Cow numbers were continuing to fall, although the decline was slowing. At the same time, however, dairy farmers increased the use of feed concentrates following a 5 per cent price decline in such feeds. The support price for manufacturing milk was lowered by 50 cents to US\$10.10 per cwt. as of 1 January 1990. The support price for skimmed milk powder was kept unchanged while that for butter was cut by 9 per cent. Without altering the manufacturing milk price, the support price of butter was reduced by another 10 per cent in April 1990, offset by an 8 per cent rise in that for skimmed milk powder. The reduction in milk support price was not passed on equally to support prices for butter and skimmed milk powder, taking account of the different trends in demand for these products. The US Farm Bill 1985 would expire in 1990 and discussions were under way on proposals for a successive US Farm Bill. A new legislation was not expected to contain major changes as to United States commodity programmes. In the proposed new Bill, the support price of milk might remain unchanged at US\$10.10 per cwt. with adjustments according to surplus production. Commercial consumption of dairy products remained stable in 1989 but was expected to increase by as much as 3 per cent 1990. Extraordinary cheese demand, lower milk fat prices and fairly heavy use of skimmed milk powder helped to boost commercial consumption in 1990. Shifts in consumption from higher-fat products toward lower-fat products persisted entailing an increased surplus of butter available for export. In 1989, fluid milk was temporarily in short supply in some areas and the United States Department of Agriculture, acting under Federal Orders, obliged processors to limit production and some milk was diverted from manufactures to meet pressing retail needs for fluid milk. The situation lasted into 1990. Milk production increased by 2 per cent in 1990 and was expected to reach a level of 66.73 million tons as a result of higher milk prices and falling feed costs. The sustained period of favourable returns to milk production might entail increases in milk cow numbers and expansion in production by early 1991.

Canadian milk production in 1989 at 8.13 million tons was 3.4 per cent down on the level of the previous year. Production was expected to show little change in 1990 as the reduction in cow numbers would be offset by increased productivity. Effective 1 August 1990, the target return for industrial milk was raised to Can\$48.69 per hectolitre, an increase of 2.6 per cent. The support price for butter was at the same time raised by 3.2 per cent to Can\$5.331 per kg. and that of skimmed milk powder by 2.8 per cent to Can\$3.130 per kg. Effective in the 1990/91 dairy year, the Market Sharing Quota (MSQ) was reduced by 3 per cent. This was the second reduction in MSQ to take place in 1990. This 3 per cent cut in quota was necessary because of a decrease in the estimated domestic requirements of industrial milk which was due to a reduction in domestic requirements for butterfat and increased low-fat fluid milk sales. A task force with representatives from the Federal Government, farmers, the dairy industry and consumers will identify options for the next long-term dairy policy commencing in 1991, and otherwise provide guidance and advice to the Government.

In Israel, milk production had increased continuously over a number of years and showed an increase of 6.3 per cent from 1987 to 1988, to reach a total of 964 thousand tons. Faced with a sharp decline in domestic demand, the Milk Marketing Board took steps to cut milk production quotas and in 1989 production remained stable. Furthermore, the Milk Marketing Board encouraged the exports of dairy cows, aiming at a reduction of the dairy herd by 5 to 7 per cent. In 1989, Israel had an average yield of 8,500 kgs. per cow, the highest in the world.

Milk production in individual developing countries generally remained at low levels due to technical and economic factors. However, the overall output of developing countries increased by 2.8 per cent to 146 million tons in 1989 and the degree of self-sufficiency was expected to increase in the next few years. Several importing developing countries had embarked on very ambitious development programmes.

Milk production in India (including buffalo and goat milk), which accounted for nearly one half of the total Asian milk production and one third of the aggregate for all developing countries, expanded under the "Operation Flood" project sponsored by the European Communities. During the 1980-86 period, the average annual growth rate was 6.4 per cent. In the 1987/88 dairy year, however, due to a severe drought and a shortage of feedgrains in most areas, milk production was reduced by 3.8 per cent. Favourable weather conditions, after three consecutive droughts, led to a recovery in milk production in the 1988/89 dairy year to some 44 million tons. On a calendar year basis, total milk production was estimated at 47 million tons in 1989, an increase by 4.5 per cent over 1988. However, the growth in demand slowed and stocks of dairy products increased. In this situation, food-aid shipments of skimmed milk powder and butter oil by which the Community supported dairy development in India, were temporarily halted, with India requesting assistance in the form of capital rather than commodities. Moreover, in the fall of 1990, India had reportedly some 30 thousand tons of skimmed milk powder and 5 thousand tons of butter oil available for export. Milk output was projected to rise by about 40 per cent to 61 million tons by 1995 with per caput consumption increasing from its present level of 58 kgs. per year to about 68 kgs.

China's production of milk increased throughout the 1980's, as a result of increased cow number and more emphasis in national plans on the nutritional value of milk consumption. There was a sharp increase in 1988 by 10 per cent to 6.5 million tons, but the growth was slowed down in 1989 due to rising fodder costs discouraging farmers from raising dairy cows and goats. Total milk production increased by 3 per cent to 6.7 million tons in 1989. Following rapid expansion during most of the 1980's, the Chinese dairy industry had recently been adversely affected by weaker demand and feed shortages. Moreover, profits to milk producers and processors had been squeezed by inadequate adjustment of retail prices to costs. Original plans which indicated a target of 30 million tons by the year 2000, were revised downwards as feed supply was lagging behind the requirements of the livestock sector and fodder prices were increasing. Even so, by the beginning of the next century, China might establish itself as the second largest milk producer in developing regions.

Milk production continued to expand rapidly in the Republic of Korea in 1989, amounting to 1.5 million tons. Nearly three quarters of the supply was consumed as fresh liquid milk or products. Dairy imports grew further in 1989 and were expected to increase in the future. All dairy imports were subject to quota and importers had to obtain permit from the Korean Dairy Association. Quotas for some products such as yoghurt were lifted in 1990. In 1990, a slowdown in economic growth and particularly a sharp increase in producer and consumer prices for milk reversed the upward trend in demand for liquid milk and fresh dairy products, leading to increased manufacture of milk powder and accumulation of stocks.

Strong efforts to step up milk production were also being made in several countries of South-East Asia, with a view to substituting imports and stimulating rural development. Thailand, one of the biggest importers of dairy products in Asia, had in recent years expanded milk production significantly. In Indonesia also, milk production showed a rapid increase, but from a very low base. In Africa, on the other hand, Kenya, Zimbabwe and Madagascar obtained significant increases in 1988.

Some rise also occurred in Latin America, where improved returns from exports stimulated dairying in countries having surpluses available for export. Mexico's milk production continued to rise sharply, up an estimated 4 per cent for 1988 to 9.3 million tons. The sharp increases in milk output since 1985 were to some extent attributed to imports of high yielding breeding stock during the past few years. Production growth during 1988 was moderated by an extended summer dry period which limited forage supplies and caused relatively more milk to be used for feed. Another 4 per cent gain in milk production was recorded in 1989 and a further increase by 8 per cent was projected for 1990. Mexico was in the process of adjusting its programme designed to increase domestic milk production with the objective of establishing self-sufficiency and to ultimately reducing or eliminating the imports of milk powder. Milk production in Brazil declined slightly in 1988 to 13.2 million tons as higher feed costs and unfavourable prices caused by weak demand for dairy products further tightened profit margins. However, production recovered in 1989 to its 1987 level and an increase by 4 per cent was projected for

1990. Favourable milk prices in Chile stimulated further increase in production in 1989 when production increased to 1.29 million tons. Production was projected to increase by 5 per cent in 1990.

Consumption

World consumption of liquid milk over the last ten years increased at an average annual rate of 1 per cent. In 1988 and 1989, however, the increase amounted to between 1.5 and 2 per cent indicating that liquid milk consumption grew somewhat faster than the overall demand for dairy products. In per capita terms, the consumption of milk remained rather stable at nearly 46 kgs. throughout this period. In 1989, worldwide fluid per capita milk consumption was expected to have reached the 1984 record level of 47.2 kgs. For obvious reasons, glaring variations existed between countries and regions in the per capita intake of milk. On one end of the spectrum were developed countries, with 160 kgs. of liquid milk consumption; but the intake was as low as 2.5 kgs. in certain developing countries. However, while consumption levels were gradually increasing in developing countries with growing urbanization and population/income increase, milk intake was getting saturated in some developed countries either on health grounds or due to the availability of a wide variety of substitute drinks and milk imitations, of low caloric content, at moderate prices. Consumers were showing preference for semi-skimmed types of milk, so-called "light" products. The switch from whole milk to partially skimmed milk continued in 1988 and 1989, with sharp increases in consumption of the latter registered in many countries in Europe and in North America. In some Eastern European countries, where per capita consumption had been comparatively high, strong increases in retail prices had adverse effects on the consumption of milk and fresh milk products.

The principal area of growth in consumption was Asia, both developed and developing countries where rising incomes and changing food consumption habits had provided a strong boost to demand for milk and dairy products. In Asia, many countries were subsidizing campaigns to promote milk consumption and had introduced a school milk subsidy. As a result, per capita milk consumption had steadily increased, principally in Japan, the Republic of Korea, Thailand, Indonesia, China and India. China's total milk consumption more than doubled and India's usage of cow's milk increased by 13 per cent from 1984 to 1989. In Latin America also, consumption increased to some extent as a consequence of milk distribution programmes.

The consumption of other fresh milk products such as yoghurt and other fermented or flavoured milks was steadily increasing in a number of countries and was expected to continue its upward trend. In 1988, the consumption of yoghurt and other fermented milks had reached the levels of 15 to 39 kgs. per capita in the Nordic countries, the Netherlands and Switzerland, and was rapidly approaching 10 kgs. in other European countries. Also the consumption of flavoured milks was developing rapidly. There was a potential demand for yoghurt and flavoured milks in many developing countries, but the consumption continued to be hampered by relatively high prices. Yoghurt consumption in India in 1988 amounted to more than 3 million tons or an estimated 4.3 kgs. per capita, a rather

impressive figure. Yoghurt consumption also increased in Argentina and Uruguay as a result of promotion, presentation and different flavours.

The strong demand for milk products has encouraged the development and production of dairy substitutes and imitations, which to a variable degree contain milk components. Market information for such products have been difficult to obtain, but it was generally believed that their rôle in the market was still small in quantitative terms. The appearance of dairy substitutes and imitations had given rise to some concern as to the effect this would have on the dairy market in the future and which might necessitate measures to protect the marketing of traditional milk products. In September 1988, the International Dairy Federation adopted some guidelines for the designation and presentation of substitute products. These guidelines were intended to identify and prevent misuse of designations reserved for milk and milk products and to achieve a proper labelling of substitutes so that consumers could be properly warned.

The Situation for Individual Dairy Products

Butter and Anhydrous Milk Fat

Butter

Production

World production of butter and butter oil increased by 1.4 per cent in 1989 and amounted to 7.60 million tons and continued to increase at a similar rate in 1990. Production tended to increase as a result of increased milk production and the shift to lower fat content of other dairy products. At the same time, the demand for butter decreased and the result was some accumulation of butter stocks, notably public intervention stocks, and increased quantities offered for exports.

In the Community, the manufacture of butter remained stable in 1989 at 1.66 million tons following sharp reductions in 1988 and 1987 (respectively by 11 and 14 per cent). There was no change in production despite reduced deliveries to dairies and increased production of drinking milk, cream and cheese. This stability was due to the slightly higher fat content of milk delivered to dairies and the reduced fat content of drinking milk and cheese produced. For 1990, butter output was expected to increase by 3 per cent to some 1.70 million tons.

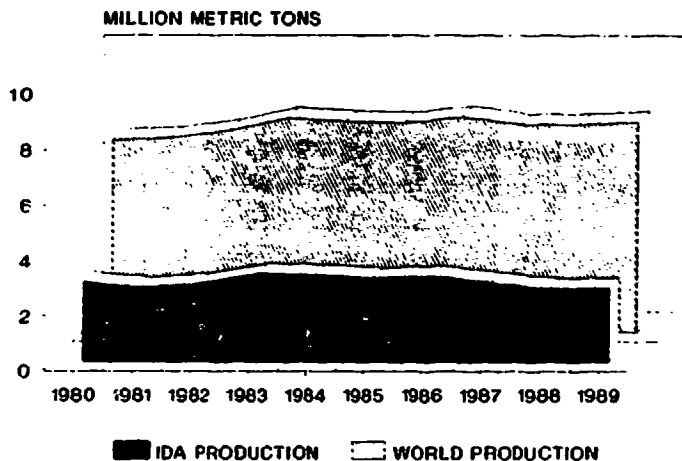
In New Zealand, production of butter/butter oil in 1988/89 was 246 thousand tons, 12 per cent less than in the previous season. In 1989/90, however, it recovered by 12.2 per cent to around 276 thousand tons, but still remaining lower than the output of 280.7 thousand tons in 1987/88. For 1990/91, production might remain stable. The dairy industry was continuing to pursue the objective of reducing the proportion of milk used in butter manufacture in face of reduced access to traditional markets

and the lack of secure alternative markets. Australian butter/butter oil production expanded by 10 per cent during 1989/90 to 105.5 thousand tons as manufacturers responded to higher price relativities and the greater storage capacity of butter. The upward trend was expected to continue into 1991 but uncertain export sales might dampen this growth. In 1989, butter output remained stable in Finland and Norway, but increased in Sweden. In 1990, butter production increased further in Sweden, but declined in other Nordic countries. In Poland, output increased substantially (by around 10 per cent) in 1989 to some 290 thousand tons.

The United States butter production increased by 5.5 per cent in 1989, reaching 577 thousand tons. The shift in consumption of milk and dairy products toward lower-fat milk products has been an incentive to increase the output of the latter group of products, resulting in an increased quantity of milk fat being diverted to the residual butter production. Government purchases of butter were high in 1989 but decreased in 1990. Production tended to decline in 1990 by some 6 per cent, thus returning to its 1988 level of about 547 thousand tons. Canadian butter production decreased by 2 per cent to 99 thousand tons in 1989/90, due to quota cuts caused by declining consumer demand and increased production of cheese. A further decrease (by 6 per cent) to 93 thousand tons was expected for 1990/91.

Output of butter in the German Democratic Republic in 1989 increased by 2.5 per cent to some 330 thousand tons. USSR production rose by 3 per cent, reaching a level of 1.8 million tons in 1988 and continued to increase in 1989 but at a modest rate, i.e. only 0.4 per cent totalling 1.81 million tons. However, in the first half of 1990, production reportedly increased by as much as 5 per cent and was expected to be higher for the whole year. Moreover, the USSR was planning to increase its production of margarine from the beginning of 1991. In developing countries, butter/butter oil production increased by 5.2 per cent in 1988. In 1989 however, output increased by 3.4 per cent, amounting to some 1.93 million tons.

BUTTER PRODUCTION 1980-1989



Consumption

Although world butter consumption may have declined by only 2 per cent in 1989, declines in certain regions, notably in Europe and North America, were much stronger than that. World per capita consumption which averaged 2.7-2.8 kgs. over the last ten years stagnated or declined slightly through 1989. In early 1990, increased retail prices in Eastern European countries adversely affected the consumption of butter. The trend to switch to blended spreads and low fat spreads (both butter and margarine) accelerated in 1989 and 1990. In the short and medium term it was likely that the downward trend in butter demand would continue or even accentuate.

In the Community, butter from intervention storage continued to be available at a discount price for non-profit making organizations and for the armed forces. Member States also subsidized butter for social purposes and the Community contributed financially to national schemes for school milk. Measures under the milk co-responsibility regime continued in 1989 and 1990, providing funds for subsidized butter to be used in pastry products, ice-cream and sugar confectionery. In the autumn of 1988, certain limitations had been introduced in the granting of the aids. In May 1989, subsidies on sales to non-profit making organizations were cut and the regulation for butter sales to the armed forces suspended. Taking into account the evolution of the situation in the butter market, the aid granted to butter for use in pastry products and ice-cream was increased in June 1990. Total Community consumption of butter declined by 4.7 per cent for 1989 and continued to decline in 1990 at an even higher rate causing concern. The decline was due partly to higher prices, partly to the increased supply of imitation products in some member States and a reduction in sales at reduced prices and dietary concerns.

In Switzerland, a number of measures were taken to promote butter consumption and the product was being sold at prices considerably below cost, mainly with the help of subsidies. However, domestic consumption of butter continued to decline in 1989 and 1990, as it did in the Nordic countries, Poland and Hungary. In Australia, domestic sales of butter, butter blends and butter oil remained at 54.8 thousand tons of butter equivalent in 1988/89. For 1989/90, domestic consumption was forecast to increase marginally to 55 thousand tons.

The repeal of the Margarine Act from 1 January 1990, meant that the manufacture and sale of saturated fat margarines on the New Zealand market became legal. These products are cheaper than both polyunsaturated margarines and butter. The repeal of the Margarine Act also allowed for sale on the New Zealand market of manufacture of blended spreads: margarines with milk fat added, claiming both the benefits of margarine and the taste of butter. These developments threatened to make significant inroads into the market share for butter which currently accounts for an estimated 65 per cent of the New Zealand consumer yellow fats market, remaining one of the biggest selling product categories in grocery outlets. The dairy industry is portraying butter as a natural spread which tastes

better than any of the alternatives. Butter consumption declined by as much as 7 per cent in 1989/90 and concerns were expressed that this trend might continue in the coming years.

In the United States butter consumption continued to decrease in 1989. However, consumption recovered in early 1990, as butter use responded to lower prices. For 1990 as a whole, consumption might be up by 2.5 per cent thus regaining its level of 1988 of some 500 thousand tons. In Canada, butter consumption continued to decrease in 1988/89 and 1989/90, but the decline may have been slowed down through promotional and marketing initiatives. In the USSR, consumption increased in 1988 due to low-priced imports. The trend was reversed in 1989 as a result of a changed situation in the world market, with demand reacting to higher prices. Economic reforms were likely to affect domestic prices and per capita consumption of dairy products. In the case of butter, per capita consumption might decline, accompanied by an increase in the margarine intake which was beginning to replace butter to some extent due to its lower price. Such substitution was expected to accelerate if current plans to increase margarine output and improve the quality were realized.

Trade

A continued decline in milk fat consumption in many countries resulted in lower import demand on one side and increased exportable availabilities on the other. Increased quantities of butter were offered on international markets in 1990 facing a slack import demand. In 1988, a large part of world exports at 1 million tons consisted of deliveries under derogations agreed previously. World exports declined in 1989 to 800 thousand tons. Sales by the European Communities and Oceania declined while those of the United States showed a substantial increase. Expectations were for a further deterioration of the market for butter, mainly due to an absence of new sales and weaker import demand in the USSR in 1990/91.

The Community exports of butter to third countries (including butter oil) registered a substantial decline of 40 per cent amounting to only 360 thousand tons in 1989. A large quantity again went to the USSR but at prevailing world market prices. In the first six months of 1990, exports at 83 thousand tons were halved in relation to the corresponding period of 1989. Consequently, a further substantial decline in exports was expected for 1990, although an increase in export refunds in July might stimulate Community butter exports.

In 1989, exports by New Zealand amounted to only 138 thousand tons compared to 184 thousand tons in 1988. The European Communities remained the main outlet. In September 1989, special arrangements were made for imports of New Zealand butter into the Community between 1989 and 1992 under which the global volume of butter which New Zealand could export to the European Community in 1989 was fixed at 64,500 tons. The arrangements provided for a reduction in the special import levy from 25 per cent ad valorem to 15 per cent. For subsequent years, Community imports of butter from New Zealand under the special arrangement will be further

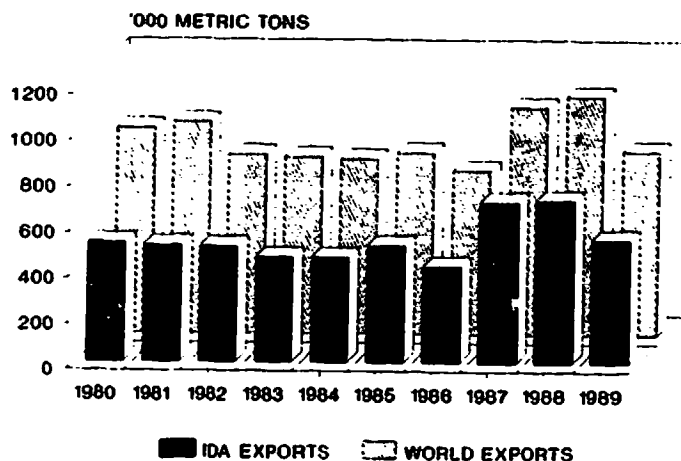
progressively reduced to the following quantities: 61,340 tons in 1990; 58,170 tons in 1991 and 55,000 tons in 1992. Other important outlets for New Zealand butter were Iran and the USSR. In the first half of 1990, exports increased to 116 thousand tons as compared to 75 thousand tons in the corresponding period of 1989; the main outlets being the USSR and the European Communities.

Australian exports of butter/butter oil at 52.3 thousand tons in 1988/89 remained unchanged as compared to the previous season but fell by 3.6 per cent to 50.5 thousand tons in 1989/90 in spite of some sales of bulk butter to the New Zealand Dairy Board for re-export. The decline was more marked for butter oil following a weakening in demand from traditional Asian markets.

Exports of butter by Argentina registered a substantial increase in 1989 when they reached 6 thousand tons in relation to 0.8 thousand tons in 1988. They were also at higher levels for the first half of 1990.

As a consequence of increased production and decreased consumption due to higher retail prices, Poland resumed its exports of butter in early 1990. In March, a sale of 10 thousand tons of butter to the USSR had been concluded at a price of US\$1,350 per ton f.o.b., i.e. the agreed minimum export price. Romanian exports of butter and butter oil were around 19 thousand tons in 1988 and in 1989, the main destinations being the USSR and Egypt. In early 1990, Romania restricted its exports and allowed greater imports of dairy products with a view to increasing supplies for domestic consumption. Thus, Romania imported as much as 15 thousand tons of butter in the first six months of 1990. Exports of butter by the German Democratic Republic decreased from 55 thousand tons in 1988 to 50 thousand tons in 1989. Exports in the first part of 1990 were reportedly lower than in the corresponding period of 1989. However, in September of 1990, some 60 thousand tons of butter were reportedly sold to the USSR, with payments to be made partly in hard currency, partly in roubles. This could indicate that exports in 1990 might exceed those of previous years.

BUTTER EXPORTS 1980-1989



After having declined for the three consecutive years to a level of some 9 thousand tons, in 1989 United States butter exports increased substantially. In early 1989, larger milk production resulted in an increase of output of butter and skimmed milk powder, the demand for the latter product being strong. However, commercial use of butter fell and public stocks increased. In September, sales of 50 thousand tons of butter to the USSR had been concluded at a price of US\$1,618 per ton f.o.b. and the butter was shipped during December 1989-March 1990. The 1985 Farm Bill mandated the sale of 150,000 tons of dairy products (of which 100,000 tons of butter) annually through fiscal year 1990. This target for butter exports had not been attained in previous years but in calendar year 1989 some 99 thousand tons of butterfat were reportedly sold. United States exports in 1990 were forecast at 90 thousand tons.

The Community imports of butter, which in 1988 totalled 76 thousand tons, decreased to some 69 thousand tons in 1989. New Zealand remained the main source of the Community imports. Imports into Switzerland decreased substantially in 1989. Polish butter imports decreased by almost 66 per cent to 11.5 thousand tons in 1989 and there were no imports in 1990, mainly due to increased domestic production.

Japan, whose imports of butter averaged only 2 thousand tons a year between 1981 and 1987, in 1988 made supplementary purchases amounting to as much as 21 thousand tons. Total imports reached 23.3 thousand tons in 1988, the main supplier being New Zealand. In 1989 imports at 10 thousand tons were substantially lower than in the previous year and were expected to decrease further in 1990, although Japan bought 3 thousand tons in September 1990 to cover a potential shortfall in domestic supply.

The USSR, where consumption of milk and dairy products rose faster than production, remained by far the largest net importer of butter in recent years. In 1989, the USSR imported substantial amounts of butter though total dairy products imports were below the record level of 3.4 million tons in terms of milk equivalent registered in 1988. Part of the USSR butter imports in 1989 resulted from earlier purchases of cheap old butter from Community stocks, but sizable quantities of fresh butter were also purchased at prevailing world prices, chiefly from the European Communities and New Zealand. In September of 1989, the USSR turned to the United States which released surplus butter from government stocks. Imports of butter in 1989 were 247.1 thousand tons, down by 44 per cent from the record level of 440.5 thousand tons reached in 1988 (Table 4). Import demand in the USSR was weaker in the fourth quarter of 1989. In the first half of 1990, the USSR bought some 70 thousand tons of butter from New Zealand at the price of US\$1,470 per ton f.o.b. and some 10 thousand tons from Poland at the price of US\$1,350 per ton f.o.b., and Nordic countries shipped some 20 thousand tons to that market. During that period imports of butter increased by 22 per cent in relation to the corresponding period of 1989. Nevertheless, in the fall of 1990, uncertainties persisted as to the USSR's import requirements and their ability to pay. Butter imports in 1990 might again amount to 250 thousand tons, but this could change if butter was again offered at reduced prices and credit facilities were available, notably through concessional sales.

TABLE 4

Imports of Butter into USSR by Origin
('000 metric tons)

	1981-83 average	1986	1987	1988	1989
<u>Total</u> of which from:	<u>189.46</u>	<u>194.34</u>	<u>403.11</u>	<u>440.47</u>	<u>247.05</u>
Belgium	16.67	-	9.99	5.75	4.37
Denmark	-	-	5.00	-	-
Ireland	15.75	-	-	12.06	29.40
Netherlands	14.71	-	113.14	121.05	30.31
France	25.08	15.20	49.97	19.08	3.88
Germany, F.R.	-	90.00	133.00	183.00	27.00
<u>Total EC countries</u> <u>mentioned</u>	<u>72.22</u>	<u>105.20</u>	<u>311.10</u>	<u>340.94</u>	<u>94.96</u>
Hungary	3.48	0.72	1.06	1.00	5.38
Norway	1.67	-	-	-	-
Finland	9.34	8.00	6.10	8.79	7.85
Sweden	5.46	-	-	-	8.60
Canada	0.67	-	-	-	-
Uruguay	3.37	..	-	2.50	4.00
New Zealand	48.71	25.11	11.38	38.29	30.70
Others (unspecified origins)	44.38	55.31	73.47	48.95	95.56

Source: Foreign Trade Yearbooks of the USSR 1981 to 1989.

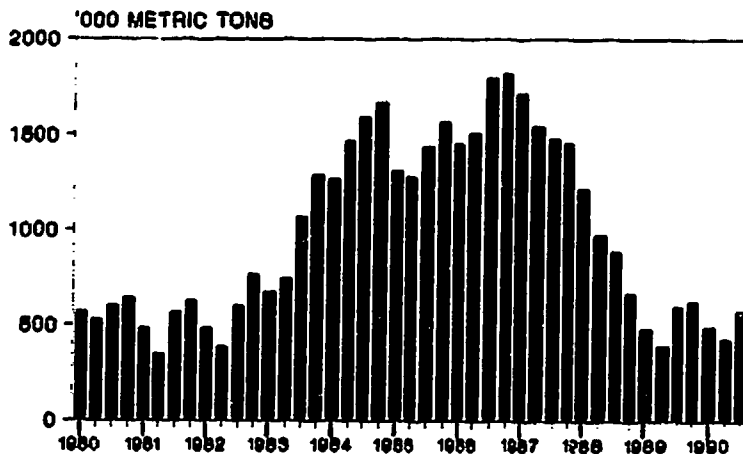
Stocks

Total stocks of butter in the European Communities, North America and Oceania on 1 January 1990, at 370 thousand tons were 11 per cent lower than a year earlier, while stocks on 1 July 1990, at 500 thousand tons, had hardly changed from a year earlier. Stocks of butter in Eastern Europe on 1 January 1990 were reportedly higher than a year earlier and they continued to increase throughout the first half of 1990. Concerns were expressed that stocks of butter would be increasing as a result of the fall in demand.

The Community stocks of butter totalled 124 thousand tons (public and private) at the end of 1989 as compared to 202 thousand tons one year earlier. There were no intervention purchases whatsoever in 1989. The Commission continued to exercise its authority to suspend intervention buying of butter on certain conditions and to operate a tender system for buying butter into intervention. Following a decrease in prices, it was decided in January 1990 to buy some 12 thousand tons of butter, the first intervention purchase in two years. Intervention purchases continued and in September 1990, public stocks in the Community amounted to 172 thousand tons while private stocks amounted to 183 thousand tons.

In Oceania, stocks of butter at 115 thousand tons on 1 January 1990 were higher by 15 per cent in relation to their level on 1 January 1989. However, on 1 July 1990, stocks of butter at 53 thousand tons were down by 4 thousand tons or 7 per cent in relation to their level a year earlier. In Poland, stocks of butter at 36.6 thousand tons on 1 January 1990 had more than doubled from a year earlier, this substantial increase being due to declining consumption in reaction to higher retail prices. In Finland, butter stocks at 16 thousand tons on 1 July 1990 were 15 per cent higher than one year earlier, mainly due to declining consumption.

BUTTER STOCKS 1980-1990 IDA PARTICIPANTS *



* Includes Austria, Canada and the US

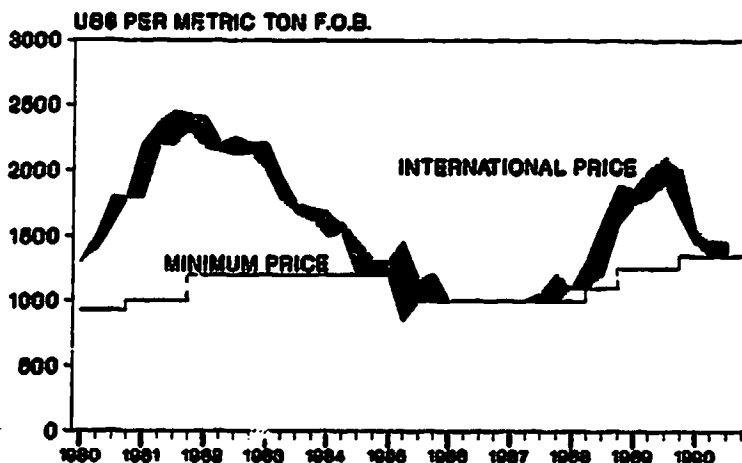
In the United States, government purchases of butter rose substantially, reflecting a jump in the surplus of high-fat products with public stocks continuing to swell in 1989 and early 1990 and were at 150 thousand tons on 1 July 1990, nevertheless down by 5 per cent on their level a year earlier. Government support purchases of butter in January-June 1990 were large but nevertheless down one fifth from a year earlier, reflecting smaller production and larger commercial use. Canadian stocks reached 25.5 thousand tons at the end of June 1990, up 9 per cent on 30 June 1989.

International prices

Reduced supplies and lower carry-over stocks resulted in a further improvement of prices in 1989 with prices for fresh butter fluctuating between US\$1,750 and US\$2,100 per ton f.o.b. in the first nine months of the year. However, prices started to weaken in the fourth quarter, ranging between US\$1,650 and US\$2,000 per ton f.o.b., and the decline continued in 1990, following a spectacular decline in butter consumption in many countries. International prices declined to the range of US\$1,450-US\$1,550 per ton f.o.b. in the first quarter of 1990 and then dropped to US\$1,350-US\$1,450 per ton f.o.b. in the second and third quarters. Certain offers and sales had reportedly been made at prices below the minimum export price of US\$1,350 per ton f.o.b. and uncertainties persisted as to the price situation in 1990/91.

Concern was expressed as to the unsatisfactory situation dominated by a fragile butter market, and the Committee Regarding Milk Fat urged participants to take the necessary steps to ensure full observance of the provisions of the Arrangement related to minimum export prices. An appeal was also made to non-participating countries not to undercut prices and not to sell below the agreed minimum export prices. In its review of September 1990, the Committee decided to maintain the minimum price unchanged at US\$1,350 per metric ton f.o.b.

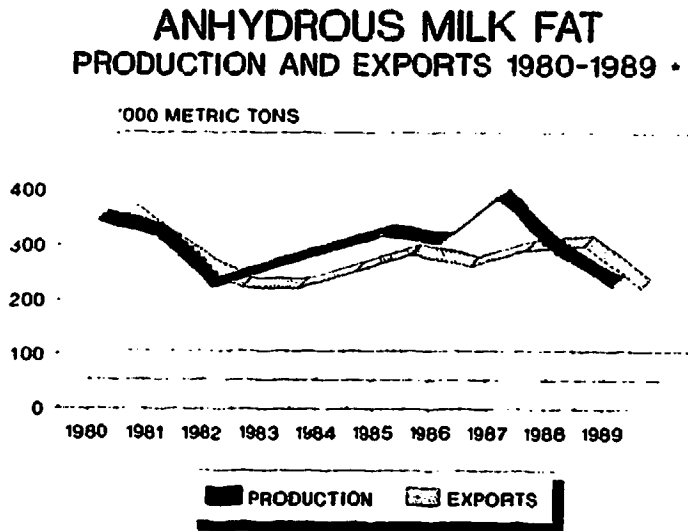
BUTTER PRICES 1980-1990



Anhydrous Milk Fat

Production and trade

Output of anhydrous milk fat of the European Communities, New Zealand and Australia was lower in 1989 than in the previous year. Exports by the European Communities and New Zealand decreased substantially in 1989 while exports by Australia registered an increase.



• IDA participants only

Food aid

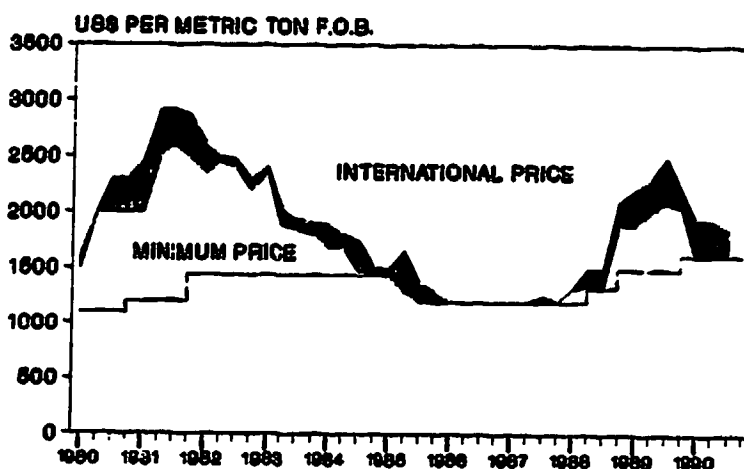
The 1989 Community food-aid programme provided for a maximum of 25 thousand tons of butter oil, the same as in 1988. However, for 1990, this programme provided for 18 thousand tons of butter oil. Actual food-aid deliveries in 1989, amounted to 15 thousand tons in relation to 33 thousand tons delivered in 1988. In February 1990, the Community took emergency action to supply Romania with certain agricultural products including 2.5 thousand tons of butter. In early 1989, the United States entered into discussions with Poland concerning donations of certain quantities of butter. In March 1990, the United States and Romania signed an agricultural aid package under which Romania would receive feed grains and 7.5 thousand tons of butter.

International prices

International prices of anhydrous milk fat which had improved throughout 1988 strengthening further in 1989 with prices fluctuating between US\$1,900 and US\$2,500 per ton f.o.b. in the first nine months of the year. However, prices started to weaken in the fourth quarter ranging between US\$2,050 and US\$2,200 per ton f.o.b., and continued to decrease ranging between US\$1,625 and US\$1,950 per ton f.o.b. during the first half of the year. A further decrease was registered in the third quarter of 1990 when prices ranged between US\$1,625 and US\$1,850 per ton f.o.b. Certain sales had reportedly been made at prices below the minimum export price of US\$1,625 per ton f.o.b.

As regards the future outlook, prices and sales of anhydrous milk fat would remain sensitive to competition from vegetable oils and uncertainties would persist in the market. In its review of September 1990, the Committee nevertheless decided to maintain the minimum export price at its present level of US\$1,625 per ton f.o.b.

ANHYDROUS MILK FAT PRICES 1980-1990



Cheese

Production

World output of cheese (all kinds including curd) at 14.48 million tons in 1989 was 1.6 per cent more than in 1988. The trend was very similar in all regions, but with some variations from one country to another. In the European Communities, cheese production in 1989 reached 4.49 million tons, an increase by 2 per cent over 1988. This partially reflected the increase in internal demand and also the application of a modified intervention system for skimmed milk powder and butter. Larger quantities of milk had been diverted into the production of cheeses. For

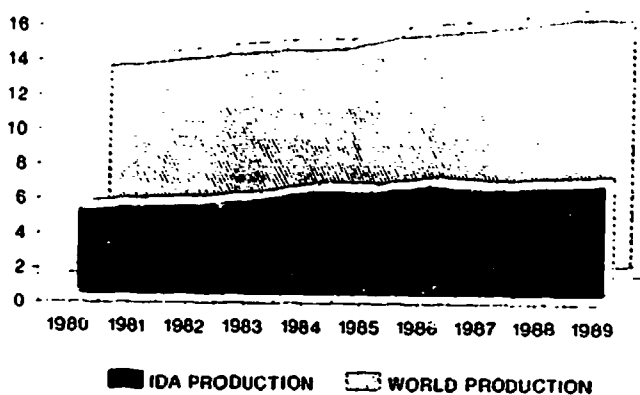
1990, a further increase was recorded, with cheese production in the first half of the year being almost 6 per cent higher than in 1989.

In Australia, production of cheese totalled 190.4 thousand tons in 1988/89, i.e. 8 per cent more than the level of the previous season. It decreased by 8 per cent to 175 thousand tons in 1989/90. This fall reflected reduced import demand in Japan and generally unfavourable price relativities for cheese in the first half of the year. New Zealand cheese production totalled 122 thousand tons in the 1989/90 season. Production was adjusted down during the season as export sales did not achieve expected levels. With cheese stocks at the beginning of the new season being higher than desirable, production in 1990/91 would be held below the 1989/90 level. Appreciable gains were recorded in 1989 in most other participating countries.

In 1989, United States cheese production increased by 1 per cent to about 2.53 million tons following growth in commercial demand. With domestic demand continuing to increase, further growth of as much as 7.5 per cent was expected for 1990 and much of the increase in the milk supply would be absorbed by cheese manufacture which might reach 2.72 million tons. Production in Canada was projected to grow in 1990/91 by 5 per cent to some 260 thousand tons, in response to rising domestic demand. In the USSR, production of cheese (excluding curd and fresh cheese) in 1989 at 900 thousand tons, was around 1 per cent higher than in 1988. A further increase was projected for 1990. USSR production of curd and fresh cheese was estimated to have exceeded 1 million tons in 1989. In the German Democratic Republic, production remained at 274 thousand tons in 1989 and little change was expected for 1990. Production of cheese in developing countries which was slightly below 12 per cent of total world output, hardly changed in 1989.

CHEESE PRODUCTION 1980-1989

MILLION METRIC TONS



Consumption

Cheese consumption for the major producing countries continued to expand, up 1 per cent in 1989. In the European Communities, a gain of 1 per cent was registered in 1989. The outlook for 1990 was for continued growth in total cheese consumption of more than 5 per cent. The great variety of cheese available and further active product diversification (i.e. low-fat cheeses) were the main reasons for these positive developments. In other European countries, cheese consumption continued to grow. In the United States, domestic sales of cheese remained strong in 1989, increasing by 1.8 per cent over 1988. Cheese sales during January-May 1990 were up about 7 per cent in relation to the corresponding period of 1989.

Favourable economic conditions and strong import demand led to an expectation that cheese consumption would show substantial increase in 1990, despite higher prices. 1990 appeared as a year when unidentified factors triggered an extraordinary expansion.

World per capita cheese consumption was moving up steadily, showing an average annual increase of over 2 per cent since the early eighties. Per capita consumption was particularly high in Western Europe (around 13 kgs.) and in North America (around 11 kgs.); the increase in consumption seemed to be the strongest in these high level consumption countries. The increasing trend in Western Europe and North America was expected to continue at an average annual rate of 2 to 3 per cent. In 1989 and 1990, cheese consumption developed appreciably in North Africa and the Middle East.

The expansion in demand and consumption of cheese has entailed the development and production of imitation cheeses, but such products still had captured only a marginal market share in 1989. However, cheese analogues, filled cheese and imitation cheese were, with some success, being marketed as ingredients for making pizzas and for other cooking applications, notably in the United States.

Trade

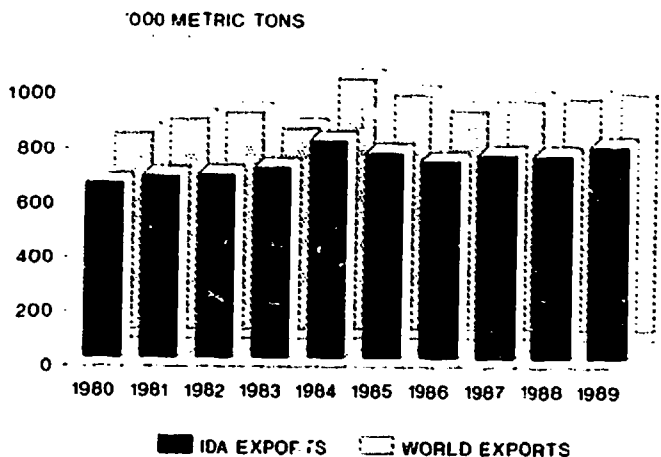
World exports of cheese were up 2.4 per cent for 1989 and reached some 870 thousand tons. The general expansionary tendencies observed in the market for 1989 continued into 1990. The international cheese market was dominated by Western Europe and New Zealand, which together accounted for over 75 per cent of exports.

The Community cheese exports expanded by as much as 11 per cent in 1989 to 445 thousand tons. However, exports in 1990 were expected to grow at a slower rate. New Zealand exports reached 84.5 thousand tons in 1989, being 13.6 per cent below their level in 1988, the main outlet remaining Japan. Sales of cheese below normal export quality under derogation dropped sharply in 1988 and stopped completely in 1989 reflecting improved market conditions. However, as prices eased in early 1990, New Zealand again sold 1,350 tons of low quality cheese under derogation. Australian

exports of cheese in 1988/89, at 62 thousand tons, were substantially lower (by 15.6 per cent), reflecting the effect of stock run-down in 1987/88. Exports declined further in 1989/90 (by 17 per cent) to 51.7 thousand tons mainly reflecting reduced sales to Japan. The main destinations of Australia's exports continued to be Japan and South East Asia.

Exports by Switzerland increased significantly (by 6.9 per cent) in 1989 and amounted to 63.9 thousand tons. Exports of Finland dropped from 31 thousand tons in 1988 to 27.3 thousand tons in 1989. Exports by Argentina which more than doubled in 1988 (11 thousand tons) continued to expand in 1989 by 28 per cent to 14.2 thousand tons. Sales by Bulgaria, however, dropped by as much as 20 per cent in 1989 to 21 thousand tons.

CHEESE EXPORTS 1980-1989



Cheese exports from the United States which had been low in 1988 at 24 thousand tons, again fell substantially in 1989 to only 7 thousand tons and were for 1990 expected to remain low. Exports to Mexico in 1989 amounted to US\$8.3 million. Austrian exports of cheese dropped in 1989 while exports from Canada and from the German Democratic Republic remained relatively stable.

On the import side, Community imports at 116 thousand tons in 1989, mostly from Switzerland, were little changed in relation to the previous year. Japanese imports of cheese in 1989 at about 112 thousand tons were 2 per cent lower than in 1988, the main suppliers being the European Communities, New Zealand and Australia. Despite this small decrease in imports in 1989, domestic demand for cheese was continuously increasing and had nearly doubled in ten years. This trend was likely to continue. However, as domestic milk and cheese production increased in 1990, import requirements might not increase. In Switzerland, imports of cheese remained relatively stable in 1989 at around 24 thousand tons.

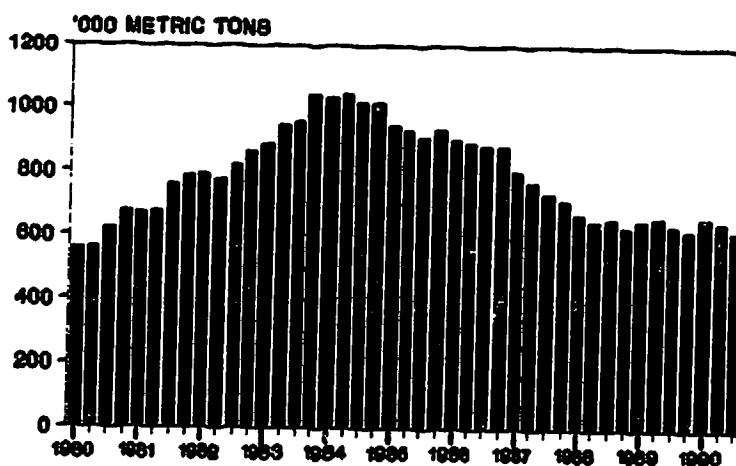
United States purchases totalled 125 thousand tons in 1989, up by 9 per cent on 1988. The bulk of the imports was from the European Communities, New Zealand and Finland. Imports in 1990 continued to increase at the same rate and might amount to some 135 thousand tons.

Import demand for cheese in North Africa and the Middle East was again strong and increasing in 1989, with imports of Feta cheese into Egypt and Iran increasing by more than one third compared to 1988, and import demand in these areas remained lively in 1990, although the trade blockade of Iraq and Kuwait had adverse effects on cheese imports into these countries during the fall.

Stocks

Cheese stocks, on 1 July 1990, were higher than one year earlier in the Community and New Zealand, while they were low in Australia and the Nordic countries. United States stocks which on 1 July 1990, were slightly higher than one year earlier, but still amounting to only about two fifth of their average levels in 1981 to 1983. For all countries for which statistics on cheese stocks were available there seemed to be an increase in stocks of 2.5 per cent in 1990 compared to 1989.

CHEESE STOCKS 1980-1990 IDA PARTICIPANTS *



* Includes Austria, Canada and the US

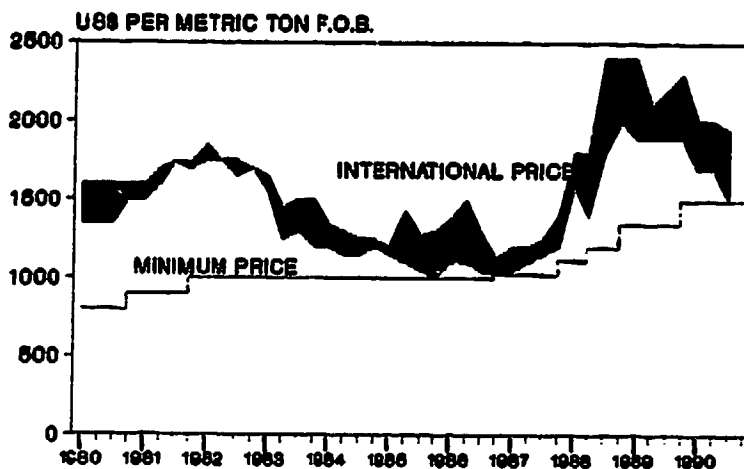
International prices

Cheddar cheese prices which had strengthened during 1988 levelled off in 1989 with quotations for Cheddar being in the range of US\$1,900 to US\$2,400 per ton f.o.b. in the first half of the year, slightly down from the peak reached towards the end of 1988. During the fourth quarter of 1989 they fluctuated between US\$1,900 and US\$2,300 per ton f.o.b. In the first half of 1990 they tended to ease somewhat and ranged between US\$1,700

and US\$2,000 per ton f.o.b. A further weakening was registered for Cheddar cheese prices in the third quarter when quotations fluctuated between US\$1,500 and US\$1,950 per ton f.o.b. However, for most of the cheeses covered by the Protocol, prices remained well above the agreed minimum export price and were expected to firm in coming months, as import demand was sufficient to absorb the increased supplies, notably in the case of speciality cheeses. Cheddar cheese quotations were showing weakening tendencies by mid-year 1990, probably a reaction to plentiful supplies offered for export and high stocks of produce for ripening.

In its review of September 1990, the Committee of the Protocol Regarding Certain Cheeses decided to maintain the minimum export price uncharged at US\$1,500 per ton f.o.b.

CHEESE PRICES 1980-1990



Milk Powders

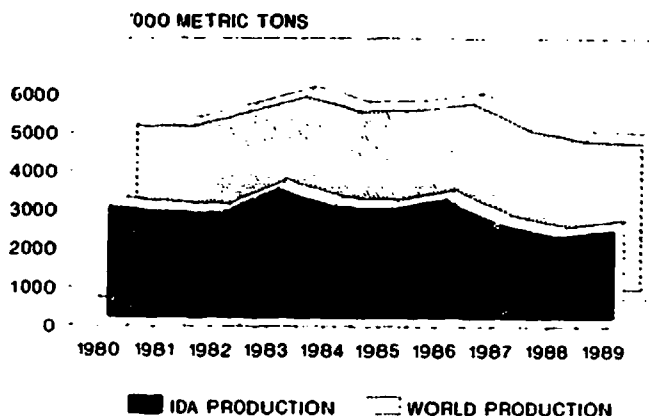
Skimmed Milk Powder and Buttermilk Powder

Production

World production of skimmed milk powder in 1989 at 3.8 million tons was 1.1 per cent lower than in 1988 when it had decreased by 7.4 per cent. Decrease over three consecutive years was mainly due to reduced butter production and larger sales of light milk products and consequently less skimmed milk becoming available for drying. Much of the decline can be attributed to Community efforts to reduce milk output and surplus stocks. The reduction in Community production was particularly important as it had accounted for nearly half the world production since the 1960's but in 1989 was even below one third of world production. The United States also curtailed skimmed milk powder output. For 1990, world output of skimmed milk powder was projected to grow in relation to 1989 with a further recovery in Western Europe and Oceania offsetting declines in North America.

After having decreased sharply for two consecutive years, output of skimmed milk powder in the European Communities recovered in 1989 and totalled 1.40 million tons, up by 6.6 per cent on 1988. Despite the increased allocations to drinking milk and cheese, production of skimmed milk powder increased mainly due to the cutback in the production of casein and in the use of liquid skimmed milk for animal feeding. For 1990, Community production of skimmed milk powder showed a strong increase, of 11 per cent for the first half of the year. However, as the rate of expansion slowed down in the autumn, forecasts for 1990 as a whole pointed to an overall increase by 7 per cent to 1.50 million tons. In New Zealand, production of skimmed milk powder declined by 10 per cent to 154 thousand tons in the season 1988/89 in line with the reduction in butter output but increased by 22.7 per cent in 1989/90 to a level of 189 thousand tons. It was forecast that production in 1990/91 would hardly change from 1989/90. Buttermilk powder production decreased also in 1988/89. In Australia, production of skimmed milk powder/buttermilk powder in 1988/89 was at 126.8 thousand tons, a decline by 0.8 per cent over 1987/88. In line with international market relativities, production of skimmed milk powder/buttermilk powder increased substantially in 1989/90 to 139.7 thousand tons, up 10 per cent on 1988/89. Shifts in domestic utilization by food processors from skimmed milk powder to skimmed milk concentrates have been offset by a producer shift to skimmed milk powder production in light of continuing market uncertainties. In Japan, production increased by some 10 per cent in 1989 to 178 thousand tons as a result of the growth in milk production and increased further by the same rate in 1990. In Poland, production increased by 10 per cent to 175 thousand tons. Production of skimmed milk powder by other participants followed varying trends in 1989.

SKIMMED MILK POWDER PRODUCTION 1980-1989



In the United States, output decreased by 11 per cent in 1989, reaching 395 thousand tons. Production declined more than 16 per cent from a year ago during January-May 1990. As sales of lower fat products continued to increase, demand for liquid skimmed milk trimmed skimmed milk powder output. A further substantial decrease was forecast for 1990, despite the projected expansion in milk production as milk was being diverted away from butter-skimmed milk powder into cheese production. Canadian production in 1988/89 at 102 thousand tons was 13 per cent lower than in the previous dairy year. In 1989/90, it declined by another 10 per cent to a level of 93 thousand tons, due to a reduction in industrial milk quotas. For 1990/91, a further decline by 3 per cent to 90 thousand tons was projected. Production in the USSR continued to increase in 1988, reaching 518 thousand tons and registered slight gains also in 1989 and 1990. In the German Democratic Republic, output continued to increase in 1988, amounting to 55 thousand tons but a slight drop was registered in 1989. Output in India increased by as much as 13 per cent in 1989 to 90 thousand tons and was expected to increase by another 6 per cent to 95 thousand tons in 1990. Brazilian production remained stable at 40 thousand tons in 1989 and was forecast to increase to 45 thousand tons in 1990.

Consumption

World consumption of skimmed milk powder fell in 1989, reflecting the tighter supply situation for milk powders. In the European Communities, total domestic consumption declined in 1988 and 1989. However, this was due to reduced use of powder by the compound feed industry; while powder used for human consumption increased strongly in 1989, exceeding 300 thousand tons. Domestic consumption of skimmed milk powder for calf feed declined over recent years and fell further in 1989 to some 750 thousand tons. This declining use in feeding could partly be attributed to a reduced raising of calves in line with reduced cow numbers. There was also an increasing substitution for skimmed milk powder by whey powder and possibly also soya bean meal. Taking into account the evolution of the market situation, the aids granted to skimmed milk powder and liquid skimmed milk used in animal feed were increased in June and in October 1990. Thus an aid level of ECU 70 per 100 kgs. (+ ECU 10) and a minimum incorporation level of 50 per cent were decided in October 1990. As a result of these measures, consumption of skimmed milk powder as feed might increase by some 7 per cent to 800 thousand tons in 1990.

In Japan, where total consumption also decreased in 1989 about one fourth of the consumption was used for animal feed. In the United States total domestic consumption decreased in 1989 and the use in animal feed dropped to negligible levels. For 1990, however, a substantial increase by as much as 14 per cent was expected in domestic consumption. In Canada, total domestic consumption increased in 1989 and one fifth of the consumption was used for animal feed.

Trade

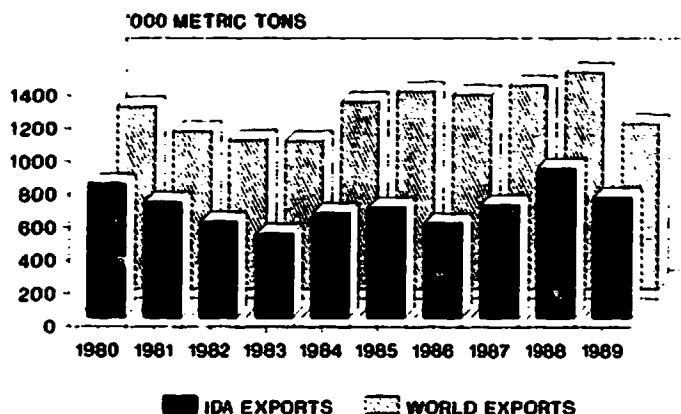
Due to the continued tightness in world supplies with the decline in production and the negligible level of stocks, world exports of skimmed milk powder in 1989 declined by as much as 250 thousand tons to 950 thousand tons. International trade in skimmed milk powder declined further in 1990 due mostly to lower exports by the European Community and the United States.

With reduced supplies and negligible intervention stocks, Community exports in 1989 reached only about 394 thousand tons, i.e. a decline by 36 per cent compared to 1988. The market share of the European Communities decreased to 40 per cent in 1989 from 50 per cent in 1988. Although exports in the first half of 1990 remained relatively stable, a further decline in Community sales was likely for the year 1990, as a whole.

Skimmed milk powder exports by New Zealand increased by 3.8 per cent in 1989 and reached 146 thousand tons. The main destinations were countries in South East and Eastern Asia and Mexico. Exports continued to increase at a higher rate in the first half of 1990. Buttermilk powder exports registered a sharp drop in 1989. In July 1990, New Zealand gave advance notification of its intention to conclude a sale to Japan of skimmed milk powder for purposes of animal feed under derogation. The quantity involved was 3 thousand tons with delivery scheduled in August or September 1990.

Australian exports of skimmed milk powder/buttermilk powder in 1988/89 decreased by 4.5 per cent to 74 thousand tons. However, exports for the 1989/90 season were up on 1988/89 to reach 96.7 thousand tons. The emergence of Mexico as a major buyer saw skimmed milk powder exports increase by 28 per cent to 87.7 thousand tons. Exports of buttermilk powder increased by 84 per cent to 9 thousand tons during 1989/90.

SKIMMED MILK POWDER EXPORTS 1980-1989



In 1989, all United States skimmed milk powder exports were through commercial channels and no donations were made. United States exports in 1989 at 170 thousand tons, were 22 per cent down on 1988 and well below those of 1985-87, when the Commodity Credit Corporation exported large quantities of surplus skimmed milk powder through donations and direct export sales. In 1989, the United States exports of non-fat dry milk to Mexico amounted to some US\$70 million. In fiscal year 1990, a GSM 102 credit of US\$115 million was extended for sales of non-fat dry milk to Mexico and another extension of US\$1 million was announced for fiscal year 1991. A further substantial drop in United States skimmed milk powder exports was apparent in 1990. Commercial use of cheese and liquid milk would keep domestic skimmed solids fairly tight and skimmed milk powder manufactures were not likely to over-commit to the export market for a second year. Moreover, domestic demand for protein-rich products was expected to increase while stocks were presently small. In Canada, exports of skimmed milk powder increased in 1988 to 59 thousand tons, i.e. by 28 per cent as a result of decreasing domestic usage and of the situation in the international market. However, for 1989 a sharp decline was registered and exports amounted to only 32 thousand tons.

On the import side, purchases by Japan increased substantially (by 41 per cent) to 130 thousand tons in 1988 as domestic demand was brisk. Much of the powder imported was for use as animal feed. The principal sources of supplies were New Zealand, Australia and the European Communities. Imports in 1989 at 99 thousand tons were 24 per cent lower than the level in 1988. This decrease was mainly due to a decline in imports for animal feed purposes which was caused by higher international market prices. Imports might decline further in 1990 as domestic production was increasing.

Import demand, mainly for recombination purposes in some developing countries, remained strong. Mexico had maintained imports of dairy products at a high level, in spite of a sharp fall in foreign exchange earnings and larger domestic output. Mexico imported 240 thousand tons in 1989 thus becoming the world's largest importer of skimmed milk powder. The United States remained the main commercial supplier in 1989 and was likely to retain the leadership in 1990. It was also reported that Mexican plans to achieve self-sufficiency in fluid milk production would not be reached any time soon, and it was estimated that skimmed milk powder import needs for 1990 would remain near the previous year's level. Brazilian imports recovered in 1989, amounting to 50 thousand tons. For 1990, imports might be low due to a general decline in demand for dairy products in conjunction with the government's new economic programme.

Food aid

Food-aid deliveries of dairy products consisted mainly of skimmed milk powder and anhydrous milk fat. The decline in surpluses was affecting the availability of milk products that could be provided under food-aid programmes. In recent years, food aid had accounted for about 20 per cent of total exports of dairy products, most of it coming from the United States and the European Communities. However, for 1989, shipments under

TABLE 5

Share of Food Aid in Total Exports for Selected Countries

	Total exports			Food aid			Food aid/ Total exports		
	1987	1988	1989	1987	1988	1989	1987	1988	1989
	Metric tons						Per cent		
	<u>Skimmed Milk Powder</u>								
Australia	67,600	62,100	69,900	300	-	3,200	0.4	-	4.6
EC	390,000	615,000	394,000	110,000	113,000	84,000	8.2	18.4	21.3
Switzerland	10,300	2,100	1,100	800	1,300	1,100	7.8	61.9	100.0
United States	298,800	218,500	170,000	126,800	74,100	-	42.4	33.9	-
TOTAL	766,700	897,800	635,000	237,900	188,400	88,300	31.0	21.3	13.9
	<u>Whole Milk Powder</u>								
Australia	43,100	47,000	47,000	20	66	-	0.1	0.1	-
Switzerland	2,400	1,900	2,200	2,000	1,500	1,600	83.3	78.9	72.7
TOTAL	45,500	48,900	49,200	2,020	1,566	1,600	4.4	3.2	3.3
	<u>Anhydrous Milk Fat</u>								
Australia	13,100	20,000	24,000	-	-	-	-	-	-
EC	148,000	170,000	103,000	19,000	33,000	15,000	12.8	19.4	14.6
TOTAL	161,100	190,000	127,000	19,000	33,000	15,000	11.8	20.5	11.8

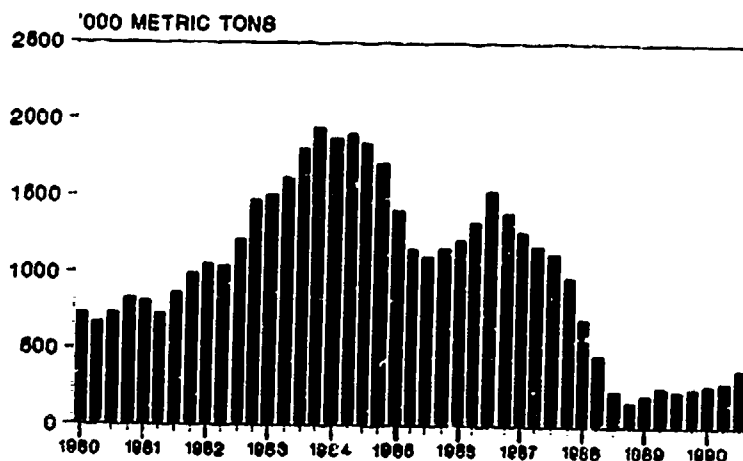
food-aid programmes contracted even more than total exports. Food-aid shipments of dairy products, which had averaged nearly 400 thousand tons (product weight) in previous years, were estimated to have fallen below 100 thousand tons in 1989. Two aspects were contributing to this situation; shorter supplies and increased market prices; so, it was difficult to find the powder needed and if it was found, there were budgetary problems concerning how the supplies should be paid for. The reduction in food-aid shipments by the United States had been the result of lower supply. As uncommitted stocks had remained at minimal levels since August 1988, no foreign donations could be made in 1989 nor in 1990.

Since the early 1980's, the European Communities had been reducing the share of milk products in food aid, replacing it by larger supplies of vegetable foods, notably cereals. Annual allocations of skimmed milk powder were reduced from 150 thousand tons at the beginning of the decade to 94 thousand tons in 1990, and those of butter oil from 45 thousand tons to 18 thousand tons. In 1989, actual Community food-aid deliveries amounted to 84 thousand tons of skimmed milk powder in relation to 113 thousand tons delivered in 1988. In September 1990, the European Community announced an increase of 10 thousand tons in the annual allocation of skimmed milk powder.

Stocks

Total stocks of skimmed milk powder in the European Communities, North America and Oceania of approximately 164 thousand tons on 1 January 1990, were up by 29 per cent from one year earlier. However, compared to the 1981-1983 average, this figure was relatively low. On 1 January 1990, stocks held by the European Communities were at 5 thousand tons as compared to 7 thousand tons a year earlier. On the same date, stocks held by North America were at 33 thousand tons, slightly down from a year earlier and stocks held by Oceania were at 126 thousand tons compared to 84 thousand tons on 1 January 1990. At the end of 1989 there were no surplus stocks of skimmed milk powder. On 1 July 1990, total stocks of skimmed milk powder in the same areas at 270 thousand tons, had doubled since 1 July 1989, mainly due to the increase in Community stocks.

SMP STOCKS 1980-1990 IDA PARTICIPANTS *



* Includes Austria, Canada and the US

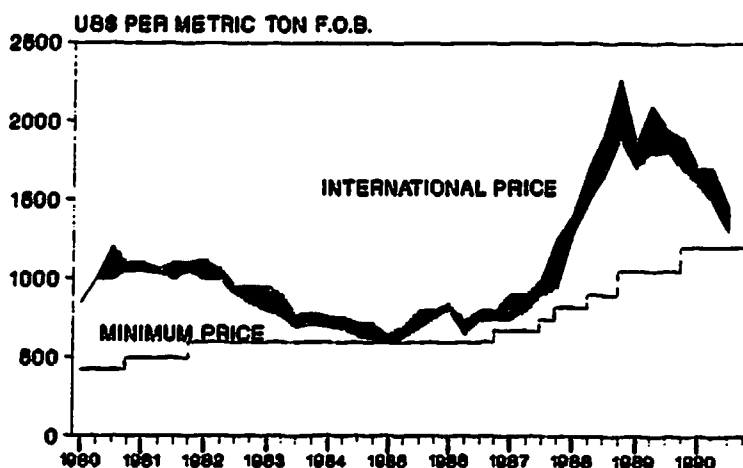
Limitations on intervention purchases of butter and of skimmed milk powder applied in the European Communities resulted in low public stocks of skimmed milk powder throughout 1988 and 1989. Public stocks remained negligible throughout 1989, but private stocks at the end of the year were estimated at 70 thousand tons. However, public stocks increased to 350 thousand in September 1990, as internal prices weakened. Intervention buying of skimmed milk powder had been suspended as foreseen on 31 August 1990. Moreover, the aids granted in the form of skimmed milk powder used for feed were increased in order to promote its consumption and in an attempt to keep public stocks down. However, concerns were expressed that stocks would be increasing as a result of the fall in demand.

In Oceania, stocks remained at normal levels throughout 1989. Surplus skimmed milk powder stocks in the United States had been totally eliminated.

International prices

International prices of skimmed milk powder showed a steady improvement throughout 1988 and import demand remained strong. As supplies available for export became more restricted in the European Communities, New Zealand and the United States, prices rose rapidly. In the fourth quarter of 1988, prices fluctuated between US\$1,900 and US\$2,270 per ton f.o.b. International prices of skimmed milk powder more than doubled in 1988 and were, at the end of the year, substantially higher than those of butter and butter oil. In 1989, prices of skimmed milk powder started to level off, ranging between US\$1,700 and US\$2,100 per ton f.o.b. This weakening in prices was partly due to lower casein production together with progressive reduction of subsidized use schemes for skimmed milk powder. Prices continued to weaken in 1990, fluctuating between US\$1,500 and US\$1,700 per ton f.o.b. during the first half of the year, and between US\$1,300 and US\$1,450 per ton f.o.b. in the third quarter with certain sales reportedly having been made at prices below the range indicated. At its September 1990 review, the Committee of the Protocol Regarding Certain Milk Powders maintained the minimum export prices at US\$1,200 per ton f.o.b. for both skimmed milk powder and buttermilk powder.

SKIMMED MILK POWDER PRICES 1980-1990



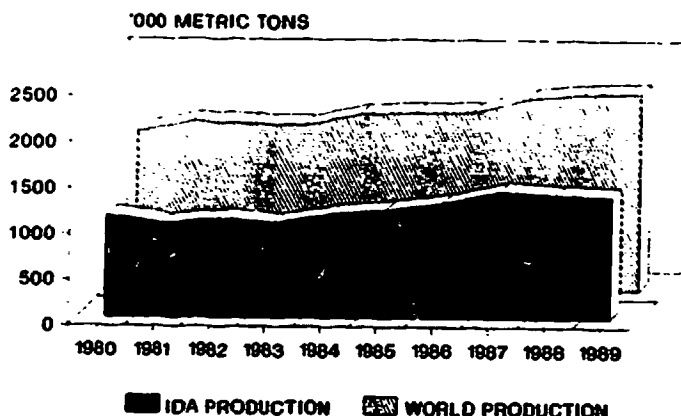
Whole Milk Powder

Production

In 1989, world production of whole milk powder, at around 2.20 million tons declined by 1.5 per cent compared to 1988 mainly due to a strong decline in New Zealand production and a more moderate decline in that of the Community.

Community output reached 863 thousand tons in 1989 against 868 thousand tons in 1988. Production again declined in 1990 by 10 per cent for the first half of the year. In New Zealand, production for export decreased to 170 thousand tons in 1989/90 compared to 195 thousand tons in the previous season. This substantial reduction in production reflected the lack of business in key markets, notably the USSR, Venezuela and Sri Lanka. In 1990/91, production might recover from the low level of the previous season depending on the availability of export markets. In Australia, output in 1988/89 increased by around 7 per cent to 68 thousand tons in response to the continuing trend in international market demand but declined to 56 thousand tons in 1989/90 as manufacturers shifted to more easily stored products in the first half of 1990. However, on a calendar year basis, production in 1989 at 67 thousand tons hardly changed from its 1988 level. In Argentina, output increased by 15 per cent to 98 thousand tons in 1989. Production in Finland, at only 11 thousand tons in 1989, declined for the second consecutive year. In Poland, manufacture of whole milk powder remained relatively stable in 1989 at around 50 thousand tons. United States production increased by 5 per cent to 81 thousand tons in 1989 while that of Austria, remained unchanged at 11 thousand tons.

WHOLE MILK POWDER PRODUCTION 1980-1989



Trade

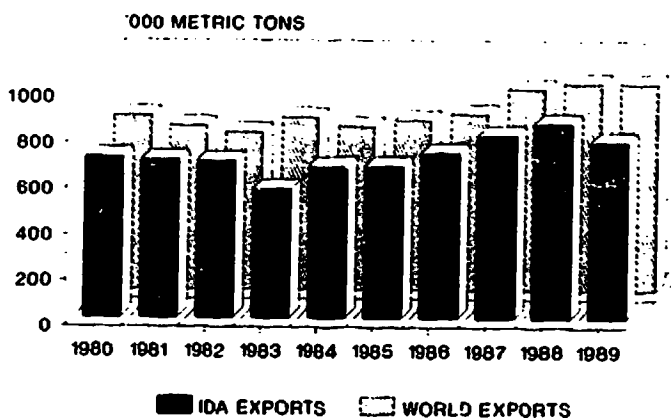
Whole milk powder exports which had continued their upward trend in 1988 reaching 975 thousand tons, declined to some 880 thousand tons in 1989.

Community exports decreased by 6 per cent to 554 thousand tons, accounting for some 63 per cent of the world exports in 1989. A further decrease was forecast for 1990.

Exports from New Zealand, the world's second largest exporter, declined in 1989 and were close to 133 thousand tons. The main outlets were in South and East Asia and in South America. Exports continued to drop in 1990. Australian exports in 1988/89 at 48.4 thousand tons were marginally down as compared to the previous season and fell by 11.8 per cent to 42.7 thousand tons in 1989/90. Exports from Finland, exclusively to the USSR, declined again substantially by 66 per cent to 5.5 thousand in 1989. Exports by Argentina almost doubled in 1989 and reached 25 thousand tons, the main destinations being the USSR and Chile.

Whole milk powder purchases by developing countries reached 650 thousand tons in 1989, decreasing by 1 per cent from 1988. Owing to the rising demand of the developing countries, whole milk powder had become the most important item in terms of volume in international dairy products trade in recent years. Rising prices and growing foreign exchange difficulties of many importing countries may have discouraged a continued increase in purchases. Much of the powder imported into developing countries is for welfare programmes and budgetary restraints may have prevented increases in purchases to be made. Import demand remained stable in 1990, and was not showing signs of becoming more active in spite of lower prices.

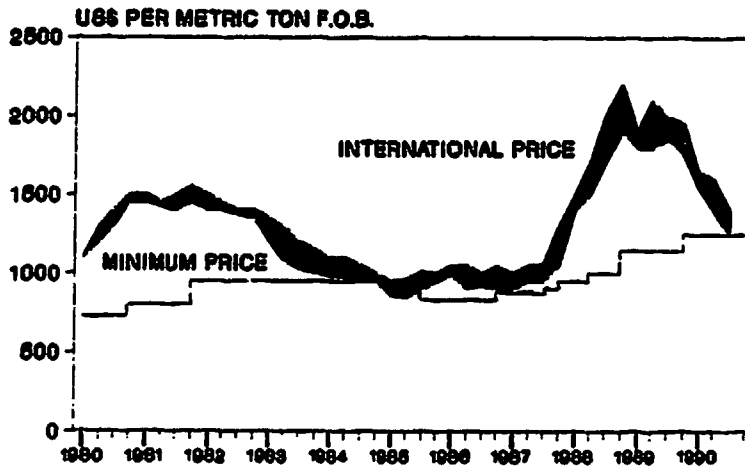
WHOLE MILK POWDER EXPORTS 1980-1989



International prices

In early 1989, the rise in international prices of whole milk powder levelled off and settled at around the same level as for skimmed milk powder of about US\$1,800 to US\$2,100 per ton f.o.b. for the period January-June. Later in the year prices started to fall, fluctuating between US\$1,750 and US\$1,950 per ton f.o.b., and fell further in 1990, ranging between US\$1,400 and US\$1,650 per ton f.o.b. in the first half of the year and between US\$1,250 and US\$1,400 per ton f.o.b. in the third quarter. Whole milk powder prices were then lower than those for skimmed milk powder by US\$50 per ton. Evidently, the depressed butter market also had negative effects on that of whole milk powder. At its September 1990 review, the Committee of the Protocol Regarding Certain Milk Powders maintained the minimum export price at US\$1,250 per ton f.o.b.

WHOLE MILK POWDER PRICES 1980-1990



Other Dairy Products

Whey in powder or block or concentrate

The demand for whey and whey products for use as food and feed ingredients and in pharmaceutical applications remained strong in 1988 and 1989 providing incentives to expand production in several countries. However, towards the end of 1989, demand was weaker as a result of the strong increases in prices. World production of whey powder was estimated to have reached 1.55 million tons in 1989, some 4 per cent up on 1988. Furthermore, the production of other related milk concentrates, including lactose, continued to expand, but the magnitude of the production of such products was difficult to evaluate.

Community production of whey powder increased by about 2.5 per cent in 1989 compared to 1988, and reached 925 thousand tons accounting for 60 per cent of world production. In 1989, United States production increased marginally (by 0.2 per cent) to 486.2 thousand tons, while Canadian production increased by about 20 per cent to 68 thousand tons. World production of whey powder was again increasing in 1990 with increased production in the Community and the United States, following developments in production of cheese.

In mid-May 1989, the European Communities reduced the levies for skimmed milk powder and for whey powder, which could entail larger imports from third countries. In 1989, the European Communities imported 50 thousand tons and exported 25 thousand tons of whey, mainly in connection with forward processing. Community exports were high in the first quarter of 1990, while imports were unchanged.

The market for whey powder showed some fluctuations in 1989 and appeared to be market driven. Prices in the United States continued to fall during the first half of 1989, in September of that year being only half their level a year earlier. However, the bottom had been reached and prices started to recover. Thus, in November 1989, prices in the United States rose close to US\$600 per ton, i.e. the same as in the peak of July 1988. However, prices in Europe at the end of 1989 were at around US\$500 per ton. The reason for the relatively low whey powder prices in the first nine months of 1989 was a strong and unexpected increase in supplies and new suppliers entering the market. Prices continued to weaken in 1990 when they fell in August below US\$300 per ton both in Europe and in the United States. There was still some uncertainty as to the size of the supplies coming on to the market in the near future.

Concentrated milk

World production of condensed milk recovered slightly in 1988, increasing by 1.6 per cent thus amounting to 4.64 million tons. It registered a further increase by 2 per cent in 1989 to reach 4.73 million tons. In the European Communities, output decreased by about 1 per cent to 1.25 million tons from 1988 to 1989, and continued to fall at the same

rate in 1990. In the United States and Canada, production continued to fall in 1989 respectively by 9 and 11 per cent, reaching 230 thousand tons in the United States and 74 thousand tons in Canada. Australian production of condensed milk showed a substantial increase in 1989. Also USSR production continued to expand, reaching 610 thousand tons in 1989, 2 per cent up on the previous year. Condensed milk production in the Far East and Latin America remained stable in 1989.

After having reached a peak of nearly 1 million tons in 1985, world trade in condensed milk declined rapidly to nearly half of that level in 1988, or some 560 thousand tons, and the decline continued. Community exports recovered in 1989 and amounted to 449 thousand tons, i.e. an increase of 17.2 per cent over 1988. However, exports again fell in 1990. Canadian exports declined in 1989 and a further decrease was apparent for 1990.

In February 1989, condensed milk prices were raised by some 2 per cent. In 1989, wholesale prices in Europe and North America ranged from US\$1,200 to US\$1,500 per ton which corresponded to their 1987 level in dollar terms. From January to March 1990, wholesale prices in the Netherlands were raised to f. 3,400 per ton, close to US\$1,800 per ton and remained at that level throughout the year. In dollar terms, however, the price increased to US\$1,900 per ton.

Casein

World casein production which had increased in 1988, fell by 10 per cent in 1989 to 225 thousand tons. The European Community accounted for nearly all of the reduction, which was related to a reduced milk output and lower supplies of milk being available for casein production.

Community production of casein declined in 1989 to 146 thousand tons as producers reacted to decreased export prospects and tighter milk supplies, and production was again reduced for the first six months of 1990. For the year 1990 as a whole, production might decline by some 10 per cent to 132 thousand tons. Higher skimmed milk powder prices resulted in stronger competition for supplies of raw material for processing into casein. Furthermore, the Community production subsidy on casein was further reduced in January 1989. Under a new regime on granting aid for skimmed milk processed into casein, the aid was restricted to casein for specific uses as from 1 March 1989. Community casein producers were consequently facing substantially increased production costs. Furthermore, the casein market suffered from competition of casein substitutes, mainly soya and slaughterhouse offals, which were far cheaper. As from 10 October 1990, the casein aid scheme was altered to reduce the end-use control difficulties. Moreover, the production subsidy on casein was increased in October 1990.

New Zealand production of casein registered a significant reduction in 1988/89 by 17 per cent to 54 thousand tons but increased by 14.8 per cent in 1989/90, to 62 thousand tons as a result of the recovery in milk production. Polish production of casein remained at the level of 20 thousand tons in 1989.

Stocks of casein were very low and supplies depended almost entirely on current production early in 1989. World exports declined further in 1989, with reduced supplies both to the United States and the Community markets. As international market prices increased, United States interest in foreign manufactured dairy products declined. This was particularly the case with casein, as prices were boosted by the increasing skimmed milk powder prices. Domestic substitutes for casein became much more attractive. United States casein imports declined to about 82 thousand tons in 1989, reflecting continued strength in casein import prices. Imports were expected to recover in 1990 and might then amount to 92 thousand tons.

The market situation continued to be characterized by tight supplies and firming prices in early 1989. The reductions on several occasions of Community producer subsidies for casein, the high skimmed milk costs and the depreciation of the United States dollar entailed higher prices in international markets. Prices remained at a high level of US\$5,600 per ton throughout the first half of 1989, in spite of a higher value of the United States dollar. Later in 1989, a users' reaction to the high prices was apparent and prices for casein for technical use came under pressure.

In 1990, casein markets were still undergoing major adjustments, not least due to a certain reordering of the Community market for skimmed milk and powder. Persisting uncertainties as to the availability of low priced casein of variable grade in the near future was also a problem. The casein market was characterized by further reduction in production and supplies with prices varying widely with the quality. In the United States prices were nearly 17 per cent lower in August 1990 than what they had been a year earlier, with acid casein prices ranging from US\$3,740 to US\$4,620 a ton and rennet casein prices ranging from US\$4,620 to US\$4,840 a ton.

ANNEX

EXPLANATORY NOTES

Symbols

The following symbols have been used with the following meanings in the statistical tables:

... not available

- nil or negligible

* provisional figures, subject to revision

Basis for indices: 1981-1983 average = 100.

Sources

In preparing the note, the secretariat based itself mainly on replies to questionnaires, other information submitted by participants and observers as well as various information arising from the operation of the Protocol Regarding Certain Milk Powders, the Protocol Regarding Milk Fat and the Protocol Regarding Certain Cheeses. Furthermore, the secretariat used supplementary information available to it from various national and international sources, notably documentation from the FAO, the UN Economic Commission for Europe, the OECD, the IDF, the Commission of the European Communities, Agriculture Canada and the United States Department of Agriculture.

Notes relating to data of individual countries

Figures in Annex Table 1 refer to deliveries of cow's milk.

The data shown with respect to consumption, relate to apparent consumption, as calculated by the secretariat.

Certain countries have not been included in all the tables either because the quantity of trade has been nil or insignificant, or because figures have not been available.

For some countries, figures relating to anhydrous milk fat are not kept separate from those relating to butter. They may therefore be included in the data relating to butter.

Figures for Australia for skimmed milk powder also include partly skimmed milk powder, cream powder, skimmed milk powder and buttermilk powder mixtures, and skimmed milk powder modified. Stocks are those held by manufacturers. Cheese stock figures only include Cheddar, Gouda and stirred curd/granular cheeses.

For Bulgaria, partly skimmed milk powder is included in whole milk powder statistics. Cheese figures include Kashkaval.

EC stocks of skimmed milk powder and butter include public intervention stocks and private stocks. Cheese stocks include intervention stocks (public stocks for Grano-Padano and Parmigiano Reggiano) and stocks qualifying for aid for private storage.

For **Finland**, stock figures are referring to wholesale stocks for dairies.

For **Japan**, figures refer to stocks of whole milk powder held by manufacturers, whereas for skimmed milk powder and butter, the data refer to stocks held by manufacturers as well as the Livestock Industry Promotion Corporation. Cheese production figures are estimates.

All stock figures for **New Zealand** include export and local market stocks. Government stocks are nil. Skimmed milk powder statistics include partly skimmed and cream powder. Whole milk powder statistics include infants' food.

For **Norway**, cheese figures include whey cheese and processed cheese.

Cheese figures for **Poland** include ripening and processed cheeses only.

Butter production figures for **Sweden** do not include "Bregott", (1988: 21,400 tons, 1989: 19,000 tons).

Exports of milk powders for **Switzerland** include food aid. Butter figures include resolidified butter. Processed cheeses are not included in the statistics. Cheese stock figures include Emmental, Gruyère, Sbrinz, Tilsit and Appenzell.

For **Austria**, stocks include only products of domestic origin. Figures for skimmed milk powder include skimmed milk powder and buttermilk powder.

For **Canada**, butter figures refer to creamery butter only; whey butter is not included. Cheese figures include Cheddar and other whole milk cheeses.

United States data on stocks of milk powders refer to CCC stocks. Exports of whole milk powder include partly skimmed powder, dry whole milk and cream.

Regions of destination

Regions of destination are as previously defined. (See Fifth Annual Report, pages 82 and 83.)

ANNEX TABLE 1 - MILK DELIVERIES
ANNEXE TABLEAU 1 - LIVRAISONS DE LAIT
CUADRO 1 DEL ANEXO - ENTREGAS DE LECHE
MILLION M.T

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR			
		1988	1989	1988	1989	1989	1990	1989	1990
IDA PARTICIPANTS									
ARGENTINA	5.53	6.49	7.01*	117	126	3.26	3.40	124	129
AUSTRALIA	5.61	6.18	6.34	110	113	2.64	2.85	128	139
BULGARIA	1.89	2.09	2.03*	110	107	1.22	1.21	120	119
EEC	104.72	99.07	98.65*	94	94	51.76	52.18	98	99
EGYPT	0.75	0.98*	1.00	130	133	...	...	...	...
FINLAND	2.98	2.61	2.63	87	88	1.30	1.33	87	89
HUNGARY	2.28	2.49	2.49*	109	109	...	...	...	...
JAPAN	6.80	7.61	8.14	111	119	4.05	4.17	119	123
NEW ZEALAND	6.77	7.34	7.21	108	106	2.67	2.90	107	116
NORWAY	1.94	1.88	1.93	96	99	0.99	0.99	97	97
POLAND	10.07	11.35	11.73	112	116	5.83	5.80	127	126
ROMANIA	4.86	1.69	1.86	34	38	...	...	...	...
SOUTH AFRICA	0.95	0.92	0.94	96	98	...	...	...	...
SWEDEN	3.50	3.36	3.42	95	97	1.76	1.80	97	99
SWITZERLAND	3.02	2.99	3.08*	99	101	1.60	1.54	101	97
URUGUAY	0.59	0.61	0.64	103	108	0.27	0.31	...	...
OTHERS									
AUSTRIA	2.38	2.23	2.22	93	93	1.12	1.11	93	92
CANADA	7.60	7.83	7.56	103	99	3.90	3.90	102	102
UNITED STATES	61.55	65.98	65.91	107	107	33.81	34.22	108	109
USSR	91.70	105.95*	107.29	115	117	52.99	54.50	116	120
TOTAL PARTICIPANTS	162.25	157.66	159.09	97	98	77.35	78.48	102	103
WORLD TOTAL	483.00	468.44	473.75	96	98	...	...	...	...

ANNEX TABLE 2A - PRODUCTION OF BUTTER
ANNEXE TABLEAU 2A - PRODUCTION DE BEURRE
CUADRO 2A DEL ANEXO - PRODUCCION DE MANTEQUILLA
 ('000 M.T)

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR		INDICES	
		1988	1989	1988	1989	1989	1990	1989	1990
IDA PARTICIPANTS									
ARGENTINA	34.40	36.08	46.25*	104	134	21.30	21.34	126	126
AUSTRALIA	79.00	61.29	82.50	77	104	29.90	28.69	140	134
BULGARIA	22.09	23.59	21.90	106	99	12.20	12.70	110	115
EEC	1,987.00	1,685.00	1,626.00*	84	81	859.00	884.00	78	81
EGYPT	71.29	80.79*	82.00*	113	115	...	...	...	...
FINLAND	74.70	61.00	62.00	81	82	28.00	32.00	74	84
HUNGARY	31.79	34.09	37.09	107	116	19.00	19.00	120	120
JAPAN	67.00	69.00	78.00	102	116	42.00	45.00	121	130
NEW ZEALAND	238.79	183.79	158.50	76	66	62.30	84.59	70	95
NORWAY	24.79	21.97	22.05	88	88	12.72	11.54	88	80
POLAND	235.59	266.05	289.29	112	122	130.19	129.00	132	131
ROMANIA	40.09	39.34	46.12	98	115	21.50	19.29	115	103
SOUTH AFRICA	17.29	15.20	15.76	87	91	6.98	10.20	86	125
SWEDEN	43.50	34.59	43.09	79	99	23.90	29.90	95	119
SWITZERLAND	32.79	29.70	33.09	90	100	18.30	18.20	102	102
URUGUAY	9.80	12.79	12.95	130	132	5.33	6.32	121	143
OTHERS									
AUSTRIA	42.20	35.30	34.26	83	81	17.28	16.24	82	77
CANADA	113.00	104.18	98.52	92	87	54.92	54.85	95	95
UNITED STATES	575.09	543.29	577.00	94	100	331.99	310.00	103	96
TOTAL PARTICIPANTS	3,009.99	2,654.35	2,656.64	88	88	1,292.62	1,351.80	86	90
WORLD TOTAL	7,272.00	7,509.00	7,600.00	103	104	...	...	...	...

ANNEX TABLE 2B - CONSUMPTION OF BUTTER
ANNEXE TABLEAU 2B - CONSOMMATION DE BEURRE
CUADRO 2B DEL ANEXO - CONSUMO DE MANTEQUILLA
('000 M.T)

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR			
		1988	1989	1988	1989	1989	1990	1989	1990
IDA PARTICIPANTS									
ARGENTINA	31.09	36.54	36.74*	117	118	17.82	17.84	112	112
AUSTRALIA	61.09	54.79	55.59	89	90	25.40	24.30	89	85
BULGARIA	21.59	...	...	...	...	...	...	...	...
EEC	1,719.69	2,080.00	1,480.00*	120	86	685.00	734.00	78	83
EGYPT	-	...	...	...	...	...	...	...	...
FINLAND	59.00	42.00	40.00	71	67	16.00	15.00	63	59
HUNGARY	27.40	34.00	32.20	124	117	15.30	15.00	112	110
JAPAN	73.70	88.00	87.00*	119	118	43.00	46.00	128	137
NEW ZEALAND	40.70	37.29	32.50	91	79	15.30	15.90	77	80
NORWAY	19.40	14.03	12.20	72	62	6.02	5.53	62	57
POLAND	257.29	294.63	278.33	114	108	143.66	115.00	119	95
ROMANIA	-	21.67	28.42	...	...	15.00	30.52	...	...
SOUTH AFRICA	16.90	17.75	17.26	105	102	8.44	8.02	88	84
SWEDEN	30.40	25.29	22.00	83	72	10.60	14.90	77	109
SWITZERLAND	44.90	37.29	36.20	83	80	17.40	17.80	78	80
URUGUAY	4.20	3.94	3.40	93	80	1.61	2.06	...	...
OTHERS									
AUSTRIA	37.40	32.57	31.75	87	84	15.72	14.20	84	76
CANADA	104.59	97.23	93.29*	92	89	45.29	41.62	89	82
UNITED STATES	494.29	499.00	486.00*	100	98	...	...	...	...
TOTAL PARTICIPANTS	2,407.39	2,787.27	2,161.86	115	89	1,020.54	1,061.88	85	88
WORLD TOTAL	5,888.50	6,811.00	6,570.00	115	111	...	...	...	...

ANNEX TABLE 2C1 - EXPORTS OF BUTTER
ANNEXE TABLEAU 2C1 - EXPORTATIONS DE BEURRE
CUADRO 2C1 DEL ANEXO - EXPORTACIONES DE MANTEQUILLA
 ('000 M.T)
TOTAL

COUNTRY	AVERAGE 1981-1983	1988	YEAR		FIRST HALF YEAR				
			1989	INDICES 1988 1989	1989	1990	INDICES 1989 1990		
IDA PARTICIPANTS									
ARGENTINA	4.10	0.78	6.22	19	151	2.26	4.63	86	178
AUSTRALIA	7.00	23.40	27.50	334	393	13.00	14.70	371	426
BULGARIA	0.30	-	0.10	-	33	0.10	-	...	...
EEC	252.59	442.29	274.89	175	108	161.00	83.00	117	60
EGYPT	-	-	-	...	...	-	-	...	...
FINLAND	16.00	18.40	18.79	115	117	10.00	15.80	136	216
HUNGARY	10.30	0.80	5.00	7	48	3.80	2.00	76	40
JAPAN	-	-	-	...	...	-	-	...	...
NEW ZEALAND	173.90	184.20	138.09	105	79	74.80	115.89	103	160
NORWAY	4.60	7.00	9.20	152	200	7.06	7.24	235	241
POLAND	1.60	-	0.04	-	2	0.02	12.00	20	0
ROMANIA	13.90	18.94	17.49	136	125	-	-	-	-
SOUTH AFRICA	1.10	0.24	0.20	21	18	0.08	0.07	13	11
SWEDEN	12.50	7.70	18.29	61	146	10.40	19.70	131	249
SWITZERLAND	-	-	-	...	...	-	-	...	...
URUGUAY	5.90	10.26	6.81	173	115	3.59	4.21	89	105
OTHERS									
AUSTRIA	3.00	1.08	1.12	36	37	0.55	0.59	45	49
CANADA	1.40	0.15	2.43	10	173	0.10	1.86	14	265
UNITED STATES	51.40	6.90	24.50*	13	47	3.80	30.00	17	138
TOTAL PARTICIPANTS	503.79	714.01	522.65	142	104	286.10	279.24	114	111
WORLD TOTAL	816.00	1,038.00	800.00	127	98	...	...	...	...

TABLE 2C2 - EXPORTS OF BUTTER BY DESTINATION
 TABLEAU 2C2 - EXPORTATIONS DE BEURRE PAR DESTINATIONS
 CUADRO 2C2 - EXPORTACIONES DE MANTEQUILLA, POR DESTINO
 ('000 M.T.)

EXPORTERS / DESTINATIONS	PARTICIPANTS										NON-PARTICIPANTS		TOTAL	
	EEC		NEW ZEALAND		AUSTRALIA		FINLAND		UNITED STATES		1988	1989	1988	1989
	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989				
WESTERN EUROPE	12.2	7.9	64.0	75.2	1.8	0.3	1.6	1.0	0.1	0.2	0.1	0.2	79.7	84.6
EASTERN EUROPE	26.6	15.4	6.5	-	0.6	-	4.4	1.5	-	4.2	-	4.2	38.1	21.1
USSR	306.3	149.5	8.1	25.3	3.0	10.0	8.1	7.4	-	-	-	-	325.5	192.2
NORTH AMERICA	0.5	0.4	-	0.3	-	-	-	-	-	-	-	-	0.5	0.7
SOUTH AMERICA	0.4	0.4	1.2	-	-	-	-	-	-	6.0	-	6.0	1.6	6.4
CENTRAL AMERICA	0.6	0.7	-	-	-	-	-	-	0.5	6.6	-	6.6	1.1	7.3
CARIBBEAN	3.1	3.0	-	0.7	-	-	3.5	0.7	0.9	2.1	-	2.1	7.5	6.5
AFRICA	49.0	55.4	12.4	2.2	-	-	-	4.5	-	0.2	-	0.2	61.4	62.3
SOUTH AND EAST ASIA	6.7	4.6	28.7	14.8	9.1	9.2	-	0.6	0.1	0.5	-	0.5	44.6	29.7
WESTERN ASIA	33.2	33.9	19.5	11.1	6.7	5.5	0.7	2.2	5.1	4.6	-	4.6	65.2	57.3
OCEANIA	0.7	0.9	-	-	-	-	-	-	-	-	-	-	0.7	0.9
OTHER DESTINATIONS	3.0	2.8	43.8	8.5	2.2	2.5	0.1	0.9	0.2	0.1	0.2	0.1	49.3	14.8
TOTAL	442.3	274.9	184.2	138.1	23.4	27.5	18.4	18.8	6.9	24.5	6.9	24.5	675.2	483.8
OPEC	37.0	47.4	24.4	11.4	...	...	0.1	2.2	5.1	4.6	5.1	4.6	66.6	65.6

ANNEX TABLE 2D - IMPORTS OF BUTTER
ANNEXE TABLEAU 2D - IMPORTATIONS DE BEURRE
CUADRO 2D DEL ANEXO - IMPORTACIONES DE MANTEQUILLA
 ('000 M.T)

COUNTRY	AVERAGE 1981-1983	YEAR			FIRST HALF YEAR				
		1988	1989	INDICES 1988 1989	1989	1990	INDICES 1989 1990		
IDA PARTICIPANTS									
ARGENTINA	1.00	1.09	-	109	-	-	-	-	-
AUSTRALIA	0.30	0.20	0.40	66	133	-	0.60	-	300
BULGARIA	0.30	4.40	5.60	466	866	4.30	2.00	433	666
EEC	105.00	76.09	69.00*	72	65	11.00	52.00	22	108
EGYPT	32.50	107.29	110.00*	330	338	52.00	50.00	346	333
FINLAND	-	-	-	...	...	-	-	...	...
HUNGARY	6.50	1.20	-	18	-	-	...	-	...
JAPAN	3.00	23.29	10.00	776	333	4.70	1.10	566	366
NEW ZEALAND	8.20	-	-	-	-	-	-	-	-
NORWAY	-	-	-	...	...	-	-	...	...
POLAND	32.20	34.19	11.47	106	35	11.47	-	62	-
ROMANIA	11.90	-	-	-	-	-	15.14	-	280
SOUTH AFRICA	1.30	2.67	1.48	205	113	0.29	0.75	36	93
SWEDEN	0.10	0.05	-	50	-	-	-	...	...
SWITZERLAND	13.20	7.90	3.00	59	22	0.82	0.32	14	5
URUGUAY	-	-	-	...	...	-	-	...	...
OTHERS									
AUSTRIA	1.10	0.44	1.22	40	110	0.59	0.27	98	45
CANADA	-	0.11	1.00*	...	...	0.07	0.09	...	...
UNITED STATES	1.00	1.70	2.50*	170	250	...	...	...	...
TOTAL PARTICIPANTS	215.50	258.29	210.95	119	97	84.58	121.91	83	121
WORLD TOTAL	531.00	1,081.00	670.00	130	80	...	...	...	...

ANNEX TABLE 2E - STOCKS OF BUTTER
 ANNEXE TABLEAU 2E - STOCKS DE BEURRE
 CUADRO 2E DEL ANEXO - EXISTENCIAS DE MANTEQUILLA
 ('000 M.T)

COUNTRY	DATE	AVERAGE	1988	1989	1990	INDICES		
		1981-1983				1988	1989	1988	1989	1990
IDA PARTICIPANTS								
ARGENTINA	1 JAN.	7.80	3.76	3.61	6.90*	48	46	88
	1 APR.	8.70	6.20	4.40	...	71	50	...
	1 JUL.	6.50	4.32	4.82	...	66	74	...
	1 OCT.	5.00	1.77	2.65	...	35	53	...
AUSTRALIA	1 JAN.	26.09	39.40	27.79	25.40	150	106	97
	1 APR.	27.29	34.09	25.09	28.20	124	91	103
	1 JUL.	15.70	19.90	12.50	15.70	126	79	100
	1 OCT.	18.09	16.50	13.10	...	91	72	-
BULGARIA	1 JAN.	1.20	...	...	...	...	...	...
	1 APR.	1.10	...	...	...	...	...	...
	1 JUL.	2.20	...	...	...	...	...	...
	1 OCT.	2.40	...	...	...	...	...	...
EEC	1 JAN.	230.70	958.00	202.00	124.00*	415	87	53
	1 APR.	141.70	640.00	64.00	82.00*	451	45	57
	1 JUL.	354.29	570.00	226.00	243.00*	160	63	68
	1 OCT.	513.00	439.00	253.00*	...	85	49	-
EGYPT	1 JAN.	...	...	...	...	...	...	...
	1 APR.	...	...	...	...	...	...	...
	1 JUL.	...	...	...	...	...	...	...
	1 OCT.	...	...	...	...	...	...	...
FINLAND	1 JAN.	9.30	11.00	11.00	14.00	118	118	150
	1 APR.	7.30	11.00	12.00	15.00	150	164	205
	1 JUL.	14.30	11.00	14.00	16.00	76	97	111
	1 OCT.	16.70	17.00	20.00	...	101	119	-
HUNGARY	1 JAN.	2.60	2.20	2.70	3.80	84	103	146
	1 APR.	2.90	3.30	5.20	...	113	179	...
	1 JUL.	3.60	4.00	3.60	...	111	100	...
	1 OCT.	3.00	3.70	4.10	...	123	136	-
JAPAN	1 JAN.	19.00	12.00	16.00*	17.00	63	84	89
	1 APR.	20.70	12.00	16.00*	17.00	57	77	82
	1 JUL.	21.00	8.00	20.00*	21.00	38	95	100
	1 OCT.	21.70	10.00	21.00*	...	46	96	-
NEW ZEALAND	1 JAN.	33.90	80.29	72.00	90.00	236	212	265
	1 APR.	31.70	71.70	54.59	84.90	226	172	267
	1 JUL.	25.40	61.70	44.29	36.79	242	174	144
	1 OCT.	20.79	10.00	57.00	...	48	274	-
NORWAY	1 JAN.	2.10	4.07	4.11	4.90	193	195	233
	1 APR.	3.70	4.91	6.27	4.68	132	169	126
	1 JUL.	3.70	4.28	4.18	3.23	115	112	87
	1 OCT.	2.60	3.50	5.29	...	134	203	-
POLAND	1 JAN.	...	12.60	14.20	36.59	...	...	...
	1 APR.	...	13.50	10.90	...	...	...	...
	1 JUL.	...	16.06	12.20	...	...	...	...
	1 OCT.	...	18.21	19.00	...	...	...	-

ANNEX TABLE 2E - STOCKS OF BUTTER
 ANNEXE TABLEAU 2E - STOCKS DE BEURRE
 CUADRO 2E DEL ANEXO - EXISTENCIAS DE MANTEQUILLA
 ('000 M.T.)

COUNTRY	DATE	AVERAGE 1981-1983	1988	1989	1990	INDICES		
						1988	1989	1990
IDA PARTICIPANTS								
ROMANIA	1 JAN.	...	2.70	1.44	1.66	...	...	...
	1 APR.	...	...	...	...	...	...	...
	1 JUL.	...	...	...	5.56	...	...	...
	1 OCT.	...	...	...	...	...	...	-
SOUTH AFRICA	1 JAN.	2.50	2.39	2.27	2.04	95	90	81
	1 APR.	3.90	2.79	2.00	3.82	71	51	97
	1 JUL.	1.70	1.76	1.04	4.90	103	61	288
	1 OCT.	2.60	1.17	0.83	...	45	31	-
SWEDEN	1 JAN.	2.30	2.40	4.20	7.80	104	182	339
	1 APR.	3.30	4.90	4.90	13.60	148	148	412
	1 JUL.	5.90	8.70	7.30	9.60	147	123	162
	1 OCT.	4.60	4.70	7.40	...	102	160	-
SWITZERLAND	1 JAN.	3.40	4.70	5.00	4.90	138	147	144
	1 APR.	3.70	4.90	5.10	4.70	132	137	127
	1 JUL.	4.40	6.90	6.70	5.60	156	152	127
	1 OCT.	5.60	6.40	6.00	...	114	107	-
URUGUAY	1 JAN.	3.20	3.48	2.07	4.59	108	64	143
	1 APR.	...	5.77	1.22	3.32	...	...	...
	1 JUL.	...	5.54	2.14	4.63	...	...	...
	1 OCT.	...	1.49	3.14	...	...	...	-
OTHERS								
AUSTRIA	1 JAN.	1.90	2.00	1.00	...	105	52	...
	1 APR.	2.10	...	...	...	...	...	...
	1 JUL.	2.60	...	...	...	...	...	...
	1 OCT.	3.10	...	...	...	...	...	-
CANADA	1 JAN.	23.79	9.83	13.88	14.02	41	58	58
	1 APR.	21.70	12.15	19.35	18.85	55	89	86
	1 JUL.	29.70	18.67	23.48	25.41	62	79	85
	1 OCT.	32.00	19.47	19.02	...	60	59	-
UNITED STATES	1 JAN.	181.59	66.79	97.70	127.29	36	53	70
	1 APR.	210.00	140.50	157.70	148.40	66	75	70
	1 JUL.	247.70	134.29	212.00	183.00*	54	85	73
	1 OCT.	235.00	113.00	186.00	160.00*	48	79	68
IDA TOTAL.								
	1 JAN.	344.09	1,138.99	368.39	343.58	331	107	99
	1 APR.	255.99	815.06	211.68	257.21	318	82	100
	1 JUL.	458.69	722.16	358.77	366.01	157	78	79
	1 OCT.	616.09	533.44	412.51	...	86	66	...

ANNEX TABLE 3A - PRODUCTION OF ANHYDROUS MILK FAT
ANNEXE TABLEAU 3A - PRODUCTION DE MATIERES GRASSES LAITIERES ANHYDRES
CUADRO 3A DEL ANEXO - PRODUCCION DE GRASAS LACTEAS ANHIDRAS
 ('000 M.T)

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR		INDICES	
		1988	1989	1988	1989	1989	1990	1989	1990
IDA PARTICIPANTS									
AUSTRALIA	9.60	22.59	21.90	235	228	4.40	9.70	104	230
BULGARIA	.	.	.	...	...	.	.	...	...
EEC	216.29	170.59	139.00*	78	64	90.00	101.00	84	95
NEW ZEALAND	18.20	66.59	53.09	365	291	26.49	20.30	481	369
SWEDEN	3.90	4.90	5.80	125	148	3.00	3.40	150	170
SWITZERLAND	3.00	3.90	4.70	130	156	2.40	2.50	150	156
URUGUAY	0.20	0.09	0.27	45	135	0.04	0.13	40	130
TOTAL PARTICIPANTS	251.19	268.68	224.76	106	89	126.33	137.03	105	114

ANNEX TABLE 3BI - TOTAL EXPORTS OF ANHYDROUS MILK FAT
ANNEXE TABLEAU 3BI - EXPORTATIONS DE MATIERES GRASSES LAITIERS ANHYDRES
CUADRO 3BI DEL ANEXO - EXPORTACIONES DE GRASAS LACTEAS ANHIDRAS
('000 M.T)

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR		INDICES	
		1988	1989	1988	1989	1989	1990	1989	1990
IDA PARTICIPANTS									
AUSTRALIA	3.60	28.80	26.50	800	736	14.30	9.60	715	480
BULGARIA	-	0.05	0.10	...	...	0.13	-	...	...
EEC	130.70	171.00	98.20	130	75	59.00	68.00	96	110
NEW ZEALAND	36.59	37.50	24.29	102	66	11.60	23.30	52	106
SWEDEN	0.20	0.10	0.60	50	300	0.30	0.20	150	100
SWITZERLAND	-	-	-	...	...	-	-	...	...
URUGUAY	-	0.05	0.21	...	...	-	0.05	...	...
TOTAL PARTICIPANTS	171.09	237.50	149.90	139	88	85.33	101.15	99	118

TABLE 3B2 - EXPORTS OF ANHYDROUS MILK FAT BY DESTINATION
 TABLEAU 3B2 - EXPORTATIONS DE MATIERES GRASSES LAITIERES ANHYDRES PAR DESTINATIONS
 CUADRO 3B2 - EXPORTACIONES DE GRASAS LACTEAS ANHIDRAS, POR DESTINO

('000 M.T.)

EXPORTERS / DESTINATIONS	PARTICIPANTS										TOTAL	
	EEC		NEW ZEALAND		AUSTRALIA							
	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989
WESTERN EUROPE	0.5	0.2	-	-	1.1	0.3	-	-	-	-	1.6	0.5
EASTERN EUROPE	-	-	-	-	-	-	-	-	-	-	-	-
USSR	-	-	-	-	-	-	-	-	-	-	-	-
NORTH AMERICA	-	0.1	1.0	0.5	1.3	0.7	-	-	-	2.3	1.3	-
SOUTH AMERICA	4.1	2.3	5.3	1.4	-	0.1	-	-	-	9.4	3.8	-
CENTRAL AMERICA	16.0	13.4	8.0	2.8	-	0.1	-	-	-	24.0	16.3	-
CARIBBEAN	5.1	3.3	0.4	1.1	-	-	-	-	-	5.5	4.4	-
AFRICA	87.9	41.6	1.8	-	-	-	-	-	-	89.7	41.6	-
SOUTH AND EAST ASIA	38.7	26.1	14.4	11.0	24.8	24.0	-	-	-	77.9	61.1	-
WESTERN ASIA	18.0	10.9	2.9	4.8	1.3	1.1	-	-	-	22.2	16.8	-
OCEANIA	-	0.1	0.2	0.3	-	-	-	-	-	0.2	0.4	-
OTHER DESTINATIONS	0.3	0.2	3.5	2.4	0.3	0.2	-	-	-	4.1	2.8	-
TOTAL	170.6	98.2	37.5	24.3	28.8	26.5	-	-	-	236.9	149.0	-
GPEC	28.3	30.3	9.6	4.7	...	...	-	-	-	37.9	35.0	-

ANNEX TABLE 4A - PRODUCTION OF CHEESES
ANNEXE TABLEAU 4A - PRODUCTION DE FROMAGES
CUADRO 4A DEL ANEXO - PRODUCCION DE QUESOS
 ('000 M.T)

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR			
		1988	1989	1988	1989	1989	1990	1989	1990
IDA PARTICIPANTS									
ARGENTINA	242.40	252.36	255.41*	104	105	122.65	123.00	104	104
AUSTRALIA	152.40	165.79	184.20	108	120	79.59	69.50	155	136
BULGARIA	120.20	145.70	147.29	121	122	88.39	90.40	129	132
EEC	3,881.69	4,393.00	4,483.00*	113	115	2,259.00	2,389.00	110	117
EGYPT	260.00	313.29	315.00*	120	121	...	...	...	...
FINLAND	73.00	87.00	90.00	119	123	44.00	48.00	125	137
HUNGARY	49.90	58.29	58.59	116	117	27.80	27.00	115	112
JAPAN	13.00	26.00	26.00	200	200	14.00	15.00	233	250
NEW ZEALAND	105.40	134.09	113.40	127	107	45.20	44.79	108	107
NORWAY	68.50	75.40	82.73	110	120	43.45	46.99	118	128
POLAND	101.70	126.62	120.90	124	118	59.70	58.00	143	139
ROMANIA	132.00	69.42	80.25	52	60	49.00	48.37	...	...
SOUTH AFRICA	35.59	38.03	43.24	106	121	20.19	19.83	123	121
SWEDEN	112.40	114.70	109.29	102	97	54.49	54.59	97	97
SWITZERLAND	124.00	127.09	130.50	102	105	63.90	64.19	102	103
URUGUAY	11.70	16.20	16.41	138	140	7.28	7.23	145	144
OTHERS									
AUSTRIA	80.20	82.93	85.88	103	107	43.22	43.43	106	106
CANADA	175.70	255.17	247.46*	145	140	126.35	122.79	145	141
UNITED STATES	2,044.09	2,509.00	2,531.29	122	123	1,279.00	1,383.00	123	133
TOTAL PARTICIPANTS	5,483.89	6,143.05	6,256.24	112	114	2,978.68	3,105.93	114	119
WORLD TOTAL	11,947.00	14,217.00	14,250.00	119	119	...	...	...	...

ANNEX TABLE 4B - CONSUMPTION OF CHEESES
ANNEXE TABLEAU 4B - CONSOMMATION DE FROMAGES
CUADRO 4B DEL ANEXO - CONSUMO DE QUESOS
 ('000 M.T)

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR			
		1988	1989	1988	1989	1989	1990	1989	1990
IDA PARTICIPANTS									
ARGENTINA	238.79	247.90	238.88*	103	100	114.72	115.00	95	95
AUSTRALIA	105.20	138.50	136.90	131	130	64.19	64.99	128	130
BULGARIA	90.40	...	...	...	...	...	...	...	...
EEC	3,589.00	4,100.00	4,134.00*	114	115	2,124.00	2,245.00	112	118
EGYPT	-	...	...	...	...	...	...	...	...
FINLAND	38.70	59.00	61.00	152	157	28.00	34.00	150	182
HUNGARY	39.50	50.50	46.70	127	118	21.20	21.00	112	111
JAPAN	85.00	140.00	139.00	164	163	69.00	64.00	170	158
NEW ZEALAND	27.40	27.90	31.20	101	113	15.30	10.90	110	78
NORWAY	48.00	53.49	56.25	111	117	28.24	27.76	109	108
POLAND	102.29	125.86	123.67	123	120	65.64	65.00	155	154
ROMANIA	-	63.72	69.40	...	...	50.00	53.61	...	...
SOUTH AFRICA	33.79	40.72	42.07	120	124	20.61	20.70	104	105
SWEDEN	118.50	124.40*	122.50	104	103	58.59	59.00	104	105
SWITZERLAND	87.00	90.70	91.50	104	105	48.29	48.59	...	...
URUGUAY	8.90	11.57	10.44	130	117	5.53	5.07	...	...
OTHERS									
AUSTRIA	34.50	35.51	36.38	102	105	18.32	18.38	105	106
CANADA	191.79	255.83	264.25	133	137	134.13	128.41	142	136
UNITED STATES	2,064.69	2,652.00	2,701.00*	128	130	...	...	...	...
TOTAL PARTICIPANTS	4,612.49	5,274.26	5,303.52	114	114	2,713.35	2,834.64	116	121
WORLD TOTAL	8,154.50	10,173.00	10,341.00	124	126	...	...	...	...

ANNEX TABLE 4C1 - EXPORTS OF CHEESES
ANNEXE TABLEAU 4C1 - EXPORTATIONS DE FROMAGES
CUADRO 4C1 DEL ANEXO - EXPORTACIONES DE QUESOS
 ('000 M.T)
TOTAL

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR		INDICES	
		1988	1989	1988	1989	1989	1990	1989	1990
IDA PARTICIPANTS									
ARGENTINA	5.40	11.12	14.18	205	262	4.88	9.15	162	305
AUSTRALIA	55.20	64.00	59.70	115	108	35.29	25.20	132	94
BULGARIA	13.60	26.29	21.09	193	155	10.20	7.30	275	197
EEC	382.29	401.59	444.69	105	116	191.00	211.00	105	116
EGYPT	-	-	-	...	...	-	-	...	...
FINLAND	34.70	31.00	27.29	89	78	13.00	12.90	78	77
HUNGARY	9.00	7.20	10.70	80	118	4.20	7.80	113	210
JAPAN	-	-	-	...	...	-	-	...	...
NEW ZEALAND	78.90	97.79	84.50	123	107	45.99	51.90	123	139
NORWAY	20.59	22.96	23.11	111	112	10.14	14.51	103	148
POLAND	1.30	1.35	3.22	103	247	0.65	-	216	-
ROMANIA	4.70	11.19	10.24	238	217	...	-	...	-
SOUTH AFRICA	0.20	0.01	-	5	-	-	-	-	-
SWEDEN	5.70	3.50	4.10	61	71	1.70	1.70	70	70
SWITZERLAND	62.40	59.79	63.90	95	102	30.80	29.00	107	101
URUGUAY	2.80	4.86	6.92	173	247	2.35	2.35	167	167
OTHERS									
AUSTRIA	42.29	36.37	35.32	86	83	15.32	16.66	79	86
CANADA	4.70	9.91	9.59	210	204	4.61	4.45	219	211
UNITED STATES	13.30	24.00	10.10	180	75	4.70	4.00	100	85
TOTAL PARTICIPANTS	676.79	742.68	773.67	109	114	350.21	372.80	110	117
WORLD TOTAL	795.00	850.00	870.00	106	109	...	...	...	...

TABLE 4C2 - EXPORTS OF CHEESES BY DESTINATION
 TABLEAU 4C2 - EXPORTATIONS DE FROMAGES PAR DESTINATIONS
 CUADRO 4C2 - EXPORTACIONES DE QUESOS, POR DESTINO

('000 M.T.)

EXPORTERS / DESTINATIONS	PARTICIPANTS														NON-PARTICIPANTS		TOTAL	
	EEC		NEW ZEALAND		SWITZERLAND		AUSTRALIA		FINLAND		BULGARIA		UNITED STATES					
	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989
WESTERN EUROPE	62.3	62.8	11.0	10.2	51.3	54.4	4.1	4.3	12.3	11.6	1.6	1.8	-	-	0.2	142.6	145.3	
EASTERN EUROPE	12.3	15.6	-	-	-	-	-	-	0.1	0.0	-	-	-	-	-	12.4	15.6	
USSR	-	0.7	-	-	-	-	-	-	1.8	0.4	10.3	9.1	-	-	-	12.1	10.2	
NORTH AMERICA	55.0	67.6	17.7	17.0	4.4	4.0	4.4	6.3	9.0	8.0	-	-	1.7	2.0	92.2	104.9		
SOUTH AMERICA	2.1	2.5	-	-	-	-	-	-	-	-	-	-	-	-	1.0	2.1	3.5	
CENTRAL AMERICA	2.8	4.5	-	1.1	-	-	0.4	-	-	-	-	-	-	-	1.4	4.1	7.0	
CARIBBEAN	9.4	14.7	3.5	3.9	-	-	1.6	-	0.1	-	-	-	0.5	1.5	15.1	20.1		
AFRICA	51.0	60.6	0.8	0.7	-	-	0.8	0.4	1.3	0.6	-	-	8.1	0.6	62.0	62.9		
SOUTH AND EAST ASIA	49.2	52.0	45.5	34.9	-	-	34.1	33.9	0.2	0.1	-	-	1.3	3.0	130.3	123.9		
WESTERN ASIA	138.4	138.4	6.9	0.6	-	-	16.8	9.7	5.8	6.5	8.8	4.9	9.8	0.3	186.5	160.4		
OCEANIA	7.6	10.0	-	7.3	-	-	0.7	0.5	0.2	-	-	-	-	0.1	8.5	17.9		
OTHER DESTINATIONS	11.5	15.3	12.4	8.8	4.1	5.5	1.1	4.6	0.2	0.1	5.6	5.3	1.7	-	36.6	39.6		
TOTAL	401.6	444.7	97.8	84.5	59.8	63.9	64.0	59.7	31.0	27.3	26.3	21.1	24.0	10.1	704.5	711.3		
OPEC	139.3	139.9	6.9	0.6	-	-	17.1	10.8	1.2	-	8.8	4.9	17.8	1.0	191.1	157.2		

ANNEX TABLE 4D - IMPORTS OF CHEESES
ANNEXE TABLEAU 4D - IMPORTATIONS DE FROMAGES
CUADRO 4D DEL ANEXO - IMPORTACIONES DE QUESOS
 ('000 M.T)

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR			
		1988	1989	1988	1989	1989	1990	1989	1990
IDA PARTICIPANTS									
ARGENTINA	2.40	0.06	0.06	2	2	0.05	-	3	-
AUSTRALIA	17.70	19.09	21.09	107	119	10.50	10.00	134	128
BULGARIA	-	-	4.20	...	...	-	0.70	...	...
EEC	101.70	116.00	116.00*	114	114	55.00	53.00	123	118
EGYPT	25.20	32.29	32.29*	128	128	12.00	12.00	181	181
FINLAND	0.30	1.30	1.70	433	566	0.70	1.00	...	...
HUNGARY	0.20	0.10	-	50	-	-	...	...	...
JAPAN	72.00	114.29	111.70	158	155	54.70	49.70	160	-6
NEW ZEALAND	0.20	0.50	0.60	250	300	0.30	0.10	...	...
NORWAY	1.50	1.79	1.99	119	132	0.86	1.07	122	152
POLAND	5.40	9.93	5.09	183	94	4.09	2.00	215	105
ROMANIA	1.80	-	-	-	-	-	12.26	...	...
SOUTH AFRICA	-	0.46	-	...	...	-	-	...	...
SWEDEN	14.50	16.29	17.59	112	121	8.20	8.50	134	139
SWITZERLAND	20.59	24.09	24.59	116	119	11.90	12.40	117	122
URUGUAY	0.10	0.01	-	10	-	-	-	...	...
OTHERS									
AUSTRIA	8.10	12.04	11.47	148	141	5.82	5.82	138	138
CANADA	20.20	17.69	16.29	87	80	6.67	7.16	74	79
UNITED STATES	121.29	114.59	127.00	94	104	47.49	55.00	98	114
TOTAL PARTICIPANTS	263.59	336.24	336.93	127	127	158.29	162.73	139	143
WORLD TOTAL	733.00	817.00	810.00	111	110	...	...	...	...

ANNEX TABLE 4E - STOCKS OF CHEESE
ANNEXE TABLEAU 4E - STOCKS DE FROMAGES
CUADRO 4E DEL ANEXO - EXISTENCIAS DE QUESO
 ('000 M.T)

COUNTRY	DATE	AVERAGE	INDICES					
		1981-1983	1988	1989	1990	1988	1989	1990
IDA PARTICIPANTS								
ARGENTINA	1 JAN.	22.50	26.50	19.92	22.30*	117	88	99
	1 APR.	22.20	25.04	19.83	...	112	89	...
	1 JUL.	19.09	21.50	23.06	...	112	120	...
	1 OCT.	18.00	19.30	23.43	...	107	130	...
AUSTRALIA	1 JAN.	79.29	95.40	91.20	88.20	120	115	111
	1 APR.	79.20	89.79	97.90	88.59	113	123	111
	1 JUL.	62.09	66.29	69.40	66.00*	106	111	106
	1 OCT.	62.09	69.59	68.70	...	112	110	-
BULGARIA	1 JAN.	12.40	...	...	...	...	...	...
	1 APR.	17.59	...	...	...	...	...	...
	1 JUL.	35.20	...	...	...	...	...	...
	1 OCT.	30.70	...	...	...	...	...	-
EEC	1 JAN.	54.00	122.00	126.00	146.00*	225	232	270
	1 APR.	48.29	102.00	118.00	134.00*	211	244	277
	1 JUL.	54.29	122.00	125.00*	132.00*	224	230	243
	1 OCT.	76.70	139.00	158.00*	...	181	205	-
EGYPT	1 JAN.	...	...	...	...	...	...	...
	1 APR.	...	...	...	...	...	...	...
	1 JUL.	...	...	...	...	...	...	...
	1 OCT.	...	...	...	...	...	...	-
FINLAND	1 JAN.	11.30	8.00	6.00	10.00	70	53	88
	1 APR.	12.30	9.00	7.00	12.00	73	56	97
	1 JUL.	13.70	11.00	10.00	13.00	80	72	94
	1 OCT.	16.00	14.00	14.00	...	87	87	-
HUNGARY	1 JAN.	4.20	4.70	5.40	7.10	111	128	169
	1 APR.	4.90	4.90	7.00	...	100	142	...
	1 JUL.	5.80	4.60	8.30	...	79	143	...
	1 OCT.	5.70	5.90	7.60	...	103	133	-
JAPAN	1 JAN.	-	-	...	...	...	...	...
	1 APR.	-	-	...	...	...	...	...
	1 JUL.	-	-	...	...	...	...	...
	1 OCT.	-	-	...	...	...	...	-
NEW ZEALAND	1 JAN.	38.29	58.29	67.00	75.09	152	174	196
	1 APR.	45.00	67.90	80.90	86.70	150	179	192
	1 JUL.	32.70	49.00	55.59	60.00	149	170	182
	1 OCT.	28.29	47.00	36.59	...	166	129	-
NORWAY	1 JAN.	19.20	18.82	17.15	20.40	98	89	106
	1 APR.	19.50	19.56	20.06	24.47	100	102	125
	1 JUL.	19.59	22.36	22.57	25.50	114	115	130
	1 OCT.	19.50	16.25	19.26	...	83	98	-
POLAND	1 JAN.	...	3.66	4.50	3.60	...	...	...
	1 APR.	...	2.27	3.40	...	...	...	...
	1 JUL.	...	3.43	2.00	...	...	...	...
	1 OCT.	...	4.85	1.70	...	...	...	-

ANNEX TABLE 4E - STOCKS OF CHEESE
ANNEXE TABLEAU 4E - STOCKS DE FROMAGES
CUADRO 4E DEL ANEXO - EXISTENCIAS DE QUESO
('000 M.T)

COUNTRY	DATE	AVERAGE				INDICES		
		1981-1983	1988	1989	1990	1988	1989	1990
IDA PARTICIPANTS								
ROMANIA	1 JAN.	...	10.93	5.44	6.05	...	...	...
	1 APR.	...	...	...	...	...	...	...
	1 JUL.	...	...	...	13.07	...	...	...
	1 OCT.	...	...	...	...	...	..	-
SOUTH AFRICA	1 JAN.	10.40	11.19	8.95	10.11	107	86	97
	1 APR.	11.40	11.16	10.22	9.87	97	89	86
	1 JUL.	6.90	9.43	8.54	9.25	136	123	134
	1 OCT.	10.40	7.33	9.66	...	70	92	-
SWEDEN	1 JAN.	35.70	37.40	39.50	39.79	104	110	111
	1 APR.	38.29	38.90	42.90	40.00	101	112	104
	1 JUL.	39.29	38.29	41.90	40.29	97	106	102
	1 OCT.	40.09	41.59	41.59	...	103	103	-
SWITZERLAND	1 JAN.	17.00	22.00	22.70	22.00	129	133	129
	1 APR.	15.80	21.20	22.79	22.20	134	144	140
	1 JUL.	15.40	22.00	19.40	20.00*	142	125	129
	1 OCT.	17.70	22.20	22.50	...	125	127	-
URUGUAY	1 JAN.	3.10	2.81	2.59	2.79	90	83	90
	1 APR.	...	2.96	2.22	3.17	...	...	...
	1 JUL.	...	2.77	2.88	2.62	...	...	...
	1 OCT.	...	2.22	2.10	...	...	...	-
OTHERS								
AUSTRIA	1 JAN.	7.10	7.00	7.00	...	98	98	...
	1 APR.	8.10	...	...	...	...	...	...
	1 JUL.	8.70	...	...	...	...	...	...
	1 OCT.	8.30	...	...	...	...	...	-
CANADA	1 JAN.	52.20	46.93	51.30	41.02	89	98	78
	1 APR.	51.90	43.93	44.84	42.73	84	86	82
	1 JUL.	51.70	47.90	45.59	41.11	92	88	79
	1 OCT.	49.79	52.50	44.73	...	105	89	-
UNITED STATES	1 JAN.	413.00	205.00	180.40	164.00	49	43	39
	1 APR.	420.00	206.09	179.40	179.00	49	42	42
	1 JUL.	471.29	232.40	198.59	196.00*	49	42	41
	1 OCT.	507.69	205.00	169.00	166.00*	40	33	32
IDA TOTAL								
IDA TOTAL	1 JAN.	307.39	421.72	416.34	453.45	137	135	147
	1 APR.	314.49	394.70	432.24	421.00	125	137	133
	1 JUL.	304.09	372.69	388.66	381.73	122	127	125
	1 OCT.	325.19	389.25	405.15	...	119	124	...

ANNEX TABLE 5A - PRODUCTION OF SKIMMED MILK POWDER
ANNEXE TABLEAU 5A - PRODUCTION DE LAIT ECREME EN POUFRE
CUADRO 5A DEL ANEXO - PRODUCCION DE LECHE DESNATADA EN POLVO
('000 M.T)

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR		INDICES	
		1988	1989	1988	1989	1989	1990	1989	1990
IDA PARTICIPANTS									
ARGENTINA	19.29	23.74	43.68*	123	226	15.07	14.00	255	237
AUSTRALIA	91.20	109.40	128.50	119	140	39.40	42.49	177	191
BULGARIA	8.10	8.80*	8.80*	108	108	...	...	...	...
EEC	2,158.29	1,312.00	1,401.00*	60	64	810.00	897.00	66	73
FINLAND	60.70	28.00	26.00	46	42	12.00	12.00	39	39
HUNGARY	35.09	22.40	22.90	63	65	12.80	11.00	76	65
JAPAN	137.70	160.00	178.00	116	129	91.00	100.00	131	144
NEW ZEALAND	181.50	150.20	168.29	82	92	55.29	59.90	94	102
NORWAY	10.50	6.71	8.21	63	78	4.58	5.07	72	80
POLAND	104.09	158.84	175.00	152	168	80.40	76.00	197	186
ROMANIA	27.40	14.66	15.99*	53	58	10.00	9.56	...	...
SOUTH AFRICA	21.40	19.26	19.57	90	91	8.18	11.37	88	123
SWEDEN	47.50	35.90	47.90	75	100	28.20	35.29	99	124
SWITZERLAND	30.20	23.40	25.40	77	84	16.20	16.70	92	94
URUGUAY	3.30	9.59	8.46	290	256	3.98	3.55	284	253
OTHERS									
AUSTRIA	31.90	23.08	20.70	72	64	10.72	9.35	68	59
CANADA	143.79	106.74	93.37	74	64	53.75	52.32	75	73
UNITED STATES	540.89	438.50	395.00	68	61	248.99	215.00	72	62
TOTAL PARTICIPANTS	2,936.29	2,082.91	2,277.71	70	77	1,187.10	1,293.94	77	84
WORLD TOTAL	4,605.00	3,843.00	3,800.00	83	82	...	...	...	...

ANNEX TABLE 5B - CONSUMPTION OF SKIMMED MILK POWDER
ANNEXE TABLEAU 5B - CONSOMMATION DE LAIT ECREME EN POUVRE
CUADRO 5B DEL ANEXO - CONSUMO DE LECHE DESNATADA EN POLVO
 ('000 M.T)

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR		INDICES	
		1988	1989	1988	1989	1989	1990	1989	1990
IDA PARTICIPANTS									
ARGENTINA	15.60	10.60	12.09*	67	77	7.28	7.00	79	76
HUMAN	-	...	...	...	...	...	...	...	...
ANIMAL	-	...	...	...	...	...	...	...	...
AUSTRALIA	53.79	43.00	46.59	79	86	19.20	21.50	74	83
HUMAN	-	...	...	...	...	...	...	...	...
ANIMAL	-	...	...	...	...	...	...	...	...
BULGARIA	1.40	...	...	...	...	...	...	...	...
HUMAN	-	...	...	...	...	...	...	...	...
ANIMAL	1.40	...	...	...	...	...	...	...	...
EEC	1,475.39	1,167.00	1,060.00*	79	71	620.00	548.00	70	61
HUMAN	223.70	192.00	302.00*	85	135	227.60	168.00	...	...
ANIMAL	1,237.69	975.00	758.00*	78	61	393.00	380.00	...	...
FINLAND	57.00	25.00	16.00	43	28	8.00	9.00	32	36
HUMAN	12.00	13.00	13.00	108	108	...	...	...	...
ANIMAL	45.00	12.00	3.00	26	6	...	...	...	...
HUNGARY	31.79	21.09	19.00	66	59	9.20	9.00	60	59
HUMAN	4.10	4.70	4.40	114	107	2.20	...	...	...
ANIMAL	27.70	16.40	14.60	59	52	7.00	...	...	...
JAPAN	248.29	285.00	271.00	114	109	137.00	132.00	112	108
HUMAN	177.29	204.00	204.00*	115	115	104.00	101.00	...	...
ANIMAL	71.00	81.00	67.00*	114	94	33.00	31.00	...	...
NEW ZEALAND	1.70	-	-	-	-	-	-	-	-
HUMAN	-	-	-	...	...	-	...	...	...
ANIMAL	-	-	-	...	...	-	...	...	...
NORWAY	8.30	9.20	8.68	110	104	4.41	3.67	105	87
HUMAN	4.10	5.33	5.15	130	125	2.55	2.43	...	...
ANIMAL	4.20	3.87	3.53	92	84	1.86	1.24	...	...
POLAND	90.79	109.79	118.30	120	130	57.78	55.00	154	147
HUMAN	28.06	25.88	53.00	92	189	25.40	...	...	...
ANIMAL	62.79	83.92	65.29	133	103	32.39	...	...	...
ROMANIA	-	14.45	15.77	...	...	...	...	...	...
HUMAN	-	7.76	6.74	...	...	...	...	...	...
ANIMAL	-	6.70	9.03	...	...	...	...	...	...
SOUTH AFRICA	16.29	18.35	18.51	112	113	9.67	9.10	112	105
HUMAN	-	...	...	...	...	...	...	...	...
ANIMAL	-	...	...	...	...	...	...	...	...
SWEDEN	28.00	30.90	23.79	110	85	11.20	12.10	80	86
HUMAN	9.40	23.90	18.70	123	96	9.20	9.10	...	...
ANIMAL	8.60	7.00	5.00	81	58	1.90	3.00	...	...

ANNEX TABLE 5B - CONSUMPTION OF SKIMMED MILK POWDER
ANNEXE TABLEAU 5B - CONSOMMATION DE LAIT ECREME EN POUDRE
CUADRO 5B DEL ANEXO - CONSUMO DE LECHE DESNATADA EN POLVO
 ('000 M.T)

COUNTRY	AVERAGE 1981-1983	1988	YEAR		FIRST HALF YEAR				
			1989	INDICES 1988 1989	1989	1990	INDICES 1989 1990		
IDA PARTICIPANTS									
SWITZERLAND	29.20	22.90	22.70	78	77	14.30	10.60	85	63
HUMAN	-	...	..	...	...	...	...	...	...
ANIMAL	-	...	...	...	...	...	...	...	...
URUGUAY	1.80	3.18	1.40	176	77	0.91	0.20	227	50
HUMAN	1.80	3.18	1.40	176	77	0.91	...	...	...
ANIMAL	-	-	-	...	...	-	...	...	...
OTHERS									
AUSTRIA	18.20	15.72	12.60	86	69	6.65	7.06	68	72
HUMAN	2.20	...	...	...	...	...	...	...	...
ANIMAL	16.00	...	...	...	...	...	...	...	...
CANADA	49.59	50.42	65.67*	101	132	23.56	19.71	89	74
HUMAN	-	...	...	...	...	...	...	...	...
ANIMAL	-	...	...	...	...	...	...	...	...
UNITED STATES	366.29	312.00	237.00*	85	64	...	...	...	...
HUMAN	339.69	...	...	-	...	...	...	...	...
ANIMAL	26.70	...	...	-	...	...	...	...	...
TOTAL PARTICIPANTS	2,059.39	1,760.48	1,633.86	85	79	898.95	817.17	77	70
WORLD TOTAL	3,411.50	3,120.00	2,831.00	91	82	...	...	...	...

ANNEX TABLE 5C1 - EXPORTS OF SKIMMED MILK POWDER
ANNEXE TABLEAU 5C1 - EXPORTATIONS DE LAIT ECREME EN POUDRE
CUADRO 5C1 DEL ANEXO - EXPORTACIONES DE LECHE DESNATADA EN POLVO
 ('000 M.T)

TOTAL

COUNTRY	AVERAGE 1981-1983	YEAR				FIRST HALF YEAR			
		1988	1989	INDICES 1988 1989		1989	1990	INDICES 1989 1990	
IDA PARTICIPANTS									
ARGENTINA	4.90	10.69	25.69	218	524	10.63	15.13	366	521
AUSTRALIA	33.59	62.30	77.80	185	232	43.19	50.70	249	293
BULGARIA	.	.	.	...	...	.	.	...	...
EEC	354.69	614.79	408.39	173	115	211.00	215.00	112	114
FINLAND	4.00	2.50	3.50	62	87	2.00	2.40	333	400
HUNGARY	2.90	0.60	4.30	20	148	3.30	3.00	253	230
JAPAN	0.70	.	.	.	.	.	.	.	.
NEW ZEALAND	148.00	140.90	146.29	95	98	74.29	81.29	91	99
NORWAY	1.60	2.02	0.07	126	4	0.05	0.57	3	43
POLAND	18.40	47.19	60.50	256	328	26.91	25.00	549	510
ROMANIA	.	.	.	...	...	.	.	...	...
SOUTH AFRICA	2.50	0.03	.	1	.	.	0.72	...	...
SWEDEN	21.70	13.90	16.00	64	73	7.80	17.40	60	135
SWITZERLAND	1.60	2.10	1.10	131	68	.	0.80	...	...
URUGUAY	1.10	6.10	6.76	554	614	4.28	1.90	140	950
OTHERS									
AUSTRIA	16.50	10.72	25.25*	64	153	10.69	7.77	159	115
CANADA	87.59	58.72	31.79	67	36	12.51	17.20	38	52
UNITED STATES	166.70	218.59	117.09	131	70	64.29	60.00	99	92
TOTAL PARTICIPANTS	595.69	903.12	750.42	152	126	383.46	413.91	123	133
WORLD TOTAL	951.00	1,312.00	1,000.00	137	105	...	...	...	...

TABLE 5C2 - EXPORTS OF SKIMMED MILK POWDER BY DESTINATION
 TABLEAU 5C2 - EXPORTATIONS DE LAIT ECREME EN POUDDRE PAR DESTINATIONS
 CUADRO 5C2 - EXPORTACIONES DE LECHE DESNATADA EN POLVO, POR DESTINO

(Mill M.T.)

EXPORTERS DESTINATIONS	PARTICIPANTS												NON-PARTICIPANTS				TOTAL	
	EEC		NEW ZEALAND		AUSTRALIA		POLAND		SWEDEN		UNITED STATES		CANADA		1988	1989		
	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989		
WESTERN EUROPE	27.3	1.9	-	-	-	0.7	20.9	49.5	0.7	1.1	7.6	4.1	-	1.0	56.5	58.3		
EASTERN EUROPE	61.0	0.6	-	-	-	-	0.4	-	-	-	-	-	-	-	61.4	0.6		
USSR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
NORTH AMERICA	6.4	0.8	-	-	0.7	1.2	-	-	2.0	1.2	1.0	1.0	2.6	1.7	12.7	5.9		
SOUTH AMERICA	37.7	47.0	1.7	-	-	0.6	-	-	0.0	0.3	13.7	1.6	6.8	-	59.9	49.5		
CENTRAL AMERICA	68.5	116.6	19.9	44.9	-	5.4	-	-	0.1	-	86.6	99.0	27.2	19.1	202.3	285.0		
CARIBBEAN	18.7	7.6	1.0	2.8	-	-	-	-	0.6	1.7	4.5	3.4	2.6	3.4	27.4	18.9		
AFRICA	148.7	97.4	0.8	0.9	-	-	7.9	1.4	0.5	0.2	27.9	0.9	-	-	185.8	100.8		
SOUTH AND EAST ASIA	221.2	105.1	77.7	78.8	61.1	66.2	17.0	9.7	8.2	11.1	63.5	6.3	6.9	3.5	455.6	280.7		
WESTERN ASIA	20.2	28.3	21.6	9.3	-	2.6	-	-	1.6	0.3	13.8	0.6	-	-	57.2	41.1		
OCEANIA	0.7	0.3	-	-	0.1	0.4	1.0	-	0.1	-	-	-	-	-	1.9	0.7		
OTHER DESTINATIONS	4.4	2.8	18.2	9.6	0.4	0.7	-	-	0.1	0.1	-	0.2	12.6	3.1	35.7	16.5		
TOTAL	614.8	408.4	140.9	146.3	62.3	77.8	47.2	60.6	13.9	16.0	218.6	117.1	58.7	31.8	1,156.4	688.0		
OPEC	110.1	82.7	36.3	13.9	...	...	2.0	-	2.0	0.8	26.5	2.3	-	-	176.9	99.7

ANNEX TABLE 5D - IMPORTS OF SKIMMED MILK POWDER
ANNEXE TABLEAU 5D - IMPORTATIONS DE LAIT ECREME EN POUFRE
CUADRO 5D DEL ANEXO - IMPORTACIONES DE LECHE DESNATADA EN POLVO
('000 M.T)

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR		INDICES	
		1988	1989	1988	1989	1989	1990	1989	1990
IDA PARTICIPANTS									
ARGENTINA	0.40	0.56	-	140	-	-	-	-	-
AUSTRALIA	0.80	1.20	0.30	150	37	0.30	0.30	100	100
BULGARIA	-	1.50	-	...	...	-	-	...	...
EEC	0.30	5.00	51.00*	...	...	19.00	12.00	...	...
FINLAND	-	-	-	...	...	-	-	...	...
HUNGARY	-	0.70	-	...	...	-	...	...	...
JAPAN	89.70	130.00	99.00	144	110	48.49	37.89	112	88
NEW ZEALAND	-	-	-	...	...	-	-	...	...
NORWAY	-	-	0.60	...	...	-	-	...	...
POLAND	13.40	4.00	7.02	29	52	7.00	6.00	291	250
ROMANIA	-	-	-	...	...	-	1.63	...	...
SOUTH AFRICA	10.10	2.40	-	23	-	-	-	-	-
SWEDEN	0.50	0.40	1.20	80	240	0.80	...	266	...
SWITZERLAND	-	-	-	...	...	-	-	...	...
URUGUAY	0.40	-	-	-	-	-	-	...	...
OTHERS									
AUSTRIA	-	20.09	15.73*	...	...	7.99	4.81	...	...
CANADA	-	0.94	0.25*	...	...	0.08	0.40	...	...
UNITED STATES	0.30	0.90	...	300	...	..	...	...	...
TOTAL PARTICIPANTS	115.60	145.76	159.12	126	137	75.59	57.82	160	123
WORLD TOTAL	1,312.00	1,345.00	1,140.00	102	86	...	..	...	...

ANNEX TABLE 5E - STOCKS OF SKIMMED MILK POWDER
ANNEXE TABLEAU 5E - STOCKS DE LAIT ECREME EN POUDRE
CUADRO 5E DEL ANEXO - EXISTENCIAS DE LECHE DESNATADA EN POLVO
 ('000 M.T)

COUNTRY	DATE	AVERAGE	INDICES					
		1981-1983	1988	1989	1990	1988	1989	1990
IDA PARTICIPANTS								
SOUTH AFRICA	1 JAN.	8.30	3.77	7.05	8.11	45	84	97
	1 APR.	10.20	4.50	7.30	10.25	44	71	100
	1 JUL.	9.30	3.56	5.56	9.66	38	59	103
	1 OCT.	9.90	4.77	4.20		48	42	.
SWEDEN	1 JAN.	9.70	9.70	3.40	11.50	100	35	118
	1 APR.	9.30	9.10	8.90	17.09	97	95	193
	1 JUL.	11.70	5.40	12.60	18.00	46	107	153
	1 OCT.	13.90	6.10	9.30		43	66	.
SWITZERLAND	1 JAN.	2.90	2.60	2.30	5.00	89	79	172
	1 APR.	3.00	2.00	3.00	5.20	66	109	173
	1 JUL.	3.70	2.70	4.20	10.30	72	113	278
	1 OCT.	3.50	2.40	4.70		68	134	.
URUGUAY	1 JAN.	1.60	1.86	2.18	2.47	116	136	154
	1 APR.	...	0.89	0.74	3.56	...	...	...
	1 JUL.	...	0.46	0.95	3.89	...	...	...
	1 OCT.	...	0.99	1.70		...	...	.
OTHERS								
AUSTRIA	1 JAN.	8.30	...	...	...	...	...	...
	1 APR.	5.40	...	...	...	...	...	...
	1 JUL.	7.40	...	...	...	...	...	...
	1 OCT.	10.10	...	...	...	...	...	.
CANADA	1 JAN.	29.29	12.92	12.43	9.47	44	42	32
	1 APR.	26.09	17.75	22.50	18.83	68	86	72
	1 JUL.	46.50	21.16	30.20	25.29	45	64	54
	1 OCT.	52.79	13.04	24.35		24	46	.
UNITED STATES	1 JAN.	417.00	80.29	24.00	22.50	19	5	5
	1 APR.	441.00	68.50	40.00	28.00	15	9	6
	1 JUL.	494.00	72.79	35.70	31.00*	14	7	6
	1 OCT.	525.00	29.00	20.20	25.00*	5	3	4
IDA TOTAL.								
IDA TOTAL.	1 JAN.	654.59	607.71	170.00	244.04	92	25	37
	1 APR.	644.50	377.33	190.86	242.39	58	29	37
	1 JUL.	732.50	137.99	166.31	321.40	18	22	43
	1 OCT.	867.29	117.55	207.31	...	13	23	...

ANNEX TABLE 6A - PRODUCTION OF WHOLE MILK POWDER
ANNEXE TABLEAU 6A - PRODUCTION DE LAIT ENTIER EN POUVRE
CUADRO 6A DEL ANEXO - PRODUCCION DE LECHE ENTERA EN POLVO
 ('000 M.T)

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR			
		1988	1989	1988	1989	1989	1990	1989	1990
IDA PARTICIPANTS									
ARGENTINA	60.09	85.10	92.13*	141	153	43.51	40.00	153	140
AUSTRALIA	53.79	67.90	67.20	126	124	26.30	15.60	150	89
BULGARIA	4.50	-	-	-	-	-	...	-	...
EEC	634.00	868.00	863.00*	136	136	458.00	410.00	143	128
FINLAND	27.00	14.00	11.00	51	40	4.00	12.00	28	85
HUNGARY	3.70	5.40	7.30	145	197	5.20	5.00	260	250
JAPAN	34.00	52.70	33.00	94	97	19.00	18.00	103	98
NEW ZEALAND	109.40	190.00	151.40	173	138	73.80	79.29	165	177
NORWAY	0.90	1.09	1.06	121	117	0.54	0.82	135	205
POLAND	41.59	49.46	49.40	118	118	24.00	22.00	117	107
ROMANIA	-	8.69	8.17	...	...	...	...	...	...
SOUTH AFRICA	12.10	8.99	9.50	74	78	4.16	4.48	70	75
SWEDEN	6.20	5.90	6.20	95	100	3.00	3.40	88	100
SWITZERLAND	15.80	12.60	12.50	79	79	7.10	5.50	69	53
URUGUAY	0.80	1.80	2.79	225	348	0.95	1.25	158	208
OTHERS									
AUSTRIA	22.59	10.69	11.93	47	52	5.59	6.39	45	51
UNITED STATES	45.29	77.09	80.70	170	178	40.29	40.00	177	176
TOTAL PARTICIPANTS	1,003.89	1,350.93	1,314.65	134	130	669.56	595.34	137	122
WORLD TOTAL	1,782.00	2,130.00	2,140.00	119	120	...	...	...	...

ANNEX TABLE 6B1 - EXPORTS OF WHOLE MILK POWDER
ANNEXE TABLEAU 6B1 - EXPORTATIONS DE LAIT ENTIER EN POUFRE
CUADRO 6B1 DEL ANEXO - EXPORTACIONES DE LECHE ENTERA EN POLVO
 ('000 M.T)
A. TOTAL

COUNTRY	AVERAGE 1981-1983	YEAR			FIRST HALF YEAR				
		1988	1989	INDICES 1988 1989	1989	1990	INDICES 1989 1990		
IDA PARTICIPANTS									
ARGENTINA	8.90	13.76	25.00	154	281	5.82	5.38	103	96
AUSTRALIA	37.70	47.00	47.00	124	124	28.30	21.20	139	104
BULGARIA	-	-	-	...	...	-	-	...	...
EEC	483.09	587.79	565.19	121	115	305.00	266.00	121	106
FINLAND	25.79	16.50	5.50	63	21	1.10	10.60	8	79
HUNGARY	-	1.00	3.30	...	...	3.30	3.00	...	...
JAPAN	-	-	-	...	...	-	-	...	...
NEW ZEALAND	98.00	180.70	133.29	184	136	81.09	82.09	152	154
NORWAY	-	-	-	...	...	-	0.11	...	...
POLAND	-	-	-	...	...	-	-	...	...
ROMANIA	-	-	-	...	...	-	-	...	-
SOUTH AFRICA	-	0.35	0.67	...	...	0.21	0.43	...	...
SWEDEN	1.20	-	-	-	-	-	-	-	-
SWITZERLAND	2.50	1.90	2.20	76	88	0.30	0.20	60	40
URUGUAY	0.20	0.16	1.23	80	615	0.18	0.53	180	530
OTHERS									
AUSTRIA	19.00	6.54	7.57*	34	39	3.52	3.32	34	32
UNITED STATES	10.70	8.70	41.90*	81	391	26.20	25.00	524	500
TOTAL PARTICIPANTS	657.39	849.16	783.40	129	119	425.30	389.54	123	113
WORLD TOTAL	697.00	901.00	900.00	129	129	...	...	...	...

TABLE 6B2 - EXPORTS OF WHOLE MILK POWDER BY DESTINATION
 TABLEAU 6B2 - EXPORTATION DE LAIT ENTIER EN Poudre PAR DESTINATIONS
 CUADRO 6B2 - EXPORTACIONES DE LECHE ENTERA EN POLVO, POR DESTINO

('000 M.T.)

EXPORTERS	PARTICIPANTS												TOTAL	
	EEC			NEW ZEALAND		AUSTRALIA		ARGENTINA			TOTAL			
	1988	1989		1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	
DESTINATIONS														
WESTERN EUROPE	5.8	5.5	2.4	2.1	-	-	-	1.5	-	-	-	9.7	7.6	
EASTERN EUROPE	6.6	1.8	-	-	-	-	-	1.5	0.8	-	-	8.1	2.6	
USSR	28.8	49.4	6.2	-	-	-	-	5.6	-	-	-	40.6	49.4	
NORTH AMERICA	0.8	1.2	-	-	0.8	0.3	-	-	-	-	-	1.6	1.5	
SOUTH AMERICA	80.7	65.4	49.5	22.7	-	-	-	3.2	21.8	-	-	133.4	109.9	
CENTRAL AMERICA	17.2	18.6	8.4	12.3	-	-	-	-	-	-	-	25.6	30.9	
CARIBBYAN	15.4	16.8	6.5	6.0	-	-	-	-	-	-	-	21.9	22.6	
AFRICA	173.9	178.3	-	-	0.3	0.7	2.0	-	-	-	-	176.2	179.0	
SOUTH AND EAST ASIA	89.2	80.2	75.2	65.3	43.3	44.3	-	-	0.1	-	-	207.7	189.9	
WESTERN ASIA	158.4	141.2	1.0	5.1	-	-	-	-	2.0	-	-	159.4	148.3	
OCEANIA	1.1	1.1	-	-	1.1	1.3	-	-	-	-	-	2.2	2.4	
OTHER DESTINATIONS	9.9	5.7	31.5	19.8	1.5	0.4	-	-	0.1	-	-	42.9	26.0	
TOTAL	587.8	565.2	180.7	133.3	47.0	47.0	13.8	24.8	829.3	770.3				
OPEC	257.1	208.7	44.5	17.8	0.5	0.5	1.0	2.0	303.1	229.0				