

INTERNATIONAL DAIRY ARRANGEMENT

Twelfth Annual Report

**THE WORLD MARKET
FOR DAIRY PRODUCTS
1991**



General Agreement on Tariffs and Trade

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Introduction

The International Dairy Arrangement came into operation on 1 January 1980 as a result of the 1973-1979 Multilateral Trade Negotiations (Tokyo Round). It succeeded the 1970 Arrangement Concerning Certain Dairy Products. The Arrangement applies to the dairy products sector, including casein. It has been successively extended for three-year periods; the most recent extension maintains its validity until 31 December 1994.

The objectives of the Arrangement are to achieve the expansion and ever greater liberalization of world trade in dairy products under, as stable as possible market conditions, 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 was recognized, as well as the need to avoid surpluses and shortages and to maintain prices at an equitable level. 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 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. The Council also reviews regularly the functioning of the Arrangement, which it has so far found to be a valuable instrument in restoring and maintaining the order in the international dairy market. Three Protocols annexed to the Arrangement are integral parts of it: the Protocol Regarding Certain Milk Powders; the Protocol Regarding Milk Fat and the Protocol Regarding Certain Cheeses. 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 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.

As of 1 November 1991, 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 participated in the Arrangement until 12 February 1985 and Austria until 9 June 1985.

The present annual report, the twelfth report issued under the Arrangement, reviews the situation in the world market for dairy products. It covers developments in 1990 and the first half of 1991 and the outlook for 1991/92. 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

The value of world merchandise trade in 1990 increased by 13 per cent to a new record level of US\$3.5 trillion and an increase of similar magnitude brought the value of commercial services trade to an estimated US\$800 billion, boosted in part by the inflationary "valuation effects" of the dollar's depreciation last year against major European currencies. The volume growth of world merchandise trade slowed from 7 per cent to 5 per cent as trade growth in manufactured and mining products declined, a slowdown that was only partly offset by an acceleration in the volume growth of trade in agricultural products.

The accelerated growth in the value of merchandise trade last year was particularly evident for Western Europe, whose growth rates for exports and imports were roughly triple those recorded in 1989. Developing economies as a whole maintained their share in world merchandise exports in 1990, as sharply higher earnings for exporters of fuels - prices up 20 per cent - balanced moderately slower growth in exports of the leading Asian exporters of manufactures. The group of fifteen highly indebted countries expanded their exports and imports at about the world average, helped by strong export performances from oil exporters. In contrast, the trade performances of countries in Central and Eastern Europe, and the USSR, were hard hit by the declines in intra-regional trade which accompanied the de-emphasis on traditional trade ties, only partly offset in most cases by an expansion in extra-regional trade.

The slowdown in the volume growth of world merchandise trade in 1990 can be attributed to lower growth in the demand for imports in North America, Japan, Western Europe, and declines for Central and Eastern Europe, the USSR and China. As the recession took hold in North America, import demand slackened while Western Europe's import growth was sustained by the unification of Germany. Among major country groups, only developing economies as a group posted export and import volume growth above the world average, with the leading Asian exporters of manufactures again playing a key role in this performance. With a world economic slowdown already evident in 1989, the disruptions and uncertainties caused by the Gulf crisis are unlikely to have played an important role in explaining world trade growth last year.

The rate of growth of world output slipped from 3.5 per cent to 2.5 per cent, indicating a continuation of the slowdown that began in 1989. The underpinning inflation rate and unemployment rates in OECD countries rose again in 1990. The Gulf crisis, in 1990/91, entailed business and consumer uncertainty that dissipated following the cease-fire reached in March 1991. Available data indicated that the decline in economic and trade growth continued in the first half of 1991, but a recovery of trade and output growth was expected in the second half of the year.

World dairy situation

Highlights

- World milk production increased by 0.6 per cent from 1989 to 1990, mainly due to an increase in the United States. In 1991, world milk production was expected to decrease by 2.5 per cent following decreases in the USSR and the European Communities of 10 and 2 per cent, respectively.
- Cheese production grew by another 1.6 per cent in 1990, and the trend continued in 1991. Increased growth in cheese consumption led to a lively import demand and cheese trade expanded further in 1990 and 1991, with world market prices remaining well above agreed minimum export prices.
- World butter production, which in 1990 had increased by 1.4 per cent, decreased by some 2 per cent in 1991. A persisting vigorous demand for light products resulted in continued low butter consumption in many countries and substantial surpluses of milk fat. Consequently, in 1991, market prices for butter and anhydrous milk fat remained at or slightly above the agreed minimum prices.
- This unsatisfactory situation dominated by a fragile butter market gave rise to concern and participants were urged 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.
- Depressed market prices for butter also adversely affected prices for powders in 1990. In 1991, however, powder prices firmed following a weakening of the United States dollar and further restraints in milk deliveries, notably in the Community.
- In December 1990 a derogation was agreed to permit sales of butter to the USSR below the minimum price, subject to certain conditions. Deliveries to that market were considerably delayed due to payment problems and it was not certain that all contracted deliveries could be made by the end 1991 deadline of the derogation.
- Requests were made for massive food aid to the USSR area in 1991/92. The provision of such aid might have major implications for the dairy market in 1991/92 and for some time beyond.

Dairy policies

Further efforts were made to contain public expenditure on dairy price support in 1990 and 1991. Support prices, target prices and advance payments were maintained at the previous level or even lowered. Production quotas were maintained or reduced and 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. In some countries the aim was to raise productivity and efficiency in the industry. In others it was to reduce costly surpluses, for instance, by restricting the dairy herd and limiting milk deliveries, or otherwise adapting the capacity to the market. 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, India plans to double its milk output by the year 2000, to a level of 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 have been stepped up to keep dairy products safe for human consumption.

Political developments in Central and Eastern Europe had a strong impact on the dairy market. Changes in economic policies resulted in higher retail prices which adversely affected domestic demand. Export availabilities of dairy products increased substantially, notably for butter. Persisting balance-of-payments problems led to exports at reduced prices and to new markets in search of convertible currencies.

Developments in the Near East, notably the embargo on trade with Iraq and Kuwait, adversely affected dairy trade in 1990/91. The situation was further aggravated by transportation difficulties and increased costs. These markets had taken 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 stimulated import demand for dairy products by some countries. Import demand in the Near East recovered in 1991/92 following the cease-fire and the end of military operations in

March 1991. Oil exporters elsewhere remained important buyers of milk products, i.e. Mexico, Venezuela and Algeria.

The potential exists for a strong rise in productivity in the medium to long term, due to genetic improvements, ample feed supplies and technological progress. The authorization to commercialize yield-increasing hormones was still pending in major dairying countries. Strong consumers' opposition to their use could result in a possible adverse reaction on demand if extended use of hormones in dairy cows were permitted.

Views have been expressed that the milk production potential in the medium term could be much greater than what projections and forecasts might have indicated. A danger persisted that supplies were to increase faster than a relatively steady but nevertheless insufficient growth in import demand and consumption. Concerns persisted that a stagnant or falling consumption notably of butter, and an expansion of production, would result in greater supplies available for exports. It would therefore remain imperative that production should not be unnecessarily stimulated through support and protection.

The steadily growing demand for certain dairy products, notably cheese and dairy proteins, and the increase in their prices have 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 the marketing of traditional dairy products and to the protection of consumers' interests. Imitations often contain milk components such as casein, whey and skimmed milk powder which are extensively used as ingredients in a variety of food products. Furthermore in a number of new dairy products, notably light products, milk components, mostly fat, have frequently been replaced by something else, notably ingredients of vegetable origin. Consequently it is increasingly difficult to draw the line between what should be designated as milk or non-milk products.

Milk and dairy production

In 1990, world milk production (including sheep, goat and buffalo milk) amounted to 532 million tons and increased by 0.6 per cent from the previous year. The output of cow's milk increased by more than 1 per cent, mainly due to a substantial increase in production in the United States where milk deliveries increased by 2.8 per cent from 1989 to 1990. Relatively modest increases were registered for New Zealand and Japan. Milk production showed only marginal changes in Europe, Africa, Latin America and Canada. In the USSR, there was a marginal increase of 0.2 per cent in milk production in 1990. In India, total milk production declined by 3.4 per cent from 1989 to 1990, mainly due to reduced production of buffalo milk, as cow's milk production increased by almost 2 per cent. Some other Asian developing countries experienced substantial increases.

For 1991, a decrease in milk production by 2 to 3 per cent was expected, but supplies would nevertheless exceed demand. In the USSR, a substantial drop in milk output was expected due to decreasing yields and cow numbers. With demand shrinking and subsidies being removed, profitability in dairying decreased in Central and Eastern Europe. In the Community also, milk deliveries might decrease while a relative stability in production was forecast in other European countries as well as in Africa and Latin America. Efforts were being made in many developing countries to increase milk production, but gains were partly offset by adverse effects of tight feed supplies and higher feed costs. Despite lower milk prices in recent months, milk production in the United States was likely to expand in 1991. In Oceania, assuming normal weather conditions, milk production might increase slightly or remain stable. India and several other developing countries in Asia were expected to increase milk production once more in 1991.

Considerable uncertainty was attached to the medium-term. As bovine somatotropin become commercially available, its application might, together with scientific progress, improved breeding and production management, boost productivity in milk production over the next five-year period.

World butter and butter oil production increased by 1.4 per cent in 1990 amounting to 7.70 million tons. Butter production expanded in the Community, Oceania, the United States and the USSR. World butter production in 1991 was forecast to decrease by 2 per cent from the previous year, mainly due to more milk being allotted to the production of cheese. The shift in consumption towards light dairy products continued in 1991. Further developments in production and sales of light products resulted 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 1990, totalling 14.65 million tons (all kinds of cheese). The trend was 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 1991, the major exceptions being Central and Eastern European countries where cheese production declined.

After having declined for three consecutive years, world skimmed milk powder production recovered in 1990 by 5 per cent to 4 million tons in relation to 1989, with increases in Western Europe and Australia offsetting declines in North America, New Zealand and Poland. However, world production in 1991 was forecast to again drop by 3 per cent following projected declines in the European Communities and North America. World production of whole milk powder continued to decrease in 1990 at about the same rate as in the previous year, i.e. by 1.5 per cent, but recovered appreciably in 1991.

Environmental regulations preventing whey to be disposed of as waste and increased supplies of cheese 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 1990, declines were reported for the European Communities while production recovered in North America and Australia.

World casein production reached a level of 214 thousand tons in 1990, 5 per cent down on 1989. This decline was mainly due to a 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. Late in 1990 steps were taken in the Community to stimulate casein production. Supplies were consequently expected to increase slightly, but only late in 1991.

Consumption

World consumption of milk and fresh milk products, which had increased at an annual rate of about 1 per cent over recent years, showed a stronger increase of 1.5 to 2 per cent in 1989 and 1990. There was a lively demand for low-fat milk products in most regions of the world and it might be expected that the protein component of milk may be facing increased demand in the near future. 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 annual 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. In 1990, world consumption declined by 2 per cent, with sharper decreases registered in particular regions. However, consumption in the United States, the USSR and India was reportedly up on 1989. The trend toward blended spreads and low fat spreads had accelerated in 1989 and 1990. This development resulted from a combination of factors such as consumer preferences for products with reduced 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 Central and 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 1990, 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, active product development (i.e. low fat cheeses) and brand advertising 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. At close to 14 kgs., annual

per capita consumption of cheese in the United States in 1990 was about 30 per cent higher than in the early 1980's. Average consumption per head in the Community, though rising more slowly than in the United States, reached nearly 15 kgs. in 1990. The general upward trend was maintained in 1991 although the growth rate might fall slightly.

World consumption of skimmed milk powder remained stable in 1990 and this stability was likely to be maintained in 1991. Consumption of whole milk powder decreased in 1990 but this trend was reversed in 1991 following greater supplies by the Community, New Zealand and Australia.

In the medium term, world butter consumption was expected to decrease further as the trend towards a diet with less fat will persist and remain irreversible. The decline would primarily be in household consumption, while industrial use of butter could be stimulated through various actions. The comparatively strong rate of growth in cheese consumption was expected to continue at a rate in excess of population growth, with the strongest growth found for low fat cheeses. Both for cheese and fermented milks and products such as yogurt and fresh and frozen desserts, an increase in consumption in a range of 2 to 3 per cent could be expected. Demand for fresh liquid milk could also increase at rates between 1 and 2 per cent a year and a range of new dairy products could be introduced. Health concerns and concerns related to intake, or avoidance of fat and cholesterol, would remain important factors for future demand of dairy products.

Trade

From late 1989 on, import demand for butter weakened, reflecting a continued decline in milk fat consumption in many countries. As a result of a further deterioration of the market for butter, world exports in 1990 decreased to some 700 thousand tons. The emergency situation in the USSR created an urgent requirement for imports of food, including butter, on special terms, and consequently a derogation for sales of butter to the USSR was granted in December 1990. Sales contracts concluded by several participants under this derogation amounted to some 311 thousand tons. However, a large portion of the shipments were delayed mainly due to payment difficulties experienced by the USSR, and it was uncertain whether the quantities initially contracted would be delivered in their entirety by the end of December 1991.

Cheese trade expanded further in 1990 with world exports reaching 887 thousand tons. This was due to higher imports into the European Community, the United States, OPEC countries and other developing countries such as Brazil, which more than outweighed a certain stagnation in the volume of cheese imported into Japan. The general expansionary tendencies continued in 1991 and Japanese cheese imports recovered appreciably.

There was a further decline of 5 per cent in world exports of skimmed milk powder in 1990, when they amounted to 900 thousand tons. Sharp decreases registered by the European Communities and the United

States were not offset by increases in New Zealand and Australian exports. However, import demand in some developing countries such as Mexico and Brazil remained strong. The outlook for 1991 was for an increase in international trade due to weaker prices and increased efforts by major producers to reduce growing powder stocks.

The upward trend in whole milk powder exports was reversed in 1989 and declined further to 820 thousand tons in 1990. In 1991, however, exports by major suppliers recovered strongly and might reach new record levels.

The international whey powder market continued to be supply-driven in 1990. Although demand was stimulated by reduced skimmed milk powder supplies, feed compounders were not able to absorb the greater supplies of whey. World trade of condensed milk continued to decline in 1990 and 1991, following lower supplies. World exports of casein recovered in 1990, notably as exports by New Zealand recovered and as East European countries succeeded in raising their sales of casein to OECD countries.

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 1990 and 1991. 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 1990. The increase in prices would at the same time aggravate expenses and make the financing of food aid in dairy products more difficult. Moreover, probably because of the reduced needs of India and China, dairy food aid to developing countries remained at a low level in 1990. However, the volume of dairy products provided as food aid might increase in 1991 as supplies were again more plentiful and stocks rising.

The USSR was in need of substantial supplies for food relief purposes in 1991/92 and made a request for massive food aid including butter and milk powders (baby food). In light of the commercial importance of the USSR market, concerns were expressed that any response to the request should be such as to cause a minimum disruption to the commercial market.

Stocks

Butter stocks in the European Communities, North America and Oceania on 1 January 1990, at 383 thousand tons, were 8 per cent lower than their level of one year earlier. Skimmed milk powder stocks, at the same time, were very low at 164 thousand tons. Public intervention stocks remained low, except for some accumulation of CCC butter stocks in the United States. Community intervention stocks of butter 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 1991 at 790 thousand tons, were more than 50 per cent higher than a year earlier. On the same date, skimmed milk powder stocks at 720 thousand tons, had increased by as much as 148 per cent in relation to their level on 1 July 1990, mainly due to the increase in Community and United States stocks. There was concern that stocks of both products would remain high. However, it was hoped that the sales of butter to the USSR under the derogation adopted in December 1990 would help alleviate the situation. Stocks at the end of 1991 were forecast at around 1 million tons for each product, the Community and the United States being the principal holders.

International prices

Prices for milk fats which began to weaken towards the end of 1989, continued to deteriorate in 1990 and some offers and sales had reportedly been made at prices below the minimum export prices. During the fourth quarter of 1990, prices were in the range of US\$1,350 to US\$1,500 per ton f.o.b. for butter and US\$1,625 to US\$1,880 per ton f.o.b. for anhydrous milk fat. Only little trade was, however, effected at these prices.

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. Sales of butter to the USSR under the December 1990 derogation should help to stabilize the world butter market. Considerable uncertainty persisted as to the situation for butter and anhydrous milk fat in 1991/92, notably as there were serious delays in deliveries under the contracts established for sales of butter to the USSR and as the responses to a request for massive food aid to that area were not known.

In the first half of 1991, the market situation continued to worsen with the accumulation of stocks, following a persisting decline in butter consumption in many countries and an extremely weak international demand. In the second quarter of 1991, prices of butter and anhydrous milk fat were at or slightly above the respective minimum export prices, but in practice, few sales had been made. Moreover, certain offers and sales had again reportedly been made at prices below the minimum prices. Some firming in prices was registered in the third quarter of 1991 partly due to the weakening of the United States dollar, but traded volumes remained low. At the September 1991 review, the minimum export prices of butter and butter oil were again maintained unchanged.

Cheese prices, which had remained fairly high in 1989, 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. Prices firmed slightly in the fourth quarter

of 1990, fluctuating between US\$1,550 and US\$2,000 per ton f.o.b. In the first nine months of 1991, Cheddar cheese prices fluctuated between US\$1,500 and US\$2,100 per ton f.o.b. For most cheeses covered by the Protocol, the market situation was steady and prices were expected to remain at current levels or even increase throughout 1991/92. The minimum export price was maintained unchanged.

Prices of milk powders continued to weaken in 1990, as international demand weakened and as additional supplies became available from some Central and 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. Some milk powder had reportedly been offered and traded at prices below the minimum export price. The market situation for milk powders improved in the fourth quarter of 1990 and prices recovered slightly and continued to improve early in 1991. Although requirements of milk powder markets remained basically unchanged, international prices were eroded later in 1991, due mainly to a temporary strengthening of the United States dollar. Thus, for the second quarter, prices of skimmed milk powder decreased to the range of US\$1,250 to US\$1,300 per ton f.o.b. and those for whole milk powder to the range of US\$1,250 to US\$1,330 per ton f.o.b. In the third quarter of 1991, the market situation for milk powders improved somewhat in part due to a weakening of the United States dollar. Prices firmed and ranged between US\$1,450 and US\$1,550 per ton for skimmed milk powder and between US\$1,440 and US\$1,575 per ton f.o.b. for whole milk powder. Powder prices were expected to be maintained at current levels or perhaps increase in 1991/92. At the September 1991 review, the minimum export prices of milk powders covered by the Protocols were again maintained unchanged, although a proposal was made for increasing them.

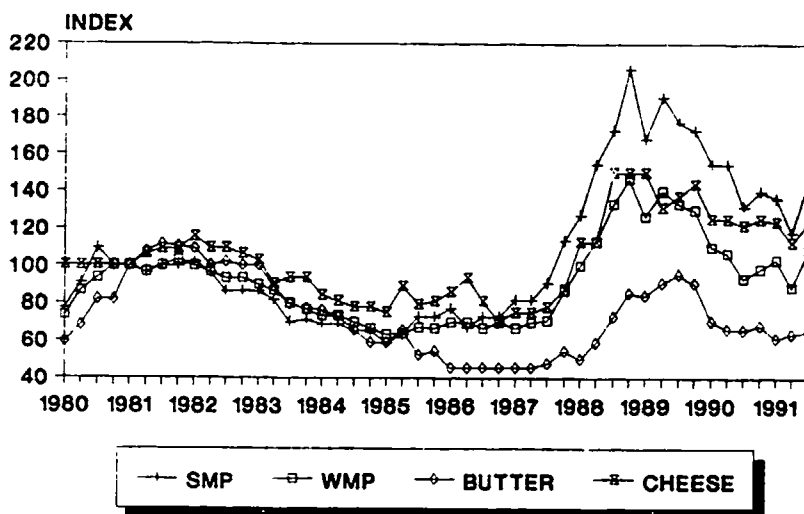
Prices for condensed milk rose in early 1990, remained stable throughout that year and increased again in the first half of 1991. Prices of casein for technical use and of edible casein eased from the end of 1989 and were in December 1990 down to US\$3,735 per ton, probably because of users' reaction to high prices. Early in 1991, there was still some downward pressure on prices of casein in the United States and prices declined to US\$3,500 a ton in July 1991. Whey prices, which had recovered towards the end of 1989, declined again in the first part of 1990. While the decline continued in the United States, a recovery was registered in Europe towards the end of 1990. In early 1991, prices continued to recover in Europe and remained stable in the United States.

The Arrangement having been in operation for nearly twelve years, is considered to be working very well. It has proven to be a valuable means of imposing a concerted measure of discipline on export price fixing thus effectively limiting the application of export subsidies. This has contributed to the maintenance of a certain stability of markets and returns and alleviated the 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. 1982 marked the beginning of a period of increased world milk production, not matched by increased demand, and the accumulation of surplus stocks notably of butter and skimmed milk powder. Stocks remained high and continued to have a depressive impact on the prices of all dairy products 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 regain their levels of the early 1980's. Since 1989, prices for powders tended to weaken and fluctuate with the changing exchange rate for the United States dollar. Prices for milk fats continued to weaken, following a continued decline in butter consumption in many countries and generally increasing production. Recent steps agreed upon under the Arrangement might help to restore the balance in the butter market, although uncertainties persisted as to the price situation in the coming months. The cheese market has been characterized by balanced supplies and reasonably stable and in some cases firming prices.

Milk proteins had few substitutes and were still, even at the higher price level, in a strong competitive position with vegetable proteins. That has not been the situation for milk fat, which had been facing stiff competition from vegetable fat. Furthermore, demand for fats in general has been contained through dietary philosophy and advice. Such advice also favoured demand for milk protein evident by the recent developments in powder prices, with good quality skimmed milk powder for recombination commanding 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 (1989-1990-1991)

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

Product	1989	1990		1991		
	January-December	January-June	July-December	January-March	April-June	July-September
Skimmed milk powder ^a	1,700-2,100	1,500-1,700	1,300-1,540	1,400-1,500	1,250-1,300	1,450-1,500
Whole milk powder	1,750-2,100	1,400-1,650	1,250-1,475	1,400-1,550	1,250-1,330	1,440-1,500
Anhydrous milk fat ^b	2,050-2,500	1,625-1,950	1,625-1,880	1,625-1,800	1,625-1,800	1,675-1,800
Butter ^b	1,650-2,100	1,350-1,550	1,350-1,500	1,350	1,350-1,400	1,450-1,500
Cheddar cheese ^c	1,900-2,400	1,700-2,000	1,550-2,000	1,600-1,980	1,550-1,800	1,550-2,100

^a In 1990 and 1991, certain sales of skimmed milk powder for 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 1991, certain sales of butter were made at prices lower than the ranges indicated, by derogation under Article of the Protocol Regarding Milk Fat.

^c In 1990 and 1991, 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 National Dairy Policies
and Milk Production

World milk production (including buffalo, sheep and goat milk) at 532 million tons in 1990 showed an increase of 0.6 per cent over the previous year. The production of cow's milk increased by 1 per cent amounting to 471 thousand tons. Among the four biggest producers, which together accounted for two thirds of the world total, the downward trend was halted in the European Communities, while production increased to record levels in the United States and the USSR. Production rose also in Oceania and Japan. Milk output decreased in Eastern Europe as a result of insufficient feed supplies and general economic difficulties. In most Western European countries and Canada, production remained subject to quotas and changed only moderately.

World milk production was likely to decrease by 2 to 3 per cent in 1991 although supply continued to exceed effective demand. The decline was mainly due to reduced output in Europe, particularly Central and Eastern Europe and the USSR. The United States was experiencing further significant growth. However, milk production was likely to again expand further in Asia thanks to rapid expansion in India and several other countries of South and East Asia. Production seemed to have stagnated in Africa and Latin America. In Oceania, milk output would probably remain relatively stable or increase modestly.

Milk deliveries in the European Communities, reached 98.87 million tons in 1990, the same level as in the previous year. Cow numbers fell by 1.9 per cent but productivity per cow increased by 1.4 per cent in 1990. For 1991, milk deliveries were expected to decrease by 1.9 per cent to 97 million tons. In the medium term, milk deliveries were expected to stabilize. Cow numbers would continue to fall, not least in light of measures implemented to encourage some farmers to give up milk production. Yields were expected to increase by 1.4 per cent a year, and might, together with improved feeding techniques, tend to increase production. Following German unification, total Community milk delivery forecasts would have to be revised upwards by around 6 per cent.

The Community quota system has been prolonged until March 1992 and might be further extended as its operation seemed to be beneficial to the financial situation of the dairy sector. 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 was also retained, with compensations to be paid to producers. Out of a total of 600,000 tons eligible for re-assignment, 580,000 tons were provisionally allocated to accommodate the needs of producers that had previously and temporarily given up milk production.

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. Measures were adopted to counteract the effects of the increase in quota reserve including: 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 target price for milk, the intervention prices for milk products and the co-responsibility levy remained unchanged at their level of the previous dairy year. A voluntary buy-out scheme for a quantity of up to 3 per cent of deliveries would be implemented. The cost of the buy-out scheme would be financed by the EC at the rate of ECU 10 per 100 kgs. New guidelines were introduced to suspend permanent intervention of both skimmed milk powder and butter. The buying-in price for butter into intervention in 1991/92 was to be fixed by the Commission to take account of the quantities offered and the state of the market. The buying-in price would not be lower than 90 per cent of the intervention price. Moreover, the main factors depressing deliveries in 1991/92 would be the 2 per cent linear reduction in quotas and the additional quota buy-out period agreed by the EC Council. Furthermore, another 3 per cent reduction in dairy quotas was being proposed for 1992/93.

In Finland, milk deliveries in 1990 at 2.68 million tons were 2.1 per cent higher than in 1989, due mainly to higher yields per cow as a result of an exceptionally good harvest year. In 1991, milk deliveries were expected to decrease by 11 per cent to 2.38 million tons because of the measures taken to reduce production under the milk bonus scheme. 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.

In Norway, total milk deliveries remained stable at 1.92 million tons in 1990. Reductions in milk quotas and a tightening of the two-price system were expected to result in a 3 per cent reduction of milk deliveries in 1991.

Milk deliveries in Sweden increased to 3.43 million tons or by 0.3 per cent in 1990. The two-price scheme, in operation from July 1985 to June 1988 had stronger effects than initially expected. Thus, milk production had decreased, reducing costs of surplus disposal and producers were paid a higher price for their milk. The scheme was abolished on 1 July 1989 and milk deliveries subsequently increased. A new food policy based on the principle that agriculture should be subject to the same conditions as other sectors was laid down in June 1990. The Parliament decided to abolish consumer subsidies for milk and dairy products from 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. Milk deliveries were expected to decrease to 3.20 million tons in 1991 as the dairy market was deregulated and subsidies were removed so that returns to producers declined.

In Switzerland, milk deliveries in 1990 at 3.02 million tons were 3.1 per cent down on the previous year. However, milk deliveries in the first seven months of 1991 increased by 4.8 per cent compared to the corresponding period of 1990. Dairy cow numbers were expected to decline in the coming years while yields 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 the price of table butter remained unchanged and the price of cooking butter was 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 330.1 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. Good pasture conditions resulted in an increase of 3 per cent in milk production in the 1990/91 season to 342 million kgs. of milk fat, or 7.32 million tons of milk. Depending on seasonal weather and pasture growth conditions experienced later in the season, total production in 1991/92 was likely to be closely in line with the 1990/91 season. However, climatic conditions in the first months of the 1991/92 season were favourable and milk deliveries were substantially above those of the corresponding period in 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 price for milk for the 1990/91 season was reduced to NZ\$3.70 per kg. milk fat, 36 per cent lower than in 1989/90. An interim advance price, also of NZ\$3.70 per kg. milk fat was set for the 1991/92 season as the basis for establishing export purchases by the Board. These prices were the lowest in real terms which the industry had faced in modern times, i.e. since the end of World War II. 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 variations resulting from changing climatic conditions. Although there were no subsidies or other regulations which could be manipulated to control production, a number of steps had been taken to influence it by special measures, such as a "butter realization

differential" scheme introduced in 1987/88, which was subsequently continued. Under this scheme, payments to dairy companies by the New Zealand Dairy Board for export butter and butter oil beyond a base production level was based on marginal rather than average market realizations.

In Australia, milk production in 1989/90 was down marginally by 0.4 per cent to 6.45 million tons. It increased by 2.2 per cent to 6.59 million tons in 1990/91, primarily due to exceptionally good climatic conditions. Milk production in the 1991/92 season was expected to return to a more normal level of 6.49 million tons. 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 in place since 1986/87 aimed at the development of a more efficient market-oriented dairy industry responsive to market conditions.

Japanese milk production in 1990 at 8.22 million tons was 2 per cent higher than in 1989. The increase was mainly due to a further improvement in yields, while dairy cow numbers continued to fall. The forecast for 1991 was that output would be at least 1 per cent higher than in 1990 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 79.83 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. Milk production in Japan was not expected to rise much in the near future so that the growth in demand should be met from imports. After the decline in 1989 and 1990, Japanese imports of dairy products (including casein and lactose) could reach some 2 million tons of milk equivalent in 1991, making it one of the world's largest net importers in quantitative terms, and probably the world's largest in value terms.

In South Africa, improved yields and climatic conditions led to a recovery in milk output which increased by 16.1 per cent in 1990 to 2.02 million tons. Cyclical shortages of milk solids occurred regularly followed by shorter periods of over-supply or surpluses. Since the beginning of 1990, South Africa had experienced a situation of over-supply of milk together with a decline in the total consumption of dairy products resulting in the build-up of surpluses of skimmed milk powder and butter. Economic factors were mainly responsible for the decline in demand. In view of this, South Africa had encountered difficulties regarding the disposal of the surplus product. However, by the end of September 1991, stocks returned to normal levels.

In Argentina, milk deliveries declined by 18 per cent in 1990 to 5.76 million tons. Various issues related to the overall quality of raw milk, such as composition, microbial count and other sanitary aspects were under consideration, and work was going on with the aim of establishing a new basis for payments of the milk delivered to dairies. Exports of

Argentina increased in 1989 when they doubled in volume in relation to 1988 with a record value close to US\$139 million. The value of exports increased by 3 per cent to US\$143.3 million in 1990. There were no subsidies on production or exports of dairy products. Certain trade liberalization measures had been adopted with effect from 1 April 1991, under which the custom duties would be reduced to zero and specific duties would also be removed.

In Uruguay, milk deliveries continued to increase significantly in 1990 at the rate of 5 per cent, reaching a level of 642 thousand tons, entailing a further significant increase in the output of dairy products. Uruguay had in recent years been the largest net exporter of dairy products among the developing countries. After having been high in 1989, exports fell in 1990, but recovered appreciably in the first half of 1991 for all dairy products except butter.

In Egypt, changes had been made to the import regime of certain dairy products. Total production of milk (including buffalo milk) in 1990 at 2.29 million tons, was 0.3 per cent higher than in 1989. Efforts were being made to develop and increase dairy production. The target for milk production in year 2000 was 4 million tons, and the aim was to achieve 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 1990 fell by 7 per cent to a level of 2.32 million tons due to a drop both in cow numbers and productivity per cow. From February 1991, a comprehensive price reform eliminated almost all restrictions on producer and consumer prices. For essential foodstuffs, including milk and dairy products, the government had assessed new market prices, involving an average five-fold increase from the previous levels. A far-reaching privatization programme was being evolved, which also affected monopoly structures in the production and trade of agricultural products, including dairy products. A comprehensive reform of the exchange system based on an interbank foreign exchange market was introduced and new fiscal and tax policies had been implemented. Under an Ordinance dated 8 February 1991, in connection with acute domestic shortages, the government temporarily prohibited the export of milk powder, milk and yoghurt, cream and buttermilk and imposed an export tax on cheese amounting to 30 per cent of the export price. These restrictions would gradually be eliminated during the year.

Hungarian production of milk decreased in 1990 by almost 10 per cent to reach a level of 2.52 million tons due to the deteriorating market situation and decreasing dairy cow numbers. A further decrease was anticipated for 1991 due to the same reasons. The Hungarian dairy sector faced many difficulties in 1990. The summer drought drove up feed prices. As part of the market-oriented policies introduced in 1990, the previously large-scale consumer subsidies were phased out resulting in major price increases for dairy products and in a substantial decrease in domestic

consumption. The difficulties continued in 1991, with domestic consumption persisting to decline. The consumption of dairy products declined by 35 per cent in the four years between 1987 and 1991. This drop was attributable to the decline in purchasing power in general and the rise in dairy prices in particular. Export possibilities also deteriorated, partly due to a near collapse of trade with the former CMEA countries, especially with the USSR, and partly due to the overall unfavourable situation in the international market.

In Romania, production of milk from cows and buffaloes decreased by 2.2 per cent in 1990 to 4.03 million tons due to both decreasing yields and a drop in cow numbers. A further decrease in milk production was apparent for 1991. Since early 1990, Romania embarked upon a wide process of reform in order to move to a market economy. Significant changes were affecting production, consumption and prices of dairy products. On 10 November 1990, the first stage of the price liberalization process, accompanied by social protection measures, was launched. For a limited number of products (including milk) of special importance for popular consumption, prices remained practically unchanged on State markets, but were allowed to increase considerably during the first stage on free markets. A second stage of price liberalization was launched on 1 April 1991. Some prices initially maintained at fixed levels after 10 November 1990 with maximum ceilings or increase indexes provisionally established, in order to contain strong inflationary pressures, were liberalized. In 1990, exports of dairy products were forbidden due to a domestic market shortage and substantial quantities of butter, milk powder and cheese were imported. In 1991, the export ban of dairy products was eliminated. No surcharges and no quantitative restrictions for imports of dairy products had been introduced so far. Temporary reductions of customs duties were granted on imports of certain dairy products being in short supply on the domestic market. Such reductions would remain in effect pending the introduction of a new customs tariff.

In Poland, 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, dissolving all central unions of co-operatives and liquidating the Central Union of Dairy Co-operatives. The deregulation of prices after forty years of State control resulted in a substantial rise in retail prices adversely affecting the consumption of dairy products. Milk production decreased by 4 per cent in 1990 to 15.76 million tons. Deliveries declined by as much as 17 per cent to 9.7 million tons. They decreased by a further 20 per cent in the first six months of 1991 as compared to the corresponding period of 1990. This was due to a decrease in the profitability of milk production as a result of the abolition of all subsidies. Following these developments Poland, which in 1990 exported 30 thousand tons of butter, would have to import certain quantities of butter in 1991.

In Yugoslavia, milk production increased by 0.8 per cent to 4.50 million tons in 1990, due principally to increasing yields, cow numbers remained relatively stable.

Milk production in Czechoslovakia remained around 7 million tons in recent years, with an average yield per cow of 3,710 kgs. Provisional data for 1990 and 1991 indicated a decline in dairy cow numbers, from 1.7 to 1.6 million, due to a combination of lower returns to producers dry weather and poor fodder crops. Milk production fell by 11 per cent in the first half of 1991 and deliveries to dairies decreased even more sharply (by 18 per cent). Cow numbers and milk production were forecast to decline in the short term. Consumption of milk and dairy products in terms of milk equivalent has averaged 250 kgs. per head. However increases in retail prices mainly due to the removal of consumer subsidies adversely affected consumption, notably of butter and increased quantities became available for export. During the past two to three years, there have been various market reports that Czechoslovakia had, at times, exported butter and milk powders at prices below the GATT minimum export prices. During late 1990 and early 1991, this caused additional pressure on international dairy product prices and was the source of some concern among participants to the Arrangement.

The generally unfavourable situation in the livestock sector touched also dairy production in the USSR during the year 1990. The upward trend in the past was halted and milk production in 1990 remained stagnant at 108.7 million tons. Up to 1989 cow numbers were reduced and the increase in milk output was due to increasing milk yields, on the average about 2 per cent. In 1990, poor feeding conditions and shortage of feedingstuffs adversely affected milk yields, which were still rising but insufficiently to fully compensate the reduction in cow numbers. Milk output decreased by as much as 10 per cent in the first half of 1991 compared to the first half of 1990. Poor feeding conditions, quality as well as quantity, lower animal numbers and reduced milk yields per cow were the main reasons for this decline. For calendar year 1991, milk output could drop by 10 per cent to 97.83 million tons. In the short term, production would continue to be depressed and it was unlikely that increased production in private holdings would manage to offset this trend. A customs code and customs tariff were applied to imports as of 1 July 1991. Some taxes on imports and exports had been applied on a temporary basis since June 1990, in order to keep prices on imported or exported goods in line with domestic price levels. Barter operations were restricted from 1991 on.

The Baltic countries, Estonia, Lithuania and Latvia, regained their independence in 1991. Dairy products have traditionally been major agricultural export items of these countries and it should be expected that substantial quantities earlier being sold to the USSR would be offered on Western European markets or other markets in order to earn convertible currencies.

In the United States, milk production in 1990 increased by 3 per cent to 67.26 million tons as a result of higher milk prices and falling feed costs. The sustained period of favourable returns to milk production entailed increases in milk cow numbers and expansion in production by early 1991. However, these developments collided with the effects of sharply lower milk prices. Thus, sizable early-1991 production increases were expected to be eroded as the year progressed. For all of 1991, milk output was projected to increase by 1 to 2 per cent. Commercial consumption of

dairy products increase^d by 3 per cent in 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. Commercial disappearance was expected to increase by 1 per cent in 1991. The Commodity Credit Corporation (CCC) effected significant purchases of butter and skimmed milk powder in 1990. In 1991, the CCC was projected to buy more skimmed milk powder and butter.

The support price for manufacturing milk was lowered by 30 cents to US\$10.10 per cwt. as of 1 January 1990. 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 expired in 1990. Subsequent legislation, the Food, Agriculture, Conservation and Trade Act of 1990, ensured that the minimum support price would stay at US\$10.10 per cwt. through 1995. This was the strongest guarantee against support price declines given to dairy farmers since the early eighties. However, assessments will be collected, slightly lowering effective milk prices. The 1990 Farm Bill re-authorized the Dairy Export Incentive Program, extending it until 31 December 1995. The programme included butter, butter oil, skimmed milk powder, whole milk powder and Cheddar cheese. Bonuses were available to 70 countries for some 140 thousand tons of milk powders and to 59 countries for some 41 thousand tons of butterfat. However, only limited sales had until 1991 been made under the programme.

Low domestic milk prices generated legislative proposals to ease price pressure on farmers and stabilize the dairy industry. Reacting to the outcry from the farm level, several legislative approaches to address the problem of weak domestic prices were introduced in Congress. To date, legislative efforts focused upon boosting milk support prices, attempting to establish production quotas, revival of the dairy cattle export enhancement programme under the Dairy Export Incentive Program, and herd buy-outs. However, dairy prices had reportedly increased since May 1991 when the Department of Agriculture took several administrative actions to boost consumption of dairy products under government programmes.

Canadian milk production in 1990 at 8.05 million tons was almost identical to that for 1989, as the reduction in cow numbers was offset by increased productivity. Effective 1 August 1991, the target return was raised by 2.5 per cent to Can\$49.92 per hectolitre of milk. Effective in the 1990/91 dairy year, the Market Sharing Quota (MSQ) was reduced by 3 per cent following a decrease in the estimated domestic requirements for industrial milk 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, identified options for a long-term dairy policy. Given that the supply of skim-off cream from the fluid milk sector was forecast to increase at an annual rate of about 2.9 per cent and that consumer tastes were trending away from butter, it was anticipated that the total MSQ would continue to be lowered over the next five years by an average of 0.7 per cent per annum.

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	1989	(b) 98.90	- 1.2	+ 1.3	- 1.2
	1990	(b) 98.87	0.0	+ 1.4	- 1.9
	Forecast 1991	(b) 97.00	- 1.9	+ 1.5	- 2.0
USSR	1989	(a) 108.50	+ 1.6	+ 2.0	- 0.0
	1990	(a) 108.70	+ 0.2	+ 1.0	- 0.2
	Forecast 1991	(a) 97.83	- 10.0		
United States	1989	(a) 65.43	- 0.6	+ 1.0	- 1.0
	1990	(a) 67.26	+ 3.0	+ 3.0	- 0.0
	Forecast 1991	(a) 68.27	+ 1.5	+ 1.0	- 0.2
Poland	1989	(a) 16.40	+ 4.0	+ 1.6	+ 3.8
	1990	(a) 15.76	- 4.0	- 0.4	- 6.0
	Forecast 1991	(a) 14.64	- 7.0		- 4.0
New Zealand	1989	(a) 7.35	- 1.5	- 3.6	+ 3.2
	1990	(a) 7.72	+ 5.0	+ 0.3	+ 4.9
	Forecast 1991	(a) 7.75	+ 0.4	+ 0.3	+ 1.0
Canada	1989	(a) 8.05	- 4.4	+ 1.3	- 1.2
	1990	(a) 8.05	0.0	+ 3.0	- 3.0
	Forecast 1991	(a) 7.86	- 2.4	+ 0.5	- 2.0
Japan	1989	(a) 8.06	+ 5.9	+ 4.4	+ 1.0
	1990	(a) 8.22	+ 2.0	+ 3.0	- 1.0
	Forecast 1991	(a) 8.30	+ 1.0	+ 1.8	- 0.8
Australia	1989	(b) 6.53	+ 3.7	+ 2.4	- 1.0
	1990	(b) 6.41	- 1.8	+ 1.0	- 1.5
	Forecast 1991	(b) 6.41	0.0	+ 2.6	- 2.6

In Israel, milk production had increased continuously over a number of years. Faced with a sharp decline in domestic demand for all dairy products except fresh cheeses, the Milk Marketing Board took steps to cut milk production quotas. Subsidies were cut and retail prices increased by 9 per cent in real terms. 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. Production continued to decline in 1990 by 3.4 per cent to 920 thousand tons. In 1990, Israel had an average yield of 8,520 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 1.7 per cent to 147 million tons in 1990 and the degree of self-sufficiency was expected to increase in the next few years. Several importing developing countries embarked on very ambitious development programmes.

The largest producer in the developing regions, India, experienced further rapid expansion of its dairy industry as a combined result of favourable weather, strong consumer demand and conducive government policies. During the seventh five-year plan period, which ended in 1989/90, total milk production grew by almost 30 per cent to 51.5 million tons. Under the "Operation Flood" project milk procurement doubled and the number of farmers covered by the project more than doubled to about 8 million. The 1991/92 milk production target was 57.5 million tons compared with a production of 55 million tons in 1990/91. While demand was still rising and government policy remained conducive to dairy development, meteorologists expected a below normal monsoon in 1991/92. If such predictions materialized and growth in milk production slowed, this could bring supply and effective demand back into balance, following the accumulation of some surpluses and their sale abroad in recent years. India, the largest recipient of food aid in the past, recently ceased to receive such assistance for its dairy development programme. Milk output was projected to rise by about 20 per cent to 61 million tons by 1995. Per capita consumption could increase from its present level of 58 kgs. per year to about 68 kgs., and should, together with a population growth of 2.2 per cent, result in a balance between production and consumption. In 1990, it was notably cow's milk production that continued to increase, while that of buffalo milk decreased. As cow's milk production was concentrated in Western parts of the country, some of the increased production could be offered for export to the Middle East, rather than sold in Eastern parts of India.

China's production of milk increased throughout the 1980's, as a result of increased cow numbers and more emphasis in national plans on the nutritional value of milk consumption. 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. As a result of these developments, China which like India was traditionally among the main recipients of food aid in dairy

products, had recently also offered some milk products in international markets. China's target for production of milk from cows and goats in 1991 was somewhat over 5 million tons, 6 per cent more than actual output in 1990. 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. In 1989/90 a sharp increase in producer and consumer prices for milk, as well as a slowdown in economic growth, reversed the upward trend in demand for liquid milk and fresh dairy products, leading to increased manufacture of milk powder and accumulation of stocks. However, demand for milk products and production of milk rose again at a fast pace in 1990/91, maybe as much as 10 per cent, when milk prices were left unchanged. Most recently, output appeared to have lagged behind demand, leading to increased imports of milk powder and relaxation of a previously restrictive import policy.

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 benefited from good weather and obtained significant increases in 1990.

In a few Latin American countries, the dairy industry continued to be stimulated by economic growth and rising demand. Mexico's milk production continued to rise sharply, up an estimated 4 per cent for 1990 to 9.3 million tons. A further increase by 6 per cent was projected for 1991. Assuming normal weather, Mexican milk output should rise further, reflecting the up-grading of the genetic potential of the dairy cattle population through sizable imports of breeding animals and more conducive government policies. Even so, as the government was committed to large-scale distribution of dairy products under social programmes, Mexico would remain one of the world's largest importers of milk powder due to a growing domestic demand. Milk production in Brazil recovered in 1989 to its 1987 level and increased by 6 per cent in 1990 to 14.2 million tons. A further increase of 6 per cent was projected for 1991. The Government of Brazil recently began implementation of its March 1990 tariff reform programme. The programme will result in import tariffs on dairy products ranging from zero to 40 per cent, with an average tariff of 20 per cent by 1994. The dairy commodities that would be affected by this revision were skimmed milk powder, butter and cheese. Favourable milk prices in Chile stimulated production in 1990 which then reached 1.42 million tons. Production was projected to increase by as much as 10 per cent in 1991. Cuba's dairy industry, which depended heavily on imported milk powder and butterfat for recombining, encountered increasing difficulties owing to

economic adjustment and reorientation of trade with its traditional trading partners. Following stagnation during most of the 1980's, Cuban milk production decreased by about 10 per cent in 1990 to 1 million tons.

Consumption

World consumption of liquid milk over the last ten years increased at an average annual rate of 1 per cent. In per capita terms, the consumption of milk remained rather stable at nearly 46 kgs. throughout this period. In 1990, worldwide fluid per capita milk consumption was expected to have reached the 1984 record level of 47.2 kgs. For obvious reasons, variations existed between countries and regions in the annual 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 showed preference for semi-skimmed types of milk and other light products. The switch from whole milk to partially skimmed milk continued in 1990 and 1991, with sharp increases in consumption of the latter registered in many countries in Europe and in North America. In some Central and 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. World consumption of liquid milk in 1991 was expected to increase by 1 per cent compared to 1990. Significant gains in consumption were anticipated in the Community, the United States, Japan, Mexico, Brazil, India and Chile. Little change in consumption should occur in Eastern Europe.

The principal area of growth in consumption was Asia, where both in developed and developing countries, rising incomes and changing food consumption habits provided a strong boost to demand for milk and dairy products. Many countries subsidized school milk and other campaigns to promote milk consumption. As a result, per capita milk consumption steadily increased, principally in Japan, the Republic of Korea, Thailand, Indonesia, China and India. In 1990, the biggest gains in total consumption of liquid milk came from Japan and China, whose milk consumption increased 5 per cent from 1989 levels. This was largely due to changes in the eating habits and, in turn, an increased demand for milk by consumers. Consumption increased to some extent as a consequence of milk distribution programmes also in Latin America.

The consumption of other fresh milk products such as yoghurt and other fermented or flavoured milks increased steadily in a number of countries and was expected to continue its upward trend. The consumption of flavoured milks was also developing rapidly. In the Community, fresh product output increased by 2.4 per cent in 1988, 1.5 per cent in 1989 and 0.8 per cent in 1990. It was estimated that more than

30 per cent of the milk collected was now marketed in this form. This recent development clearly reflected the underlying trend in consumption. There was a potential demand for yoghurt and flavoured milks in many developing countries, but consumption continued to be hampered by relatively high prices.

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 still remained limited in quantitative terms. The appearance and developments of dairy substitutes and imitations entailed some concern as to the effect this could have on the dairy market in the future and a possible need for 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 providing warning and assurance to consumers.

The Situation for Individual Dairy Products

Butter and Anhydrous Milk Fat

Butter

Production

World production of butter and butter oil, which had increased by 1.4 per cent in 1989, continued to increase at a similar rate in 1990, to 7.70 million tons. 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 an accumulation of butter stocks, notably public intervention stocks, and increased quantities offered for exports. World production during 1991 was expected to total 7.55 million tons, down 2 per cent from the previous year. The accumulation of stocks and weakening prices were the principal reasons for the dampened outlook.

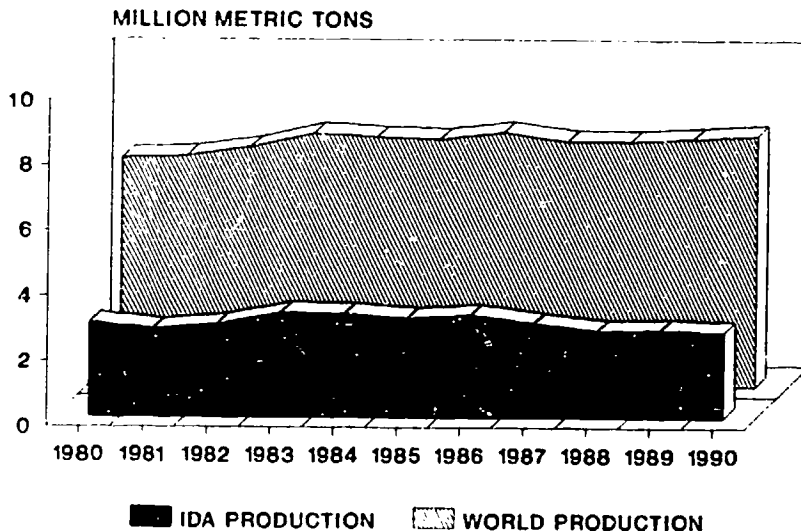
In the Community, the tendency towards lower fat products on the liquid milk market generally continued. This in conjunction with the higher fat content of the milk delivered to dairies and reduced production of whole milk powder, resulted in an increase by 2.4 per cent in butter production to 1.60 million tons in 1990. However, the outlook for 1991 was for a decrease in butter output of the same order, production returning to its 1989 level. This was nevertheless less than the decline in consumption, and problems and concerns related to the surplus of butter were persisting.

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 11.8 per cent to 275 thousand tons, but still remained lower than the output of 280.7 thousand tons in 1987/88. For 1990/91, production was similar to that in the previous season, despite the increase in milk output. 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 rose by 2.1 per cent during 1990/91 to 113.5 thousand tons. In 1990, butter production increased further in Sweden, but declined in Norway and remained stable in Finland. The outlook for 1991 was for decreases in production in the Nordic countries with a further decrease forecast for 1992 in Finland. In Poland, production of butter decreased by 6.5 per cent to 270 thousand tons in 1990 and a sharper decrease was forecast for 1991.

United States butter production increased by 1.7 per cent in 1990, reaching 587 thousand tons. The shift in consumption toward lower-fat milk products has been an incentive to increase the output of such products, resulting in an increased quantity of milk fat being diverted to butter production. However, the outlook for 1991 was for a decline in butter output by 2.3 per cent to 570 thousand tons. Canadian butter production decreased by 1.6 per cent to 99 thousand tons in 1990/91, due to quota cuts caused by declining consumer demand and increased production of cheese. The outlook for 1991/92 was for a sharp decrease in output of butter by 6.5 per cent to 92.5 thousand tons.

USSR production, which had increased modestly in 1989 and 1990 amounting to 1.80 million tons, dropped by as much as 13 per cent in the first six months of 1991, and was estimated to have declined substantially in 1991. Moreover, margarine production also went down by 22 per cent in the first half of 1991, and a sharp decline in production was likely for the year as a whole. In developing countries, butter/butter oil production increased by 3.2 per cent in 1990 to some 1.91 million tons.

BUTTER PRODUCTION 1980-1990



Consumption

Butter consumption for 1990 declined by about 2 per cent in relation to 1989. Usage in the EC and other Western European countries dropped further in 1990 but consumption in the United States, the USSR and India was reportedly up over 1989. World per capita consumption, which averaged 2.7-2.8 kgs. over the last ten years, stagnated or declined slightly through 1990. In 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 1990 and 1991, providing funds for subsidized butter to be used in pastry products, ice-cream and sugar confectionery. The Community subsidized the disposal of 368 thousand tons of butter in 1990, 15 thousand tons more than in 1989. This quantity represented around 25 per cent of total butter consumption and went mostly for pastry and ice-cream manufacture. Such disposals of butter might increase to 400 thousand tons in 1991. Total Community consumption of butter nevertheless declined by 3.2 per cent in 1990 and by another 2.7 per cent in 1991. The decline was due to higher prices, increased supply of imitation products in some member States and dietary concerns. Butter consumption was expected to decrease to a level of around 4.4 kgs. per head by 1997. Consumption of margarine seemed to be very stable at a level of about 4.7 kgs. per head, whereas consumption of spreads appeared to increase.

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.

Increased retail prices adversely affected butter consumption in Central and Eastern Europe in 1990. In 1990, average consumption per head in Poland was estimated to have been halved. In contrast, Romanian, butter consumption increased in 1990. In early 1990, exports were curbed and restrictions on imports eased, with commercial imports being supplemented by food aid. Later in 1990 Bulgaria took a similar decision with a view to maintaining supplies for domestic consumption.

In Australia, domestic sales of butter, butter blends and butter oil increased marginally (by 0.5 per cent) to 57 thousand tons in 1990/91. However, the rapid growth of the butter blend market allowed butter to increase its share in the domestic table spread market at the expense of margarine at a time when total retail demand for spreads was gradually declining. 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 blended spreads; i.e. 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. Butter consumption declined by 7 per cent in 1989/90 and by a further 2.2 per cent in 1990/91. Greater expenditure on general and branded promotions reduced the decline in butter consumption to some extent.

In the United States, butter consumption increased in 1990 by 2 per cent to 490 thousand tons and was expected to rise an additional 3 per cent in 1991. This increase was largely due to lower butter prices. In Canada, butter consumption continued to decrease by around 2 per cent in 1989/90 and in 1990/91. The Canadian Milk Supply Management Committee has given the Canadian Dairy Commission the mandate to develop market initiatives to promote increased milk fat consumption in Canada and to develop specific projects to achieve this goal. The objective of the programme is to increase the utilization of butterfat in the domestic market, and thereby to moderate the future cost in Market Sharing Quota (MSQ). Under this programme, the Commission will provide assistance on an initial three-year basis to processors to market products such as clarified butter, ghee (semi-fluid clarified butter), butter with reduced cholesterol, butter oil and milk fractions. These are all full-fat products which would offer new market opportunities or would enhance existing low volume markets that are now in decline. The assistance granted will be financed through levies collected from dairy producers.

Consumption of butter and milk products in general rose in the USSR, not withstanding reported local shortages and widespread rationing of distribution by State shops. With domestic output and imports increasing, total butter consumption in the USSR reached about 2.2 million tons in 1990, more than a quarter of global consumption. However, the relatively high consumption level of about 7.5 kgs. per head reflected, to a large extent, heavy subsidization. Economic reforms were likely to affect domestic prices and per capita consumption of dairy products.

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 and 1991, facing a slack import demand and the market deteriorated further. World exports at 1 million tons in 1988, largely due to deliveries under derogations, declined in 1989 to 800 thousand tons, and to some 700 thousand tons in 1990. In 1990, it was notably Community and United States exports that declined.

At its meeting of December 1990, the Committee of the Protocol Regarding Milk Fat noted that economic changes in the USSR were disrupting the established channels for food procurement and distribution and that an emergency situation had developed with an urgent requirement for imports of food, including butter, on special terms. In light of the situation and the facts presented, the Committee, acting in conformity with Article 7:1 of the Protocol, granted a derogation from the provisions of the Protocol with respect to the minimum export price for butter for exports to the USSR up to a maximum quantity of 200,000 metric tons per participant, for butter exclusively for consumption in that country. Sales contracts were to be concluded before 15 January 1991 and deliveries completed by 30 September 1991. However, a provision of the derogation permitted deliveries to be completed during the period 1 October-31 December 1991 if the USSR was unable to take receipt of the deliveries by 30 September 1991. Sales of 311 thousand tons were contracted under that derogation. However, for certain participants, it had not been possible to complete the deliveries by 30 September 1991 mainly due to payment difficulties experienced by the USSR. Uncertainties persisted as to whether the quantities initially contracted would be delivered in their entirety by the end of December 1991.

In 1991/92, there was a substantial need for dairy products, and other food items, to be supplied to the USSR area for food relief purposes and on other than normal commercial terms. A number of participants to the Arrangement stressed the commercial importance of this market and sought assurances that any decision to provide food aid in response to the request from the USSR should be such as to cause minimum disruption to the commercial market.

The Community exports of butter to third countries (including butter oil) declined by 38.5 per cent amounting to only 394 thousand tons in 1989. A large quantity again went to the USSR at prevailing world market prices. In 1990, exports of butter/butter oil estimated at 225 thousand tons registered a further substantial decline of 43 per cent in relation to 1989. Pursuant to the Decision adopted on 12 December 1990, a contract for the supply of 200,000 metric tons of Community butter to the USSR had been concluded. However due to payment difficulties experienced by the USSR, only a small quantity had been shipped by the end of September. In order to finalize the deal, certain questions still had to be dealt with or were in the process of being solved. The question of guarantees for payment and the question of prices were not yet solved.

In 1989, exports by New Zealand amounted to only 138 thousand tons compared to 184 thousand tons in 1988 but recovered to 163 thousand tons in 1990. The European Communities remained a major market. 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 was fixed at 64,500 tons and 61,340 tons for 1989 and 1990 respectively. For subsequent years, Community imports of butter from New Zealand under the special arrangement will be progressively further reduced to the following quantities: 58,170 tons in 1991 and 55,000 tons in 1992. The arrangements

provided for a reduction in the special import levy from 25 per cent ad valorem to 15 per cent. Other important outlets for New Zealand butter were Iran and the USSR. Pursuant to the Decision adopted on 12 December 1990, New Zealand contracted to supply some 100,000 metric tons of butter to the USSR at a price of US\$1,150 per metric ton f.o.b. stowed. Deliveries under this contract were delayed due to payment difficulties experienced by the USSR, but were expected to be completed by the end of 1991. New Zealand sold a further 32,400 metric tons to Iran at the minimum export price of US\$1,350 per metric ton f.o.b.

Australian exports of butter/butter oil 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. However, exports of butter/butter oil recovered in 1990/91, the main outlets being the USSR, Japan and traditional Asian markets. Within the terms of the Decision adopted on 12 December 1990, Australia contracted to supply 4,000 metric tons of butter to the USSR at a price of US\$1,150 per metric ton stowed. Shipments were completed in the first half of 1991.

Exports of butter by the Nordic Countries increased in 1990. However, they were likely to decrease in 1991 due to weak demand with a further decrease in Finland forecast for 1992. In accordance with the Decision adopted on 12 December 1990, Finland concluded a contract to deliver 7,000 tons of butter to the USSR, at a price of US\$1,200 per metric ton. The deliveries were completed in the first half of 1991.

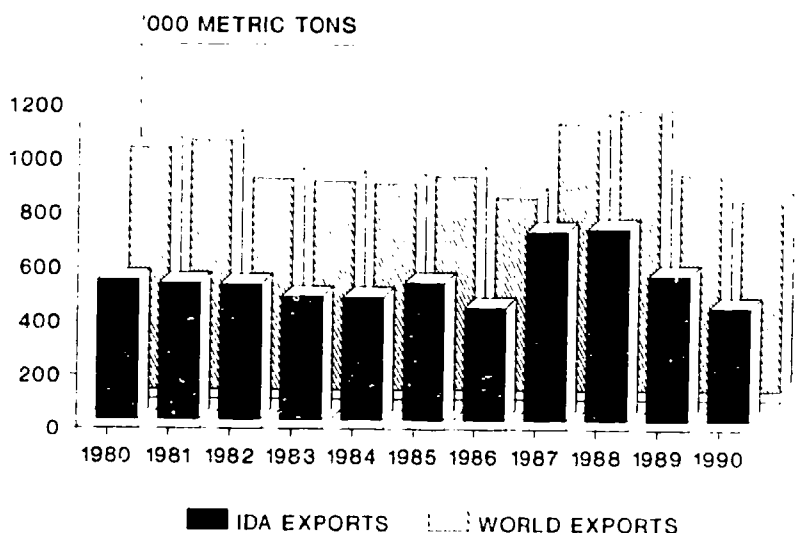
Exports of butter by Argentina increased substantially in 1989 reaching 6.2 thousand tons against 0.8 thousand tons in 1988. Exports increased by a further 20 per cent in 1990, amounting to 7.4 thousand tons, and expansion continued in early 1991. These increases were mainly due to reduced domestic consumption.

As a consequence of increased production and decreased consumption, Poland resumed its exports of butter in early 1990. For the whole year of 1990, exports amounted to 30 thousand tons. However, as a result of the significant decline in milk output in the autumn and winter, Poland had to import some 5 thousand tons of butter during the first half of 1991. 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, Romanian imports of butter in 1990 amounted to 23.8 thousand tons out of which 12.5 thousand tons were within the food-aid programme, mainly supplied by the EC and the United States.

After having declined for three consecutive years to a level of some 9 thousand tons, United States butter exports increased substantially in 1989. Larger milk production resulted in increased 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 was not attained in any year. In 1990, United States exports of butter totalled 52 thousand tons, and could in 1991 reach 60 thousand tons mainly due to the implementation of the Dairy Export Incentive Program.

BUTTER EXPORTS 1980-1990



The Community imports of butter, which decreased to some 71 thousand tons in 1989, recovered to 116 thousand tons in 1990. New Zealand remained the main source of the Community imports. Imports into Switzerland again decreased substantially in 1990 and remained low also in 1991. Due to increased domestic production Polish butter imports were strongly reduced in 1989 and 1990, to respectively 11.5 thousand and 4.2 thousand tons, but they resumed in 1991.

Imports of butter into Japan averaged only 3 thousand tons a year in the early eighties but in 1988 reached a peak of 23.3 thousand tons, the main supplier being New Zealand. In 1989 imports at 10 thousand tons were substantially lower than in the previous year and decreased further in 1990 to 7 thousand tons. However, in the first six months of 1991 some 7,000 tons of butter were imported as the butter market situation continued to firm. Further imports of 11 thousand tons of butter were announced in September, bringing cumulative imports in fiscal year 1991 to 18 thousand tons.

The USSR, where consumption of milk and dairy products rose faster than production, remained the world's biggest importer of dairy products, mainly butter. In 1990, imports totalled approximately 3 million tons of milk equivalent. 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). In 1990, USSR imports of dairy products and meat were facilitated by a grant from Germany. Butter imports for the whole year of 1990, estimated at approximately 300,000 tons, increased by 20 per cent accounting for about half of world trade in this commodity. However, butter imports dropped by as much as 56 per cent during the first half of 1991 compared to the corresponding period of 1990.

The derogation adopted in December 1990, permitted sales at prices below the agreed minimum export price for butter, and at the closing date for contracting sales under that derogation, contracts had been concluded for 311 thousand tons. However, shipments were delayed mainly due to payment difficulties experienced by the USSR and uncertainties persisted as to whether the quantities initially contracted would be delivered in their entirety by the end of December 1991. Moreover, USSR consumption was expected to decrease following changes towards a market economy and reduced food subsidies. In April 1991, the USSR significantly increased retail prices for food commodities, including butter. At the same time the government announced income compensations. It was difficult to assess what the impact of these developments would have on the USSR market, especially on the demand side. A fall in demand in the USSR would have major repercussions on international trade in dairy products, especially butter. In addition, the lack of hard currencies might have negative effects on imports of butter, given the need for the USSR to import other agricultural products. For these reasons annual imports of butter in the near future might not exceed 200 thousand tons compared to annual average imports of 350 thousand tons between 1987 and 1990. However, if butter was to be offered at exceptionally low prices or as food aid, substantially larger quantities could be imported.

In March 1991, the Community took urgent action to supply Bulgaria and Romania with certain agricultural products, including respectively 2,000 tons and 5,000 tons 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.

Stocks

Total stocks of butter in the European Communities, North America and Oceania on 1 January 1990, at 383 thousand tons were 8 per cent lower than a year earlier. Stocks on 1 January 1991, estimated at 653 thousand tons, had registered an increase of 70 per cent as compared to 1 January 1990. Aggregate stocks of butter in the same area on 1 July 1991, estimated at 770 thousand tons, were 50 per cent higher than a year earlier. Concerns had been expressed that stocks of butter would be on the rebound as a result of the fall in demand. However, it was expected that the sales to the USSR under the derogation granted on 12 December 1990 would allow the disposal of a substantial quantity of butter and that by the end of 1991

TABLE 4

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

	1981-83 average	1987	1988	1989	1990
<u>Total</u>	<u>189.46</u>	<u>403.11</u>	<u>440.47</u>	<u>247.05</u>	<u>298.91</u>
of which from:					
Belgium	16.67	9.99	5.75	4.37	1.35
Denmark	-	5.00	-	-	-
Ireland	15.75	-	12.06	29.40	5.20
Netherlands	14.71	113.14	121.05	30.31	4.85
France	25.08	49.97	19.08	3.88	0.65
Germany, F.R.	-	133.00	183.00	64.98	58.49
<u>Total EC countries mentioned</u>	<u>72.22</u>	<u>311.10</u>	<u>340.94</u>	<u>132.94</u>	<u>70.54</u>
Hungary	3.48	1.06	1.00	5.38	24.96
Norway	1.67	-	-	-	-
Finland	9.34	6.10	8.79	7.85	18.34
Sweden	5.46	-	-	8.60	-
Canada	0.67	-	-	-	-
Uruguay	3.37	-	2.50	4.00	-
New Zealand	48.71	11.38	38.29	30.70	66.91
Others (unspecified origins)	44.38	73.47	48.95	57.58	118.16

Source: Foreign Trade Yearbooks of the USSR 1981 to 1990.

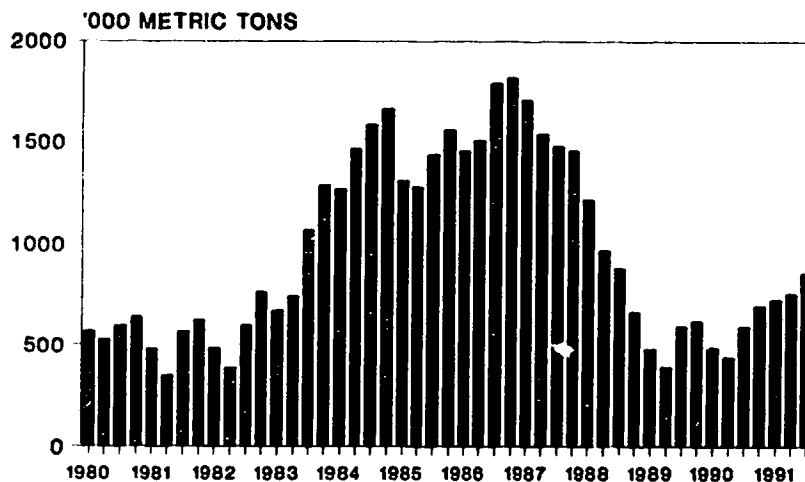
the market would be better balanced. Stocks of butter in Central and Eastern Europe on 1 January 1990 were higher than a year earlier and they continued to increase early in 1990 but later decreased and returned to normal levels at the end of that year. World stocks at the end of 1991 were forecast to reach 1.08 million tons, with the EC and the United States being the principal holders.

The Community stocks of butter were at 335 thousand tons (public and private) at the end of 1990 compared to 124 thousand tons one year earlier. 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 throughout the year of 1990 and in 1991. Despite the reduction in milk deliveries and the decrease in the production of butter, the reduction in exports and in the consumption of butter led to a consequent increase in butter stocks. Total stocks were at around 500 thousand tons at the end of September 1991 compared to 368 thousand tons a year earlier.

In Oceania, stocks of butter at 101 thousand tons on 1 January 1991 were 14 per cent lower than on 1 January 1990. They decreased during the first three quarters of 1991 as a result of increased deliveries of butter by New Zealand, mainly to the USSR and Iran. 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 was due to declining consumption in reaction to higher retail prices. However, following the significant decline in output of milk in the second half of 1990, butter stocks were completely wiped out and Poland had to resume its imports of butter in early 1991. As production continued to decline during the first half of 1991, stocks of butter at 11.6 thousand tons on 1 July 1991 were relatively low.

In the United States, government purchases of butter rose substantially, reflecting a jump in the surplus of high-fat products. Public stocks continued to swell in 1989 and early 1990 and were at 160 thousand tons on 1 January 1991, up by 28 per cent on their level a year earlier. Government support purchases of butter in 1990 at 181 thousand tons were large but nevertheless 3 per cent down from a year earlier, reflecting smaller production and larger commercial use. Public stocks were estimated at 270 thousand tons at the end of September 1991 compared to 170 thousand tons a year earlier. Canadian stocks reached 28 thousand tons at the end of December 1990, the double of their level a year earlier. However, they were expected to decline substantially by the end of 1991.

BUTTER STOCKS 1980-1991 IDA PARTICIPANTS *



* Includes Austria, Canada and the US

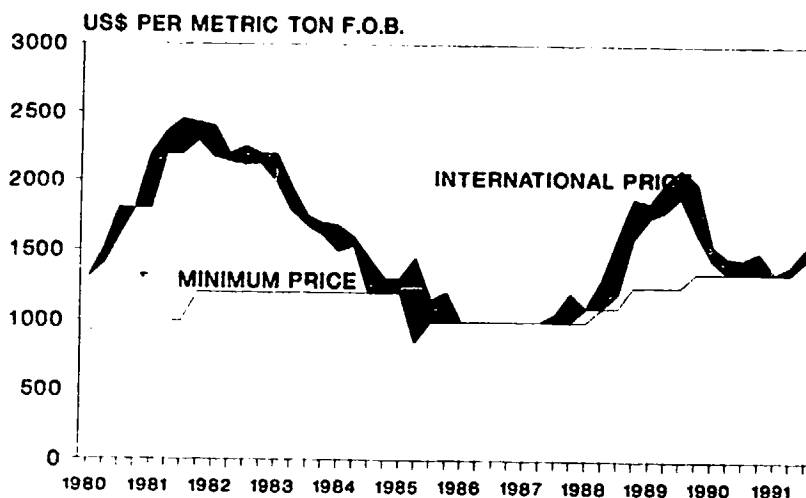
International prices

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. However, prices started to weaken towards the end of the year and the decline continued in 1990. 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\$1,500 per ton f.o.b. in the last three quarters of 1990. In the first two quarters of 1991, the market situation continued to worsen with the accumulation of stocks, following a persisting decline in butter consumption in many countries and an extremely weak international demand leading to a further drop in prices to the level of US\$1,350 per ton f.o.b., i.e. the minimum export price. In practice, few sales were made at the minimum price. Moreover, certain offers and sales were reportedly made at prices below the minimum export price. However, some firming in prices was registered in the third quarter partly due to the weakening of the United States dollar; consequently, prices ranged between US\$1,450 and US\$1,540 per ton f.o.b. Actual sales volume recorded at these levels remained negligible and uncertainties persisted as to the price situation for the coming months.

Concern was expressed as to the unsatisfactory situation dominated by a fragile butter market, and the Committee of the Protocol 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 and September 1991, the Committee decided to maintain the minimum price unchanged at US\$1,350 per metric ton f.o.b.

BUTTER PRICES 1980-1991



Anhydrous Milk Fat

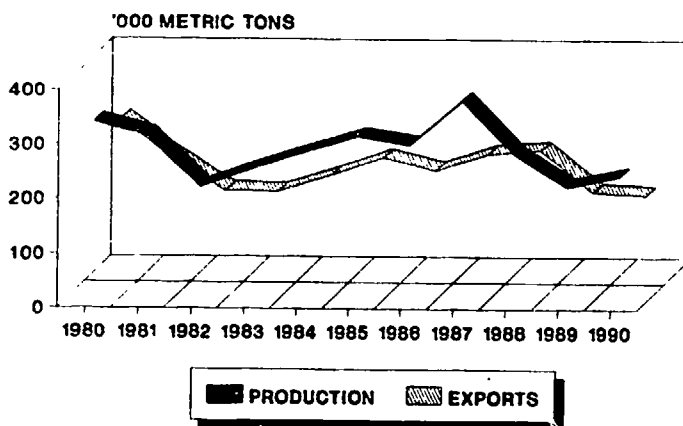
Production and trade

Output of anhydrous milk fat of the European Communities and Australia was higher in 1990 than in the previous year, while production in New Zealand registered a decrease in 1990. Exports by New Zealand increased substantially in 1990, while exports by Australia and the European Communities declined.

Food aid

Community food-aid programmes provided for a maximum of 25 thousand tons of butter oil in 1989 and for 18 thousand tons of butter oil in 1990. Actual food-aid deliveries in 1990, amounted to 9 thousand tons in relation to 15 thousand tons delivered in 1989. In February 1990, the Community took emergency action to supply Romania with certain agricultural products including 2.5 thousand tons of butter.

ANHYDROUS MILK FAT PRODUCTION AND EXPORTS 1980-1990



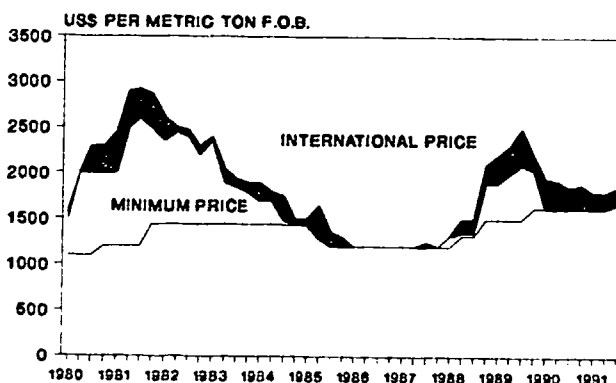
• IDA participants only

International prices

International prices of anhydrous milk fat which fluctuated between US\$1,900 and US\$2,500 per ton f.o.b. in the first nine months of 1989 started to weaken in the fourth quarter ranging between US\$2,050 and US\$2,200 per ton f.o.b. Prices continued to decrease in 1990 ranging between US\$1,625 and US\$1,950 per ton f.o.b. during the first half of the year, and fell further in the second half of the year with prices ranging between US\$1,625 and US\$1,880 per ton f.o.b. In the first half of 1991, prices fluctuated between US\$1,625 and US\$1,800 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. Some firming in the market was registered in the third quarter of 1991 when prices ranged between US\$1,675 and US\$1,850 per ton f.o.b. mainly due to the weakening of the United States dollar. The market situation remained, however, unstable.

As regards the future outlook, prices and sales of anhydrous milk fat remained sensitive to competition from vegetable oils and uncertainties persisted in the market. In its reviews of September 1990 and September 1991, it was nevertheless decided to maintain the minimum export price at the level of US\$1,625 per ton f.o.b.

ANHYDROUS MILK FAT PRICES 1980-1991



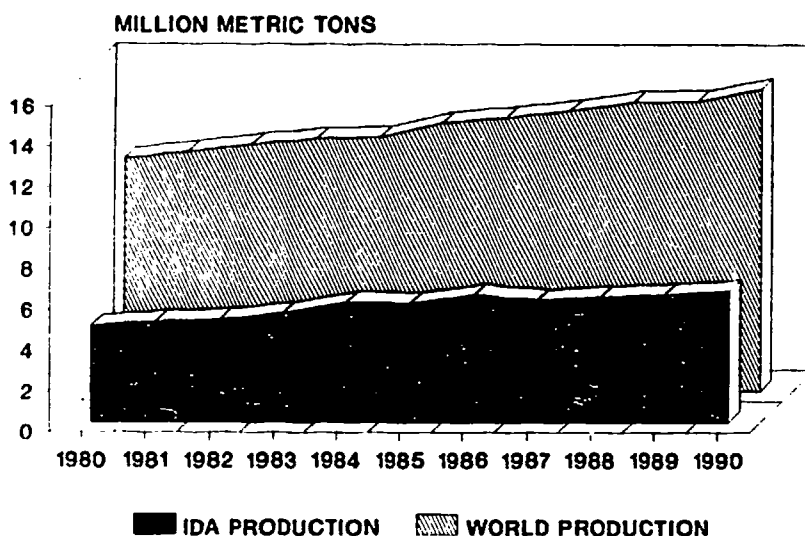
Cheese

Production

World output of cheese (all kinds including curd) at 14.65 million tons in 1990 was 1.6 per cent more than in 1989. The trend was very similar in all regions, but with some variations from one country to another. In the European Communities, cheese production in 1990 reached 4.65 million tons, an increase by 3 per cent over 1989. 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 1991, a further increase was expected, with cheese production at 5.04 million tons being almost 8 per cent higher than in 1990.

In Australia, production of cheese decreased by 8 per cent to 175 thousand tons in 1989/90. This fall reflected reduced import demand in Japan and relatively unfavourable prices for cheese in the first half of the year. Despite more milk being available for manufacturing, cheese production remained at 176 thousand tons in 1990/91, virtually the same as in the previous 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 was held at levels similar to that in the previous season. Appreciable gains were recorded in 1990 in most other participating countries and further increases were forecast for 1991.

CHEESE PRODUCTION 1980-1990



Following continued growth in commercial demand, United States cheese production reached 2.75 million tons, increasing 8 per cent in 1990. Much of the increase in the milk supply was absorbed by cheese manufacture. This increase would have been greater if skimmed milk powder demand had been less strong. The outlook for 1991 was for a further increase by 5 per cent to 2.88 million tons. Production in Canada was projected to grow in 1990/91 by 2 per cent to some 252 thousand tons, in response to rising domestic demand. In the USSR, production of cheese (excluding curd and fresh cheese) in 1990 at 915 thousand tons, was around 2 per cent higher than in 1988. A further increase was projected for 1991. USSR production of curd and fresh cheese was estimated to have exceeded 1 million tons in 1990. Production of cheese in developing countries which was around 12 per cent of total world output, hardly changed in 1990.

Consumption

World per capita cheese consumption showed regular growth with an average annual increase of over 2 per cent during the 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 the nineties. In 1989 and 1990, cheese consumption developed appreciably in North Africa and the Middle East.

Cheese consumption for the major producing countries continued to expand, up 3 per cent in 1990. In the European Communities, a gain of 2 per cent was registered in 1990. The outlook for 1991 was for continued growth in total cheese consumption of more than 2 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 increase.

The United States market continued to show strong growth in cheese use with annual gains at 2 per cent in 1989 and around 5 per cent in 1990. Favourable economic conditions and strong import demand led to a substantial increase in consumption in 1990, despite higher prices. 1990 appeared as a year when unidentified factors, perhaps intensive brand advertising, triggered an extraordinary expansion. A further 6 per cent gain was projected for 1991.

The expansion in demand and consumption of cheese has encouraged the development and production of imitation cheeses, but such products still captured only a marginal market share in 1990. 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.

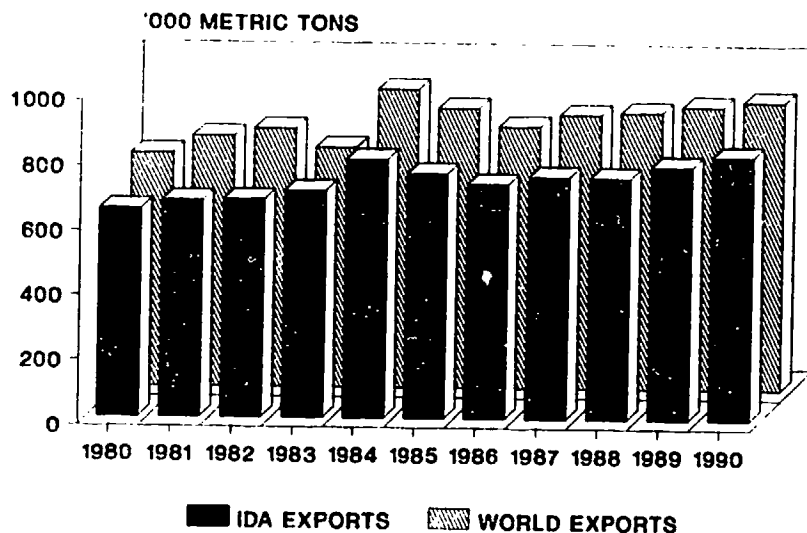
Trade

World exports of cheese were up 2 per cent for 1990 and reached some 887 thousand tons. The outlook for 1991 was for a further growth of the same order. The international cheese market was dominated by exports from Western Europe and New Zealand, which together accounted for over 75 per cent of world cheese exports.

The Community cheese exports expanded by 4.2 per cent in 1990 to 464 thousand tons. In the first half of 1991, Community cheese exports reached only 197 thousand tons, 7.5 per cent less than in the corresponding period of 1990.

New Zealand exports reached 95.8 thousand tons in 1990, being 13.3 per cent above their level in 1989 and continued to increase in 1991, with 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 2,450 tons of low-quality cheese under derogation in 1990 and in the first half of 1991. Australian exports of cheese declined 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. Total exports of cheese recovered in 1990/91, with increased sales to Japan. In 1990, Australia notified its intention to sell about 1 thousand tons of low-quality cheese under derogation to different countries in Europe.

CHEESE EXPORTS 1980-1990



Exports by Switzerland decreased by 5.4 per cent in 1990 and amounted to 61.4 thousand tons. Exports of Finland increased to 29 thousand tons in 1990 but were, in the first half of 1991, 15 per cent lower than in the same period of 1990. Exports by Argentina registered a substantial increase in 1990 (by as much as 60 per cent), totalling 22.5 thousand tons, four times average exports in 1981-83. The main destinations were Brazil and the United States. Sales by Bulgaria, dropped by as much as 18 per cent in 1990, to 18 thousand tons and continued to decline in 1991.

Cheese exports from the United States recovered slightly in 1990 to only 12 thousand tons but were projected to decline in 1991 to a five-year low of only 5 thousand tons. This was due in part to strong domestic demand and high prices for cheese. Canadian exports of cheese dropped slightly in 1990 and 1991, while exports from Austria remained relatively stable.

On the import side, Community imports at 117 thousand tons in 1990, 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 and in 1990, imports of natural cheeses registered a further decrease to 106 thousand tons. The main suppliers were the European Communities, New Zealand and Australia. Domestic demand for cheese, which had nearly doubled in ten years, was likely to continue to increase, and apart from the set-back in 1990-91 imports had increased substantially. In the first half of 1991, imports recovered due to an increase in demand and, for the whole year 1991, imports could reach a new record level. In Switzerland, imports of cheese increased by 5.3 per cent in 1990 to 25.9 thousand tons and continued to increase in 1991.

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 were up 9 per cent to a five-year high of about 136 thousand tons. However, little change was expected in imports in 1991.

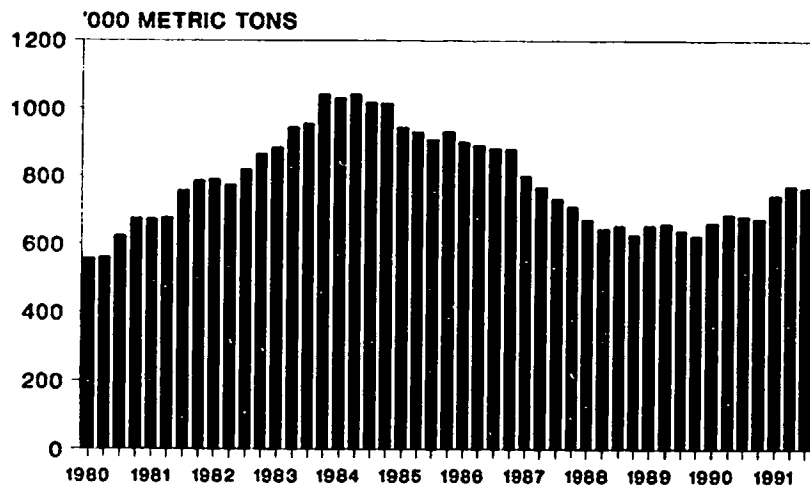
Import demand for cheese in North Africa and the Middle East was again strong and increasing in 1989, with imports of Feta cheese into Egypt and Iran increasing by more than one third compared to 1988. Import demand in these areas remained lively in 1990, although the trade blockade of Iraq and Kuwait and transportation problems caused by the military conflict in the Gulf had adverse effects on cheese imports into countries in the area in 1990/91.

Stocks

Cheese stocks, on 1 January 1991, were higher than one year earlier in the Community, while they were low in Australia, New Zealand and the Nordic countries. On 1 January 1991, United States stocks were higher than one year earlier, but nevertheless amounted to only one half of their average levels in 1981 to 1983. For all countries for which statistics on cheese stocks were available, there was an increase in stocks of 2.5 per cent in 1990 compared to 1989. However, world ending stocks for cheese in

1991 were forecast to be 3 per cent lower than a year earlier. With the exception of the United States, most large dairy producers should see declines in cheese carry-over as more production was channelled into either domestic consumption or export trade. However, the recent announcement that cheese would be included in the Dairy Export Incentive Program might dampen the growth also in United States cheese stocks in the future.

CHEESE STOCKS 1980-1991 IDA PARTICIPANTS *



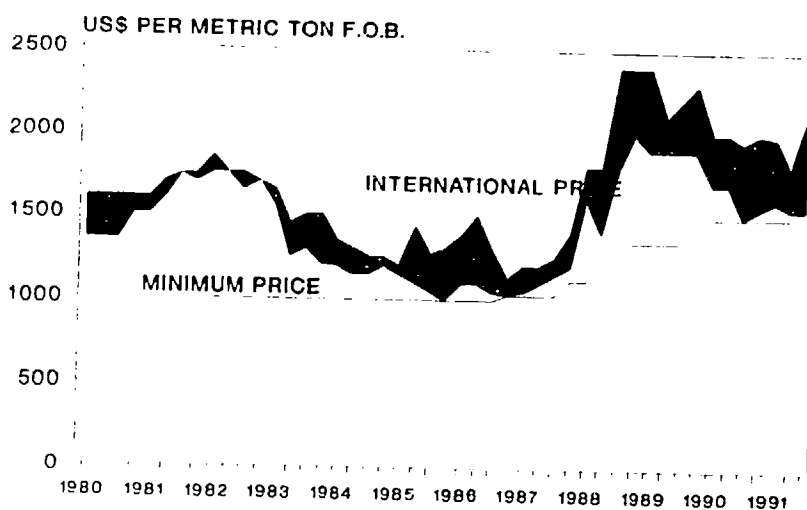
* Includes Austria, Canada and the US

International prices

Cheddar cheese prices 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 further ranging between US\$1,700 and US\$2,000 per ton f.o.b. A further weakening was registered for Cheddar cheese prices in the second half of the year probably in reaction to plentiful supplies offered for export and high stocks of produce for ripening. Quotations fluctuated between US\$1,500 and US\$1,950 per ton f.o.b. in the third quarter and between US\$1,550 and US\$2,000 per ton f.o.b. in the fourth quarter. In the first half of 1991, Cheddar cheese prices fluctuated between US\$1,600 and US\$1,980 per ton f.o.b. in the first quarter and in the lower range of US\$1,550 to US\$1,800 in the second quarter. In the third quarter of 1991, prices ranged between US\$1,550 and US\$2,100 per ton f.o.b. However, for most of the cheeses covered by the Protocol, the market situation was steady and prices remained well above the agreed minimum export price. Prices were expected to firm in coming months, as import demand was sufficient to absorb the increased supplies, notably in the case of speciality cheeses.

In its reviews of September 1990 and September 1991, the Committee of the Protocol Regarding Certain Cheeses decided to maintain the minimum export price unchanged at US\$1,500 per ton f.o.b.

CHEESE PRICES 1980-1991



Milk Powders

Skimmed Milk Powder and Buttermilk Powder

Production

World production of skimmed milk powder in 1990 reached 4 million tons. This was 5 per cent higher than in 1989 with a recovery in Western Europe and Australia offsetting declines in North America, New Zealand and Poland. However, world production in 1991 was forecast to decline by about 3 per cent as decreases were projected in the European Communities and in North America.

After having decreased sharply in previous years, output of skimmed milk powder in the European Communities started to recover in 1989 and showed a further strong increase of 12.4 per cent to 1.60 million tons in 1990. This was largely due to the substantial cutback (by 20 per cent) in casein production and in the use of liquid skimmed milk for animal feeding. In the first half of 1991, however, production fell by more than 6 per cent compared to the first half of 1990.

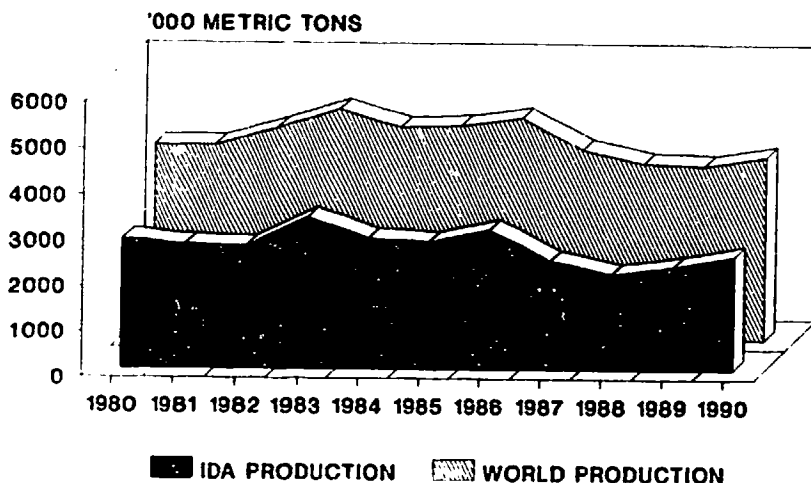
In New Zealand, production of skimmed milk powder declined by 10 per cent to 152 thousand tons in 1990 compared to 1989. Buttermilk powder production increased by 6 per cent in 1990 to 27.6 thousand tons. In Australia, production of skimmed milk powder/buttermilk powder increased

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. With the international casein market remaining depressed in 1990/91, skimmed milk powder production moved in line with butter/butter oil production. Skimmed milk powder production in 1990/91 of 146.7 thousand tons was 8.4 per cent above the corresponding level in 1989/90. Buttermilk powder production increased by 5 per cent in 1990/91 to 9.1 thousand tons. 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 remained at that level in 1990. However, production recovered in the first half of 1991. In Poland, production increased by 10 per cent in 1989 to 175 thousand tons but decreased by 8 per cent in 1990. Production of skimmed milk powder by other participants followed varying trends in 1990.

In the United States, non-fat dry milk production continued to decline in 1990 by 0.5 per cent to 395 thousand tons despite the expansion in milk production. Less milk was being used for butter-skimmed milk powder and more for cheese production. As sales of lower fat products continued to increase, demand for liquid skimmed milk trimmed skimmed milk powder output. In the first half of 1991, United States production of non-fat dry milk recovered appreciably. Canadian production in 1989/90 declined by 10 per cent and by another 8 per cent in 1990/91 to 86 thousand tons due to a reduction in industrial milk quotas.

Production in the USSR continued to increase in 1989, reaching 543 thousand tons and registered a slight gain also in 1990. Output in India increased by as much as 13 per cent in 1989 to 90 thousand tons and by another 6 per cent to 95 thousand tons in 1990. The outlook for 1991 was for a further increase to 100 thousand tons. Brazilian production also showed a steady increase from 50 thousand tons in 1989 to 60 thousand tons in 1990 and was expected to expand to 70 thousand tons in 1991.

SKIMMED MILK POWDER PRODUCTION 1980-1990



Consumption

World consumption of skimmed milk powder remained stable in 1990 and this stability was likely to continue into 1991. In the European Communities, total domestic consumption declined in 1989 and 1990. However, this was due to reduced use of powder by the compound feed industry. 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 1990 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. However, it was forecast that disposals of skimmed milk powder as livestock feed in domestic markets would increase to 1 million tons in 1991, i.e. some 60 per cent of production. 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. However, the aid level was reduced from ECU 70 per 100 kgs. to ECU 65 per 100 kgs. as of 1 May 1991.

In Japan, where total consumption declined by 4.5 per cent in 1990 about one fourth of the consumption was used for animal feed. In the United States a substantial increase by as much as 20 per cent was registered in 1990 in domestic consumption. However, the outlook for 1991 was for a sharp decrease of the same order, consumption regaining its level of 1989. The use in animal feed dropped to negligible levels. In Canada, total domestic consumption rose in 1989/90 by 9 per cent and one fifth of the consumption was used for animal feed. For 1990/91, however, domestic consumption was expected to decline by 7 per cent.

Trade

Following continued tightness in world supplies with the decline in production and the negligible level of stocks, world exports of skimmed milk powder declined further in 1990 to some 900 thousand tons. This was 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 408 thousand tons, i.e. a decline by 34 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. At around 350 thousand tons in 1990, Community sales registered a further decline by 14 per cent and exports fell by another third in the first half of 1991.

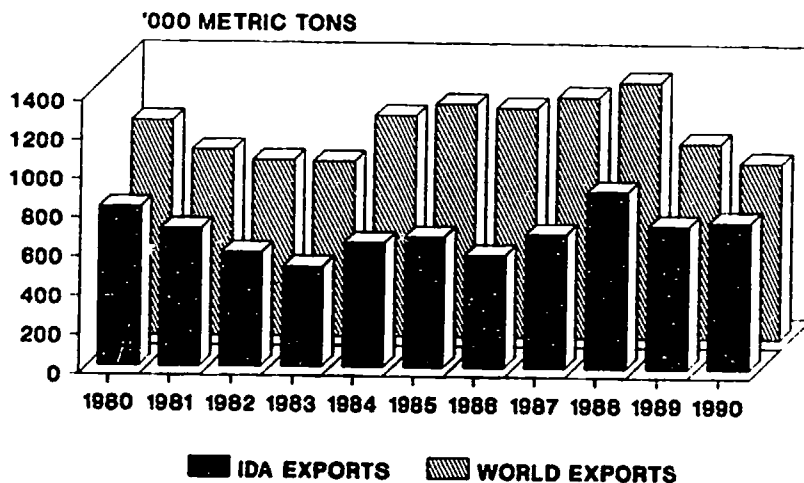
Skimmed milk powder exports by New Zealand continued to increase at a rate of 2.5 per cent in 1990 reaching 150 thousand tons. The main destinations were countries in South East and Eastern Asia and Mexico. Buttermilk powder exports registered a sharp drop in 1989 but recovered in 1990. In July 1990, 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. In addition, a small quantity of buttermilk powder (94.5 tons) was sold under derogation to Japan and delivered in May 1991.

Australian exports of skimmed milk powder/buttermilk powder for the 1989/90 season were up by 30 per cent 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. Exports of skimmed milk powder for 1990/91 registered a further increase, the major reason being increased exports to Asian destinations. However, buttermilk powder exports in 1990/91 were down compared to the previous season.

Skimmed milk powder exports by Poland increased by 28 per cent in 1989 to some 60 thousand tons and remained relatively stable in 1990. Skimmed milk powder exports in 1990 have occasionally been made at very low prices which have caused concern among traditional exporters. However, since November 1990, skimmed milk powder and other products covered by the Protocols had been subject to the export licensing system. Thus, the Administration was now able to supervise exporters in their adherence to the agreed minimum export prices. Between December 1990 and October 1991, Poland gave advance notification of its intention to conclude sales of a total of 17,863 tons of skimmed milk powder for animal feed under derogation. The destinations were Japan, France, Denmark and the Netherlands with deliveries scheduled from December 1990 to December 1991.

SKIMMED MILK POWDER EXPORTS 1980-1990



Exports of skimmed milk powder by South Africa amounted to 6.6 thousand tons in 1990. Since the beginning of 1990, South Africa experienced a situation of moderate over-supply of milk together with a decline in the total consumption of dairy products. This resulted in the build-up of surpluses of butter and in exports of certain quantities of skimmed milk powder in 1991. In April, June and September 1991, South Africa notified its intention to sell skimmed milk powder for animal feed under derogation to Japan. The quantities involved totalled 7,310 tons with deliveries scheduled from April 1991 to January 1992.

A further substantial drop in United States skimmed milk powder exports was registered in 1990 when sales amounted to only 7.7 thousand tons. Increased commercial use of cheese and liquid milk kept greater domestic supplies of skimmed solids fairly tight. The forecast for skimmed milk powder exports was for a substantial increase in 1991 depending on whether the Dairy Export Incentive Program could be implemented. Such exports would come from public stocks. In Canada, exports of skimmed milk powder recovered slightly in 1990, but declined again because of reduced supply in the 1990/91 dairy year.

Imports of skimmed milk powder into Japan declined further in 1990 to 81 thousand tons. Domestic production increased and imports for animal feed purposes were reduced as a reaction to higher international market prices. However, in 1991, imports recovered appreciable and might reach a new record.

Import demand, mainly for recombination purposes in some developing countries, remained strong. Mexico 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, and imports continued to increase in 1990, to some 288 thousand tons. The outlook for 1991 was for a 35 per cent decline in imports to some 190 thousand tons, but Mexico would still remain the largest importer of skimmed milk powder. It was reported that Mexican plans to achieve self-sufficiency in fluid milk production would not be reached soon, and that the country would continue to depend on heavy imports of powder for recombination. Brazilian imports recovered in 1989, amounting to 48 thousand tons but declined to 20 thousand tons in 1990 due to a general decline in demand for dairy products in conjunction with the government's new economic programme. Imports were expected to remain at that low level in 1991.

Food aid

Food-aid deliveries of dairy products consisted mainly of skimmed milk powder and anhydrous milk fat. The decline in surpluses affected 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 and 1990, shipments under food-aid programmes contracted even more than total

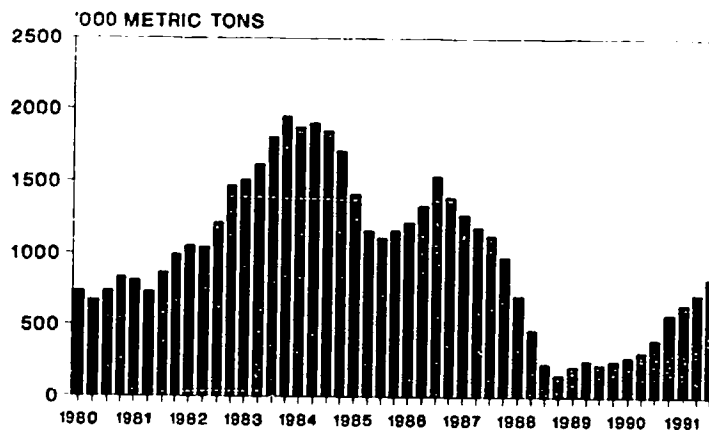
exports. Food-aid shipments of dairy products, which had averaged nearly 400 thousand tons (product weight) in previous years, were estimated to have fallen below 100 thousand tons in 1989 and 1990. Two aspects were contributing to this situation; shorter supplies and increased market prices. It was 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 was due to lower supplies being available. Uncommitted stocks remained at minimal levels and no foreign donations could be made in 1989 and 1990. However, increased public stocks might allow foreign donations to be resumed in 1991.

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 1990, actual Community food-aid deliveries amounted to 68 thousand tons of skimmed milk powder compared to 84 thousand tons in 1989. In September 1990, the European Community announced an increase of 10 thousand tons in the annual allocation of skimmed milk powder. In March 1991, the Community took urgent action to supply Bulgaria and Romania with certain agricultural products, including 4,200 tons and 2,000 tons of skimmed milk powder, respectively.

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, but were still very low compared to the 1981-1983 average level. Aggregate skimmed milk powder stocks for the three major producing areas on 1 January 1991 amounted to 475 thousand tons, which was nevertheless only half the average level in 1981-83. Aggregate skimmed milk powder stocks in the same producing areas on 1 July 1991, estimated at 720 thousand tons, were 148 per cent higher than a year earlier. Despite efforts by major producers to slow accumulation and dispose of surplus stocks, world ending stocks in 1991 were forecast at around 1 million tons.

SMP STOCKS 1980-1991 IDA PARTICIPANTS *



* Includes Austria, Canada and the US

TABLE 5

Share of Food Aid in Total Exports for Selected Countries

	Total exports			Food aid			Food aid/ Total exports		
	1988	1989	1990	1988	1989	1990	1988	1989	1990
	Metric tons						Per cent		
	<u>Skimmed Milk Powder</u>								
Australia	62,100	69,900	93,700	-	2,200	500	-	3.1	0.5
EC	614,000	425,000	356,000	113,000	84,000	68,000	18.4	19.8	19.1
Switzerland	2,100	1,100	7,300	1,300	1,100	1,200	61.9	100.0	16.4
United States	218,600	170,000	10,000	74,100	-	-	33.9	-	-
TOTAL	897,800	635,000	467,000	188,400	87,300	69,700	21.3	13.9	14.9
	<u>Whole Milk Powder</u>								
Australia	47,000	47,000	42,900	66	-	-	0.1	-	-
Switzerland	1,900	2,200	2,500	1,500	1,600	1,500	78.9	72.7	60.0
TOTAL	48,900	49,200	45,400	1,566	1,600	1,500	3.2	3.3	3.3
	<u>Anhydrous Milk Fat</u>								
EC	170,000	98,000	81,000	33,000	15,000	9,000	19.4	14.6	11.1

Community public stocks of skimmed milk powder, which had remained negligible throughout 1989, increased to 347 thousand tons at the end of 1990, as domestic demand and internal prices weakened. Poor demand for calf fattening in the early part of the year and limited exports meant the market could be kept in balance only by large-scale intervention purchases which became necessary for the first time since mid-1987. Intervention buying of skimmed milk powder had been suspended as foreseen on 31 August 1990 and re-opened on 1 March 1991. However, due to recent heavy intervention buying of powder, the ceiling on stocks of skimmed milk powder was reached on 30 April, resulting in the suspension of permanent intervention purchases of powder in early May. In the absence of permanent intervention purchases, the Commission was required to initiate private storage aid and also introduced intervention buying by tender. Unlike the tendering arrangement for butter, there was no price floor for tender of skimmed milk powder. As a result of the fall in demand and despite the decrease in production, total stocks of skimmed milk powder (public and private) continued to grow and were at 550 thousand tons at the end of September 1991, compared to 339 thousand tons a year earlier.

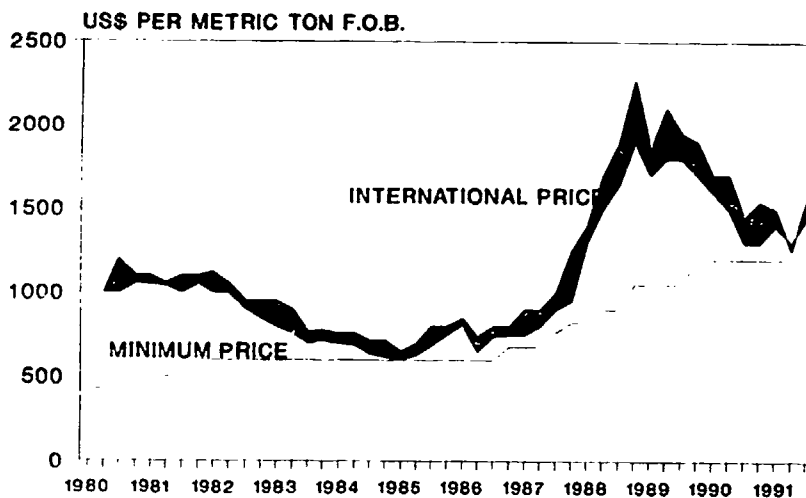
In Oceania, stocks remained at normal levels throughout 1990 and in the first half of 1991. Surplus skimmed milk powder stocks in the United States had been totally eliminated in 1989. However, during September 1990, government purchases of skimmed milk powder amounted to some 8 thousand tons, marking the first major purchase in two years. Significant purchases continued during the rest of the year as commercial use was not able to absorb the supplies. Year-end stocks were up to 73 thousand tons from 22 thousand tons at the beginning of 1990. Public stocks of skimmed milk powder skyrocketed to 129 thousand tons in early May 1991, up from 1 thousand tons in March 1990. Stocks might continue to swell throughout the year of 1991.

International prices

Progressive reduction of subsidized use schemes for skimmed milk powder and lower casein production, resulted in a further weakening of skimmed milk powder prices in 1990. Prices fluctuated 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. Certain sales were reportedly having been made at prices below the range indicated. The market situation improved in the fourth quarter and prices increased slightly to the range of US\$1,300-US\$1,540 per ton f.o.b. Prices of skimmed milk powder continued to strengthen in the first quarter of 1991 to the range of US\$1,400-US\$1,500 per ton f.o.b. Some oil-producing countries and large dairy importers, such as Algeria and Venezuela, increased their purchases. Moreover, the strengthening of prices was also due to the absence of offers of cheap East European produce in the market. In the second quarter of 1991, requirements of milk powder markets remained basically unchanged although some increase in stocks of skimmed milk powder were reported. International prices of skimmed milk powder were eroded due mainly to a continued strengthening of the United States dollar. Thus for the second quarter of 1991, prices of skimmed milk powder decreased to the range of US\$1,250 to US\$1,300 per ton f.o.b. In the third

quarter of 1991, the market situation for milk powders improved somewhat in part due to the weakening of the United States dollar. Prices firmed and ranged between US\$1,450 and US\$1,550 per ton f.o.b. At its September 1990 and 1991 reviews, the Committee maintained the minimum export prices unchanged at US\$1,200 per ton f.o.b. for both skimmed milk powder and buttermilk powder.

SKIMMED MILK POWDER PRICES 1980-1991



Whole Milk Powder

Production

Production of whole milk powder continued to be closely related to international market developments. In 1990, production of whole milk powder again declined by 1.5 per cent to 2.13 million tons. Strong declines in Community and Australian production were not offset by a recovery in New Zealand. World whole milk powder production recovered appreciably in the first half of 1991, following further increase in New Zealand production and a strong recovery in the Community, Poland and Australia.

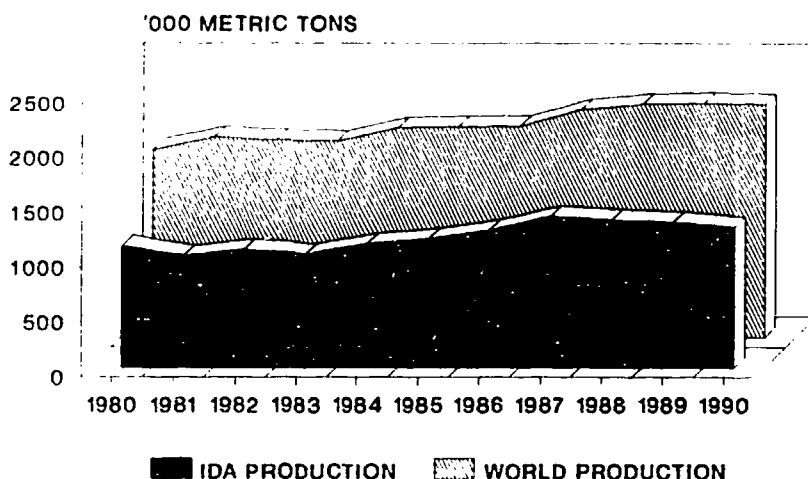
Community output declined in 1990 by 8.7 per cent to 804 thousand tons. In New Zealand, production for export fell to 170 thousand tons in the 1989/90 season, reflecting lack of business in key markets, notably the USSR, Venezuela and Sri Lanka. In the 1990/91 season, New Zealand production resumed its upward trend. For calendar year 1990, production increased by 37 per cent to 208 thousand tons, a new record level, and continued to increase strongly also in 1991.

In Australia, output declined by 18 per cent to 56 thousand tons in 1989/90. In calendar year 1990, production declined by 26.5 per cent to 49.4 thousand tons. The reduced output reflected the lower return for whole milk powder relative to butter/skimmed milk powder on international markets and increased storage potential for the latter products. However, since January 1991, larger than anticipated export demand stimulated production which increased by 5.5 per cent in 1990/91 to 59.6 thousand tons.

In Argentina, output decreased by 12.5 per cent to 86 thousand tons in 1990 and continued to fall in 1991. Production in Finland, which was entirely for exports, recovered somewhat in 1990 to 22 thousand tons, but declined in 1991 to a level corresponding to two thirds of its level early in the eighties. In Poland, manufacture of whole milk powder, which in earlier years had remained relatively stable around 50 thousand tons, declined in 1990 in line with the decrease in milk output. In the first half of 1991, production was higher than in any earlier half year period and the annual output might be record high.

United States production which had reached a peak of 81 thousand tons in 1989 started to fall in 1990 and fell by another third in the first half of 1991. In Austria, output remained around 12 thousand tons in 1990, but fell by 15 per cent in the first half of 1991.

WHOLE MILK POWDER PRODUCTION 1980-1990



Trade

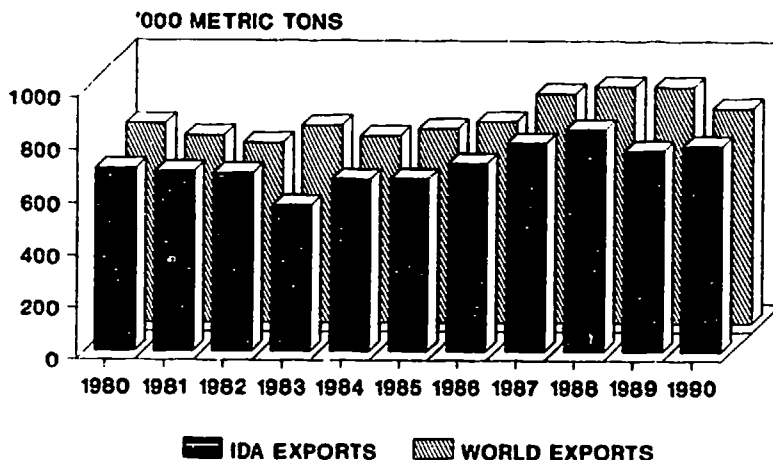
Whole milk powder exports, which had been trending upward until 1988, declined in 1989 and again in 1990 to 820 thousand tons. In 1991, however, total exports recovered and were more or less back on the earlier trend.

Community exports decreased by 4 per cent to 567 thousand tons, accounting for 65 per cent of the world exports in 1989. A further decrease was registered for 1990 when exports amounted to some 502 thousand tons, representing 60 per cent of world exports. Following a decision taken in March 1991, the Community provided 50 thousand tons of whole milk powder to the USSR as part of an urgent action to supply that country with agricultural products.

Exports from New Zealand, the world's second largest exporter, declined in 1989 to 133 thousand tons. The main outlets were in South and East Asia and in South America. Exports recovered in 1990 and amounted to 191 thousand tons. Australian exports fell by 11.8 per cent to 42.9 thousand tons in 1989/90. However, exports in 1990/91 rose by about 10 per cent to 47 thousand tons, due to strong demand. Exports from Finland, exclusively to the USSR, again declined substantially by 66 per cent to 5.5 thousand in 1989. They recovered appreciably to 24 thousand tons in 1990, but were again low in 1991, then expected to reach only 10 thousand tons. Exports by Argentina almost doubled in 1989 and reached 25 thousand tons, the main destinations being the USSR and Chile. However, sales by Argentina declined in 1990 to 15 thousand tons, the main destinations being Brazil and Peru.

Whole milk powder imports by developing countries, which in 1989 reached 650 thousand tons, were later discouraged by rising prices and growing foreign exchange difficulties. Much of the powder imported into developing countries was for welfare programmes adversely affected by budgetary restraints. Import demand remained stable in 1990, and did not show signs of becoming more active in spite of lower prices. However, towards the end of 1990 the market situation improved, and continued to improve in 1991 when Korea raised import quotas for milk powder from 8,000 tons to 14,000 tons in 1991, in order to stabilize retail prices.

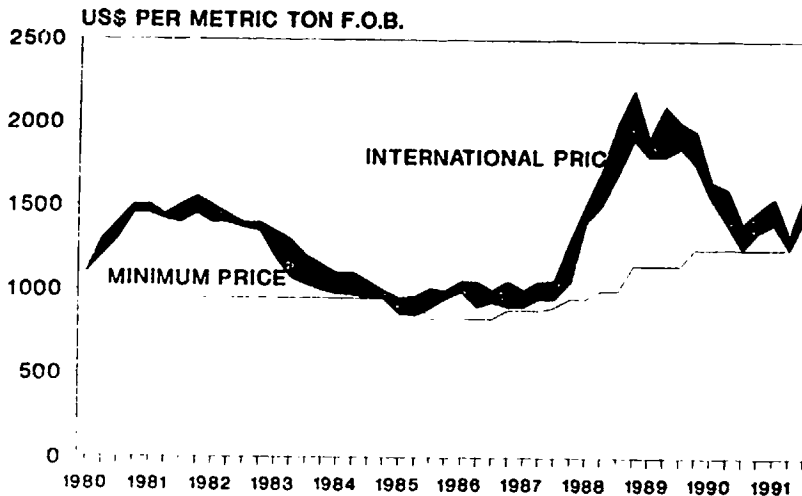
WHOLE MILK POWDER EXPORTS 1980-1990



International prices

International prices of whole milk powder continued to decline 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. However, prices firmed in the fourth quarter and ranged between US\$1,350 and US\$1,475 per ton f.o.b. They continued to increase early in 1991 when it was reported that Venezuela bought substantial quantities of whole milk powder. In the first quarter of 1991, prices ranged between US\$1,400 and US\$1,550 per ton f.o.b. However, they were eroded in the second quarter due to a strengthening of the United States dollar and fluctuated between US\$1,250 and US\$1,330 per ton f.o.b. As the United States dollar weakened again in the third quarter of 1991, prices firmed somewhat and ranged between US\$1,440 and US\$1,575 per ton f.o.b. At its September reviews in 1990 and 1991, 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 1980-1991



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 has remained strong providing incentives to expand production in several countries. However, the increases in prices dampened demand towards the end of 1989. World production of whey powder increased in 1990 by about 4 per cent to

1.60 million tons following developments in production of cheese. Furthermore, the production of other related milk concentrates, including lactose, continued to expand, but the magnitude of the production of such products remained difficult to evaluate in the absence of statistical information. These products are mainly by-products of cheese production. The increase in output of whey powder and lactose has, however, in recent years been larger than the increase in cheese production. In the past, much of the whey went into sewage systems as waste. More lately, this was forbidden and the whey had to be recuperated and disposed of otherwise, mainly for environmental reasons. Liquid whey and concentrated whey are extensively fed to animals, notably calves.

Community production of whey powder, which in recent years had expanded at a rate of 5 per cent, stagnated at 880 thousand tons in 1990, accounting for 60 per cent of world production. Community production remained at the same level in 1991. United States production increased by 4.5 per cent in 1990, to 508 thousand tons while Canadian production decreased by 14 per cent to 58.5 thousand tons. In the first half of 1991, production was slightly lower than in previous years both in Western Europe and North America.

In 1990, the European Communities imported only 9 thousand tons of whey powder and exported 37.6 thousand tons of whey powder, mainly in connection with forward processing. It furthermore exported 62 thousand tons of lactose, corresponding to the average of recent years. However, the EC decided to discontinue the forward processing arrangements for most dairy products, including whey powder, effective 28 February 1991. As a result imports and exports declined in 1991.

The market for whey powder continued to fluctuate in 1990 and appeared to be market driven. Prices continued to weaken in 1990 when they fell in December to US\$320 per ton in the United States or a decrease by 40 per cent in relation to December 1989. However, prices in Europe in December 1990 were about 20 per cent higher than a year earlier and expressed in dollar terms they were at around US\$600 per ton. There was still some uncertainty as to the size of the supplies coming on to the market in the near future, but in 1991 there was a tendency for prices to strengthen with at times very strange price fluctuations in the United States market. The situation was occasionally characterized as chaotic. In July 1991, prices remained at around US\$330 per ton in the United States. However, prices in Europe in July 1991 were as much as 80 per cent higher than a year earlier but expressed in dollar terms they were at only US\$575 per ton due to the strengthening of the United States dollar.

Concentrated milk

Concentrated milk production, like that of whole milk powder, was guided by the international market which itself depended on a few large fragile markets. World production of condensed milk, at 4.70 million tons in 1990, decreased by 1.5 per cent compared to 1989. In the European Communities, output decreased by 4 per cent to 1.20 million tons from 1989 to 1990, mirroring the decline in international outlets. A substantial

recovery of 11 per cent was observed for the first quarter of 1991 and output continued to increase in the second quarter of 1991. In 1990, production recovered in the United States to 264 thousand tons, an increase by 15 per cent over 1989. However, production declined by 3.5 per cent to 128 thousand tons in the first half of 1991 compared to the corresponding period of 1990. Output continued to fall in Canada amounting to 60 thousand tons compared to 74 thousand tons in 1989. However, production recovered during the first half of 1991. Australian production of condensed milk showed increases in 1989/90 and in 1990/91. Also USSR production continued to expand, reaching 620 thousand tons in 1990, 1.6 per cent up on the previous year. Condensed milk production increased in Asia and Latin America in 1990.

After having reached a peak of nearly 1 million tons in 1985, world trade in condensed milk declined rapidly to half of that level in 1990, or some 500 thousand tons, and the decline continued. Community exports fell in 1990 by 22 per cent to 349 thousand tons. Canadian exports continued to decline and amounted in 1990 to less than 4 thousand tons.

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\$2,000 per ton in December 1990. From January to July 1991, wholesale prices in the Netherlands were raised to f. 3,470 per ton. In dollar terms, however, the price decreased to US\$1,720 per ton in July 1991.

Casein

World casein production decreased in 1990 by 5 per cent to 214 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. Recoveries in production in New Zealand and Poland were more than outweighed by decreases in Australia and the Community. World casein production declined further in 1991, probably reaching less than 200 thousand tons.

Community casein production was only possible thanks to aid. Following a drop in the amount of aid and greater end-use control, it fell by 15 per cent in 1989 to 154 thousand tons and by as much as 33 per cent in 1990 to 104 thousand tons. As from 10 October 1990, the casein aid scheme was altered to reduce end-use control difficulties. Moreover, the production subsidy on casein was increased in October 1990. These steps resulted in increased Community supplies in 1991, with a production forecast at about 106 thousand tons, an increase by 2 per cent over 1990.

New Zealand production of casein recovered by 16.4 per cent in 1989/90 to 64 thousand tons, as more milk was available for casein production. In 1990/91, casein production was almost similar to that in the previous season. Polish production of casein increased by 10 per cent to 22 thousand tons in 1989 and continued to develop in 1990.

World exports recovered in 1990 compared to the previous year. New Zealand's exports of casein increased by 43 per cent to 63.3 thousand tons in 1990, while Community exports remained relatively stable at around 75 thousand tons. In 1990, Central and Eastern European countries succeeded particularly in raising their sales of casein to OECD countries, taking advantage of the relatively free access to these markets. Polish shipments of casein increased by as much as 70 per cent to 27 thousand tons in 1990. United States casein imports increased by 4 per cent to 85.2 thousand tons reflecting continued weakness in casein import prices. Moreover, the United States, the world's leading casein importer, was expected to increase imports further in 1991, to 90 thousand tons, 6 per cent up on the previous year.

In 1990, casein markets were 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. Moreover, sales of casein from Central and Eastern Europe affected the market in 1990, but excess stocks of casein disappeared towards the end of the year. 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. In December 1990, the prices for edible casein in the United States were around US\$3,735 a ton, down by 25 per cent from December 1989. During the first seven months of 1991, there was still some downward pressure on prices of casein in the United States, and at around US\$3,500 a ton in July 1991, prices were 20 per cent lower than in July 1990. Prices were firming later in 1991, following strong import demand, less than expected increase in Community production and reduced supplies coming from Central and Eastern Europe.

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

Milk deliveries in Annex Table 1, are those 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. Figures for exports and exports by destination may be different due to the use of different sources.

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 **Hungary**, stock figures and production figures of milk powders for 1990 include all types of milk powders.

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", (1989: 19,000 tons).

Annual exports of milk powders for **Switzerland** include food aid, while quarterly exports do not. Butter figures include resolidified butter. Quarterly figures for cheese production are estimates. 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. Cheese consumption figures reflect sales of domestic produce only.

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		INDICES	
		1989	1990	1989	1990	1990	1991	1990	1991
IDA PARTICIPANTS									
ARGENTINA	5.53	7.01	5.76	126	104	2.70	2.03*	103	77
AUSTRALIA	5.61	6.53	6.41	116	114	2.54	2.72	123	132
BULGARIA	1.89	2.03*	1.89*	107	100	1.00*	0.93*	95	92
EEC	104.72	98.90	98.86	94	94	52.23	51.18	99	97
EGYPT	0.75	1.00	1.05*	133	140	0.55	0.55	147	147
FINLAND	2.98	2.63	2.68	88	89	1.37	1.26	92	85
HUNGARY	2.28	2.08	2.05	91	89	1.07*	0.89	95	79
JAPAN	6.80	8.06	8.22	118	120	4.17	4.17	123	123
NEW ZEALAND	6.77	7.21	7.57	106	111	2.90	3.00*	116	120
NORWAY	1.94	1.92	1.92	98	98	0.93	0.88	91	86
POLAND	10.07	11.73	9.70	116	96	5.14	4.14	112	90
ROMANIA	4.86	4.66	4.56	95	93	2.32*	2.25*	95	93
SOUTH AFRICA	0.95	0.96	0.96	101	101	0.45*	0.48*	95	101
SWEDEN	3.50	3.42	3.43	97	98	1.84	1.70	101	93
SWITZERLAND	3.02	3.12	3.02	103	100	1.54	1.62	97	102
URUGUAY	0.59	0.64	0.67*	108	113	0.31	0.31	105	105
OTHERS									
AUSTRIA	2.38	2.22	2.24	93	94	1.11	1.10	92	91
CANADA	7.60	7.56	7.54	99	99	3.86	3.84	101	101
UNITED STATES	61.55	65.43	67.25	106	109	34.27	34.54	109	110
USSR	91.70	108.50	108.70	118	118	54.50	49.04	120	108
TOTAL PARTICIPANTS	162.25	161.89	158.75	99	97	81.06	78.11	105	103
WORLD TOTAL	439.7	470.6	475.5	107	108	...	...	...	...

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			
		1989	1990	1989	1990	1990	1991	1990	1991
IDA PARTICIPANTS									
ARGENTINA	34.40	46.25*	40.05	134	116	22.43	14.00*	132	82
AUSTRALIA	79.00	74.59	78.79	94	99	28.69	25.19	134	118
BULGARIA	22.09	21.90	22.00	99	99	12.70	8.70	115	79
EEC	1,987.00	1,565.00	1,602.00	78	80	875.00	832.00	80	76
EGYPT	71.29	82.00*	82.00*	115	115	45.00*	45.00*	126	126
FINLAND	74.70	62.00	62.00	82	82	32.00	31.00	84	82
HUNGARY	31.79	37.09	38.09	116	119	18.50	14.00	117	88
JAPAN	67.00	78.00	76.00	116	113	45.00	42.00	130	121
NEW ZEALAND	238.79	158.50	206.00	66	86	84.59	58.70	95	66
NORWAY	24.79	22.05	20.00	88	80	11.54	10.34	80	72
POLAND	235.59	289.29	270.00*	122	114	134.33	95.90	137	97
ROMANIA	40.09	46.12	33.29	115	83	16.90*	12.44	90	66
SOUTH AFRICA	17.29	15.76	20.99	91	121	10.21	9.04	126	111
SWEDEN	43.50	43.09	49.20	99	113	29.90	25.10	119	100
SWITZERLAND	32.79	33.09	31.79	100	96	18.20	20.10	102	112
URUGUAY	9.80	12.95	13.00*	132	132	6.32	5.00	143	113
OTHERS									
AUSTRIA	42.20	34.26	35.44	81	84	16.24	17.40	77	81
CANADA	113.00	97.40	100.00	86	88	55.04	56.00	96	97
UNITED STATES	575.09	577.00	587.09	100	102	322.70	341.50	100	106
TOTAL PARTICIPANTS	3,009.99	2,587.74	2,646.28	85	88	1,391.33	1,249.31	92	83
WORLD TOTAL	7,382.00	7,593.00	7,695.00	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			
		1989	1990	1989	1990	1990	1991	1990	1991
IDA PARTICIPANTS									
ARGENTINA	31.09	36.74*	35.18	118	113	18.45	16.00*	116	101
AUSTRALIA	61.09	46.70	50.70	76	82	25.70	23.60	90	82
BULGARIA	21.59	22.00*	21.90	101	101	11.00*	6.70	113	69
EEC	1,719.69	1,439.00	1,393.00	83	81	738.00	619.00	84	70
EGYPT	-	-	-	-	-	-	-	-	-
FINLAND	59.00	40.00	34.00	67	57	15.00	19.00	59	75
HUNGARY	27.40	32.20	26.20	117	95	14.10	10.30	103	75
JAPAN	73.70	87.00	87.00	118	118	41.00	46.00	122	137
NEW ZEALAND	40.70	32.50	32.79	79	80	15.90	15.40	80	77
NORWAY	19.40	12.20	11.48	62	59	5.53	5.57	57	58
POLAND	257.29	278.33	275.39	108	107	-	-	-	-
ROMANIA	-	28.42	48.40	-	-	25.00*	12.88	-	-
SOUTH AFRICA	16.90	17.25	16.37	102	96	7.62	7.26	80	76
SWEDEN	30.40	22.00	20.59	72	67	14.90	10.10	109	74
SWITZERLAND	44.90	36.20	36.40	80	81	17.80	18.10	80	81
URUGUAY	4.20	3.40	-	80	-	2.06	2.33	90	111
OTHERS									
AUSTRIA	37.40	31.75	31.42	84	84	14.20	14.00*	76	75
CANADA	104.59	94.60*	91.21	90	87	41.71	40.00*	82	79
UNITED STATES	494.29	480.00	490.00	97	99	250.00*	252.00*	108	108
TOTAL PARTICIPANTS	2,407.39	2,133.95	2,089.43	88	86	952.05	812.23	79	67
WORLD TOTAL	5,888.50	6,570.00	6,439.00	111	109	...	...	...	...

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	YEAR		INDICES		FIRST HALF YEAR		INDICES	
		1989	1990	1989	1990	1990	1991	1990	1991
IDA PARTICIPANTS									
ARGENTINA	4.10	6.22	7.40	151	180	4.63	4.00*	178	153
AUSTRALIA	7.00	22.90	22.00	327	314	14.80	22.10	422	631
BULGARIA	0.30	0.10	-	33	-	-	-	-	-
EEC	252.59	275.00	114.00	108	45	73.00	128.00	53	93
EGYPT	-	-	-	-	-	-	-	-	-
FINLAND	16.00	18.79	36.00	117	225	15.80	14.00	216	191
HUNGARY	10.30	5.00	9.30	48	90	4.00	6.40	80	128
JAPAN	-	-	-	-	-	-	-	-	-
NEW ZEALAND	173.90	138.09	163.20	79	93	115.89	98.99	160	136
NORWAY	4.60	9.20	9.40	200	204	7.24	3.90	241	130
POLAND	1.60	0.04	30.00	2	875	7.97	-	970	-
ROMANIA	13.90	17.49	-	125	-	-	-	-	-
SOUTH AFRICA	1.10	0.20	2.23	18	202	0.07	3.07	11	511
SWEDEN	12.50	18.29	32.00	146	256	18.70	19.20	236	243
SWITZERLAND	-	-	-	-	-	-	-	-	-
URUGUAY	5.90	6.81	7.00*	115	118	4.21	2.53	105	63
OTHERS									
AUSTRIA	3.00	1.12	1.29	37	43	0.59	0.69	49	47
CANADA	1.40	2.36	4.08	168	291	1.86	4.15	265	592
UNITED STATES	51.40	20.70	52.40	40	101	26.00*	6.00*	119	27
TOTAL PARTICIPANTS	503.79	518.15	432.53	102	85	266.31	288.19	106	114
WORLD TOTAL	816.00	800.00	700.00	98	85	...	...	...	...

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													
	EEC		NEW ZEALAND		AUSTRALIA		FINLAND		USA		TOTAL			
	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990		
WESTERN EUROPE	7.9	9.5	75.2	60.4	-	8.0	1.0	1.1	0.2	0.1	84.3	79.1		
EASTERN EUROPE	15.4	11.1	-	-	-	-	1.5	0.1	4.2	7.5	21.1	18.7		
USSR	149.5	28.7	25.3	66.8	7.0	1.0	7.4	29.0	-	36.8	189.2	162.3		
NORTH AMERICA	0.4	0.5	0.3	-	-	-	-	-	-	-	0.7	0.5		
SOUTH AMERICA	0.4	0.8	-	-	-	-	-	0.3	5.0	-	5.4	1.1		
CENTRAL AMERICA	0.7	0.2	-	-	-	-	-	-	6.4	4.6	7.1	4.8		
CARIBBEAN	3.0	2.9	0.7	1.0	-	-	0.7	1.1	0.1	0.1	4.5	5.1		
AFRICA	55.4	23.7	2.2	2.7	-	-	4.5	3.4	-	-	62.1	29.8		
SOUTH AND EAST ASIA	4.6	5.7	14.8	10.5	10.0	8.4	0.6	0.1	0.2	-	30.2	24.7		
WESTERN ASIA	33.9	26.0	11.1	10.6	5.0	1.8	2.2	0.9	4.6	2.8	56.8	42.1		
OCEANIA	0.9	0.9	-	0.2	-	0.7	-	-	-	-	0.9	1.8		
OTHER DESTINATIONS	2.9	3.9	8.5	11.0	0.9	2.1	0.9	0.1	1.0	0.5	14.2	17.6		
TOTAL	275.0	114.0	138.1	163.2	22.9	22.0	18.8	36.1	21.7	52.4	476.5	387.7		
OPEC	47.4	32.1	11.4	12.3	...	0.8	2.2	1.1	4.6	2.8	65.6	49.1		

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		INDICES		FIRST HALF YEAR			
		1989	1990	1989	1990	1990	1991	INDICES 1990	1991
IDA PARTICIPANTS									
ARGENTINA	1.00	-	0.18	-	18	-	-	-	-
AUSTRALIA	0.30	0.50	1.10	166	366	0.60	0.60	300	300
BULGARIA	0.30	5.60	4.70	866	566	-	-	-	-
EEC	105.00	71.00	116.00	67	110	55.00	30.00	114	62
EGYPT	32.50	110.00*	42.00*	338	129	20.00	20.00	133	133
FINLAND	-	-	-	-	-	-	-	-	-
HUNGARY	6.50	-	-	-	-	-	-	-	-
JAPAN	3.00	10.00	7.00	333	233	1.10	7.00	366	333
NEW ZEALAND	8.20	-	-	-	-	-	-	-	-
NORWAY	-	-	-	-	-	-	-	-	-
POLAND	32.20	11.47	4.20	35	13	0.01	4.00*	0	21
ROMANIA	11.90	-	23.79	-	200	...	...	-	-
SOUTH AFRICA	1.30	1.48	0.75	113	57	0.75	-	93	-
SWEDEN	0.10	-	-	-	-	-	-	-	-
SWITZERLAND	13.20	3.00	4.20	22	31	0.32	2.40	5	42
URUGUAY	-	-	-	-	-	-	-	-	-
OTHERS									
AUSTRIA	1.10	1.22	0.39	110	35	0.27	0.51	45	93
CANADA	-	1.00*	0.13	-	-	0.09	-	-	-
UNITED STATES	1.00	2.50	2.60	250	260	1.10	0.83	220	166
TOTAL PARTICIPANTS	215.50	203.92	161.92	98	94	77.78	64.34	77	63
WORLD TOTAL	831.00	670.00	590.00	80	70	...	...	...	...

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				INDICES		
		1981-1983	1989	1990	1991	1989	1990	1991
IDA PARTICIPANTS								
ARGENTINA	1 JAN.	7.80	3.61	6.97*	4.33	46	89	55
	1 APR.	8.70	4.40	11.01	3.72	50	126	42
	1 JUL.	6.50	4.82	6.03	5.00*	74	92	76
	1 OCT.	5.00	2.65	1.90		53	38	...
AUSTRALIA	1 JAN.	26.09	21.50	26.90	34.09	82	103	130
	1 APR.	27.29	22.90	26.40	26.50	83	96	97
	1 JUL.	15.70	14.90	15.70	14.20	94	100	90
	1 OCT.	18.09	15.50	14.00		85	77	...
BULGARIA	1 JAN.	1.20	...	...	0.80	...	...	66
	1 APR.	1.10	...	...	2.70	...	...	245
	1 JUL.	2.20	...	...	3.40	...	...	154
	1 OCT.	2.40	...	...		...	...	...
EEC	1 JAN.	230.70	202.00	124.00	335.00*	87	53	145
	1 APR.	141.70	64.00	82.00*	324.00*	45	57	228
	1 JUL.	354.29	226.00	243.00*	450.00*	63	68	127
	1 OCT.	513.00	253.00	368.00*		49	71	...
EGYPT	1 JAN.	...	...	...	...	...	...	...
	1 APR.	...	...	...	...	...	...	...
	1 JUL.	...	...	...	...	...	...	...
	1 OCT.	...	...	...	...	...	...	...
FINLAND	1 JAN.	9.30	11.00	14.00	6.00	118	150	64
	1 APR.	7.30	12.00	15.00	4.00	164	205	54
	1 JUL.	14.30	14.00	16.00	5.00	97	111	34
	1 OCT.	16.70	20.00	14.00		119	83	...
HUNGARY	1 JAN.	2.60	3.70	3.60	6.20	142	138	238
	1 APR.	2.90	5.20	5.00	4.30	179	172	148
	1 JUL.	3.60	3.60	4.00	3.50	100	111	97
	1 OCT.	3.00	4.10	6.10		136	203	...
JAPAN	1 JAN.	19.00	16.00	17.00	11.00	84	89	57
	1 APR.	20.70	16.00	17.00	12.00	77	82	57
	1 JUL.	21.00	20.00	21.00	14.00	95	100	66
	1 OCT.	21.70	21.00	16.00		96	73	...
NEW ZEALAND	1 JAN.	33.90	72.00	90.00	67.00	212	265	197
	1 APR.	31.70	54.59	84.90	52.70	172	267	166
	1 JUL.	25.40	44.29	36.79	11.30	174	144	44
	1 OCT.	20.79	57.00	45.00		274	216	...
NORWAY	1 JAN.	2.10	4.11	4.90	2.65	195	233	126
	1 APR.	3.70	6.27	4.68	3.99	169	126	107
	1 JUL.	3.70	4.18	3.23	3.19	112	87	86
	1 OCT.	2.60	5.29	3.90		203	150	...
POLAND	1 JAN.	...	14.20	36.59	15.80	...	...	...
	1 APR.	...	10.90	...	15.70	...	...	...
	1 JUL.	...	12.20	...	11.60	...	...	...
	1 OCT.	...	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				INDICES		
		1981-1983	1989	1990	1991	1989	1990	1991
IDA PARTICIPANTS								
ROMANIA	1 JAN.	...	1.44	1.66	6.20	...	...	...
	1 APR.	...	...	...	6.00*	...	...	...
	1 JUL.	...	...	5.56	6.00*	...	...	...
	1 OCT.	...	...	...	...	...	...	...
SOUTH AFRICA	1 JAN.	2.50	2.27	2.06	5.19	90	82	207
	1 APR.	3.90	2.00	4.11	6.19	51	105	158
	1 JUL.	1.70	1.03	5.33	3.90	60	313	229
	1 OCT.	2.60	0.86	5.99	...	33	230	...
SWEDEN	1 JAN.	2.30	4.20	7.80	4.80	182	339	208
	1 APR.	3.30	4.90	13.60	1.80	148	412	54
	1 JUL.	5.90	7.30	9.60	1.00	123	162	16
	1 OCT.	4.60	7.40	7.10	...	160	154	...
SWITZERLAND	1 JAN.	3.40	5.00	4.90	4.50	147	144	132
	1 APR.	3.70	5.10	4.70	5.20	137	127	140
	1 JUL.	4.40	6.70	5.60	8.90	152	127	202
	1 OCT.	5.60	6.00	5.50	...	107	98	...
URUGUAY	1 JAN.	3.20	2.07	4.59	1.07*	64	143	33
	1 APR.	...	1.22	3.32	2.46*	...	...	...
	1 JUL.	...	2.14	4.63	1.21	...	...	...
	1 OCT.	...	3.14	...	...	...	98	...
OTHERS								
AUSTRIA	1 JAN.	1.90	1.00	...	3.00*	52	...	157
	1 APR.	2.10	...	...	3.00*	...	...	142
	1 JUL.	2.60	...	...	2.00*	...	...	76
	1 OCT.	3.10	...	...	...	...	...	...
CANADA	1 JAN.	23.79	13.88	14.41	28.00*	58	60	117
	1 APR.	21.70	19.76	19.11	28.00*	91	88	129
	1 JUL.	29.70	23.82	25.96	23.00*	80	87	77
	1 OCT.	32.00	19.34	23.98	...	60	74	...
UNITED STATES	1 JAN.	181.59	97.70	127.29	189.00	53	70	104
	1 APR.	210.00	157.70	148.40*	252.00	75	70	120
	1 JUL.	247.70	212.00	189.20*	290.00	85	76	117
	1 OCT.	235.00	186.00	185.00	290.00	79	78	123
IDA TOTAL								
IDA TOTAL	1 JAN.	344.09	363.10	344.97	504.63	105	100	146
	1 APR.	255.99	209.48	271.71	471.25	81	106	184
	1 JUL.	458.69	361.16	376.47	542.20	78	82	118
	1 OCT.	616.09	414.94	487.49	...	67	79	...

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	
		1989	1990	1989	1990	1990	1991	1990	1991
IDA PARTICIPANTS									
<i>AUSTRALIA</i>	9.60	21.90	25.59	228	266	9.70	16.40	230	390
<i>EEC</i>	216.29	137.00	115.00*	63	53	64.00	55.00	60	51
<i>NEW ZEALAND</i>	18.20	53.09	40.00	291	219	20.30	17.30	369	314
<i>SWEDEN</i>	3.90	5.80	7.20	148	184	3.40	3.90	170	195
<i>SWITZERLAND</i>	3.00	4.70	4.80	156	160	2.50	2.60	156	162
<i>URUGUAY</i>	0.20	0.27	-	135	-	0.13	0.37	130	370
TOTAL PARTICIPANTS	251.19	222.76	192.59	88	76	100.03	95.57	83	80

ANNEX TABLE 3B1 - TOTAL EXPORTS OF ANHYDROUS MILK FAT
ANNEXE TABLEAU 3B. - EXPORTATIONS DE MATIERES GRASSES LAITIERES ANHYDRES
CUADRO 3B1 DEL ANEXO - EXPORTACIONES DE GRASAS LACTEAS ANHIDRAS
('000 M.T)

COUNTRY	AVERAGE 1981-1983	YEAR				FIRST HALF YEAR			
		1989	1990	INDICES		1990	1991	INDICES	
				1989	1990			1990	1991
IDA PARTICIPANTS									
<i>AUSTRALIA</i>	3.60	22.00	22.09	611	613	9.70	13.50	485	675
<i>EEC</i>	130.70	98.00	81.00	74	61	50.00	44.00	81	71
<i>NEW ZEALAND</i>	36.59	24.29	42.40	66	115	23.30	14.80	106	67
<i>SWEDEN</i>	0.20	0.60	0.70	300	350	0.20	1.00	100	500
<i>SWITZERLAND</i>	-	-	-	-	-	-	-	-	-
<i>URUGUAY</i>	-	0.21	-	-	-	0.05	0.32	-	-
TOTAL PARTICIPANTS	171.09	145.20	146.19	84	85	83.25	73.62	97	85

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					TOTAL	
	1989	1990	1989	1990	1989	1990	1989	1990	1989			1990
WESTERN EUROPE	0.2	0.2	-	-	-	-	-	-	-	0.2	0.2
EASTERN EUROPE	-	-	-	-	-	-	-	-	-	-	-
USSR	-	-	-	-	-	-	-	-	-	-	-
NORTH AMERICA	0.1	0.2	0.5	0.5	-	-	-	-	-	0.6	0.7
SOUTH AMERICA	2.3	1.2	1.4	4.6	-	-	-	-	-	3.7	5.8
CENTRAL AMERICA	13.4	7.2	2.8	9.7	-	-	-	-	-	16.2	16.9
CARIBBEAN	3.3	1.3	1.1	0.2	-	-	-	-	-	4.4	1.5
AFRICA	41.6	47.6	-	9.5	-	-	-	-	-	41.6	57.1
SOUTH AND EAST ASIA	26.1	13.9	11.0	9.2	20.0	19.9	-	-	-	57.1	43.0
WESTERN ASIA	10.9	9.4	4.8	5.2	1.0	0.6	-	-	-	16.7	15.2
OCEANIA	0.1	-	0.3	0.4	-	-	-	-	-	0.4	0.4
OTHER DESTINATIONS	0.0	0.0	3.0	3.1	1.0	1.6	-	-	-	4.0	4.7
TOTAL	98.0	81.0	24.9	42.4	22.0	22.1	144.9	145.5			
OPEC	30.3	26.7	4.7	5.2	...	0.5	35.0	32.4			

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			
		1989	1990	1989	1990	1990	1991	1990	1991
IDA PARTICIPANTS									
ARGENTINA	242.40	255.41	271.25	105	111	124.58	104.00*	105	88
AUSTRALIA	152.40	184.29	172.90	120	113	69.50	70.99	136	138
BULGARIA	120.20	147.29	142.29	122	118	88.40	52.49	129	76
EEC	3,881.69	4,492.00	4,652.00	115	119	2,363.00	2,408.00	116	118
EGYPT	260.00	315.00*	320.00*	121	123	-	-	-	-
FINLAND	73.00	90.00	93.00	123	127	48.00	43.00	137	122
HUNGARY	49.90	58.59	63.59	117	127	29.00	28.40	120	117
JAPAN	13.00	26.00	29.00	200	223	15.00	13.00	250	216
NEW ZEALAND	105.40	113.40	111.70	107	105	44.79	50.09	107	119
NORWAY	68.50	82.73	84.08	120	122	46.99	43.61	128	118
POLAND	101.70	120.90	135.09*	118	132	67.69	54.09	163	130
ROMANIA	132.00	80.25	95.00	60	71	50.00*	39.00*	62	48
SOUTH AFRICA	35.59	43.17	41.63	121	116	19.83	18.35	121	112
SWEDEN	112.40	109.29	108.40	97	96	54.59	54.99	97	98
SWITZERLAND	124.00	130.50	129.79	105	104	63.89	67.59	102	108
URUGUAY	11.70	16.41	17.00*	140	145	7.23	7.62	144	152
OTHERS									
AUSTRIA	80.20	85.88	85.00	107	105	43.44	40.09	106	100
CANADA	175.70	247.46	255.21	140	145	125.41	128.42	144	147
UNITED STATES	2,044.09	2,531.29	2,745.00	123	134	1,393.00	1,392.00	134	134
TOTAL PARTICIPANTS	5,483.89	6,265.27	6,466.77	114	117	3,092.55	3,054.87	119	117
WORLD TOTAL	12,041.00	14,428.00	14,649.00	120	122	...	...	...	...

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		INDICES	
		1989	1990	1989	1990	1990	1991	1990	1991
IDA PARTICIPANTS									
ARGENTINA	238.79	238.88	243.28	100	101	114.88	106.00*	95	88
AUSTRALIA	105.20	145.20	143.70	138	136	67.79	67.00	135	134
BULGARIA	90.40	126.00*	129.70	139	143	63.00*	22.90	159	50
EEC	3,589.00	4,150.00	4,299.00	115	119	2,218.00	2,263.00	117	119
EGYPT	-	-	-	-	-	-	-	-	-
FINLAND	38.70	61.00	63.00	157	162	34.00	32.00	182	172
HUNGARY	39.50	46.70	43.90	118	111	21.00	17.60	111	93
JAPAN	85.00	139.00	138.00	163	162	64.00	71.00	158	175
NEW ZEALAND	27.40	31.20	22.29	113	81	10.90	15.00	78	107
NORWAY	48.00	56.25	53.78	117	112	27.26	29.14	106	113
POLAND	102.29	123.67	115.70	120	113	51.37	53.09	121	125
ROMANIA	-	69.40	107.70	-	-	54.00*	29.50	-	-
SOUTH AFRICA	33.79	41.77	42.62	123	126	20.51	20.53	104	104
SWEDEN	118.50	122.50	130.50	103	110	60.90	60.90*	108	108
SWITZERLAND	87.00	91.50	93.29	105	107	47.89	51.89	110	119
URUGUAY	8.90	10.44	-	117	-	5.07	4.76	114	107
OTHERS									
AUSTRIA	34.50	36.38	36.60	105	106	18.38	18.29	106	106
CANADA	191.79	264.25	263.79	137	137	126.04	136.29	133	144
UNITED STATES	2,064.69	2,701.00	2,820.00	130	136	1428.00*	1428.00*	138	138
TOTAL PARTICIPANTS	4,612.49	5,453.52	5,626.50	118	121	2,860.60	2,844.11	122	121
WORLD TOTAL	8,154.50	10,341.00	10,651.00	126	130	...	...	...	...

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			
		1989	1990	1989	1990	1990	1991	1990	1991
IDA PARTICIPANTS									
ARGENTINA	5.40	14.18	22.52	262	417	9.39	4.50*	313	150
AUSTRALIA	55.20	59.70	50.70	108	91	25.20	33.20	94	124
BULGARIA	13.60	21.09	18.00	155	132	7.70	6.90	208	186
EEC	382.29	445.00	464.00	116	121	213.00	197.00	117	109
EGYPT	-	-	-	-	-	-	-	-	-
FINLAND	34.70	27.29	29.00	78	83	12.90	11.00	77	66
HUNGARY	9.00	13.70	22.20	152	246	7.00	7.30	189	197
JAPAN	-	-	-	-	-	-	-	-	-
NEW ZEALAND	78.90	84.50	95.79	107	121	51.90	59.09	139	158
NORWAY	20.59	23.11	27.50	112	133	14.51	10.51	148	107
POLAND	1.30	3.22	7.20*	247	553	2.90	1.50*	966	500
ROMANIA	4.70	10.24	-	217	-	-	0.20	-	7
SOUTH AFRICA	0.20	-	0.04	-	20	-	-	-	-
SWEDEN	5.70	4.10	4.00	71	70	2.20	2.20*	91	91
SWITZERLAND	62.40	63.90	61.40	102	98	29.00	28.90	101	100
URUGUAY	2.80	6.92	7.00*	247	250	2.35	2.79	167	199
OTHERS									
AUSTRIA	42.29	35.32	36.28	83	85	16.66	13.64	86	64
CANADA	4.70	9.59	8.60	204	182	4.60	4.32	219	205
UNITED STATES	13.30	10.10	11.90	75	89	5.90	5.34	125	107
TOTAL PARTICIPANTS	676.79	776.97	809.36	114	119	378.04	364.00	119	114
WORLD TOTAL	795.00	870.00	887.00	109	111	...	...	...	...

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	PARTICIPANTS																	
	EEC		NEW ZEALAND		SWITZERLAND		AUSTRALIA		FINLAND		BULGARIA		USA		TOTAL			
	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990		
WESTERN EUROPE	62.8	74.2	10.2	11.1	54.4	50.3	4.3	3.8	11.6	12.6	1.8	-	0.2	0.1	145.3	152.1		
EASTERN EUROPE	15.6	9.7	-	6.0	-	-	-	-	-	-	-	-	-	-	-	15.7		
USSR	0.7	4.8	-	2.0	-	-	-	-	0.4	0.2	9.1	9.3	-	-	10.2	16.3		
NORTH AMERICA	67.6	79.6	17.0	18.1	4.0	5.5	6.3	4.2	8.0	9.4	-	0.9	2.0	1.9	104.9	119.6		
SOUTH AMERICA	2.5	2.1	-	-	-	-	-	-	-	-	-	-	1.0	0.1	3.5	2.2		
CENTRAL AMERICA	4.5	5.1	1.1	0.8	-	-	-	0.5	-	-	-	-	1.4	2.1	7.0	8.5		
CARIBBEAN	14.7	14.2	3.9	3.4	-	-	-	0.1	-	-	-	1.5	1.5	0.8	20.1	20.0		
AFRICA	60.6	47.3	0.7	1.0	-	-	0.4	-	0.6	0.2	-	-	0.6	-	62.9	48.5		
SOUTH AND EAST ASIA	52.0	42.2	34.9	30.3	-	-	33.9	28.9	0.1	0.2	-	-	3.0	3.6	123.9	105.2		
WESTERN ASIA	138.4	147.3	0.6	1.5	-	-	9.7	10.8	6.5	5.8	4.9	-	0.3	1.9	160.4	167.3		
OCEANIA	10.0	9.3	7.3	10.2	-	-	0.5	-	-	-	-	0.7	0.1	-	17.9	20.2		
OTHER DESTINATIONS	15.6	28.2	8.8	11.4	5.5	5.6	4.6	2.4	0.1	0.6	5.3	5.6	-	1.4	39.9	55.2		
TOTAL	445.0	464.0	84.5	95.8	63.9	61.4	59.7	50.7	27.3	29.0	21.1	18.0	10.1	11.9	711.6	730.8		
OPEC	139.9	142.6	0.6	2.5	-	-	10.8	10.4	-	0.4	4.9	-	1.0	1.9	157.2	157.8		

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			
		1989	1990	1989	1990	1990	1991	1990	1991
IDA PARTICIPANTS									
ARGENTINA	2.40	0.06	0.15	2	6	-	-	-	-
AUSTRALIA	17.70	21.09	21.09	119	119	10.00	11.30	128	144
BULGARIA	-	4.20	1.40	-	-	0.70	-	-	-
EEC	101.70	120.00	117.00	117	115	54.00	50.00	120	111
EGYPT	25.20	32.29*	26.00*	128	103	15.00*	15.00*	227	227
FINLAND	0.30	1.70	2.00	566	666	1.00	2.00	667	667
HUNGARY	0.20	-	-	-	-	-	-	-	-
JAPAN	72.00	111.70	106.00	155	147	49.70	58.00	146	170
NEW ZEALAND	0.20	0.60	0.50	300	250	0.10	-	50	-
NORWAY	1.50	1.99	2.22	132	148	1.07	1.14	152	162
POLAND	5.40	5.09	0.20	94	3	0.10	2.00	5	105
ROMANIA	1.80	-	12.70	-	705	7.00*	0.85	778	94
SOUTH AFRICA	-	-	-	-	-	-	-	-	-
SWEDEN	14.50	17.59	21.79	121	150	8.90	8.90*	145	145
SWITZERLAND	20.59	24.59	25.90	119	125	12.40	13.20	122	130
URUGUAY	0.10	-	-	-	-	-	-	-	-
OTHERS									
AUSTRIA	8.10	11.47	12.85	141	158	5.82	6.38	138	158
CANADA	20.20	16.29	29.13	80	144	9.06	10.01	100	111
UNITED STATES	121.29	125.50	136.20	103	112	62.20	55.76	129	116
TOTAL PARTICIPANTS	263.59	340.93	336.96	129	127	159.97	154.53	141	136
WORLD TOTAL	733.00	810.00	827.00	110	112	...	...	...	...

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	1989	1990	1991	INDICES		
		1981-1983				1989	1990	1991
IDA PARTICIPANTS								
ARGENTINA	1 JAN.	22.50	19.92	22.77	22.33	88	101	99
	1 APR.	22.20	19.83	23.93	18.07	89	107	81
	1 JUL.	19.09	23.06	23.08	22.00*	120	120	115
	1 OCT.	18.00	23.43	21.59		130	120	...
AUSTRALIA	1 JAN.	79.29	90.20	90.70	90.20	113	114	113
	1 APR.	79.20	100.09	95.50	92.09	126	120	116
	1 JUL.	62.09	73.79	77.20	72.29	118	124	116
	1 OCT.	62.09	74.09	73.79		119	118	...
BULGARIA	1 JAN.	12.40	...	...	10.40	...	...	83
	1 APR.	17.59	...	...	19.59	...	...	111
	1 JUL.	35.20	...	...	33.09	...	...	94
	1 OCT.	30.70	...	...		...	...	...
EEC	1 JAN.	54.00	126.00	146.00	152.00*	233	270	281
	1 APR.	48.29	118.00	134.00*	152.00*	244	277	314
	1 JUL.	54.29	125.00	132.00*	159.00*	230	243	292
	1 OCT.	76.70	158.00	170.00*		205	221	...
EGYPT	1 JAN.	...	...	...	...	...	...	...
	1 APR.	...	...	...	...	...	...	...
	1 JUL.	...	...	...	...	...	...	...
	1 OCT.	...	...	...	...	...	...	...
FINLAND	1 JAN.	11.30	6.00	10.00	13.00	53	88	115
	1 APR.	12.30	7.00	12.00	15.00	56	97	121
	1 JUL.	13.70	10.00	13.00	15.00	72	94	109
	1 OCT.	16.00	14.00	15.00		87	93	...
HUNGARY	1 JAN.	4.20	5.90	7.10*	6.80	140	169	161
	1 APR.	4.90	7.00	6.90*	7.90	142	140	161
	1 JUL.	5.80	8.30	8.10*	10.30	143	139	177
	1 OCT.	5.70	7.60	9.00*		133	157	...
JAPAN	1 JAN.	-	...	...	...	...	...	...
	1 APR.	-	...	...	...	...	...	...
	1 JUL.	-	...	...	...	...	...	...
	1 OCT.	-	...	...	...	...	...	...
NEW ZEALAND	1 JAN.	38.29	67.00	75.09	71.90	174	196	187
	1 APR.	45.00	80.90	86.70	77.70	179	192	172
	1 JUL.	32.70	55.59	60.00	47.90	170	183	146
	1 OCT.	28.29	36.59	41.70		129	147	...
NORWAY	1 JAN.	19.20	17.15	20.40	22.62	89	106	117
	1 APR.	19.50	20.06	24.47	24.00	102	125	123
	1 JUL.	19.50	22.57	24.47	24.66	115	124	125
	1 OCT.	19.50	19.26	22.00		98	112	...
POLAND	1 JAN.	...	4.50	3.60	12.50	...	...	...
	1 APR.	...	3.40	...	14.40	...	...	...
	1 JUL.	...	2.00	...	15.00	...	...	...
	1 OCT.	...	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	1989	1990	1991	INDICES		
		1981-1983				1989	1990	1991
IDA PARTICIPANTS								
ROMANIA	1 JAN.	...	5.44	6.05	8.00*	...	...	...
	1 APR.	...	...	...	8.00*	...	...	...
	1 JUL.	...	...	13.07	8.00*	...	...	...
	1 OCT.	...	...	...	...	...	...	...
SOUTH AFRICA	1 JAN.	10.40	9.72	11.32	10.12	93	108	97
	1 APR.	11.40	10.99	10.90	10.34	96	95	90
	1 JUL.	6.90	9.52	10.46	8.20	137	151	118
	1 OCT.	10.40	10.55	9.13	...	101	87	...
SWEDEN	1 JAN.	35.70	39.50	39.79	35.90	110	111	100
	1 APR.	38.29	42.90	40.00	38.00	112	104	99
	1 JUL.	39.29	41.90	40.29	38.00*	106	102	96
	1 OCT.	40.09	41.59	39.40	...	103	98	...
SWITZERLAND	1 JAN.	17.00	22.70	22.00	23.29	133	129	137
	1 APR.	15.80	22.79	22.50	21.20	144	142	134
	1 JUL.	15.40	19.40	21.40	23.50	125	138	152
	1 OCT.	17.70	22.50	20.00	...	127	112	...
URUGUAY	1 JAN.	3.10	2.59	2.79	2.49*	83	90	80
	1 APR.	...	2.22	3.17	2.88*	...	...	...
	1 JUL.	...	2.88	2.62	2.42	...	...	...
	1 OCT.	...	2.10	...	...	...	...	...
OTHERS								
AUSTRIA	1 JAN.	7.10	7.00	...	7.00*	98	...	98
	1 APR.	8.10	...	...	8.00*	...	...	98
	1 JUL.	8.70	...	...	8.00*	...	...	91
	1 OCT.	8.30	...	...	...	...	...	...
CANADA	1 JAN.	52.20	51.31	40.96	46.12*	98	78	88
	1 APR.	51.90	44.84	46.36	42.44*	86	89	81
	1 JUL.	51.70	45.59	44.95	43.84	88	86	84
	1 OCT.	49.79	44.73	42.85	...	89	86	...
UNITED STATES	1 JAN.	413.00	180.40	164.00	208.00	43	39	50
	1 APR.	420.00	179.40	179.90	221.00*	42	42	52
	1 JUL.	471.29	198.59	209.59	232.00*	42	44	49
	1 OCT.	507.69	169.00	208.00	206.00	33	40	40
IDA TOTAL								
IDA TOTAL	1 JAN.	307.39	416.61	457.63	481.57	135	148	156
	1 APR.	314.49	435.21	460.06	501.18	138	146	159
	1 JUL.	304.09	394.04	425.70	479.37	129	139	157
	1 OCT.	325.19	411.44	421.63	...	126	129	...

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

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR			
		1989	1990	1989	1990	1990	1991	1990	1991
IDA PARTICIPANTS									
ARGENTINA	19.29	43.68	33.98	226	176	18.72	12.00*	317	203
AUSTRALIA	91.20	129.90	141.20	142	154	44.59	47.70	200	214
BULGARIA	8.10	8.80*	9.00*	108	111	-	-	-	-
EEC	2,158.29	1,408.00	1,602.00*	65	74	926.00	866.00	75	70
EGYPT	-	-	-	-	-	-	-	-	-
FINLAND	60.70	26.00	22.00	42	36	12.00	10.00	39	32
HUNGARY	35.09	22.90	30.09	65	85	15.00	6.00	89	35
JAPAN	137.70	178.00	178.00	129	129	100.00	95.00	144	137
NEW ZEALAND	181.50	168.29	151.79	92	83	59.90	53.29	102	91
NORWAY	10.50	8.21	7.93	78	75	5.07	4.03	80	63
POLAND	104.09	175.00	174.00*	168	167	87.34	103.79	214	255
ROMANIA	27.40	15.99*	27.00	58	98	13.00*	2.70*	95	20
SOUTH AFRICA	21.40	20.00	25.51	93	119	11.63	9.68	126	105
SWEDEN	47.50	47.90	51.09	100	107	35.29	24.00	124	84
SWITZERLAND	30.20	25.40	26.20	84	86	16.70	19.70	94	111
URUGUAY	3.30	8.46	9.00*	256	272	3.55	3.16	253	225
OTHERS									
AUSTRIA	31.90	20.70	24.66	64	77	9.35	12.52	59	78
CANADA	143.79	95.15	92.00	66	63	53.53	44.45	74	62
UNITED STATES	640.89	397.00	395.00	61	61	215.00	245.00	62	71
TOTAL PARTICIPANTS	2,936.29	2,286.53	2,488.82	77	84	1,348.81	1,258.58	88	82
WORLD TOTAL	4,605.00	3,800.00	4,000.00	82	86	...	...	...	...

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	YEAR		INDICES		FIRST HALF YEAR			
		1989	1990	1989	1990	1990	1991	1990	1991
IDA PARTICIPANTS									
SWEDEN	28.00	23.79	23.70	85	84	12.10	12.80	86	91
HUMAN	19.40	18.70	17.29	96	89	9.10	9.10	...	...
ANIMAL	8.60	5.00	6.40	58	74	3.00	3.70	...	...
SWITZERLAND	29.20	22.70	17.79	77	60	10.60	10.30	63	61
HUMAN	-	...	...	...	...	...	...	...	...
ANIMAL	-	...	...	...	...	...	...	...	...
URUGUAY	1.80	1.40	...	77	...	0.20	0.25	50	62
HUMAN	1.80	1.40	...	77	...	...	...	...	...
ANIMAL	-	-	...	...	...	...	...	...	...
OTHERS									
AUSTRIA	18.20	12.60	13.53	69	74	7.06	7.00*	72	72
HUMAN	2.20	...	...	...	...	...	...	...	...
ANIMAL	16.00	...	...	...	...	...	...	...	...
CANADA	49.59	74.36	62.18	149	125	20.46	24.56	77	93
HUMAN	-	...	...	...	...	...	...	...	...
ANIMAL	-	...	...	...	...	...	...	...	...
UNITED STATES	366.29	237.00*	298.00	64	81	...	...	...	...
HUMAN	339.69	...	...	...	...	...	...	...	...
ANIMAL	26.70	...	...	...	...	...	...	...	...
TOTAL PARTICIPANTS	2,059.39	1,627.20	1,413.56	79	68	819.41	801.67	70	68
WORLD TOTAL	3,411.50	2,831.00	2,831.00	82	82	...	...	...	...

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

TOTAL

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR			
		1989	1990	1989	1990	1990	1991	INDICES 1990	1991
IDA PARTICIPANTS									
ARGENTINA	4.90	25.69	27.19	524	554	15.13	2.00*	521	66
AUSTRALIA	33.59	69.90	93.70	208	278	50.70	72.29	293	417
BULGARIA	-	-	-	-	-	-	-	-	-
EEC	354.69	410.00	347.00*	115	97	185.00	125.00	98	66
EGYPT	-	-	-	-	-	-	-	-	-
FINLAND	4.00	3.50	4.00	87	100	2.40	2.00	400	333
HUNGARY	2.90	5.70	10.80	196	372	1.60	3.80	123	292
JAPAN	0.70	-	-	-	-	-	-	-	-
NEW ZEALAND	148.00	146.29	149.59	98	101	81.29	80.39	99	98
NORWAY	1.60	0.07	0.54	4	33	0.57	0.08	43	6
POLAND	18.40	60.50	65.00*	328	353	16.57	15.50*	338	316
ROMANIA	-	-	-	-	-	-	-	-	-
SOUTH AFRICA	2.50	-	6.59	-	263	0.94	8.55	75	684
SWEDEN	21.70	16.00	30.50	73	140	17.40	17.40	135	135
SWITZERLAND	1.60	1.10	6.20	68	387	0.80	5.90	100	738
URUGUAY	1.10	6.76	5.00*	614	454	1.90	5.77	950	885
OTHERS									
AUSTRIA	16.50	25.25*	25.17	153	153	7.70	6.50*	114	97
CANADA	87.59	36.63	42.51	41	48	17.22	13.32	52	40
UNITED STATES	166.70	117.09	7.70	70	4	5.82	2.66	9	4
TOTAL PARTICIPANTS	595.69	745.52	771.28	125	129	374.82	338.59	120	108
WORLD TOTAL	951.00	1,000.00	900.00	105	94	...	...	...	...

TABLE 5C2 - EXPORTS OF SKIMMED MILK POWDER BY DESTINATION
 TABLEAU 5C2 - EXPORTATIONS DE LAIT ECREME EN POUDRE PAR DESTINATIONS
 CUADRO 5C2 - EXPORTACIONES DE LECHE DESNATADA EN POLVO, POR DESTINO
 ('000 M.T.)

EXPORTERS	EEC												TOTAL	
	NEW ZEALAND		AUSTRALIA		SWEDEN		USA		CANADA		TOTAL			
	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990		
DESTINATIONS	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990
WESTERN EUROPE	1.9	2.2	-	0.6	-	1.1	0.4	4.1	0.3	1.0	-	8.7	2.9	
EASTERN EUROPE	0.6	0.3	-	-	-	2.0	-	-	-	-	-	0.6	2.3	
USSR	-	0.6	-	-	-	-	-	-	-	-	-	0.0	0.6	
NORTH AMERICA	0.8	8.1	-	1.0	1.3	1.2	0.5	1.0	-	1.7	2.0	5.7	11.9	
SOUTH AMERICA	47.0	15.9	-	12.7	-	0.3	-	1.6	-	-	1.9	48.9	30.5	
CENTRAL AMERICA	116.6	145.9	44.9	29.1	6.0	10.1	-	99.0	3.6	19.1	35.1	285.6	223.8	
CARIBBEAN	7.6	16.6	2.8	6.5	-	0.5	1.7	3.4	0.2	3.4	1.1	18.9	25.6	
AFRICA	97.4	79.5	0.9	-	0.6	-	0.2	13.3	0.9	-	-	100.0	92.8	
SOUTH AND EAST ASIA	105.1	43.4	78.8	77.4	56.0	81.8	11.1	6.3	2.7	3.5	0.8	260.8	218.3	
WESTERN ASIA	28.3	12.5	9.3	8.8	2.0	-	0.3	0.6	0.5	-	0.9	40.5	23.1	
OCEANIA	0.3	-	-	-	-	-	-	-	-	-	-	0.3	-	
OTHER DESTINATIONS	4.4	22.1	9.6	15.1	3.7	-	0.1	0.2	0.4	7.9	0.7	25.9	39.3	
TOTAL	410.0	347.0	146.3	149.6	69.9	93.7	16.0	117.1	7.7	36.6	42.5	755.9	671.0	
OPEC	82.7	48.0	13.9	8.8	-	-	0.8	2.3	0.5	-	-	99.7	69.9	

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

COUNTRY	DATE	AVERAGE				INDICES		
		1981-1983	1989	1990	1991	1989	1990	1991
IDA PARTICIPANTS								
ARGENTINA	1 JAN.	9.00	8.82	14.73	7.60	98	163	84
	1 APR.	7.60	5.23	23.73	8.97	68	312	118
	1 JUL.	2.70	5.97	9.62	8.00*	221	356	96
	1 OCT.	3.60	7.06	5.52		196	153	...
AUSTRALIA	1 JAN.	33.40	46.09	53.59	57.79	138	160	173
	1 APR.	27.70	39.90	46.70	41.00	144	168	148
	1 JUL.	13.20	18.79	24.20	16.70	142	183	126
	1 OCT.	19.29	30.00	29.79		155	154	...
BULGARIA	1 JAN.	...	...	...	...	...	...	...
	1 APR.	...	...	...	...	...	...	...
	1 JUL.	...	...	...	...	...	...	...
	1 OCT.	...	...	...	...	...	...	...
EEC	1 JAN.	362.00	7.00	5.00	333.00*	1	1	91
	1 APR.	354.00	7.00	21.00*	355.00*	1	5	100
	1 JUL.	513.00	5.00	151.00*	498.00*	0	29	97
	1 OCT.	649.00	5.00	339.00*		0	52	...
EGYPT	1 JAN.	-	-	-	-	-	-	-
	1 APR.	-	-	-	-	-	-	-
	1 JUL.	-	-	-	-	-	-	-
	1 OCT.	-	-	-	-	-	-	-
FINLAND	1 JAN.	17.00	10.00	17.00	14.00	58	100	82
	1 APR.	15.00	9.00	9.00	13.00	60	60	86
	1 JUL.	22.00	12.00	13.00	13.00	54	59	59
	1 OCT.	25.00	18.00	15.00		72	60	...
HUNGARY	1 JAN.	0.90	2.80	2.40	3.90	311	266	433
	1 APR.	0.90	3.10	3.20	1.90	344	355	211
	1 JUL.	1.30	3.10	3.80	2.60	238	292	200
	1 OCT.	1.70	4.00	3.70		235	217	...
JAPAN	1 JAN.	75.00	31.00	35.00	19.00	41	46	25
	1 APR.	71.00	35.00	40.00	26.00	49	56	36
	1 JUL.	63.00	34.00	41.00	28.00	53	65	44
	1 OCT.	56.00	40.00	26.00		71	46	...
NEW ZEALAND	1 JAN.	132.00	44.00	72.40	74.59	33	54	56
	1 APR.	142.00	59.70	82.00	67.59	42	57	47
	1 JUL.	89.00	49.20	48.20	47.50	55	54	53
	1 OCT.	83.00	71.20	45.50		85	54	...
NORWAY	1 JAN.	2.80	0.81	1.44	1.86	28	51	66
	1 APR.	3.80	2.00	2.59	2.16	52	68	56
	1 JUL.	3.60	1.04	2.16	1.34	28	60	37
	1 OCT.	2.40	0.76	1.37		31	57	-
POLAND	1 JAN.	...	11.20	14.40	...	...	...	...
	1 APR.	...	10.00	...	17.20	...	...	...
	1 JUL.	...	13.90	...	28.00	...	...	...
	1 OCT.	...	11.10	...	...	...	...	...

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

COUNTRY	DATE	AVERAGE	INDICES					
		1981-1983	1989	1990	1991	1989	1990	1991
IDA PARTICIPANTS								
ROMANIA	1 JAN.	...	0.35	1.90	3.50	...	...	...
	1 APR.	...	...	...	3.50*	...	...	...
	1 JUL.	...	...	...	3.50*	...	...	...
	1 OCT.	...	...	...	...	...	...	...
SOUTH AFRICA	1 JAN.	8.30	7.12	8.24	10.28	85	99	123
	1 APR.	10.20	7.37	10.43	10.87	72	102	106
	1 JUL.	9.30	5.62	10.27	3.35	60	110	36
	1 OCT.	9.90	4.39	12.13	...	44	122	...
SWEDEN	1 JAN.	9.70	3.40	11.50	9.00	35	118	92
	1 APR.	9.30	8.90	17.09	10.80	95	183	116
	1 JUL.	11.70	12.60	18.00	2.90	107	153	24
	1 OCT.	13.90	9.30	9.40	...	66	67	...
SWITZERLAND	1 JAN.	2.90	2.30	5.00	7.20	79	172	248
	1 APR.	3.00	3.00	5.20	9.90	100	173	330
	1 JUL.	3.70	4.20	10.30	10.70	113	278	289
	1 OCT.	3.50	4.70	6.20	...	134	177	...
URUGUAY	1 JAN.	1.60	2.18	2.47	3.57	136	154	223
	1 APR.	...	0.74	3.56	3.75	...	...	...
	1 JUL.	...	0.95	3.89	0.71	...	...	...
	1 OCT.	...	1.70	...	...	...	...	...
OTHERS								
AUSTRIA	1 JAN.	8.30	...	...	9.00*	...	...	108
	1 APR.	5.40	...	...	9.00*	...	...	166
	1 JUL.	7.40	...	...	9.00*	...	...	131
	1 OCT.	10.10	...	...	...	...	...	...
CANADA	1 JAN.	29.29	12.43	9.47	14.65*	42	32	50
	1 APR.	26.09	23.42	18.79	13.71*	89	72	52
	1 JUL.	46.50	31.63	25.73	22.19	68	55	47
	1 OCT.	52.79	24.87	25.75	...	47	48	...
UNITED STATES	1 JAN.	417.00	24.00	22.50	73.00	5	5	17
	1 APR.	441.00	40.00	28.00	119.00*	9	6	26
	1 JUL.	494.00	35.70	42.29	132.00*	7	8	26
	1 OCT.	525.00	20.20	55.00	127.00	3	10	24
IDA TOTAL								
IDA TOTAL	1 JAN.	654.59	177.07	245.07	545.30	27	37	83
	1 APR.	644.50	190.93	264.50	571.64	29	41	88
	1 JUL.	732.50	166.37	335.43	664.30	22	45	90
	1 OCT.	867.29	207.21	493.51	...	23	56	...

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			FIRST HALF YEAR				
		1989	1990	INDICES 1989 1990	1990	1991	INDICES 1990 1991		
IDA PARTICIPANTS									
ARGENTINA	60.09	92.13*	86.00	153	143	38.53	25.00*	135	88
AUSTRALIA	53.79	67.20	49.40	124	91	15.60	25.80	89	147
BULGARIA	4.50	-	-	-	-	-	1.80	-	72
EEC	634.00	881.00	804.00*	138	126	429.00	472.00	134	147
EGYPT	-	-	-	-	-	-	-	-	-
FINLAND	27.00	11.00	22.00	40	81	12.00	9.00	85	64
HUNGARY	3.70	7.30	8.20	197	221	4.50	6.20	225	310
JAPAN	34.00	33.00	33.00	97	97	18.00	18.00	98	98
NEW ZEALAND	109.40	151.40	207.50	138	189	79.29	103.79	177	232
NORWAY	0.90	1.06	1.56	117	173	0.78	0.59	195	147
POLAND	41.59	49.40	40.00*	118	96	20.42	35.10	99	171
ROMANIA	8.17	49.40	40.00*	-	-	20.42	15.00*	-	-
SOUTH AFRICA	12.10	10.28	12.12	84	100	5.01	5.39	84	91
SWEDEN	6.20	6.20	6.60	100	106	3.40	3.90	100	114
SWITZERLAND	15.80	12.50	10.50	79	66	5.40	6.40	52	62
URUGUAY	0.80	2.79	3.00*	348	375	1.25	1.89	208	315
OTHERS									
AUSTRIA	22.59	11.93	12.35	52	54	6.39	5.46	51	47
CANADA	-	-	-	-	-	-	-	-	-
UNITED STATES	45.29	80.70	72.00	178	158	40.00	28.00	176	123
TOTAL PARTICIPANTS	1,012.06	1,325.26	1,283.92	130	126	633.19	729.22	129	149
WORLD TOTAL	1,782.00	2,162.00	2,130.00	121	119	...	...	...	...

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

COUNTRY	AVERAGE 1981-1983	YEAR		INDICES		FIRST HALF YEAR			
		1989	1990	1989	1990	1990	1991	1990	1991
IDA PARTICIPANTS									
ARGENTINA	8.90	25.00	15.38	281	172	5.38	5.00*	96	133
AUSTRALIA	37.70	47.00	42.90	124	113	22.90	23.60	112	116
BULGARIA	-	-	-	-	-	-	-	-	-
EEC	483.09	567.00	502.00*	117	103	274.00	282.00	109	112
EGYPT	-	-	-	-	-	-	-	-	-
FINLAND	25.79	5.50	24.00	21	93	10.60	6.00	79	45
HUNGARY	-	6.00	6.20	-	-	4.20	4.60	-	-
JAPAN	-	-	-	-	-	-	-	-	-
NEW ZEALAND	98.00	133.29	190.90	136	194	82.09	121.40	154	227
NORWAY	-	-	0.11	-	-	0.11	-	-	-
POLAND	-	-	5.00*	-	-	2.65	-	-	-
ROMANIA	-	-	5.00*	-	-	2.65	-	-	-
SOUTH AFRICA	-	0.67	1.15	-	-	0.44	0.67	-	-
SWEDEN	1.20	-	0.80	-	66	0.80	-	133	-
SWITZERLAND	2.50	2.20	2.50	88	100	0.20	-	40	-
URUGUAY	0.20	1.23	1.00*	615	500	0.53	0.67	530	670
OTHERS									
AUSTRIA	19.00	7.57*	6.22*	39	32	3.32	3.50*	32	33
UNITED STATES	10.70	41.90	5.11	391	48	3.93	2.58	79	52
TOTAL PARTICIPANTS	657.39	787.90	790.64	119	120	402.53	449.01	117	129
WORLD TOTAL	697.00	880.00	820.00	126	117	...	...	...	...

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

('000 M.T.)

EXPORTERS / DESTINATIONS	PARTICIPANTS									
	EEC		NEW ZEALAND		AUSTRALIA		ARGENTINA		TOTAL	
	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990
WESTERN EUROPE	5.5	5.5	2.1	-	-	-	-	-	7.6	5.5
EASTERN EUROPE	1.8	3.6	-	-	-	-	0.8	-	2.6	3.6
USSR	49.4	43.0	-	1.6	-	-	-	-	49.4	44.6
NORTH AMERICA	1.2	0.8	-	-	0.3	1.8	-	-	1.5	2.6
SOUTH AMERICA	65.4	18.0	22.7	28.2	-	-	21.8	6.0	109.9	52.2
CENTRAL AMERICA	18.6	23.0	12.3	8.2	-	-	-	-	30.9	31.2
CARIBBEAN	16.8	21.9	6.0	8.8	-	-	-	-	22.8	30.7
AFRICA	178.3	176.8	-	23.0	0.7	-	-	-	179.0	199.8
SOUTH AND EAST ASIA	80.2	69.9	65.3	61.9	44.3	37.0	0.1	2.9	189.9	171.7
WESTERN ASIA	141.2	129.6	5.1	16.1	-	-	-	2.0	146.3	147.7
OCEANIA	1.1	1.2	-	-	1.3	1.1	-	-	2.4	2.3
OTHER DESTINATIONS	7.5	8.7	19.8	43.1	0.4	3.0	2.3	6.0	30.0	60.8
TOTAL	567.0	502.0	133.3	190.9	47.0	42.9	25.0	15.4	772.3	751.2
OPEC	208.7	190.1	17.8	49.4	0.5	-	2.0	2.0	229.0	241.5